



# PANKAJ N MITTAL & ASSOCIATES

CHARTERED ACCOUNTANTS

DTI-1C/17, First Floor, Near Central Bank of India, Bata Hardware Road, NIT Faridabad

Ph. : 0129-4148997, Mob. : 9654222982, 9999866401

Email: pnmassociates1@gmail.com

## AUDITOR'S REPORT

To the Board of Directors

GMR Lion Energy Limited

We have audited the accompanying financial statements of GMR Lion Energy Limited ('the Company') which comprise the Balance Sheet as at December 31, 2018, Profit and Loss and Cash Flow Statement period then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Interim condensed Financial Statements

The accompanying Consolidated financial statement have been prepared by the Management, based on the audited financial statements of the Company for the financial year ended 31<sup>st</sup> December 2018 prepared in accordance with IFRS, after making appropriate adjustments as were necessary under IND AS and the Companies Act, 2013

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act 2013 ("the Act") with respect to the preparation and presentation of the these IND AS financial statements that give true and fair view of the state of affairs (financial position) financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with Indian Accounting Standard 34 "Interim Financial Reporting" ("IND AS 34") prescribed under Section 133 of the Companies Act, 2013 ("the Act"), with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended). The Board of Directors is also responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the interim condensed financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



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## **Auditor's Responsibility on the interim condensed financial statements**

Our responsibility is to express an opinion on these interim condensed financial statements based on our audit. We conducted our audit 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 interim condensed financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim condensed financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the interim condensed 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 interim condensed financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of 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 interim condensed 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 interim condensed financial statements.

## **Basis for qualified opinion**

The underlying consolidated financial statements of the Company, for the financial year ended 31 Dec 2018, prepared in accordance with applicable corporate-laws and IFRS, have not been audited by us and we have relied upon such audited consolidated financial statements and the statutory auditors' reports for these years, provided to us by the Management, for the purpose of expressing our audit opinion and have not performed detailed verification of the underlying transactions which have been covered by the statutory auditors' in the course of their audit

## **Opinion**



# PANKAJ N MITTAL & ASSOCIATES

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In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter(s) described in the Basis for Qualified Opinion paragraph*, the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Statement of Assets and Liabilities, of the state of affairs of the Company as at 31<sup>st</sup> March 2018;
- (b) In the case of the Statement of Profit and Loss, of the profit/loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For Pankaj N Mittal & Associates**

Chartered Accountants

FRN: 019379N

Neeraj Mittal

Partner

Membership number: 525157

Place: Faridabad

Date: 15<sup>th</sup> May, 2019

UDIN: 19525157AAAAAY6103

Particulars		Statement of Standalone Unaudited / Audited Financial Results for the Period Ended 31/12/2018 (Amount in Rs.)					
		Quarter ended		Nine months ended		Year ended	
		31-Dec-18	30-Sep-18	31-Dec-17	31-Dec-18	31-Dec-17	31-Mar-18
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	a) Income from operations (a) Sales/income from operations (b) Other operating income	-	-	-	-	-	-
	b) Other Income	-	-	-	-	-	-
	Total Revenue	-	-	-	-	-	-
2	Expenses (a) Cost of materials consumed (a) Sub-contracting expenses (c) Purchases of stock-in-trade (d) Changes in inventories of finished goods, work-in-progress and stock-in-trade (e) Employee benefits expense (f) Depreciation and amortisation expense (g) Other expenses (h) Finance Costs Total expenses	372,142 4,327 376,469	301,690 176 301,866	293,447 25 293,473	935,847 12,845 948,692	855,610 9,798 865,408	1,192,000 11,026 1,203,026
3	Profit/(loss) from continuing operations before exceptional items and tax expense (3-4)	(376,469)	(301,866)	(293,473)	(948,692)	(865,408)	(1,203,026)
4	Exceptional items	-	-	-	-	-	-
5	Profit/(loss) from continuing operations before tax expenses (3 ± 4)	(376,469)	(301,866)	(293,473)	(948,692)	(865,408)	(1,203,026)
10	Tax expense / (credit) (a) Current tax (b) Deferred tax	-	-	-	-	-	-



