

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF GMR WARORA ENERGY LIMITED**

**Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of **GMR WARORA 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 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 financial statements are free from material misstatement.

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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 the Ind AS under Section 133 of the Act, of the state of affairs (financial position) of the Company as at March 31, 2018, and its profit (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 the following matters in the notes to the Ind AS financial statements for the year ended March 31, 2018:

- a. Note No. 20(c ) to the financial Statement, 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 with Maharashtra State Electricity Distribution Company Limited (MSEDCL) and Union territory of Dadra Nagar Haveli (DNH) [together referred as Customers] in view of Supreme Court Judgment as referred to in the note and CERC Order in case of TANGEDCO during the year. Considering opinion 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 TANGDECO where the computation methodology of Coal Pass Through was decided, the management of the Company is virtually certain of receipt of revenue on coal cost pass through and has recognized the income of Rs. 977.94 million from the date of scheduling of power to DNH and MSEDCL under PPA.

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- b. Note No. 27(a) to the Financial Statement, regarding recovery of transmission charges from Maharashtra State Electricity Distribution Company Limited (MSEDCL). The Company pursuant to Appellate Tribunal for Electricity (APTEL) Order ("The Order") dated May 08, 2015 has raised invoices towards reimbursement of transmission charges from the initial date of scheduling the power. The Company in terms of the said Order, has accounted for the reimbursement of transmission charges of Rs. 882.75 Million relating to the financial year 2017-18 (Rs. 923.07 million for corresponding previous year), as reduction from transmission expenses as followed in the earlier years and Rs. 3,110.37 million cumulative till March 31, 2018, based on the reasons stated therein the note and opinion from legal counsel stating that the Company has good tenable case with respect to the appeal filed by MSEDCL against the said Order which is pending before Honorable Supreme Court of India.

Our opinion is not qualified in respect of the aforesaid matters.

**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;
  - 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 ;

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- 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:
  - a. the Company has disclosed the impact of pending litigations on its financial position to the extent quantifiable in the Ind AS financial statements – Refer Note 32 to the Ind AS financial statements;
  - b. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses ;
  - c. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company and
  - d. 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



**Chandan Lala**

*Partner*

Membership Number: 35671



Place: Mumbai

Date: April 26, 2018



### ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

In terms of the Annexure A referred to in our report to the members of the **GMR WARORA 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 (PPE).
  - b) The Company has a regular program of physical verification of its PPE by which PPE are verified in a phased manner over a period of three years. In accordance with this program, considerable amount of PPE's 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 equipments) are held in the name of the Company except for the following :

Amount in Millions				
Total No. of cases	Leasehold / Freehold	Gross Block as at March 31, 2018	Net Block as at March 31, 2018	Remarks, if any
1	Freehold	8.90	8.90	Refer Note (a) below
1	Leasehold	8.02	7.73	Refer Note (b) below

(a) the freehold land admeasuring to 9.78 acres capitalized during the year based on Agreement to sell.

(b) the Leasehold land for railway siding capitalized during the year admeasuring to 33.01 acres wherein lease deed with Maharashtra Industrial Development Corporation is in the name of GMR Energy Limited (the Holding Company)

- ii) The inventory, except for the inventory lying with the third party, 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.

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- iii) As per the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership or other parties listed in the register maintained under Section 189 of the Act. Consequently requirements of paragraph 3(iii)(a), (b) and (c) of the Order are not applicable to the Company.
- iv) As per the information and explanation given to us, the Company has not given any loans, investments, guarantees, 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 explanation given to us, the Company has not accepted any deposits within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, 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.
- vi) We have broadly reviewed the books of account maintained by the company, pursuant to the Rules made by the Central Government of India, for 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 provident fund, employee's state insurance, 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 for a period of more than six months, as on the last day of the financial year.

- b) According to the information and explanations 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, value added tax or cess or other material statutory dues which have not been deposited on account of any dispute except the following:

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Name of the Statute	Nature of Dues	Year to which it pertains	Amount Demanded (Rs in Millions)	Forum where dispute is pending
Income tax Act, 1961	Short deduction of TDS.	FY 2013-14	0.03	Appeal filed before CIT (A)
Service Tax	Service tax demand	FY 2009-10	0.45	Response is filed before Assistant Commissioner of Service tax and the same is pending for hearing.

- viii) According to the information and explanation given to us and records of the Company, the Company during the year under audit has not defaulted in repayment of loans or borrowing to banks and financial institution.  
The Company did not have any outstanding dues in respect of a debenture holder during the year.  
Further, the Company has not taken any loans from Government.
- ix) According to the information and explanation 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 explanation given to us, the company has not availed any term loans during the year.
- x) During the course of 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 the 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.
- 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.

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- 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 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



Place: Mumbai

Date: April 26, 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 WARORA 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by ICAI 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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### 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 authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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



Place: Mumbai

Date: April 26, 2018



**GMR Warora Energy Limited**
**CIN : U40100MH2005PLC155140**
**Balance Sheet as at March 31, 2018**

		Rs in Millions	
Particulars	Notes	March 31, 2018	March 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	2	32,974.54	33,111.82
Capital work in progress	2	509.32	982.28
Intangible assets	3	6.16	6.74
<b>Financial assets</b>			
Investments	4	-	-
Loans	5	19.41	1,041.45
Other financial assets	6	-	163.11
Income tax assets (Net)	16	26.04	24.11
Other non-current assets	7	161.90	229.23
<b>Total Non-current assets</b>		<b>33,697.37</b>	<b>35,558.74</b>
<b>Current assets</b>			
Inventories	8	656.72	692.59
<b>Financial assets</b>			
Trade Receivables	9	3,943.91	3,109.64
Cash and Cash Equivalents	10	62.18	92.15
Bank balances other than above	10	310.50	131.52
Loans	5	48.91	43.16
Other financial assets	6	1,808.49	1,853.73
Other current assets	7	606.71	579.60
<b>Total current assets</b>		<b>7,437.42</b>	<b>6,502.39</b>
<b>Total Assets</b>		<b>41,134.79</b>	<b>42,061.13</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	11	8,700.00	8,700.00
Other equity	12	(5,708.40)	(7,637.30)
<b>Total Equity</b>		<b>2,991.60</b>	<b>1,062.70</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
Long Term Borrowings	13	30,026.49	31,717.54
Other financial liabilities	14	4.84	-
Provisions	15	53.42	45.13
Deferred tax liability (net)	16	-	-
<b>Total Non-current liabilities</b>		<b>30,084.75</b>	<b>31,762.67</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
Short Term Borrowings	17	2,729.47	2,704.80
Trade payables	18	2,356.94	1,603.92
Other financial liabilities	14	2,821.08	4,751.55
Other current liabilities	19	42.06	60.96
Provisions	15	108.89	114.53
<b>Total current liabilities</b>		<b>8,058.44</b>	<b>9,235.76</b>
<b>Total liabilities</b>		<b>38,143.19</b>	<b>40,998.43</b>
<b>Total Equity and liabilities</b>		<b>41,134.79</b>	<b>42,061.13</b>

**Significant accounting policies**
**1**

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

As per our report of even date attached

**For Chaturvedi & Shah**
**Chartered Accountants**

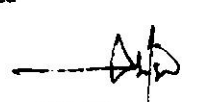
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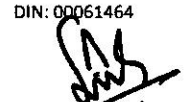

**Chandan Lala**

Partner

Membership no.: 35671


**For and on behalf of Board of Directors**  
**GMR Warora Energy Limited**
  
**Srinivas Bommidala**  
Managing Director  
DIN: 00061464

  
**Ashis Basu**  
Whole-time Director  
DIN : 01872233

  
**Ashish Deshpande**  
Chief Financial Officer  
MN : 110081

  
**Sanjay Kumar Babu**  
Company Secretary  
MN : F-8649

Place : Mumbai

Date : April 26, 2018

Place : New Delhi

Date : April 26, 2018



**GMR Warora Energy Limited**

CIN : U40100MH2005PLC155140

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

		Rs in Millions	
Particulars	Notes	March 31, 2018	March 31, 2017
<b>INCOME</b>			
Revenue from operations	20	17,706.70	16,766.38
Other income	21	180.13	400.41
<b>Total income</b>		<b>17,886.83</b>	<b>17,166.79</b>
<b>EXPENSES</b>			
Cost of fuel consumed	22	7,567.72	7,169.93
Purchase of Stock in Trade	23	1,110.79	540.86
Employee benefit expenses	24	533.07	437.10
Depreciation and amortization expenses	25	1,219.15	1,213.32
Finance costs	26	4,192.86	4,929.32
Other expenses	27	1,336.57	1,445.35
<b>Total Expenses</b>		<b>15,960.16</b>	<b>15,735.88</b>
<b>Profit before tax</b>		<b>1,926.67</b>	<b>1,430.91</b>
<b>Tax Expense</b>			
Current tax	16	-	-
Deferred tax	16	(0.74)	1.37
<b>Profit for the year</b>		<b>1,927.41</b>	<b>1,429.54</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will not be reclassified to profit or loss			
Re-measurement gains (losses) on defined benefit plans		2.23	(4.14)
Income tax effect		(0.74)	1.37
<b>Total Other comprehensive income for the year, net of tax</b>		<b>1.49</b>	<b>(2.77)</b>
<b>Total Comprehensive income for the year</b>		<b>1,928.90</b>	<b>1,426.77</b>
<b>Earnings per Equity Share</b>			
Equity Shares of par value Rs 10/- each			
Basic (Rs)	31	2.22	1.64
Diluted (Rs)	31	2.22	1.64
<b>Significant accounting policies</b>	1		

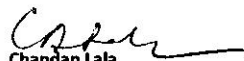
The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For Chaturvedi &amp; Shah

Chartered Accountants

Firm Registration No.: 101720W



Chandan Lala

Partner

Membership no.: 35671



Place : Mumbai

Date : April 26, 2018

For and on behalf of Board of Directors

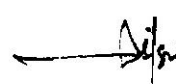
GMR Warora Energy Limited



Srinivas Bommidala

Managing Director

DIN: 00061464



Ashis Basu

Whole-time Director

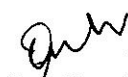
DIN : 01872233



Ashish Deshpande

Chief Financial Officer

MN : 110081



Sanjay Kumar Babu

Company Secretary

MN : F-8649

Place : New Delhi

Date : April 26, 2018





**GMR Warora Energy Limited**

CIN : U40100MH2005PLC155140

**Statement of Cash flows for the year ended March 31, 2018**

Particulars	Rs in Millions	
	March 31, 2018	March 31, 2017
<b>A) Cash Flows from Operating Activities</b>		
Profit before tax	1,926.67	1,430.91
Adjustment for:		
Depreciation and amortization expenses	1,219.15	1,213.32
Finance Cost	4,192.86	4,929.32
Interest income on bank deposits and ICD	(39.60)	(224.26)
Provision for doubtful debts	-	40.49
Write off of trade advance	8.43	0.00
Forex fluctuation on recognition of financial income	-	0.18
Remeasurement of Net defined obligation	2.23	(4.14)
profit on sale of asset	-	(0.05)
<b>Cash Flow before changes in working capital</b>	<b>7,309.74</b>	<b>7,385.77</b>
<b>Adjustments for changes in working capital:</b>		
(Increase) / Decrease in Inventories	35.87	319.90
(Increase)/ Decrease in Trade and Other Receivables	(859.62)	(2,031.37)
(Decrease) / Increase in trade and other payables	477.88	(983.51)
<b>Cash generated from operations</b>	<b>6,963.87</b>	<b>4,690.79</b>
Direct taxes (paid) / refund	(1.93)	(18.73)
<b>Net cash used / in from operating activities</b>	<b>6,961.94</b>	<b>4,672.06</b>
<b>B) Cash Flows from / (used in) Investing Activities</b>		
Purchase of Property, Plant and Equipment	(1,129.87)	(193.41)
Decrease/ (Increase) in capital work in progress including capital advances	534.27	(374.30)
Increase /(decrease) in balances with banks	(17.88)	28.33
Increase / (Decrease) in Inter corporate loans to group companies	1,016.65	263.35
Interest received on Bank deposit	82.06	232.63
<b>Net cash used / In from investing activities</b>	<b>485.23</b>	<b>(43.40)</b>
<b>C) Cash Flows from / (used in) Financing Activities</b>		
<b>Non-current liabilities</b>		
Proceeds / (repayment ) of rupee term loan	(2,260.52)	(1,037.17)
Proceeds from short term loan	24.67	325.93
Interest charges paid	(5,241.29)	(3,846.95)
<b>Net Cash Flow from / (used in) In Financing Activities</b>	<b>(7,477.14)</b>	<b>(4,558.19)</b>
<b>D) Net Increase/(Decrease) in Cash and Cash Equivalents [A+B+C]</b>	<b>(29.97)</b>	<b>70.47</b>
Cash and Cash Equivalents at beginning of the year	92.15	21.68
<b>Cash and Cash Equivalents at end of the year</b>	<b>62.18</b>	<b>92.15</b>
<b>Breakup of Cash and Cash Equivalents:</b>		
Cash on hand	1.07	0.38
Balance with Banks	61.11	91.77
Deposits with maturity less than three months	-	-
<b>Cash and Cash Equivalents at the end of year</b>	<b>62.18</b>	<b>92.15</b>



