

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

We have audited the accompanying standalone financial statements of **GMR WARORA ENERGY LIMITED** ("the Company"), which comprise the balance sheet as at March 31, 2019, the statement of Profit and Loss (including other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the 'standalone financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis of Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules there-under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Contd...2





For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

**1. Recoverability of Trade Receivables and Unbilled Revenue**

There are significant Trade receivables and Unbilled revenue in respect of the regulatory dues in respect of Revenue from operations on account of change in law events in terms of Power Purchase Agreements with various State Power Distribution Utilities which in certain cases is accounted for by the Company based on best estimates considering the orders / reports of Regulatory Authorities, which may be subject to adjustments on receipt of final orders of the respective Regulatory Authorities.

The recoverability of trade receivables in these cases requires the application of judgment and the use of subjective assumptions as described in critical accounting estimates and judgments in note 1.4. The related details of Unbilled Revenue and Trade Receivables are set out in notes 6 & 7 and 9 respectively, to the standalone financial statements.

***Our audit procedures included, amongst others, the following:***

- Evaluated the design of internal controls and testing its operating effectiveness relating to invoicing, recognition, disclosure and realisation of trade receivables.
- Obtained an ageing report of trade receivables and tested the accuracy by checking the ageing of individual invoices on a sample basis;
- We have also considered the appropriateness of the policy based on the Company's historical experience by evaluating the managements' assumptions behind the provision / write off against trade receivables with reference to historical track record with the same or similar customers and our own knowledge of recent bad debts and cash collection;
- Review of the orders from the regulator in Company's own case and for the industry and legal opinion on the reasonable certainty of receipt of favorable final order on tariff from regulatory authorities.
- Tests of details: assessing aged receivables and unbilled income balances analysis and receipts subsequent to year end; and
- Ensured appropriateness of the disclosures in the standalone financial statements in accordance with the relevant requirements of Ind AS.

**Contd...3**



**2. Revenue Recognition from Power Purchase Agreements**

The accuracy and completeness of revenue amounts recorded under Power purchase Agreements is an inherent industry risk. The Company's revenue is broadly from revenue from sale of Power under Competitive Bidding process under Section 63 of Electricity Act 2003. The Revenue under this methodology are subject to litigations and orders from Regulators and Judiciary at various levels. Revenue recognition is a key audit matter as the amount involved is material to the standalone financial statements and due to the complexity of the determination and estimation involved in the processes used to record revenue. The Company's accounting policy and relevant disclosures relating to revenue are set out in notes 1.3(ii) and 19 respectively, to the standalone financial statements.

The Tariff under bidding process has been a subject matter of judicial process in view of the Company's claim on Change in Law and other adjustments including compensation for additional fuel cost that it is entitled to claim in terms of the bidding document. The recognition of revenue in respect of such scenarios include audit approach to ensure the compliance with the standards.

***Our audit procedures included, amongst others, the following:***

- Testing of the operating effectiveness of the controls, including those relating to over recording of power generation, pricing data and the linkage to usage data that results in revenue recognition;
- Computation of Revenue by verifying the unit generated with internal and Regional Energy Accounting data and the bid price as adjusted to the approved CERC /APTEL orders for change in law and other claims;
- Testing the income from the contracts to meter reading to billing to the general ledger;
- Performing tests on the accuracy of customer bill generation process on a sample basis and testing of a sample of the credits and discounts applied to such customer bills;
- Review of the orders from CERC, APTEL in Company's own case and for the industry and testing the Income recognition in terms of the Computation methodology prescribed on the said orders;
- Review on the legal opinion on the reasonable certainty of receipt of favorable final order on tariff from regulatory authorities where revenue is recognized pending final orders for change in law claims;
- Performed substantive analytical procedures over the significant revenue and assessed transactions taking place before and after year-end to ensure that revenue was recognised in the appropriate period;

**Contd...4**





- Performed discussion with those in charge of governance with regard to the Significant management Judgement that has been considered in assessing the ability of the company to realize the revenue approved by the tariff determining regulator that are under litigation with various judicial authorities; and
- Undertaken analysis of the impact of adoption of Ind AS 115 - 'Revenue from Contract with Customers' (new revenue accounting standard);
- Assessed the appropriateness of the Company's revenue recognition accounting policies including compliance with the relevant Ind AS.