11	Net Profit / (Loss) from ordinary activities after tax (9 + 10)	(376,469)	(301,866)	(293,473)	(948,692)	(865,408)	(1,203,026)
12	Share of profit / (loss) of associates*	-	-	-	-	-	-
13	Minority interest *	-	-	-	-	-	-
14	Net Profit / (Loss) after taxes minority interest and share of profit / (loss) of associates (11 + 12 + 13)	(376,469)	(301,866)	(293,473)	(948,692)	(865,408)	(1,203,026)
15	Other Comprehensive Income/ (expenses) (net of tax)	1,673,097	(2,478,764)		(3,055,456)	517,474	164,085
16	Total Comprehensive Income for the period (14 + 15)	1,296,628	(2,780,630)	(293,473)	(4,004,148)	(347,934)	(1,038,941)

For and on behalf of the Board of Directors  
GMR Lion Energy Ltd

PANKAJ N MITTAL & ASSOCIATES  
Chartered Accountants  
FRN: 019379N



*Neeraj Mittal*  
Partner  
M. No.: 525157

Place: Faridabad  
Date: May 15, 2019



*Neeraj Mittal*

Director

Place: Singapore  
Date: May 15, 2019

<b>GMR Lion Energy Limited</b>		
<b>Statement of standalone assets and liabilities as at 31st December 2018</b>		
(Amount in Rs.)		
Particulars	As at December 31, 2018 (Unaudited)	As at March 31, 2018 (Audited)
<b>1 ASSETS</b>		
<b>a) Non-current assets</b>		
Financial assets		
Non current Investments	10,145,425	9,500,567
Trade receivables		
Loans and advances		
Other financial assets	592,814,680	581,329,784
Other non-current assets		
	<b>602,960,104</b>	<b>590,830,351</b>
<b>b) Current assets</b>		
Trade receivables		
Cash and cash equivalents	71,938	238,230
Other financial assets		
Other current assets	454,235	228,951
	526,173	467,181
<b>TOTAL ASSETS (a+b)</b>	<b>603,486,278</b>	<b>591,297,532</b>
<b>2 EQUITY AND LIABILITIES</b>		
<b>a) Equity</b>		
Equity share capital	205,286,214	192,237,925
Other equity	(74,747,376)	(42,908,255)
<b>Total equity</b>	<b>130,538,838</b>	<b>149,329,669</b>
<b>b) Non-current liabilities</b>		
Financial liabilities		
Borrowings		
Other non-current liabilities		
	-	-
<b>c) Current liabilities</b>		
Financial liabilities		
Borrowings		
Trade payables	625,882	671,695
Other financial liabilities	472,321,558	441,296,167
Other current liabilities		
Provisions		
	472,947,440	441,967,862
<b>TOTAL EQUITY AND LIABILITIES (a+b+c)</b>	<b>603,486,278</b>	<b>591,297,532</b>