**GMR Warora Energy Limited**

CIN : U40100MH2005PLC155140

**Statement of Cash flows for the year ended March 31, 2018****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.
- 2 Effective from April 01, 2017, the Company adopted the amendments to Ind AS 7, which requires the 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 charges, suggesting inclusion of 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 reconciliation are not given. The reconciliation is as given below:

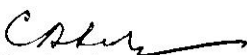
Particulars	Rs in Millions
	March 31, 2018
<b>Long Term Borrowings</b>	
Opening Balance (including current maturity of long term borrowings)	34,101.85
Proceeds / (repayment) of long term borrowings (net)	(2,260.52)
Non-cash fair value charges	63.51
Closing balance (including current maturity of long term borrowings)	31,904.84
<b>Short Term Borrowings</b>	
Opening Balance	2,704.80
Proceeds / (repayment) of short term borrowings (net)	24.67
Non-cash fair value charges	-
Closing balance	2,729.47

As per our report of even date attached

**For Chaturvedi & Shah**

Chartered Accountants

Firm Registration No.: 101720W

**Chandan Lala**

Partner

Membership no.: 35671



Place : Mumbai

Date : April 26, 2018

**For and on behalf of Board of Directors****GMR Warora Energy Limited****Srinivas Bommidala**

Managing Director

DIN: 00061464

**Ashish Deshpande**

Chief Financial Officer

MN : 110081

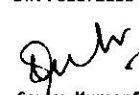
Place : New Delhi

Date : 26th April 2018

**Ashis Basu**

Whole-time Director

DIN : 01872233

**Sanjay Kumar Babu**

Company Secretary

MN : F-8649





**GMR Warora Energy Limited**

CIN : U40100MH2005PLC155140

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

Particulars	Equity Share capital	Other Equity				Total Equity
		Equity component of Financial Instrument	Reserves & Surplus		Other Comprehensive Income	
			Retained Earnings	Debenture Redemption Reserve	Other	
Balance as at March 31, 2016	8,700.00	1,288.26	(10,352.10)	-	(0.23)	(364.07)
<b>Changes in equity for the year ended March 31, 2017 :</b>						
Profit for the year			1,429.54			1,429.54
Transfer to Debenture Redemption Reserve			-187.50	187.50		-
Other Comprehensive income						
Remeasurement gains /(loss) on defined benefit plans net of tax effect					(2.77)	(2.77)
Balance as at March 31, 2017	8,700.00	1,288.26	(9,110.06)	187.50	(3.00)	1,062.70
<b>Changes in equity for the year ended March 31, 2018</b>						
Profit for the year			1,927.41			1,927.41
Other Comprehensive income						
Remeasurement gains /(loss) on defined benefit plans net of tax effect					1.49	1.49
Balance as at March 31, 2018	8,700.00	1,288.26	(7,182.65)	187.50	(1.51)	2,991.60

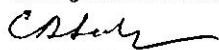
The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

**For Chaturvedi & Shah**

Chartered Accountants

Firm Registration No.: 101720W


**Chandan Lala**

Partner

Membership no.: 35671



Place : Mumbai

Date : April 26, 2018

**For and on behalf of Board of Directors**
**GMR Warora Energy Limited**

**Srinivas Bommidala**

Managing Director

DIN : 00061464


**Ashish Beshpande**

Chief Financial Officer

MN : 110081

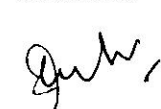
Place : New Delhi

Date : April 26, 2018

**Ashis Basu**

Whole-time Director

DIN : 01872233


**Sanjay Kumar Babu**

Company Secretary

MN : F-8649



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

### **1.1 COMPANY OVERVIEW:**

GMR Warora Energy Limited ('the Company') (Formerly known as EMCO Energy Limited) is a public company incorporated under the provisions of the Companies Act 1956, having its registered office at 701/704 , 7th floor, Naman Centre, A wing, Bandra Kurla Complex , Mumbai – 400 051 and engaged in the business of generation and sale of power. The Company has an installed and fully commissioned capacity of 600 MW of thermal power and has entered into power purchase agreement (PPA) with three state utility boards for supply of power from the thermal power plant situated at Warora taluka, Chandrapur district in Maharashtra state.

Information on other related party relationships of the Company is provided in Note no. 36.

The Ind AS financial statements of the Company for the year ended March 31, 2018 are authorised for issue in accordance with a resolution of the directors on April 26, 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 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**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

i) Revenue from sale of energy is recognized as per the terms of the Power Purchase Agreements (PPAs) and Letter of Intent ('LOI') (collectively hereinafter referred to as 'the PPAs') on accrual basis and includes unbilled revenue accrued up to the end of the accounting year. Revenue from energy units sold on merchant basis is recognized in accordance with billings made to consumers based on the units of energy delivered and the rate agreed with the customers. The revenue from tariff receivable under Change in Law is accounted in accordance with rates approved by Central Electricity Regulatory Commission (CERC).

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

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

iv) Claims for delayed payment charges and any other claims, which the Company is entitled to under the PPAs, are recognized on reasonable certainty to expect ultimate collection and on acceptance by the customers.

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





**vi) Interest Income :**

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

**vii) Dividends :**

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

**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:

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities as non-current.

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

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

**iv) Property, Plant & Equipments:**

Freehold land is carried at historical cost and is not depreciated. 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.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

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 5 lakhs.

The Company on transition to Ind AS, has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2015 ('the transition date') 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 finance lease (paragraph D9 of Ind AS 101) and transaction cost of long term borrowings as per Ind AS Transition Facilitation Group (ITFG) Clarification Bulletin S (Revised).



**Depreciation and amortisation**

Depreciation on fixed assets is provided on the Straight Line Method over the useful lives of the assets which is equal to or less than those specified under Schedule II to the Companies Act, 2013 as follows :

Asset Type	Estimated useful Life (In Years)
Factory Building	30
Other Buildings	3
Roads	5
Power Plant and related assets	40
Railway Siding	15
Plant & Machinery - General	15
Office equipment	5
Furniture & Fixture	10
Electrical Installations	10
Computer Equipment	3
Motor cycle	8
Motor Car	8

Further, the management has estimated the useful lives of asset individually costing Rs 5,000 or less to be less than one year, whichever is lower than those indicated in Schedule II. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Leasehold Land is depreciated on a straight line basis over the lease term.

Depreciation to adjustments to the historical cost of the assets on account of foreign exchange fluctuations is provided prospectively over the residual useful life of the asset.

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.

**v) Capital Work In Progress :**

Capital work in progress includes cost of property, plant and equipment under installation/under development as at the balance sheet date.

All Project related expenditure viz, civil works, machinery under erection, construction and erection materials, expenditure directly attributable to the construction of project, borrowing cost incurred prior to the date of commercial operation / intended use 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.

**vi) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. 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.

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 with the effect of any change in the estimate being accounted for on a prospective basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.





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

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

Intangible Assets Acquired	Useful Life	Amortisation Method used	Method	Internally generated or acquired
Software Licenses	Definite (6 years)	Straight-line basis over the license period	over	Acquired

**vii) Borrowing cost**

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.

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 until such time as the assets are substantially ready for the intended use or sale. All other borrowing costs are expensed in the period in which they occur.

**viii) 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.

**ix) Leases**

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

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

**Company as a lessee :**

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

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.

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.

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:

- 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
- 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.

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.

**x) 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 inventories to their present locations and condition.

**xi) Impairment of non-financial assets**

As at the end of each accounting year, the company reviews the carrying amounts of its PPE, investment property, intangible assets and investments in subsidiary, associate and joint venture companies to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

- i. in the case of an individual asset, at the higher of the net selling price and the value in use; and
- ii. in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the company suitably adjusted for risks specified to the estimated cash flows of the asset).

For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.





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.

**xii) Provisions and Contingent Liabilities**

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.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

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

Provisions and contingent liability are reviewed at each balance sheet.

**xlii) Decommissioning Liability**

Decommissioning Liability are recognised for those lease arrangements where the Company has an obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. 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 rate that reflects the risks specific to the decommissioning liability. 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.



**xiv) 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 to provident fund, pension fund and superannuation fund 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 leave as a current liability in the standalone balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method using actuarial valuation to be carried out at each balance sheet date

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

The Gratuity of the Company is funded plan and the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

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

**xv) Financial Instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities are initially measured at transaction cost and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss. In case of interest free or concession loans/debentures/preference shares given to subsidiaries, associates and joint ventures, the excess of the actual amount of the loan over initial measure at fair value is accounted as an equity investment.

Investment in equity instruments issued by subsidiaries, associates and joint ventures are measured at cost less impairment.



**Effective Interest Method :**

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

**(a) Financial Assets**

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets measured at fair value**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the shorter maturity of these instruments.

**Impairment of financial assets**

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables and other contractual rights to receive cash or other financial asset.

Expected credit losses rate the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss 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 Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. The Company estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instruments has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that will results if default occurs within the 12 months after the reporting date and this, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information.





**Derecognition of financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another party and the transfer qualifies for de-recognition under Ind AS 109.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of de-recognition and the consideration received is recognised in statement of profit or loss.

**(b) Financial liabilities and Equity Instruments**

**Classification as debt or equity**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

**Financial Liabilities**

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**Financial liabilities at FVTPL**

A financial liability may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability whose performance is evaluated on a fair value basis, in accordance with the Company's documented risk management;

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Fair values are determined in the manner described in note 'xix'.

**Financial liabilities at amortised cost**

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

**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 of Financial liabilities**

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

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to 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 and interest rate swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered 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.

**Embedded Derivative financial instruments**

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

**Preference shares and Subordinate Debt**

Convertible preference shares are separated into liability and equity components based on the terms of the contract. On issuance of the convertible preference shares/ subordinate debt, 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 convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

The Company issues preference shares/ debt to the Holding Company / Parent / Equity Participants which are at below market rate of interest. The Company fair values the liability component of such financial instruments using a market rate for an equivalent instrument. The difference between the carrying value and the fair value of the liability component is recognised as a contribution from parent and recognised in other equity. The regular unwinding of the financial instrument is recognised in the statement of profit and loss under 'finance cost'.

**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.

**xvii) 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.



**xviii) Foreign currencies**

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

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

Exchange differences arising on translation of long term foreign currency monetary items recognised in the financial statements before the beginning of the first Ind AS financial reporting period in respect of which the Company has elected to recognise such exchange differences as part of cost of assets as allowed under Ind AS 101- "First time adoption of Indian Accounting Standard" are added/ deducted to/ from the cost of assets as the case may be. Such exchange differences recognised as part of cost of assets is recognised in the statement of profit and loss on a systematic basis.

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

**xix) 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.

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.

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.





**xx) Taxes on income**

**Current income tax**

Tax expense comprises current and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

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

**Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit and is accounted for using the balance sheet liability model. Deferred tax liabilities are generally recognised for all the taxable temporary differences. In contrast, deferred assets are only recognised to the extent that is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, 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 utilized.

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 balance sheet 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.

Deferred tax assets include Minimum Alternative Tax ('MAT') paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

**xxi) Earnings per share**

Basic earnings per equity share is computed by dividing the net profit/ (loss) 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 / (loss) attributable to the equity holders as adjusted for the effects of dividend, interest and other charges relating to the dilutive potential equity shares 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 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.



**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 the 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 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 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 16).

**iii. 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, volatility and inputs on average borrowing rate applicable to Energy Sector. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 29 & 30 for further disclosures.