**PANKAJ N MITTAL & ASSOCIATES**  
Chartered Accountants  
FRN: 019379N

*Neeraj Mittal*

Neeraj Mittal  
Partner  
M. No.: 525157

Place: Faridabad  
Date: May 15, 2019



For and on behalf of the Board of Directors  
GMR Lion Energy Ltd

*[Signature]*

Director



Place: Singapore  
Date: May 15, 2019

**GMR Lion Energy Ltd**

Balance sheet as at December 31, 2018 - INDAS

	Notes	Ind AS 31 Dec 18 Amount in Rs.	Ind AS 31 Dec 17 Amount in Rs.	Ind AS 31 Mar 18 Amount in Rs.
<b>ASSETS</b>				
<b>Non-current assets</b>				
Non-current investments	3	10,145,425	9,422,050	9,500,567
<b>Financial assets</b>				
Other financial assets	4	592,814,680	576,525,406	581,329,784
		<b>602,960,104</b>	<b>585,947,455</b>	<b>590,830,351</b>
<b>Current assets</b>				
<b>Financial assets</b>				
Cash and cash equivalents	5	71,938	791,856	238,230
Other current assets	6	454,235	96,228	228,951
		<b>526,173</b>	<b>888,084</b>	<b>467,181</b>
<b>TOTAL ASSETS</b>		<b>603,486,278</b>	<b>586,835,539</b>	<b>591,297,532</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital	7	205,286,214	190,649,182	192,237,925
Other Equity	8	(74,747,376)	(42,217,249)	(42,908,255)
<b>Total equity</b>		<b>130,538,838</b>	<b>148,431,933</b>	<b>149,329,669</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
<b>Financial Liabilities</b>				
Other Financial Liability	9	472,321,558	437,389,891	441,296,167
Trade payables	10	625,882	1,013,715	671,695
		<b>472,947,440</b>	<b>438,403,606</b>	<b>441,967,862</b>
		<b>472,947,440</b>	<b>438,403,606</b>	<b>441,967,862</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>603,486,278</b>	<b>586,835,539</b>	<b>591,297,532</b>

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

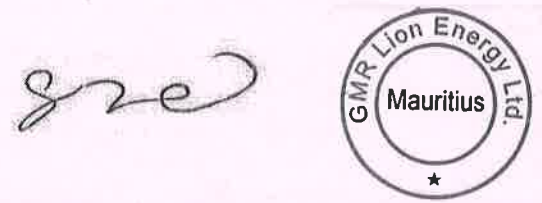
**PANKAJ N MITTAL & ASSOCIATES**  
Chartered Accountants  
FRN: 019379N



**Neeraj Mittal**  
Partner  
M. No.: 525157

Place: Faridabad  
Date: May 15, 2019

For and on behalf of the Board of Directors  
GMR Lion Energy Ltd



**Director**

Place: Singapore  
Date: May 15, 2019

**GMR Lion Energy Ltd**

**Statement of profit and loss for the Period ended December 31, 2018 - INDAS**

	Notes	Ind AS 31 Dec 18 Amount in Rs.	Ind AS 31 Dec 17 Amount in Rs.	Ind AS 31 Mar 18 Amount in Rs.
Other income	11	-	-	-
<b>Total Income</b>		-	-	-
Finance costs	12	12,845	9,798	11,026
Impairment		27,834,973		
Other expenses	13	935,847	855,610	1,192,000
<b>Total Expenses</b>		<b>28,783,665</b>	<b>865,408</b>	<b>1,203,026</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>(28,783,665)</b>	<b>(865,408)</b>	<b>(1,203,026)</b>
Exceptional items	14	-	-	-
<b>Profit/(loss) before and tax</b>		<b>(28,783,665)</b>	<b>(865,408)</b>	<b>(1,203,026)</b>
(1) Current tax		-	-	-
(2) Adjustment of tax relating to earlier periods		-	-	-
(3) Deferred tax		-	-	-
Less: Minimum Alternate Tax ('MAT') credit entitlement		-	-	-
Reversal of current tax of earlier years		-	-	-
MAT credit written off		-	-	-
<b>Income tax expense</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit/(loss) for the year</b>		<b>(28,783,665)</b>	<b>(865,408)</b>	<b>(1,203,026)</b>
<b>Profit / (Loss) for the year</b>		<b>(28,783,665)</b>	<b>(865,408)</b>	<b>(1,203,026)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Exchange differences on translation of foreign operations		(3,055,456)	517,474	164,085
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>(3,055,456)</b>	<b>517,474</b>	<b>164,085</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>(3,055,456)</b>	<b>517,474</b>	<b>164,085</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>(31,839,121)</b>	<b>(347,934)</b>	<b>(1,038,941)</b>