**iv. 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.



**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. 33(b).

**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 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 it has a virtually certain case on merits for grant of relief under Change in Law and as there is no contingency involved, it would not be unreasonable to expect ultimate collection of revenue in the nature of Relief on account of Change in Law. [refer note 20 (c)]

**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 :**

Determining whether property, plant and equipment are impaired requires an estimation of the value in use by an Expert Valuer of the relevant cash generating units. The Company has obtained valuation report from an Expert for value in use, which is calculated based on a Discounted Cash Flow model over the estimated useful life of the Power Plant. Further, 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 at profitable rates through PPA.





**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.

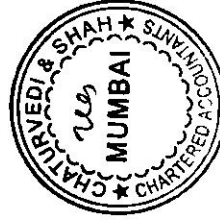


## Notes to the financial statements

## 2 Property, Plant and Equipment and Capital Work- in- Progress:

Details	Freehold Land	Leasehold land held under Finance lease	Building	Plant and Equipment	Computer equipment	Furniture and fixtures	Office Equipments	Vehicles	Total	Capital W Progr
<b>Gross block (at cost)</b>										
As at April 01, 2016	77.26	231.91	3,765.55	31,928.58	1.98	19.91	38.06	0.39	36,063.64	
Additions	8.90	129.09	15.91	34.46	7.02	0.37	18.47	0.37	214.59	
Disposals / Adjustments			(32.89)	(259.32)					(292.21)	
As at March 31, 2017	86.16	361.00	3,748.57	31,703.72	9.00	20.28	56.53	0.76	35,986.02	
Additions	0.34		4.74	1,116.87	1.18	0.69	5.30		1,129.12	
Disposals / Adjustments			(3.72)	(44.86)			(0.11)		(48.69)	
As at March 31, 2018	86.50	361.00	3,749.59	32,775.73	10.18	20.97	61.72	0.76	37,066.45	
<b>Accumulated Depreciation</b>										
As at April 01, 2016	-	2.58	197.48	1,445.26	0.52	2.69	13.35	0.09	1,661.97	
Charge for the year		3.31	201.01	995.40	1.45	2.57	8.45	0.10	1,212.29	
Disposals / Adjustments				(0.06)					(0.06)	
As at March 31, 2017	-	5.89	398.49	2,440.60	1.97	5.26	21.80	0.19	2,874.20	
Charge for the year		4.00	203.55	995.45	2.40	2.90	9.26	0.15	1,217.71	
Disposals										
Adjustments										
As at March 31, 2018	-	9.89	602.04	3,436.05	4.37	8.16	31.06	0.34	4,091.91	
<b>Net block:</b>										
As at April 01, 2016	77.26	229.33	3,568.07	30,483.32	1.46	17.22	24.71	0.30	34,401.67	
As at March 31, 2017	86.16	355.11	3,350.08	29,263.12	7.03	15.02	34.73	0.57	33,111.82	
As at March 31, 2018	86.50	351.11	3,147.55	29,339.68	5.81	12.81	30.66	0.42	32,974.54	

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## GMR Warora Energy Limited

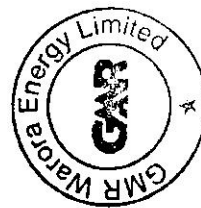
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### Notes -

- 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) **Useful life:** The Company during the previous year has undertaken technical evaluation of its plant and machinery from a technical expert and based on the same has assessed that useful life of the plant and machinery of the Company can be extended up to 40 years from the existing 25 years with effect from April 01, 2016, which is also in accordance with the provisions of Schedule II to the Companies Act, 2013.
- c) Other adjustment represents decapitalisation amount on settlement with capital vendor and adjustment on account of Exchange differences in respect of Plant & Machinery (refer Note no g below). Adjustment to Plant & Equipment includes Foreign exchange Gain of Rs.5.28 Million (March 31, 2017 : Exchange gain of Rs.11.78 Million, ) (Refer Note no g below)
- d) Assets are owned and are used for own use, unless otherwise mentioned.
- e) Entire Fixed Asset has been offered as a security to term loan with pari passu charge to working capital and secured debenture holders as referred to in Note No.13 (b) and 17 (a)
- f) Leasehold land includes amount paid as compensation to the land owners.
- g) Exchange differences are capitalized as per Para D13AA of Ind AS 101 - 'First Time Adoption' availing the optional exemption that allows first time adopter to continue capitalization of exchange differences in respect of long term foreign currency monetary items recognized in the financial statement for the period ending immediately beginning of the first Ind AS financial reporting period.
- h) The Company in the financial year 2016-17 has capitalized free hold land amounting to Rs.8.90 Million based on agreement to sell pending execution of sale deed.
- i) The Company has capitalised borrowing cost incurred during the year in relation to construction of weir and township amounting to Rs. 25.85 Million ( March 31, 2017: Rs. 83.44 Million ) at capitalisation rate of 12.23%.
- j) **Leasehold land held under finance lease:** The Company has been allotted lands under lease with a term of 95 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. The lease can be further renewed for a further period of 15 years. The Company as per Ind AS 17, "Leases" read with 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.



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**GMR Warora Energy Limited**

CIN : U40100MH2005PLC155140

**Notes to the financial statements****3 Intangible Asset**

Particulars	Rs in Millions	
	Software	Total
<b>Gross block (at cost)</b>		
As at April 01, 2016	2.95	2.95
Additions	6.13	6.13
Disposals		
As at March 31, 2017	9.08	9.08
Additions	0.86	0.86
Disposals		
As at March 31, 2018	9.94	9.94
<b>Depreciation</b>		
As at April 01, 2016	1.31	1.31
Charge for the year	1.03	1.03
Disposals	-	-
As at March 31, 2017	2.34	2.34
Charge for the year	1.44	1.44
Disposals		
As at March 31, 2018	3.78	3.78
<b>Net block</b>		
As at April 01, 2016	1.64	1.64
As at March 31, 2017	6.74	6.74
As at March 31, 2018	6.16	6.16

**Note:**

- 1 **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.



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**GMR Warora Energy Limited**  
**CIN : U40100MH2005PLC155140**  
**Notes to the financial statements**

**4 Investments**

Particulars	Rs in Millions	
	March 31, 2018	March 31, 2017
<b>Non Current Investments</b>		
Unquoted Investments at amortized cost		
Investments in Government securities		
National Savings Certificate *	-	-
<b>Total</b>	-	-
<b>Aggregate Value of unquoted Investment</b>	-	-

\* The investment are amounting to Rs.2500/- ( March 31, 2017: Rs. 2500/-)

**5 Loans**

Particulars	Rs in Millions	
	March 31, 2018	March 31, 2017
<b>Non Current</b>		
Unsecured , considered good		
<i>Carried at amortized cost</i>		
<b>Security Deposit</b>		
Deposit with Government authorities	10.85	10.85
Deposit with Others	2.44	7.83
	<b>13.29</b>	<b>18.68</b>
<b>Loans to related party [Refer Note No 36 D]</b>		
Inter corporate deposit with Related Parties	-	1,016.65
Deposit with Related Parties	6.12	6.12
	<b>6.12</b>	<b>1,022.77</b>
<b>Total</b>	<b>19.41</b>	<b>1,041.45</b>

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

**Current :**

Unsecured , considered good

*Carried at amortized cost*

<b>Security Deposit</b>		
Deposit with related party [Refer Note no 36 D]	32.86	32.86
Deposit with Others	15.08	10.30
<b>Other Loans</b>		
Loans to employees	0.97	-
<b>Total</b>	<b>48.91</b>	<b>43.16</b>

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

**6 Other financial assets**

Particulars	Rs in Millions	
	March 31, 2018	March 31, 2017
<b>Non Current</b>		
Unsecured, considered good		
<i>Carried at amortized cost</i>		
Bank deposit with maturity more than 12 months	-	161.10
Interest accrued on bank deposit	-	2.01
<b>Total</b>	-	<b>163.11</b>
<b>Current</b>		
Unsecured, considered good		
<i>Carried at amortized cost</i>		
Unbilled Revenue	1,496.83	1,445.49
Interest accrued on bank deposits	6.76	4.01
Interest accrued on inter corporate deposit	-	43.20
Other Recoverable from group companies (Refer Note No 36 D )	118.80	215.94
Other Charges Recoverable	186.10	145.09
<b>Total</b>	<b>1,808.49</b>	<b>1,853.73</b>

a) The unbilled revenue includes Rs.977.94 million pertaining to claim on customers , which the Company estimates to receive during the ensuing year on attaining of finality of proceedings [ Refer Note no 20 (b)]

b) The fair value of the above financial asset is not materially different from the carrying value presented.



**GMR Warora Energy Limited**

CIN : U40100MH2005PLC155140

**Notes to the financial statements**

7	Other assets	Rs in Millions	
		March 31, 2018	March 31, 2017
	<b>Particulars</b>		
	<b>Non Current</b>		
	Unsecured, considered good		
	Capital advances	10.66	72.50
		<b>10.66</b>	<b>72.50</b>
	<b>Others</b>		
	Value Added tax - refund receivable	41.89	81.73
	Advance towards fuel supply	109.35	75.00
		<b>151.24</b>	<b>156.73</b>
	<b>Total</b>	<b>161.90</b>	<b>229.23</b>
	<b>Current</b>		
	Unsecured, considered good		
	<b>Advances other than capital advances:</b>		
	Advance for goods and services *	538.87	235.31
	Advance for goods and services - Related party [Refer Note no 36 D]	0.60	312.30
		<b>539.47</b>	<b>547.61</b>
	<b>Others</b>		
	Ancillary cost of arranging the borrowings	-	2.85
	Prepaid expenses	62.18	24.08
	Deposit with Government authorities	5.06	5.06
		<b>67.24</b>	<b>31.99</b>
	<b>Total</b>	<b>606.71</b>	<b>579.60</b>

\* Amount includes Rs. Nil [ March 31, 2017 : Rs.10.11 Millions] recoverable from one of the directors.

8	Inventories:	Rs in Millions	
		March 31, 2018	March 31, 2017
	<b>Particulars</b>		
	<b>Inventories (valued at lower of cost and net realizable value)</b>		
	Fuel	342.69	312.64
	Goods in Transit	53.17	78.05
	Stores and spares	260.86	301.90
		<b>656.72</b>	<b>692.59</b>

Note:

- Includes stock at vendor location, amounting Rs.101.38 Million (March 31, 2017: 1.06 Million)
- Inventories are valued at lower of Cost or Net realizable value.
- For charges created on inventories , refer note no 13 (b )]
- For details of fuel consumption refer note no 22 and for stores and spares consumption refer note no 27

9	Trade Receivables:	Rs in Millions	
		March 31, 2018	March 31, 2017
	<b>Particulars</b>		
	<b>Current</b>		
	Unsecured		
	Considered good	3,943.91	3,109.64
	Considered doubtful	-	40.49
	Less: Allowances for doubtful debts	-	(40.49)
	<b>Total</b>	<b>3,943.91</b>	<b>3,109.64</b>





## Notes to the financial statements

## Note:

- a) For charges created on trade receivable Refer Note No 13 (b)
- b) Trade Receivable are interest bearing and are generally with terms of 1-30 days.
- c) Maharashtra State Electricity Distribution Company Limited (MSEDCL) being one of the PPA customer, has withheld claim of the Company amounting to Rs. 423 million, in view of Maharashtra Electricity Regulatory Commission (MERC) Order against the MSEDCL, which did not have any relation with PPA of MSEDCL with the company. The management is pursuing the matter with MSEDCL for release of payment and expect the same to recover in the due course.
- d) MSEDCL has also not paid company's claim partially on change in law (CIL) approximating to Rs.310 million for the differences in its Computation methodology in respect of variable considered in CIL claim pertaining to auxiliary power consumption, gross calorific value and station heat rate. The Company has filed clarification application seeking confirmation on such operational parameters, which are pending for adjudication. In view of clarificatory petition filed by the Company and based on the Company's/Group's experience with other Customers on similar claims, The amount included in trade receivables of MSEDCL are considered good and hence no provision for doubtful debt is considered by the Company.
- e) The company claim for Change in Law (CIL) for Union territory of Dadra Nagar Haveli (DNH) PPA was approved by CERC vide Order dated February 02, 2017. The invoices of the company raised pursuant to such Order have not been cleared by DNH in view of appeal with APTEL, wherein DNH has contended Change in law is applicable only on effect over revenue variables and not on expenditure. The company has been legally advised that this contention of DNH is not tenable and the amount included in Trade receivable of DNH is good and recoverable.
- f) **Credit Concentration**  
As at March 31, 2018 of the total trade receivable, 100% pertains to the dues from state distribution companies which are Government undertakings under Long term Power purchase Agreement.
- g) **Expected Credit Loss (ECL) :**  
The Company is having majority of receivables from State Electricity Distribution Companies which are Government undertakings & group companies and hence are secured. The Company is regularly 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 power purchase agreement. Hence they are secured from credit losses in the future.
- h) The fair value of Trade receivables is not materially different from the carrying value presented.
- i) 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.
- j) 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.

## 10 Cash and Bank balances

Particulars	Rs in Millions	
	March 31, 2018	March 31, 2017
<b>Cash and cash equivalents</b>		
Balances with banks:		
– On current accounts	61.11	91.77
Cash on hand	1.07	0.38
<b>Total</b>	<b>62.18</b>	<b>92.15</b>
<b>Other bank balances</b>		
– Fixed Deposit with banks (Margin money deposit)*	310.50	131.52
<b>Total</b>	<b>310.50</b>	<b>131.52</b>

For charges created on cash and bank balances, refer note no 13 (b) and 17 (a)

\* Represents deposit with banks pledged by the Company against long term borrowing and Letter of credit facilities availed.



## Notes to the financial statements

## 11 Share Capital

Particulars	Rs in Millions	
	March 31, 2018	March 31, 2017
<b>Authorized :</b>		
900,000,000 ( March 31, 2017: 900,000,000) Equity Shares of Rs 10/- each	9,000.00	9,000.00
200,000,000 ( March 31, 2017: 200,000,000) preference shares of Rs. 10/- each	2,000.00	2,000.00
	<b>11,000.00</b>	<b>11,000.00</b>
<b>Issued :</b>		
870,000,000 (March 31, 2017: 870,000,000) equity shares of Rs.10/- each	8,700.00	8,700.00
75,000,000 (March 31, 2017: 75,000,000) Redeemable Non convertible non participating Preference shares of Rs.10/- each	750.00	750.00
	<b>9,450.00</b>	<b>9,450.00</b>
<b>Subscribed and Fully Paid</b>		
870,000,000 (March 31, 2017: 870,000,000 ) equity shares of Rs.10/- each	8,700.00	8,700.00
<b>Total</b>	<b>8,700.00</b>	<b>8,700.00</b>

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

## i) Equity Shares:

Particulars	March 31, 2018		March 31, 2017	
	In Numbers	Rs in Millions	In Numbers	Rs in Millions
Balance at the beginning of the year	870,000,000	8,700.00	870,000,000	8,700.00
Shares issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>870,000,000</b>	<b>8,700.00</b>	<b>870,000,000</b>	<b>8,700.00</b>

## ii) Preference shares:

Particulars	March 31, 2018		March 31, 2017	
	In Numbers	Rs in Millions	In Numbers	Rs in Millions
Balance at the beginning of the year	75,000,000	750.00	75,000,000	750.00
Shares issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>75,000,000</b>	<b>750.00</b>	<b>75,000,000</b>	<b>750.00</b>

## b. Terms/Rights Attached to equity Shares

The Company has only one class of 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.

For charges created on equity shares held by Holding company Refer Note No 13 (b) and 17 (a).

## c. Restrictions on the distribution of dividends :

The Board shall, subject to restrictions imposed by the project finance lenders, in terms of financing agreement, propose to the equity shareholders the maximum possible dividend payable under applicable law. Upon such recommendation equity shareholders shall declare dividend 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. Terms/Rights Attached to Preference shares:

The Company on May 26, 2015 has issued 750,00,000 Non Convertible Non Participating preference shares of Rs.10/- each at par to GMR Energy Limited (total face value of Rs.750 Million ). These preference shares are redeemable at par at the end of 16 years from date of allotment and carry zero percent dividend. The presentation of the liability and equity portions of the share is explained in the summary of significant accounting policy [Refer 1.3 (xv)(b)].



**GMR Warora Energy Limited**

CIN :U40100MH2005PLC155140

**Notes to the financial statements****e. Number of shares held by holding /ultimate holding company and/or their subsidiaries/associates.**

Particulars	March 31, 2018		March 31, 2017	
	No. of Shares held	Rs in Millions	No. of Shares held	Rs in Millions
<b>Equity Shares</b>				
GMR Energy Limited (The Holding Company holding 100% shares along with Nominee)	870,000,000	8,700.00	870,000,000	8,700.00
<b>Preference shares:</b>				
GMR Energy Limited (The Holding Company holding 100% shares)	75,000,000	750.00	75,000,000	750.00

**f. Details of Shareholders holding more than 5% of shares in the Company**

Name of Shareholder	March 31, 2018		March 31, 2017	
	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class
<b>Equity Shares</b>				
GMR Energy Limited	870,000,000	100%	870,000,000	100%
<b>Preference shares:</b>				
GMR Energy Limited	75,000,000	100%	75,000,000	100%

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

12 Other Equity	Rs in Millions	
	March 31, 2018	March 31, 2017
<b>Particulars</b>		
<b>a) Debenture Redemption Reserve</b>		
Opening balance	187.50	-
Add: Transferred during the year	-	187.50
<b>Closing balance</b>	<b>187.50</b>	<b>187.50</b>
<b>b) Retained Earnings</b>		
Opening balance	(9,110.06)	(10,352.10)
Add: Profit / (loss) for the year	1,927.41	1,429.54
Less: Transfer to Debenture Redemption Reserve	-	(187.50)
<b>Closing balance</b>	<b>(7,182.65)</b>	<b>(9,110.06)</b>
<b>c) Equity component of related party transaction</b>		
Opening balance	1,288.26	1,288.26
Add: Transaction during the year	-	-
<b>Closing balance</b>	<b>1,288.26</b>	<b>1,288.26</b>
<b>d) Others (Including items of other Comprehensive Income)</b>		
Opening balance	(3.00)	(0.23)
Add: Transaction during the year		
Remeasurements gains/(loss) on defined benefit plans, net of tax effect	1.49	(2.77)
<b>Closing balance</b>	<b>(1.51)</b>	<b>(3.00)</b>
<b>Total</b>	<b>(5,708.40)</b>	<b>(7,637.30)</b>





## Notes to the financial statements

## Nature and purpose of reserve:

## Debenture Redemption Reserve:

The Company is required to create a Debenture Redemption Reserve out of the profits which is available for payment of dividend for the purpose of redemption of debentures.

## Retained Earnings

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

## Equity component of related party transaction

Equity Component of Related Party Transactions represents the difference in carrying value and fair value of Preference Shares and 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

Others (including Other Comprehensive Income) : represents Re-measurement gains (losses) on defined benefit plans and its Income Tax Effects.

13	Long Term Borrowings:	Rs in Millions	
		March 31, 2018	March 31, 2017
	Particulars		
	Non Current:		
	Secured borrowings - at amortized cost		
	Non convertible debenture:		
	750 [March 31, 2017: 750] Non Convertible Debenture of Rs.10,00,000 each	746.60	746.17
	[Refer note (a) below]		
	Rupee Term loan		
	- from banks (Refer Note b below.)	28,079.12	29,816.61
	- from Financial Institution [Refer Note (b) below.]	797.08	800.00
	Unsecured borrowings - at amortized cost		
	Liability Component of compound financial instrument		
	Non convertible non participating preference shares [Refer Note (d) below]	136.91	120.31
	Subordinate Loan from Holding Company		
	- from Holding Company [Refer Note (e) below]	266.78	234.45
	<b>Total</b>	<b>30,026.49</b>	<b>31,717.54</b>
	Current:		
	Secured		
	Rupee Term loan		
	Current portion of bank loan	1,678.35	2,184.31
	Current portion of term loan from Financial Institution	200.00	200.00
		1,878.35	2,384.31
	Less: Amount disclosed under Other Financial Liabilities (Refer Note No14)	1,878.35	2,384.31

## Notes:

## a. Secured Non convertible Debenture:

The Company has issued 750 secured, rated, listed, redeemable, non convertible debentures (NCD) of the face value of Rs. 10,00,000/- each on September 25, 2014 which are listed on Bombay Stock Exchange. The secured NCD carries coupon rate of 12.15% per annum and interest is payable half yearly. Further additional coupon rate would be payable to the extent of 0.25% per annum for every notch below agreed rating of the NCD.

The NCD's are secured by way of first Pari-passu charge by way of mortgage on all the immovable properties and hypothecation of movable assets including plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and other movable assets. NCD's are further secured by first charge /hypothecation on books debts, operating cash flows, receivables, other current assets, revenues whatsoever in nature present and future, assignment on all project related documents, all benefits incidental to the Project as well as rights under Letter of Credit or such other security to be provided by the procurer of power under the terms of PPA and are pledge of shares representing 51% of the total paid up equity share capital. Further the NCD's are secured by corporate guarantee of Holding company. The beneficial interest in the Security shall rank pari passu among all the Rupee Lenders, the lenders participating in the bank borrowings for the working capital requirements/bank guarantee facility to the extent as approved by the Rupee Lenders and secured bond holders.



## Notes to the financial statements

Maturity profile of non convertible debenture of face value of Rs.1,000,000/- each is as given below:

Face value of Non convertible Debenture	No of Debentures	Repayment Schedule	Rs in Millions
1,000,000	250	25-Nov-23	250.00
1,000,000	250	25-Sep-23	250.00
1,000,000	250	25-Sep-22	250.00

**b. Nature of Security to Rupee Term Loan**

The rupee term loan from banks and financial institution except for the term loan covered under subservient charges are secured by way of a first charge by registered mortgage of all the immovable properties (present & future) and by hypothecation of movable assets including plant and machinery, machinery spares, tools and accessories, stock of raw materials, semi finished goods and consumable goods. First charge on book debts, operating cash flows, receivables, revenues whatsoever in nature, present and future, retention account, escrow account, Debt Service Reserve account and any other bank accounts. First charge by way of assignment / hypothecation on all rights, titles, interest, profit, benefits, claims, demand whatsoever of the borrower in the project documents/ Clearances pertaining to the project/ Letter of credit/ guarantee/ performance bond/ corporate guarantee/ bank guarantee/ provided by any party to the Project Documents as amended from time to time. Further it is secured by pledge of shares representing 51% of the total paid up equity share capital. The registered mortgage deed is executed for an amount of Rs. 32,130 Million.

The beneficial interest in the Security shall rank pari passu among all the Rupee Lenders, the lenders participating in the bank borrowings for the working capital requirements/bank guarantee facility to the extent as approved by the Rupee Lenders and secured bond holders.

Rupee term loan of Rs. 2000 Million from ICICI bank Limited is secured by way of subservient charge with existing lenders on all the movable properties including but not limited to Plant and Machinery spares, tools, spares and accessories of the Project and other movables both present and future. Further this loan facility along with Rs. 1000 Million availed from ICICI bank Limited included above is further secured by way of pledge of 23% of the equity shares of GMR Warora Energy Limited held by GMR Energy Limited, pledge of 26% of the equity shares of GMR Vemagiri Power Generation Limited (GVPGI) held by GMR Energy Limited and first ranking pari passu charge on the immovable properties of GVPGI and charge on excess cash flow of GVPGI.

**c. Terms of repayment of Rupee Term Loan**

i) Rupee term loan availed from consortium bankers led by State Bank of India has a moratorium period of 18 months with first installment becoming due on June 30, 2016. 72% of the loan amount shall be repaid in 54 unequal structured quarterly installments and balance 28% on September 30, 2029 by way of refinancing and carries an interest rate of SBI 1Y- MCLR i.e. 7.95% Plus 3.15% which is currently 11.10% p.a.

ii) The rupee term loan availed from ICICI Bank Limited amounting to Rs. 1050 Million is repayable over 20 equal quarterly installments commencing from July 31, 2016 and carry the interest rate of 12.25%

iii) The rupee term loan availed from ICICI Bank Limited in different tranches amounting to Rs. 1950 Million out of which Rs. 1000 Million is repayable over 72 unequal quarterly installments commencing from June 30, 2016 and Rs. 950 Million is repayable over 31 unequal quarterly installments commencing from September 30, 2017 and carries interest rate of 11.15% p.a to 13.00% p.a respectively.

iv) Rupee term loan availed from financial institution of Rs. 1000 Million is repayable in 20 equal quarterly installments with first installment commencing from June 30, 2017 and carry the interest rate of 13% p.a.