**PANKAJ N MITTAL & ASSOCIATES**

Chartered Accountants

FRN: 019379N




**Neeraj Mittal**  
Partner  
M. No.: 525157

Place: *Faridabad*  
Date: *May 15, 2019*

For and on behalf of the Board of Directors

**GMR Lion Energy Ltd**




**Director**

Place: *Singapore*  
Date: *May 15, 2019*



GMR Lion Energy Ltd  
Statement of Cash Flows for the year ended 31 December 2018- IND AS

Particulars	Ind AS	Ind AS
	31 Dec 18 Amount in Rs.	31 Mar 18 Amount in Rs.
<b>A Cash Flow from Operating Activities</b>		
Profit / (loss) before tax	(28,783,665)	(1,203,026)
Interest and finance charges	(12,845)	(11,026)
Provision for impairment	-	-
Foreign currency translation reserve	-	-
	(12,845)	(11,026)
<b>Operating Profit before Working Capital changes</b>	<b>(28,796,509)</b>	<b>(1,214,051)</b>
Movements in working capital :		
Increase / (Decrease) in trade and other payables	(45,813)	(78,440)
(Increase)/Decrease in other current assets	(225,284)	(180,063)
	(271,097)	(258,503)
	(29,067,606)	(1,472,555)
<b>Net Cash Flow from Operating Activities (A)</b>	<b>(29,067,606)</b>	<b>(1,472,555)</b>
<b>B Cash Flow from Investing Activities:</b>		
Share application monies paid	-	-
Purchase/ Sale of Investment	-	-
<b>Net cash flow (used in) Investing activities (B)</b>	<b>-</b>	<b>-</b>
<b>C Net Cash Flow From Financing Activities:</b>		
Share application monies received	1,072,093	-
Interest and finance charges paid	12,845	11,026
	1,084,937	11,026
<b>Net cash flow (used in) in financing activities ( C )</b>	<b>1,084,937</b>	<b>11,026</b>
<b>D Foreign currency translation reserve (D)</b>	<b>27,816,377</b>	<b>1,699,759</b>
<b>E Net (decrease ) / In cash and cash equivalents (A + B + C+ D)</b>	<b>(166,292)</b>	<b>238,230</b>
Cash and cash equivalents (Opening)	238,230	(0)
Effect of changes in exchange rates on cash and cash equivalent		
Cash and cash equivalents (Closing)	71,938	238,230

PANKAJ N MITTAL & ASSOCIATES  
Chartered Accountants  
FRN: 019379N



Neeraj Mittal  
Partner  
M. No.: 525157

Place: Faridabad  
Date: May 15, 2019



For and on behalf of the Board of Directors  
GMR Lion Energy Ltd



Director

Place: Singapore  
Date: May 15, 2019



GMR Lion Energy Ltd  
Statement of changes in equity as at 31st December, 2018 - Ind AS

	Equity Share capital	Share Application Money Pending Allotment	Equity component of Related Party Loans	Other Equity			Total
				Retained Earning	Securities Premium	Other Comprehensive Income	
Balance as at March 31, 2018	192,237,925			(40,703,840)		(2,204,415)	149,329,669
Changes in equity for the period ended December 31, 2018							
Allotment of Equity Shares							
Securities Premium received during the year							
Transaction Cost (net of Deferred Tax)							
Share Application Money received during the year							
Allotment of Shares along with securities premium							
Foreign currency translation gain/Loss							
Remeasurement of the net defined benefit liability net of tax effect							
Profit/ (Loss) for the year	13,048,289					(3,055,456)	9,992,833
Recognition / (De-recognition) of Equity Component of Financial Instruments (net of deferred Tax)	205,286,214			(28,783,665)		(5,259,871)	(28,783,665)
				(69,487,505)			130,538,838

For and on behalf of the Board of Directors  
GMR Lion Energy Ltd



Director



Place: Singapore  
Date: May 15, 2019

PANKAJ N MITTAL & ASSOCIATES  
Chartered Accountants

FRN: 019379N



Neeraj Mittal  
Partner

M. No.:525157



Place: Faridabad  
Date: May 15, 2019

**GMR Lion Energy Limited**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018- Ind AS**  
**Note**

**1 Corporate Information**

GMR Lion Energy Limited was incorporated on 29 February 2008 under the Companies Act 2001, as a private company limited by shares. The Company holds a Category 1 Global Business Licence and is regulated by the Financial Services Commission (FSC). The Company's registered office is C/o SGG Corporate Services(Mauritius) Limited, 33 Edith Cavell Street, port Louis, Mauritius.