**d. Non convertible Non Participating Preference shares:**

Particulars	Rs in Millions	
	March 31, 2018	March 31, 2017
Opening balance	750.00	750.00
Add: Issued during the year	-	-
Closing balance	750.00	750.00
Equity component transferred to Other Equity	655.26	655.26
	94.74	94.74
Add: Notional Interest recognized up to date	42.17	25.57
<b>Fair valued non convertible preference shares</b>	<b>136.91</b>	<b>120.31</b>

The Company in the year 2015-16, on May 26, 2015 has issued 7,50,00,000 Non Convertible Non Participating preference shares of Rs.10/- each at par to GMR Energy Limited, which are redeemable at par at the end of 16 year from the date of allotment. The preference shares carry zero percent dividend and shall not carry voting rights.



## Notes to the financial statements

## e. Subordinate Debt

In terms of Promoter sub debt agreement between the Company and GMR Energy Limited (promoter) dated October 01, 2014, the promoter has infused Rs.1180 Million in to the Company as sub debt and sub-debt does not carry any interest. The Company shall pay the Sub-Debt amount only after the final settlement date being the date on which all outstanding owed/payable to the consortium banker lead by State Bank of India.

## Reconciliation of subordinate debt:

	Rs In Millions	
Particulars	March 31, 2018	March 31, 2017
Opening balance	1,180.00	1,180.00
Issued during the year		
Closing balance	1,180.00	1,180.00
Equity component transferred to Other equity	1,026.09	1,026.09
	153.91	153.91
Add: Notional Interest at EIR up to date	112.87	80.54
Fair value of subordinate Debt	266.78	234.45

## 14 Other financial liabilities

	Rs In Millions	
Particulars	March 31, 2018	March 31, 2017
<b>Non-current</b>		
Other financial liabilities at amortized cost		
Retention Money	4.84	-
<b>Total</b>	<b>4.84</b>	<b>-</b>

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

## Current

Other financial liabilities at amortized cost		
Current maturities of long-term borrowings	1,878.35	2,384.31
Interest accrued but not due on borrowings	22.71	2.68
Interest accrued and due on borrowings	-	1,123.55
Retention money	779.25	1,040.89
Salaries, Bonus and other payables to employees	16.59	6.26
Payables towards capital goods	124.18	193.86
<b>Total</b>	<b>2,821.08</b>	<b>4,751.55</b>

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

## 15 Provisions:

	Rs In Millions	
Particulars	March 31, 2018	March 31, 2017
<b>Non-current</b>		
Asset Retirement Obligation (Refer Note a below)	48.65	45.13
Provision for employee benefits:		
Provision for gratuity [refer note 33 (b)]	4.77	-
<b>Total</b>	<b>53.42</b>	<b>45.13</b>
<b>Current</b>		
Provision for Prompt Payment Rebate	2.11	11.86
Provision for employee benefits:		
towards gratuity [Refer Note no 33 (b)]	-	5.33
towards leave benefits 33 (c)]	56.51	51.30
towards other employee benefits	50.27	46.04
<b>Total</b>	<b>108.89</b>	<b>114.53</b>

## Note:

## a) Movement for provision in Asset Retirement Obligation:

	Rs In Millions	
Particulars	March 31, 2018	March 31, 2017
Balance at the beginning of the year	45.13	66.76
Add: Notional interest accounted on unwinding of liability	3.52	3.27
Less: Amount reversed on account of revision in useful life of plant	-	24.90
<b>Balance at the year end</b>	<b>48.65</b>	<b>45.13</b>



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**Notes to the financial statements****16 Income Tax**

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

**a) Income tax expense in the statement of profit and loss comprises:**

Particulars	Rs in Millions	
	March 31, 2018	March 31, 2017
<b>Profit or loss section</b>		
Current Tax	-	-
Deferred Tax	(0.74)	1.37
<b>Tax expense / (credit) to Statement of Profit and Loss</b>	<b>(0.74)</b>	<b>1.37</b>
<b>Other comprehensive income section (OCI)</b>		
Deferred tax related to items recognized in OCI during in the year:		
Re-measurement gains (losses) on defined benefit plans	0.74	(1.37)
<b>Tax expense / (credit) to Other Comprehensive Income</b>	<b>0.74</b>	<b>(1.37)</b>
<b>Tax expense / (credit) to Total Comprehensive Income</b>	<b>-</b>	<b>-</b>

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

Particulars	Rs in Millions	
	March 31, 2018	March 31, 2017
Profit /(Loss) before tax	1,926.67	1,430.91
Tax effect of income / (loss) (a)	637.01	473.10
<b>Adjustments:</b>		
Tax effect on non-taxable income	-	-
Tax effect on non-deductible expenses	38.42	120.23
Tax effect on deductible expenses	(407.04)	(538.98)
	(b)	(418.75)
<b>Tax effect on total income (c)=(a)+(b)</b>	<b>268.39</b>	<b>54.35</b>
Unused tax allowances set off (d)	268.39	54.35
	(e)=(c+d)	-
Recognition of deferred tax liability in profit or loss account on redemption of debentures treated as equity (net of current year increase) (f)	(0.74)	1.37
<b>Tax expense / (credit) to Statement of Profit and Loss (g)=(e-f)</b>	<b>(0.74)</b>	<b>1.37</b>
<b>Tax expense / (credit) to Other Comprehensive Income</b>	<b>0.74</b>	<b>(1.37)</b>
<b>Tax expense / (credit) to Total Comprehensive Income</b>	<b>-</b>	<b>-</b>

**c) Non-current tax assets (net)**

Particulars	Rs in Millions	
	March 31, 2018	March 31, 2017
Opening Balance receivable /(Payable)	24.11	5.38
Current tax payable for the year	0.00	0.00
Refund received during the year	(1.96)	(9.26)
Current taxes paid	3.89	27.99
<b>Closing balance of Non-current tax assets (net)</b>	<b>26.04</b>	<b>24.11</b>





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**Notes to the financial statements**
**d) Major component of deferred tax assets and liabilities for the year ended March 31, 2018 and March 31, 2017**

Particulars	Rs in Millions	
	March 31, 2018	March 31, 2017
<b>Deferred tax liability on</b>		
Accelerated depreciation for tax purpose	5,998.17	5,621.90
Fair valuation of borrowing at inception and subsequently recorded at	44.41	49.23
Fair valuation of Sub debt, preference shares received from Holding company	504.65	520.82
Fair valuation of other financial liabilities .	-	4.70
	<b>6,547.23</b>	<b>6,196.65</b>
<b>Deferred Tax assets on:</b>		
Provision for Asset retirement Obligation	16.09	14.92
Provision for Gratuity	1.58	1.76
Unrealised forex loss related to capital creditor	70.36	72.11
Provision for Leave Encashment	18.68	16.96
Provision for Prompt Payment Rebate	0.70	3.92
on account of Unused losses	1,649.13	1,904.34
On account of unabsorbed Depreciation	6,656.08	6,669.27
	<b>8,412.62</b>	<b>8,683.28</b>
<b>Net deferred tax asset</b>	<b>1,865.39</b>	<b>2,486.63</b>
<b>Net deferred tax (assets) / liability</b>	<b>(1,865.39)</b>	<b>(2,486.63)</b>
Less: Net deferred tax asset recognised to the extent of deferred tax liability	1,865.39	2,486.63
<b>Net deferred tax (assets) / liability</b>	<b>-</b>	<b>-</b>

\*-The Company has unused tax allowances and tax losses which arose in India of Rs.1,865.39 million (March 31, 2017: Rs.2,486.63 million). The unused tax losses are available for offsetting for eight years against future taxable profits of the companies in which the losses arose. With regard to unused depreciation allowances, same is allowable in future period against taxable profits without any time limit. Majority of unused tax losses will expire by March 2020.

**e) Reconciliations of deferred tax (liabilities) /assets**

Particulars	Rs in Millions	
	March 31, 2018	March 31, 2017
Opening balance	0.00	0.00
Tax income/(expense) during the period recognized in profit or loss	(0.74)	1.37
Tax income/(expense) during the period recognized in OCI	0.74	(1.37)
Amount recognized directly in equity	0.00	0.00
<b>Closing balance</b>	<b>0.00</b>	<b>0.00</b>

**f) Amount recognized in other comprehensive income**

Particulars	Rs in Millions	
	March 31, 2018	March 31, 2017
Opening balance	1.49	0.12
Add: Deferred tax asset / (liability) recognized during the year	(0.74)	1.37
<b>Closing balance of deferred tax netted off with Other Comprehensive income</b>	<b>0.75</b>	<b>1.49</b>

**g) Amount recognized directly in equity**

Particulars	Rs in Millions	
	March 31, 2018	March 31, 2017
Opening balance	636.24	636.24
Add: Deferred tax recognized directly in equity during the year	-	-
<b>Closing balance of deferred tax netted off with other components of equity</b>	<b>636.24</b>	<b>636.24</b>

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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**Notes to the financial statements**

**17 Short term Borrowings:**

Particulars	Rs in Millions	
	March 31, 2018	March 31, 2017
<b>Secured borrowings : at amortized cost</b>		
Cash Credit loan from Bank (refer to note( a))	2,729.47	2,704.80
	<b>2,729.47</b>	<b>2,704.80</b>
<b>The above amount includes</b>		
Secured borrowings	2,729.47	2,704.80
Unsecured borrowings	-	-
	<b>2,729.47</b>	<b>2,704.80</b>

**Note:**

- a. 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 51% of the total paid up equity share capital. The beneficial interest in the Security shall rank pari passu among all the Rupee Lenders 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 and secured bond holders. The Cash Credit Overdraft facility is repayable on demand and carrying interest rate ranging between 11.10% to 12.60%.

**18 Trade payables**

Particulars	Rs in Millions	
	March 31, 2018	March 31, 2017
<b>Non-current</b>		
<b>Total</b>	-	-
<b>Current trade and other payables</b>		
<i>Carried at amortised cost:</i>		
Dues to Micro and Small enterprises (Refer Note c below)	10.46	9.02
Due to others	1,467.24	1,005.27
Acceptances	879.24	589.63
[Represents Letter of Credit accepted by the Company which are discounted by the Company. Acceptances are part of the working capital facility sanctioned by the Banks and are secured as given in Note no 17 (a) ]		
<b>Total</b>	<b>2,356.94</b>	<b>1,603.92</b>

**Note:**

- 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 fair value of Trade payables is not materially different from the carrying value presented.
- c) The Ministry of Micro, Small and Medium enterprises has issued an office memorandum dated August 26, 2008 which recommends that the micro and small enterprises should mention in their correspondence with its customers the entrepreneur's memorandum number as allocated after filing of the memorandum. Accordingly, the disclosure in respect of amounts payable to such enterprises as at March 31, 2018 has been made in the financial statements based on the information received and available with the Company. Further, in view of the management, the impact of interest, if any, that may be payable in accordance with the provision of the Act do not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.