**2 Significant Accounting Policies**

**Basis of preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended 31 March 2015, the Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). The financial statements for the year ended 31 March 2016 were the first the Company prepared in accordance with Ind AS.

The stand-alone financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments) which have been measured at fair value.

**Current versus non-current classification**

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

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities as non-current.

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

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

**Property, plant and equipment**

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment as at 31 March 2015, measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on 1 April 2015.

All items of property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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 asset are derecognised when replaced. Further, when each major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.



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

### **Depreciation**

The depreciation on the tangible fixed assets is calculated on a straight-line basis using the rates arrived at, based on useful lives estimated by the management, which coincides with the lives prescribed under Schedule II of Companies Act, 2013 except in case of plant and machinery where the life of the asset is considered as 25 years as prescribed by Central Electricity Regulatory Commission ('CERC') being the regulatory authority in the energy sector. Assets individually costing less than Rs. 5,000, which are fully depreciated in the year of acquisition. Leasehold land is amortised over the tenure of the lease except in case of power plants where it is amortised from the date of commercial operation. Leasehold improvements are amortised over the primary period of the lease or estimated useful life whichever is shorter.

### **Foreign currency translation**

#### **i) Functional and presentation currency**

Items included in the financial statements of each of the company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The standalone financial statements are presented in Indian rupee (INR).

#### **ii) Transaction and balances**

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

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

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

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

b) Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. They are deferred in equity if they related to qualifying cash flow hedges and qualifying net investment in foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.



Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Translation difference on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation difference on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised on other comprehensive income.

**(ii) Forward Exchange Contracts not intended for trading or speculations purposes**

The premium or discount arising at the inception of forward exchange contracts is amortized and recognized as an expense / income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the Statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the year.

**Borrowing cost**

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

**Impairment of non-financial assets**

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

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

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the 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.

Goodwill (if available) is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

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



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

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost."

Contingent liability is disclosed in the case of:

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

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

### **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 recognized in the statement of profit and loss in the period in which the employee renders the related service.

Retirement benefits in the form of provident fund, pension fund and superannuation fund are defined contribution schemes. The Company has no obligation, other than the contributions payable to the provident fund, pension fund and superannuation fund. The Company recognizes contribution payable to the provident fund, pension fund and superannuation fund schemes as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet 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.

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

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognized each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

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 recognized 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 recognized in profit or loss on the earlier of:

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

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

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



### **Short term employee benefits**

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

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

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

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

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized 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 recognized in profit or loss on the earlier of:

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

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognizes 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

Entities are required to state their policy for termination benefits, employee benefit reimbursements and benefit risk sharing.

### **Long term employee benefits**

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

#### **(d) Financial Instruments**

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

#### **Financial assets**

##### **Initial recognition and measurement**

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





### **Subsequent measurement**

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

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

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

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

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

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

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

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

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

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

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

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

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

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



### **Derecognition**

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

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

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

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

### **Impairment of financial assets**

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

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
  - b) Financial assets that are debt instruments and are measured as at FVTOCI
  - c) Lease receivables under Ind AS 17
  - d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
  - e) Loan commitments which are not measured as at FVTPL
  - f) Financial guarantee contracts which are not measured as at FVTPL.
- The company follows 'simplified approach' for recognition of impairment loss allowance on;
- a) Trade receivables or contract revenue receivables; and
  - b) All lease receivables resulting from transactions within the scope of Ind AS 17

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

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

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



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

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

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

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

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

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

### **Financial liabilities**

#### **Initial recognition and measurement**

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

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

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

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

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

#### **Subsequent measurement**

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



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

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

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

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

**Loan 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 recognized in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

**Reclassification of financial assets**

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

**Offsetting of financial instruments**

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

**Derivative financial instruments**

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized 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.