Particulars	Rs in Millions	
	March 31, 2018	March 31, 2017
Principal amount due to the enterprises defined under MSMED	10.46	9.02
Interest due thereon to the enterprises defined under MSMED	0.22	0.46
Amount of interest paid to the enterprises under Section 16 of MSMED	-	-
Payment made to the enterprises beyond appointed date under Section 16 of MSMED	-	-
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	-	-
The amount of interest accrued (not accounted in the books) and remaining unpaid at the end of each accounting year; and	0.22	0.46
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 .	-	-

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**Other liabilities**

Particulars	March 31, 2018	March 31, 2017
<b>Other non-current liabilities</b>		
Total	-	-
<b>Other current liabilities</b>		
Carried at amortised cost:		
Trade Deposit & Advances	0.08	0.32
Advances from customers	0.77	29.22
TDS and Other Statutory Dues	41.21	31.42
<b>Total other current liabilities</b>	<b>42.06</b>	<b>60.96</b>
<b>Total</b>	<b>42.06</b>	<b>60.96</b>

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## Notes to the financial statements

20	Revenue from operations	Rs in Millions	
	Particulars	March 31, 2018	March 31, 2017
	Sale of Electrical Energy (Refer Notes below)	17,705.40	16,766.38
	Other Operating Revenues - Sale of fuel	1.30	-
	<b>Total</b>	<b>17,706.70</b>	<b>16,766.38</b>

## Notes:

- a. Sale of electrical energy is net of prompt payment rebate of Rs.168.88 Million (March 31, 2017 : Rs.124.62 Million)
- b. The Company during the year has raised supplementary invoice with regard to the claims towards Change In Law events relating to the period from October 2015 to January 2018 on Tamilnadu Generation and Distribution Corporation Limited (TANGEDCO/ customer) amounting to Rs.739.02 Million which are duly acknowledged by the customer and also accrued income of Rs.20.61 Million related to the period from February 2018 to March 2018. In view of the Order of CERC dated March 16, 2018 with regard to petition filed by the Company, duly following Supreme Court's order of April 11, 2017, management of the Company is certain of recovering the bill raised pursuant to CERC Order and accounted the same as income during the year.
- c. 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 the Maharashtra State Electricity Distribution Company Limited (MSEDCL), Union territory of Dadra Nagar Haveli (DNH) and Tamilnadu Generation and Distribution Corporation Limited (TANGEDCO) power purchase agreements and filed Petition with Central Electricity Regulatory Commission (CERC). The claim for compensation for various change in law events includes compensation for additional Coal cost pass through on account of shortage of linkage coal.

CERC in its Order dated 01.02.2017 for MSEDCL and DNH disallowed the Company's claim on coal cost pass through stating that changes in fuel supply agreement and deviation in New Coal Distribution Policy 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 16th March 2018 CERC in the Case of TANGEDCO, respectfully following the Supreme Court judgment held deviation in NCDP as change in law event and allowed the Company's claim of Coal Cost Pass through along with the methodology for computation of the revenue. The Company pursuant to the said Order raised supplementary invoice on TANGEDCO as explained in Note (b) above.

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 MSEDCL and DNH matter considering the CERC judgment for TANGEDCO. 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 and CERC judgment in Company's own case for TANGEDCO where the computation methodology of Coal Pass Through was decided, the management of the Company is virtually certain of the receipt of the Company's claim of revenue on coal cost pass through and is of the opinion that no contingency involved in this regard. In view of the same and as per the expert opinion received, Company has recognized the income of Rs. 977.94 Million during the year from the date of scheduling of power to DNH and MSEDCL under respective PPA.

21	Other income	Rs in Millions	
	Particulars	March 31, 2018	March 31, 2017
	<b>Interest Income</b>		
	- on delayed payment from customer	100.71	161.55
	- from bank deposits	20.75	19.10
	- from Inter corporate Deposit	18.85	205.16
	- on Income tax refund	0.30	0.52
	Exchange gain (on account of restatement of forex liabilities)	-	1.26
	Miscellaneous Income	39.52	12.82
	<b>Total</b>	<b>180.13</b>	<b>400.41</b>

22	Cost of fuel consumed	Rs in Millions	
	Particulars	March 31, 2018	March 31, 2017
	Inventory at the beginning of the year	390.69	815.48
	Add : Purchases	7,572.89	6,745.14
		7,963.58	7,560.62
	Less : Inventory at the end of the year	395.86	390.69
	<b>Total</b>	<b>7,567.72</b>	<b>7,169.93</b>





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**Notes to the financial statements**

<b>Details of fuel consumed</b>		
Coal	7,547.00	7,154.51
Light Diesel Oil and Heavy Furnace Oil	20.72	15.42
<b>Total</b>	<b>7,567.72</b>	<b>7,169.93</b>
<b>23 Purchase of Stock in Trade</b>	<b>Rs in Millions</b>	
<b>Particulars</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Power	1,110.79	540.86
<b>Total</b>	<b>1,110.79</b>	<b>540.86</b>
<b>24 Employee benefit expenses</b>	<b>Rs in Millions</b>	
<b>Particulars</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Salaries, wages and bonus	483.83	405.45
Contribution to provident fund and others	39.76	24.81
Recruitment and Placement cost	2.99	3.17
Staff welfare expenses	6.49	3.67
<b>Total</b>	<b>533.07</b>	<b>437.10</b>
<b>25 Depreciation and amortization expenses</b>	<b>Rs in Millions</b>	
<b>Particulars</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Depreciation of tangible assets	1,217.71	1,212.29
Amortization of intangible assets	1.44	1.03
<b>Total</b>	<b>1,219.15</b>	<b>1,213.32</b>
<b>26 Finance costs</b>	<b>Rs in Millions</b>	
<b>Particulars</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Interest on		
- Term loan & Acceptances	3,665.47	4,283.48
- Working capital loan	260.55	341.53
- Debentures	95.85	104.19
- Delayed payment to vendors / tax authorities	0.51	9.02
- Unwinding of financial liabilities measured at amortised cost	63.10	54.79
- On unwinding on decommissioning liabilities	3.52	3.27
<b>Bank and other finance charges</b>	<b>103.86</b>	<b>133.04</b>
<b>Total</b>	<b>4,192.86</b>	<b>4,929.32</b>
<b>Note:</b>		
<b>Total interest expense (calculated using the effective interest method) for financial liabilities measured at amortised cost:</b>		
Notional interest on unwinding of Promoters Subordinate debt and Preference share capital - from Holding Company, retention money	63.10	54.79
Amortization of Upfront cost paid on rupee term loans	17.00	18.64
Amortization of transaction cost of secured debenture	0.43	0.38



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**Notes to the financial statements**

27	Other expenses	Rs in Millions	
		March 31, 2018	March 31, 2017
	Particulars		
	Transmission and distribution charges (Net of recovery)	418.54	463.67
	[Refer Note (a) below]		
	Consumption of stores and Spare parts	87.45	103.37
	Water and Electricity charges	31.89	33.83
	Rent		
	Premises and Others	28.01	25.29
	Land lease rental	6.57	5.68
	Rates and taxes	17.89	20.61
	Insurance	41.95	34.81
	Repairs and maintenance		
	Plant and Machinery	211.74	242.63
	Building	25.16	20.82
	Others	66.38	60.09
	Housekeeping Expense	15.23	13.97
	Trade advance written off	8.43	-
	Travelling and Conveyance	57.11	62.61
	Logo Fees	59.49	55.74
	Communication cost	22.18	10.52
	Community Development and welfare Expenses	14.50	19.40
	Printing and stationery	1.24	0.81
	Legal and Professional charges	131.65	145.35
	Security Charges	50.59	55.34
	Auditors' remuneration:		
	Statutory Audit fee	2.95	2.88
	Tax Audit fee	0.59	0.58
	Certification fee	0.03	0.11
	Board Meeting expenses	0.31	0.60
	Donations	0.10	0.55
	Business Promotion Expenses	8.34	9.04
	Foreign Exchange Loss	8.30	-
	Provision for doubtful debts and advances	-	40.49
	Bad debts written off	40.49	-
	Less: Excess provision for bad debt recorded now written back	(40.49)	-
	Miscellaneous Expenses	19.95	16.56
	<b>Total</b>	<b>1,336.57</b>	<b>1,445.35</b>

- a. The Company has entered into Power Purchase Agreement (PPA) with Maharashtra State Electricity Distribution Company Limited (MSEDCL) on March 17, 2010 for sale of aggregate contracted capacity of 200 MW wherein power was required to be scheduled from power plant's bus bar. MSEDCL has raised dispute with respect to place of evacuation of power with Maharashtra Electricity Regulatory Commission (MERC), wherein MERC has directed the Company to construct separate lines for evacuation of power through State Transmission Utility (STU) though the Company was connected to Central Transmission Utility (CTU). Aggrieved by the MERC Order, the Company preferred an appeal with Appellate Tribunal for Electricity (APTEL). APTEL vide its interim Order dated February 11, 2014 directed the Company to start scheduling the power from Company's bus bar and bear transmission charges of inter state transmission system for supplying the power. The Company in terms of the interim order scheduled the power from its bus bar from March 17, 2014 and paid inter state transmission charges. APTEL vide its final Order dated May 8, 2015 upheld Company's contention of scheduling the power from Bus Bar and directed MSEDCL to reimburse the inter state transmission charges hitherto borne by the Company as per its interim order.

Accordingly as at March 31, 2018, the Company has raised claim of Rs. 3,110.37 million towards reimbursement of transmission charges from March 17, 2014 till March 31, 2018 including Rs. 882.75 million for the financial year 2017-18 (Rs. 923.07 million for corresponding previous year). MSEDCL in the interim had preferred an appeal with Supreme Court and also applied for stay proceedings for the above Order, with respect to which Supreme Court has not granted stay on the APTEL order. In view of the favorable Order from APTEL, rejection of stay petition of MSEDCL by the Supreme Court of India, receipt of substantial amount towards reimbursement of transmission charges and also considering legal opinion received from legal counsel that the Company has good tenable case with respect to the appeal filed by MSEDCL against the said Order which is pending before Supreme Court of India, the Company has recognized the reimbursement of transmission charges borne by the company of Rs. 882.75 million for the financial year 2017-18 (Rs. 923.07 million for corresponding previous year) aggregating to Rs. 3,110.37 Million as at March 31, 2018 as reduction from transmission expenses.



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**Notes to the financial statements**

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

Particulars	Rs in Millions	
	March 31, 2018	March 31, 2017
Re-measurement gains (losses) on defined benefit plans	2.23	(4.14)
Income tax effect	(0.74)	1.37
Total	1.49	(2.77)

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**Notes to the financial statements****29 Financial Instruments:****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

Rs in Millions						
Particulars	Refer note no.	Amortized 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
<b>Financial assets:</b>						
Cash and cash equivalents	10	62.18	-	-	62.18	62.18
Other bank balances	10	310.50	-	-	310.50	310.50
<b>Investments:</b>						
Trade Receivables	9	3,943.91	-	-	3,943.91	3,943.91
Loans	5	68.32	-	-	68.32	68.32
Other financial assets	6	1,808.49	-	-	1,808.49	1,808.49
<b>Total</b>		<b>6,193.40</b>	<b>-</b>	<b>-</b>	<b>6,193.40</b>	<b>6,193.40</b>
<b>Financial liabilities</b>						
Borrowings	13 & 17	32,755.96	-	-	32,755.96	32,755.96
Trade payables	18	2,356.94	-	-	2,356.94	2,356.94
Other financial liabilities	14	2,825.92	-	-	2,825.92	2,825.92
<b>Total</b>		<b>37,938.82</b>	<b>-</b>	<b>-</b>	<b>37,938.82</b>	<b>37,938.82</b>

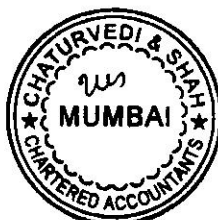
b) The carrying value and fair value of financial instruments by categories as of March 31, 2017 were as follows

Rs in Millions						
Particulars	Refer note no.	Amortized 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
<b>Financial assets:</b>						
Cash and cash equivalents	10	92.15	-	-	92.15	92.15
Other bank balances	10	131.52	-	-	131.52	131.52
Trade Receivables	9	3,109.64	-	-	3,109.64	3,109.64
Loans	5	1,084.61	-	-	1,084.61	1,084.61
Other financial assets	14	2,016.84	-	-	2,016.84	2,016.84
<b>Total</b>		<b>6,434.76</b>	<b>-</b>	<b>-</b>	<b>6,434.76</b>	<b>6,434.76</b>
<b>Financial liabilities:</b>						
Borrowings	13 & 17	34,422.34	-	-	34,422.34	34,422.34
Trade payables	18	1,603.92	-	-	1,603.92	1,603.92
Other financial liabilities	14	4,751.55	-	-	4,751.55	4,751.55
<b>Total</b>		<b>40,777.81</b>	<b>-</b>	<b>-</b>	<b>40,777.81</b>	<b>40,777.81</b>

**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.





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**Notes to the financial statements**

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:

Particulars	Rs in Millions			
	Total	Level 1	Level 2	Level 3
Assets measured at fair value through profit or loss:	-	-	-	-
Liabilities measured at fair value through profit or loss:	-	-	-	-

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

Particulars	Rs in Millions			
	Total	Level 1	Level 2	Level 3
Assets measured at fair value through profit or loss:	-	-	-	-
Liabilities measured at fair value through profit or loss:	-	-	-	-

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



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**Notes to the financial statements****30 Financial risk management objectives and policies:**

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 framework 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.