**Cash and cash equivalents**

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

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



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

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.

### **Foreign currencies**

The financial statements are presented in INR, which is also the company's functional currency. Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the company uses an average rate if the average approximates the actual rate at the date of the transaction.

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

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

- ▶ Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognized in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognized initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.
- ▶ Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.
- ▶ Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

2

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

### **Fair value measurement**

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

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

- a) Disclosures for valuation methods, significant estimates and assumptions
- b) Contingent consideration

### **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. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also In case of power generating and trading companies, revenue from energy units sold as per the terms of the PPA and Letter Of Intent ('LOI') (collectively hereinafter referred to as 'the PPAs') is recognized on an accrual basis and includes unbilled revenue accrued up to the end of the accounting year. Revenue from energy units sold on a merchant basis is recognized in accordance with billings made to customers based on the units of energy delivered and the rate agreed with the customers.



## **Interest income**

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

## **Dividends**

Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

## **Taxes on income**

### **Current income tax**

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

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

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

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

### **Deferred tax**

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

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

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

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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, except:

- a) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be 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 utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered



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

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

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

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

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

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

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

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

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

► When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable

► When receivables and payables are stated with the amount of tax included

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

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



**Earning per share**

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

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





**GMR Lion Energy Ltd**

Notes to the financial statements for the Period ended December 31, 2018 -IND AS

## 3 Non current investments

Particulars	Ind AS 31-Dec-18 Amount In Rs.	Ind AS 31-Dec-17 Amount In Rs.	Ind AS 31-Mar-18 Amount In Rs.
Unquoted equity Instruments Investment in subsidiaries			
1,095,000 Ordinary shares @ Nepal Rupee 10 fully paid up in GMR Upper Karnali Hydro power Public Ltd.- 73 % Holding	1,01,45,425	94,22,050	95,00,567
	<b>1,01,45,425</b>	<b>94,22,050</b>	<b>95,00,567</b>



GMR Lion Energy Ltd  
Notes to the financial statements for the year Period ending December 31, 2018 -IND AS

4 Other financial assets

	Ind AS 31-Dec-18 Amount in Rs.	Ind AS 31-Dec-17 Amount in Rs.	Ind AS 31-Mar-18 Amount in Rs.
Share application money pending allotment	59,28,14,680	57,65,25,406	58,13,29,784
	<b>59,28,14,680</b>	<b>57,65,25,406</b>	<b>58,13,29,784</b>

Share application monies represent advances made to the company subsidiary's GMR Upper Karnali Hydropower Limited, pending allotment of shares.(Net of Impairment as on 31-Dec-2018 Rs. 2,78,34,973)

5 Cash and short-term deposits

	Ind AS 31-Dec-18 Amount in Rs.	Ind AS 31-Dec-17 Amount in Rs.	Ind AS 31-Mar-18 Amount in Rs.
Cash and cash equivalents			
Balances with banks:			
– On current accounts	71,938	7,91,856	2,38,230
	<b>71,938</b>	<b>7,91,856</b>	<b>2,38,230</b>

6 Other current assets

	Ind AS 31-Dec-18 Amount in Rs.	Ind AS 31-Dec-17 Amount in Rs.	Ind AS 31-Mar-18 Amount in Rs.
Prepaid expenses	4,46,560	96,228	2,28,951
Other Receivables	7,675		
	<b>4,54,235</b>	<b>96,228</b>	<b>2,28,951</b>

7 Share capital

Issued equity capital

	31-Dec-18 Number	31-Dec-18 Amount in Rs.	31-Dec-17 Amount in Rs.	31-Mar-18 Amount in Rs.
2,942,117 common shares of USD 1 each	29,42,117	20,52,86,214	19,06,49,182	19,22,37,925
At December 31, 2018	<b>29,42,117</b>	<b>20,52,86,214</b>	<b>19,06,49,182</b>	<b>19,22,37,925</b>

8 Other equity

	Ind AS 31-Dec-18 Amount in Rs.	Ind AS 31-Dec-17 Amount in Rs.	Ind AS 31-Mar-18 Amount in Rs.
Foreign Currency Translation Gain/(Loss)			
Balance as per the last financial statements	(22,04,415)	(23,68,500)	
Add: during the year	(30,55,456)	5,17,474	
Closing Balance	<b>(52,59,871)</b>	<b>(18,51,026)</b>	<b>(22,04,415)</b>
Share application money			
Surplus in the statement of profit and loss			
Opening Balance	(4,07,03,840)	(3,95,00,814)	(3,95,00,814)
(Loss)/Profit for the year	(2,87,83,665)	(8,65,408)	(12,03,026)
Net surplus in the statement of profit and loss as at December 31, 2018	<b>(6,94,87,505)</b>	<b>(4,03,66,223)</b>	<b>(4,07,03,840)</b>
	<b>(7,47,47,376)</b>	<b>(4,22,17,249)</b>	<b>(4,29,08,255)</b>

9 Other Financial Liability

	Ind AS 31-Dec-18 Amount in Rs.	Ind AS 31-Dec-17 Amount in Rs.	Ind AS 31-Mar-18 Amount in Rs.
Share Application money- GEML	47,23,21,558	43,73,89,891	44,12,96,167
	<b>47,23,21,558</b>	<b>43,73,89,891</b>	<b>44,12,96,167</b>

10 Trade payables

	Ind AS 31-Dec-18 Amount in Rs.	Ind AS 31-Dec-17 Amount in Rs.	Ind AS 31-Mar-18 Amount in Rs.
Sundry Creditors	6,25,882	10,13,715	6,71,695
	<b>6,25,882</b>	<b>10,13,715</b>	<b>6,71,695</b>



GMR Lion Energy Ltd

Notes to the financial statements for the Period ended December 31, 2018 - IND AS

11 Other income

	Ind AS 31-Dec-18 Amount in Rs.	Ind AS 31-Dec-17 Amount in Rs.	Ind AS 31-Mar-18 Amount in Rs.
Interest income from bank deposits(gross)	-	-	-
Other non-operating income	-	-	-
	-	-	-

12 Finance costs

	Ind AS 31-Dec-18 Amount in Rs.	Ind AS 31-Dec-17 Amount in Rs.	Ind AS 31-Mar-18 Amount in Rs.
Bank and other finance charges	12,845	9,798	11,026
	12,845	9,798	11,026

13 Other expenses

	Ind AS 31-Dec-18 Amount in Rs.	Ind AS 31-Dec-17 Amount in Rs.	Ind AS 31-Mar-18 Amount in Rs.
Licences & Fee	1,33,236	85,700	1,31,524
Professional Fee	1,44,067	93,081	2,34,864
Secretarial fees	78,109	73,485	97,860
Accounting fees	1,73,575	1,50,236	2,15,292
Audit fee	3,99,917	3,54,933	4,94,193
Sundry Expenses	6,943	-	18,267
Logistic Charges	-	11,758	-
ROC Fees	-	12,933	-
TRC Renewal/ Registration fees	-	44,091	-
Taxation Fees	-	29,394	-
	9,35,847	8,55,610	11,92,000



**3 Significant accounting judgements, estimates and assumptions**

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

**ESTIMATES AND ASSUMPTIONS**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company based its assumptions and estimates on parameters available when the consolidated 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

**Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. 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.

**Contingencies**

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

**Fair value measurement of financial instruments**

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

**4 Commitments and Contingencies**

**I Lease arrangements: Company as lessee**

None

**II Contingent Liabilities**

**a Claims made against the company not acknowledged as debts**

None

**b Guarantees other than financial guarantee**

None

**c Guarantees excluding financial guarantees**

None

None

**IV Commitments**

None



## 5 Segment formation

The company is engaged primarily in the business of Investing into other projects. As the basic nature of the activities is governed by the same set of risk and returns these have been grouped as a single business segment. Accordingly separate primary and secondary segment reporting disclosures as envisaged in on Segmental Reporting Ind AS 108 issued by the ICAI are not applicable to the present activities of the company.