**(a) 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 and deposits. The sensitivity analysis in the following sections relate to the position as at 31 March 2017 and 31 March 2018.

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 analyses.

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 31 March 2017 and 31 March 2018.

**(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, coal & spare part vendors and operation and maintenance contractors are paid at spot rate applicable on date of transaction. The details of unhedged exposure to foreign currency is given in Note No 35.

**Foreign currency sensitivity**

The Company is mainly exposed to changes in USD. 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 profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

Currency Type	Change in Rate	Rs. In millions			
		Effect on profit before tax		Effect on total equity	
		2017-18	2016-17	2017-18	2016-17
USD	(+)5%	(27.08)	(35.02)	(27.08)	(35.02)
USD	(-)5%	27.08	35.02	27.08	35.02

**(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 analyses 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**

**GMR Warora Energy Limited**

CIN : U40100MH2005PLC155140

**Notes to the financial statements**

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

Currency Type	Basis points	Rs. In millions			
		Effect on profit before tax		Effect on total equity	
		2017-18	2016-17	2017-18	2016-17
INR	(+)50	(159.27)	(167.55)	(159.27)	(167.55)
INR	(-)50	159.27	167.55	159.27	167.55

**(b) 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.

**(c) Credit risk**

Credit risk is the risk that counterparty will not meet its contractual 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.

Ageing analysis of the trade and other receivables from customers has been considered from the date it is due:

Particulars	Rs in Millions	
	March 31, 2018	March 31, 2017
Upto 3 months	4,485.79	4,888.54
3 to 6 months	361.54	25.86
More than 6 months	898.31	42.25
<b>Total</b>	<b>5,745.64</b>	<b>4,956.65</b>

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 minimize 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.

The Company has not taken any collateral held against these assets as the counterparties are Banks with high credit ratings assigned by the international credit rating agencies, Government Undertakings and Group Companies.



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**Notes to the financial statements****(d) 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.

Particulars	Rs in Millions				
	Repayable on demand	Due within 1 year	Due between 1 to 5 years	Due after 5 years	Total
<b>As at March 31, 2018</b>					
<b>Non-derivative financial liabilities</b>					
Borrowings from banks and other including interest	-	1,901.06	8,836.75	20,170.36	30,908.17
Sub-ordinate debt from holding company	-	-	-	1,180.00	1,180.00
Cash credit	2,729.47	-	-	-	2,729.47
Non Convertible Debenture	-	-	250.00	500.00	750.00
Non convertible non participating preference shares	-	-	-	750.00	750.00
Trade payable	1,430.25	47.45	-	-	1,477.70
Acceptances	-	879.24	-	-	879.24
Other financial liabilities	924.86	-	-	-	924.86
<b>Total</b>	<b>5,084.58</b>	<b>2,827.75</b>	<b>9,086.75</b>	<b>22,600.36</b>	<b>39,599.44</b>
<b>As at March 31, 2017</b>					
<b>Non-derivative financial liabilities</b>					
Borrowings from banks and other including interest	1,473.76	2,036.78	8,414.80	22,346.88	34,272.22
Sub-ordinate debt from holding company	-	-	-	1,180.00	1,180.00
Cash credit	2,704.80	-	-	-	2,704.80
Non Convertible Debenture	-	-	-	750.00	750.00
Non convertible non participating preference shares	-	-	-	750.00	750.00
Trade payable	943.98	70.31	-	-	1,014.29
Acceptances	-	589.63	-	-	589.63
Other financial liabilities	632.19	414.96	-	-	1,047.15
<b>Total</b>	<b>5,754.74</b>	<b>3,111.67</b>	<b>8,414.80</b>	<b>25,026.88</b>	<b>42,308.09</b>





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**Notes to the financial statements****(d) 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.

Particulars	Rs in Millions	
	31-Mar-18	31-Mar-17
Total Debt / borrowings	34,634.31	36,806.65
<b>Capital Components</b>		
Equity Share Capital	8,700.00	8,700.00
Reserves and Surplus	(5,708.40)	(7,637.30)
Total Capital	2,991.60	1,062.70
Capital and debt	<b>37,625.91</b>	<b>37,869.35</b>
Gearing ratio (%)	92.05%	97.19%

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 borrowings 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.



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**Notes to the financial statements****31 Earnings Per Share (EPS)**

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

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

Particulars	March 31, 2018	March 31, 2017
a) Nominal value of Equity shares (in Rupees per share)	10.00	10.00
b) Weighted average number of Equity shares at the year end (in Nos)	870,000,000	870,000,000
c) Profit attributable to equity holders of the Company for basic earnings (Rs in Millions)	1,927.41	1,429.54
d) Basic/Diluted Earning per share of Rs 10/- each (in Rs.) [(c)/(b)]	2.22	1.64

**32 Contingent liabilities and commitments**

Particulars	Rs in Millions	
	March 31, 2018	March 31, 2017
<b>Claim against the Company not acknowledged as debt:</b>		
Service tax demand on foreign payment	0.45	0.45
Claims not acknowledged by the Company (Refer Note a below)	26.24	-
Demand in TRACES towards tax deducted at source for the year 2013-14	0.03	0.03
<b>Commitments:</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	378.45	698.92
Other Commitments	259.91	236.13

a) The Company was transmitting power through Medium term Open access (MTOA) to TANGEDCO which was shifted to Long term Open access from January 2016. Powergrid Corporation of India Limited (PGCIL/ the transmission line provider), has raised claim of Rs.26.24 Million (including interest of Rs.4.76 Million) subsequent to CERC Order dated October 17, 2017, as cost of relinquishment of MTOA which the company has disputed and also initiated an appeal with regulatory authority APTEL. The company has been legally advised that as there has been only a migration of access from Medium term to long term, there has been no relinquishment which entails such levy and accordingly no provision is considered.

b) The Company is subject to legal proceedings and claims relating to acquisition of land and other matters for the purpose of its project and is party to litigations which have arisen in the ordinary course of business. The Company's management based on legal advice obtained does not reasonably expect that these legal actions, when ultimately concluded and determined, will have material and adverse effect on the company's financial position.

**33 Employee Benefits****a) Defined Contribution Plans :**

The Company's Contribution to Provident and Pension Fund and Superannuation Fund is charged to Statement of profit and loss. The details are as follows:

Particulars	Rs in Millions	
	March 31, 2018	March 31, 2017
Provident and Pension Fund	18.74	15.23
Superannuation Fund	10.37	7.82
Employee State Insurance	0.12	0.04
<b>Total</b>	<b>29.23</b>	<b>23.09</b>



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**Notes to the financial statements**
**b) Defined Benefit Plan - Gratuity as per Actuarial Valuation [Funded]**

	Rs in Millions	
Particulars	March 31, 2018	March 31, 2017
<b>i) Change in Defined Benefit Obligation</b>		
Opening defined benefit obligation	26.00	16.86
Current service cost	4.36	3.69
Interest cost	1.75	1.15
Past Service Cost-Plan amendments	5.09	-
Acquisitions cost /(credit)	(0.05)	4.73
Actuarial loss / (gains)	(1.81)	3.89
Benefits paid	(2.70)	(4.32)
<b>Closing defined benefit obligation</b>	<b>32.64</b>	<b>26.00</b>
<b>ii) Change in Fair Value of Assets</b>		
Opening fair value of plan assets	20.67	16.29
Acquisition adjustment	-	-
Expected return on plan assets	1.65	1.40
Actuarial gain / (loss)	0.42	(0.25)
Actual Contributions by Employer	7.83	7.55
Benefits paid	(2.70)	(4.32)
<b>Closing fair value of plan assets</b>	<b>27.87</b>	<b>20.67</b>
<b>iii) Amount recognized in the Balance Sheet</b>		
Present value of obligations as at year end	32.64	26.00
Fair value of plan assets as at year end	27.87	20.67
Amount not recognized as an asset		
<b>Net (asset) / liability recognized</b>	<b>4.77</b>	<b>5.33</b>
<b>iv) Amount recognized in the statement of profit &amp; Loss under Employee benefits</b>		
Current service cost	4.36	3.69
Net interest on net defined benefit liability/ (Asset)	0.10	(0.25)
Past Service Cost-Plan amendments	5.09	-
Effect of the limit in Para 59(b) of the revised AS 15 ( Present value of available future refunds and reduction in future contributions)	-	-
<b>Total Expenses</b>	<b>9.55</b>	<b>3.44</b>
<b>v) Recognised in Other Comprehensive Income for the year</b>		
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumption	(1.23)	1.50
Actuarial changes arising from changes in experience adjustments	(0.58)	2.39
Return on plan assets excluding interest income	(0.42)	0.25
<b>Recognized in other comprehensive income [loss/(gain)]</b>	<b>(2.23)</b>	<b>4.14</b>

Particulars	March 31, 2018	March 31, 2017
<b>vi) Quantitative sensitivity analysis for significant assumptions is as below:</b>		
<b>Increase / decrease on present value of defined benefit obligation as at year end</b>		
(i) one percentage point increase in discount rate	(2.41)	(2.10)
(ii) one percentage point decrease in discount rate	2.80	2.46
(i) one percentage point increase in salary escalation rate	2.53	2.00
(ii) one percentage point decrease in salary escalation rate	(2.28)	(1.20)
(i) one percentage point increase in employee turnover rate	0.31	0.26
(ii) one percentage point decrease in employee turnover rate	(0.36)	0.30



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**Notes to the financial statements****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 one percentage, keeping all the other actuarial assumptions constant.

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

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

viii) The weighted average assumption used to determine net periodic benefit cost for the year ending 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
Attrition Rate	5.00%	5.00%
Mortality Rate	Indian Assured Lives Mortality (2006-08) Modified Ult	Indian Assured Lives Mortality (2006-08) Modified Ult
Retirement age	60 years	60 years

Expected employer's contribution for the next year (Rs in Million)

7.83 7.83

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.

**Notes:**

(i) The estimates of future salary increases, considered in actuarial valuation, take into consideration 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 is as on March 31, 2018 Rs.56.51 Million (March 31,2017 : Rs.51.30 Million ).

**34 Operating lease:**

The Company has entered into certain cancellable operating lease agreements mainly for office premise. Under these agreements refundable interest-free deposits have been given. In respect of above arrangements, lease rentals payable are debited to Statement of profit & Loss.

	Rs in Millions	
Particulars	2017-18	2016-17
Lease rentals under cancellable lease	28.01	25.29

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**Notes to the financial statements****35 Details of derivative Instruments outstanding as on the balance sheet date**

The Company did not enter into any derivative transaction during the year and there are no derivatives outstanding as at the Balance Sheet Date.