### Exemptions applied

#### I Mandatory exemptions

##### Impairment of financial assets: (Trade receivables and other financial assets)

At the date of transition to Ind ASs, the Company has determined that there significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, the Company has recognised a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised (unless that financial instrument is low credit risk at a reporting date).

##### De-recognition of financial assets and liabilities

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

#### Classification and measurement of Financial assets

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

#### II Optional exemptions

##### Fair value measurement of financial assets or financial liabilities (Ind AS 101.D20)

First-time adopters may apply Ind AS 109 to day one gain or loss provisions prospectively to transactions occurring on or after the date of transition to Ind AS. Therefore, unless a first-time adopter elects to apply Ind AS 109 retrospectively to day one gain or loss transactions, transactions that occurred prior to the date of transition to Ind AS do not need to be retrospectively restated.

#### 6 Other Disclosures

##### Foreseeable losses

The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. There are no micro and small enterprises to which the company owes dues which are outstanding for more than 45 days as at December 31, 2018. This information as required to be disclosed under the Micro Small and Medium Enterprises Development Act 2006 has been determined to the extent such parties have been identified on the basis of information available with the company

#### 7 Related party transactions

##### (a) name of related parties and discription of relationship with whom the company has transactioms

(i)	enterprise that control the entity	GMR Energy (Mauritius) Limited (holding company)
(ii)	subsidiaries companies	GMR Upper Karnali Hydropower
(iii)	KMP	NA





**A) Receivables - Sy. Debtors / Interest accrued but not due / Deposits Paid**

		31 Dec 18	31 Dec 17	31 Mar 18
Counter Party Group Company	Nature of Transaction	Account head in the financial statements	Amount in Rs.	Amount in Rs.

**B) Payables - Sy. Creditors / Interest accrued but not due / Deposits Received**

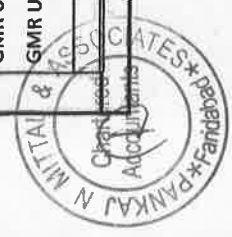
		31 Dec 18	31 Dec 17	31 Mar 18
Counter Party Group Company	Nature of Transaction	Account head in the financial statements	Amount in Rs.	Amount in Rs.

**C) Share Capital & Share application Money**

		31 Dec 18	31 Dec 17	31-Mar-18
Counter Party Group Company	Nature of Transaction	Account head in the financial statements	Amount in Rs.	Amount in Rs.
GMR Energy Mauritius Limited	Share Capital	205,286,214	190,649,182	192,737,925
GMR Energy Mauritius Limited	Other Equity-SAM	472,321,558	437,389,891	441,296,167
		<b>677,607,772</b>	<b>628,039,073</b>	<b>633,534,092</b>

**D) Loans to Subsidiaries / Advance towards SAM / Advances to Subsidiaries / Advances to KMP**

		31 Dec 18	31 Dec 17	31-Mar-18
Counter Party Group Company	Nature of Transaction	Account head in the financial statements	Amount in Rs.	Amount in Rs.
GMR Upperkamali Hydropower Lim	Other financial assets- SAM	592,814,680	576,525,406	581,329,784
GMR Upperkamali Hydropower Lim	Non Current investments	10,145,425	9,422,050	9,500,567
		<b>602,960,104</b>	<b>585,947,455</b>	<b>590,830,351</b>



**GMR Lion Energy Ltd.**  
**For the period ended 31 December, 2018**

**A) Income**

			<b>31-Dec-18</b>
Date	Counter Party Group Company	Nature of Transaction	Amount In Rs.
Revenue item 1			
Sub Total			
<b>GRAND TOTAL</b>			

**C) Expenditure**

Date	Counter Party Group Company	Nature of Transaction	
Expense item 1			
Sub Total			
Expense item 2			
Sub Total			
<b>GRAND TOTAL</b>			