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

Particulars	Currency	Amount in foreign Currency	Rupees in Million
<b>March 31, 2018</b>			
Sundry Creditor	USD	68,204.50	4.46
Sundry Creditor	EUR	903.00	0.07
Retention Money Payable	USD	8,220,310.00	537.12
<b>March 31, 2017</b>			
Sundry Creditor	USD	38,649.00	2.54
Retention Money Payable	USD	10,639,444.59	697.95
Advance received from Customer	CNY	1,823,790.00	18.14

**36 List of Related Parties with whom transactions have taken place during the year:****[A] Parties where control exists :**

- Holding Company
- Enterprises having control over the Company
- Enterprises where Key Management Personnel and their relatives exercise significant influence

GMR Energy Limited [GEL]  
GMR Enterprises Private Limited [GEPL]  
GMR Infrastructure limited [GIL]  
GMR Generation Assets Limited [GGAL]  
GMR Family Fund Trust [GFFT]

**[B]. Fellow Subsidiary / Associate where transaction took place**

GMR Consulting Services Private Limited [GCSPL]  
Raxa Securities Services Limited [RSSL]  
GMR Aviation Private Limited [GAPL]  
GMR Corporate Affairs Private Limited [GCAPL]  
GMR Varalakshmi Foundation [GMRVF]  
GMR Enterprises Private Limited [GEPL]  
GMR Hospitality and Retail Limited [GHRL] (formerly GMR Hotels & Resorts Lim  
GMR Hyderabad International Airport Limited [GHIAL]  
GMR Energy Trading Limited [GETL]  
SJK Powergen Limited [SJKPL]  
GMR Londa Hydropower Private Limited [GLHPL]  
GMR Power Infra Limited [GPIL]  
GMR Coal Resources PTE Limited [GCRPL]  
GMR Bajoli Hydropower Private Limited [GBHPL]  
GMR Badrinath Hydro Power Generation Private Limited [GBHPGPL]  
PT Barasentosa Lestari [PTBSL]  
GMR Chhattisgarh Energy Limited [GCEL]  
GMR Vemagiri Power Generation Limited [GVPGL]  
GMR Rajahmundry Energy Ltd [GMRREL]  
Delhi International Airport Private Limited [DIAL]  
GMR Infrastructure (Singapore) PTE Limited [GISPL]  
GMR Ambala Chandigarh Expressways Limited [GACEL]  
GMR Bundelkhand Energy Limited [GBEL]  
GMR Power Corporation Limited [GPCL]  
GMR Kamalanga Energy Limited [GKEL]  
Maru Transmission Service Company Limited [MTSCL]



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**Notes to the financial statements**

<b>[C]. Key Management Personnel:</b>	Mr. G.B.S Raju - Managing Director [ till 31.03.2018]
	Mr. Ashis Basu - Whole Time Director
	Mr. Sanjay Narayan Barde - Whole Time Director [w.e.f 01.01.2017]
	Mr. Dhananjay Deshpande - Whole Time Director [w e f 23.11.2016]
	Ms. Meena Raghunathan - Director
	Mr. S K Goel - Independent Director
	Dr. M Ramachandran - Independent Director [w.e.f 09.01.2018]
	Mr. S C Kalia - Independent Director [ till 28.10.2017]

**[D]. Summary of transactions with the above related parties and the year end balances are as follows :**

		Rs in Millions	
Sl No	Particulars	2017-18	2016-17
a.)	Details of the transactions are as follows:		
i)	Technical Consultancy charges to GMR Infrastructure Limited [GIL]	65.52	93.94
ii)	Logo Fees: GMR Enterprises Private Limited [GEPL]	59.49	55.74
iii)	Air Time Sharing Cost To: GMR Aviation Private Limited [GAPL]	-	4.14
iv)	Construction cost to GMR Infrastructure limited [GIL]	-	39.07
v)	Rent and Maintenance charges Delhi International Airport Private Limited [DIAL]	23.56	23.43
vi)	Operation & Maintenance Expenses to : GMR Energy Limited	15.47	-
vii)	Security / Technical consultancy Charges Raxa Securities Services Limited [RSSL]	50.04	53.74
viii)	Unwinding of financial liabilities GMR Energy Limited (GEL)	48.93	43.00
ix)	Interest on NCD GMR Energy Limited [GEL]	-	-
x)	Purchase of Scrap GMR Infrastructure limited [GIL]	-	0.40
xi)	Rebate for prompt payment GMR Energy Trading Limited [GETL]	-	3.64
xii)	Purchase of Power from GMR Energy Trading Limited [GETL] GMR Chhattisgarh Energy Limited	1,015.22 36.24	540.86
xiii)	Remuneration to key managerial person Mr. G.B.S Raju Mr. Ashis Basu Mr. Sanjay Narayan Barde Mr. Dhananjay Deshpande	50.00 19.20 29.44 7.67	16.86 15.81 8.55 2.58
xiv)	Sitting fees to Directors: Mr. S K Goel Dr. M Ramachandran Mr. S C Kalia	0.15 0.06 0.05	0.12 - 0.12
xv)	Sale of power to: GMR Energy Trading Limited [GETL]	5,030.59	5,217.09



**GMR Warora Energy Limited**

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**Notes to the financial statements**

		Rs in Millions	
SI No	Particulars	2017-18	2016-17
xvi)	<b>Sale of Fixed Asset to</b>		
	GMR Kamalanga Energy Limited [GKEL]	-	3.10
	GMR Chhattisgarh Energy Limited [GCEL]	-	1.51
xvii)	<b>Interest Income on Inter Corporate Deposit placed with:</b>		
	SJK Powergen Limited [SJKPL]	-	83.67
	GMR Power Infra Limited [GPIL]	12.92	13.06
	GMR Energy Limited [GEL]	5.93	108.43
xviii)	<b>Other income from</b>		
	PT Barasentosa Lestari [PTBSL]	17.85	-
b)	<b>Details of reimbursement of expenses are as follows:</b>		
i)	<b>Reimbursement of expenses paid to:</b>		
	<b>Community Development Charges to</b>		
	GMR Varalakshmi Foundation [GMRVF]	3.56	5.71
	<b>Transmission charges reimbursable to</b>		
	GMR Energy Trading Limited [GETL]	45.57	63.30
	<b>Other Expenses paid to</b>		
	GMR Infrastructure Limited	-	0.02
	GMR Energy Trading Limited [GETL]	0.01	0.23
	GMR Hospitality and Retails Limited [GHRL]	0.02	0.02
	GMR Corporate Affairs Pvt Ltd [GCAPL]	-	0.50
	Raxa Securities Services Limited [RSSL]	-	0.04
ii)	<b>Reimbursement of expenses recoverable from</b>		
	<b>Transmission charges reimbursable from</b>		
	GMR Energy Trading Limited [GETL]	268.34	320.61
	<b>Other Expenses recoverable from</b>		
	GMR Chhattisgarh Energy Limited [GCEL]	-	0.06
	GMR Varalakshmi Foundation [GMRVF]	0.29	-
	GMR Coal Resource Private Limited [GCRPL]	-	0.97
	GMR Infra Singapore Private Limited [GISPL]	-	0.60
	Maru Transmission Service Company Limited [MTSCL]	-	0.25
c)	<b>Details of Balance sheet movement are as follows:</b>		
i)	<b>Inter - Corporate Deposit accepted and repaid to</b>		
	GMR Energy Limited [GEL]	675.00	-
	GMR Energy Trading Limited [GETL]	130.00	-
iv)	<b>Inter - Corporate Deposit placed with</b>		
	GMR Energy Limited [GEL]	-	890.00
v)	<b>Inter - Corporate Deposit refunded by</b>		
	GMR Power Infra Limited [GPIL]	95.00	-
	GMR Energy Limited [GEL]	921.65	1,153.35
vi)	<b>Inter - Corporate Deposit - Transfer from</b>		
	SJK Powergen Limited [SJKPL]	-	1,185.00



**GMR Warora Energy Limited**
**CIN :U40100MH2005PLC155140**
**Notes to the financial statements**

		Rs in Millions	
Sl No	Particulars	2017-18	2016-17
vii)	Inter - Corporate Deposit - Transfer to GMR Energy Limited [GEL]	-	1,185.00
viii)	Interest Income on Inter Corporate Deposit transferred from SJK Powergen Limited [SJKPL]	-	119.44
ix)	Interest Income on Inter Corporate Deposit transferred to GMR Energy Limited [GEL]	-	119.44
x)	Accrued Interest received from GMR Londa Hydropower Private Limited [GLHPL]	-	5.13
	GMR Power Infra Limited [GPIL]	27.66	-
	GMR Energy Limited [GEL]	31.61	-
xi)	Trade advance refund received from: GMR Coal Resources PTE Limited [GCRPL]	306.02	-
d)	Details of outstanding balances are as follows:		
i)	Equity Share Capital held by GMR Energy Limited [GEL]	8,700.00	8,700.00
ii)	Debt Component of Preference Share held by GMR Energy Limited [GEL]	136.91	120.31
iii)	Debt Component of Subordinate Debt from GMR Energy Limited [GEL]	266.78	234.45
iv)	Equity component of subordinate debt by GMR Energy Limited [GEL]	1,026.09	1,026.09
v)	Equity component of preference shares by GMR Energy Limited [GEL]	655.26	655.26
vi)	Equity component of Non convertible Debenture held by GMR Energy Limited [GEL]	243.15	243.15
vii)	Inter Corporate Deposit placed with/(availed from) GMR Power Infra Limited [GPIL]	-	95.00
	GMR Energy Limited [GEL]	-	921.65
viii)	Balance due to:		
	GMR Infrastructure limited [GIL] - EPC Payable	1.54	27.89
	GMR Infrastructure limited [GIL] - Creditor	143.39	66.94
	Raxa Securities Services Limited [RSSL]	6.42	7.64
	GMR Enterprises Private Limited [GEPL]	64.92	50.42
	GMR Varalakshmi Foundation [GMRVF]	3.19	5.12
	GMR Corporate Affairs Private Limited [GCAPL]	3.46	3.46
	GMR Power Corporation Limited [GPCL]	0.16	0.12
	Delhi International Airport Private Limited [DIAL]	17.24	2.04
	GMR Energy Limited [GEL]	15.21	0.90
	GMR Energy Trading Limited	259.79	-
	GMR Coal Resources PTE Limited [GCRPL]	2.27	-
	GMR Vemagiri Generation Limited	0.01	0.00
	GMR Generation Assets Limited [GGAL]	0.33	-
ix)	Advance received from Customer PT Barasentosa Lestari [PTBSL]	-	17.85



**GMR Warora Energy Limited**
**CIN : U40100MH2005PLC155140**
**Notes to the financial statements**

		Rs in Millions	
Sl No	Particulars	2017-18	2016-17
x)	<b>Balance due from</b>		
	GMR Energy Trading Limited [GETL]	2,399.28	1,924.71
	GMR Kamalanga Energy Limited [GKEL]	2.56	3.28
	GMR Chhattisgarh Energy Limited [GCEL]	-	1.39
	GMR Energy Limited [GEL]	0.13	0.13
	SJK Powergen Limited [SJKPL]	-	0.01
	GMR Infrastructure (Singapore) PTE Limited [GISPL]	0.60	0.78
	GMR Coal Resources PTE Limited [GCRPL]	-	311.52
	Mr. Sanjay Narayan Barde	-	10.11
xi)	<b>Security deposit with</b>		
	GMR Corporate Affairs Private Limited [GCAPL]	32.86	32.86
	Raxa Securities Services Limited [RSSL]	3.39	3.39
	GMR Energy Trading Limited [GETL]	2.73	2.73
xii)	<b>Accrued Interest on Inter Corporate Deposit Receivable from</b>		
	GMR Power Infra Limited [GPIL]	-	16.03
	GMR Energy Limited [GEL]	-	27.17
xiii)	<b>Corporate Guarantee received from:</b>		
	GMR Energy Limited [GEL]	750.00	750.00

e) For securing the facilities aggregating to Rs. 3000 Millions availed from ICICI Bank Limited, the fixed assets and excess cash flows of GVPGL has been pledged as security as detailed in note no 13 b.

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

**Compensation of key management personnel of the company**

		Rs in Millions	
Sl No	Particulars	31-Mar-18	March 31, 2017
a.	Short-term employee benefits	106.31	50.88
b.	Post-employment benefits (provident fund)	5.71	3.71
	<b>Total</b>	<b>112.02</b>	<b>54.59</b>

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.

[E] Disclosure of loans and advances to holding company pursuant to schedule V under Regulation 53(f) of the SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015 :

		Rs in Millions	
Name of the Holding Company	Amount Outstanding as at *	Maximum Amount Outstanding during	
	31-Mar-18	31-Mar-17	2017-18
			2016-17
GMR Energy Limited	-	921.65	921.65
			2075.00

\* aforesaid balance does not include interest receivable

As at the year end, the Company no loans and advances in the nature of loans to firms /companies in which directors are interested.

- 37 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.
- 38 The Whole Time Director & Chief Operating Officer of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators. The Company is engaged primarily in the business of generation and sale 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 CODM. Hence the Company does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".

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.17,544.33 Million





**GMR Warora Energy Limited**

**CIN : U40100MH2005PLC155140**

**Notes to the financial statements**

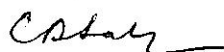
- 39 Figures of the previous year wherever necessary, have been regrouped, reclassified and rearranged to conform with those of the current year.

As per our report of even date attached

For Chaturvedi & Shah

Chartered Accountants

Firm Registration No.: 101720W



Chandan Lala

Partner

Membership no.: 35671



Place : Mumbai

Date : April 26, 2018

For and on behalf of Board of Directors

GMR Warora Energy Limited



Srinivas Bommidala

Managing Director

DIN: 00061464



Ashish Deshpande

Chief Financial Officer

MN : 110081

Place : New Delhi

Date : April 26, 2018

Ashis Basu

Whole-time Director

DIN : 01872233



Sanjay Kumar Babu

Company Secretary

MN : F-8649