### **Emphasis of Matter**

We draw attention to the following matters in the notes to the standalone financial statements for the year ended March 31, 2019:

- a) Note No. 19(b) to the standalone financial statements, regarding recognition of income relating to claims on coal cost pass through, Busy Season Surcharge, Development Surcharge and carrying cost (Collectively called as Change in law claims) which is pending confirmation from Central Electricity Regulatory Commission (CERC) in case of power purchase agreement (PPA) with Maharashtra State Electricity Distribution Company Limited (MSEDCL) and Union Territory of Dadar Nagar Haveli (DNH) [together referred to as Customers] in view of the favourable order from APTEL dated August 14, 2018, Supreme Court Judgement April 11, 2017 as referred to in the note and CERC Order in case of TANGEDCO. As legally advised, the management of the Company is virtually certain on receipt of said change in law claims and has recognized the income of Rs. 1,426.51 Millions during the year and Rs. 2,404.45 Millions up to March 31, 2019 from the date of scheduling of power to customers under PPA.
- b) Note No. 26(a) to the standalone financial statements, 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 8, 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. 1,030.48 Millions relating to financial year 2018-19, as reduction from transmission expenses as followed in the earlier years and Rs. 4,140.86 Millions cumulative till March 31, 2019, based on the reasons stated in 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 modified in respect of the aforesaid matters.

Contd... 5





**Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in Board's Report including Annexure to Board's Report, but does not include the standalone financial statements and our auditor's report thereon. The report containing other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the report containing other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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 standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Contd...6





**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standard on Auditing (SAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Contd...7





Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **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, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity, the statement of Cash Flows dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;

**Contd...8**



- e) the matter described in the Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
- f) on the basis of the written representations received from the directors as on March 31, 2019 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- g) 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
- h) with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the information and explanations given to us, the remuneration paid by the Company to its managerial personnel during the year is in accordance with the provisions of Section 197 of the Act.

- i) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company has disclosed the impact of pending litigations on its financial position to the extent quantifiable in its standalone financial statements – Refer Note No. 31 to the standalone financial statements;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**for CHATURVEDI & SHAH LLP**

Chartered Accountants

Firm Registration Number : 101720W / W100355



**Chandan Lala**

Partner

Membership Number: 035671



Place: Mumbai

Date: April 23, 2019



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

In terms of the Annexure referred to in our report to the members of **GMR Warora Energy Limited** ('the Company') on the standalone financial statements for the year ended March 31, 2019, we report that:

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipments.
- b) The Company has not undertaken physical verification of Property, Plant and Equipment (PPE) during the year. The Company has a regular programme of physical verification of its PPE once in three years, in accordance with which, PPE was verified during the previous financial year and no material discrepancies were noticed on such verification. In our opinion, such 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 included in Property, plant and equipment 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, 2019	Net Block as at March 31, 2019	Remarks, if any
1	Freehold	8.90	8.90	Refer Note (a)
1	Leasehold	8.02	7.64	Refer Note (b)

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

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

- ii) The inventory, except for inventory lying with 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.

Contd... 2



- 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 paragraphs 3(iii)(a),(b) and (c) of the Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us by the Company, there are no loans, guarantees, and securities granted in respect of which provisions of Section 185 of the Act are applicable and hence not commented upon. Further, the Company is an infrastructure Company and accordingly section 186 of the Act is not applicable. Consequently requirement of paragraph 3(iv) of the Order is not applicable to the Company.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provision of paragraph 3(v) of the Order is not applicable to the Company. There are no orders from Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vi) We have broadly reviewed the books of account maintained by the company, pursuant to the Rules made by the Central Government of India, the maintenance of cost records as prescribed under sub-section (1) of section 148 of the Act and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, during the year the Company has generally been regular in depositing the amounts deducted / accrued in the books of account in respect of undisputed statutory dues including employee's state insurance, provident fund, income-tax, goods and service tax, sales tax, duty of customs, cess and other material statutory dues applicable to it with the appropriate authorities except for electricity duty. As explained to us, during the year, the Company did not have any dues on account of duty of excise.
- b) According to the information and explanations given to us, no undisputed statutory dues were outstanding, at the year end, for a period of more than six months.

Contd... 3





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

Name of the Statute	Nature of Dues	Period to which it pertains	Amount Demand ed (Rs. in Millions)	Forum where dispute is pending
Income-tax Act, 1961	Short deduction of TDS	FY 2013-14	0.03	Commissioner of Income-tax (Appeals)
The Finance Act, 1994	Service tax demand on withholding tax on foreign payments	FY 2009-10	0.45	Assistant Commissioner of Service Tax

- viii) According to the information and explanations given to us and records of the Company, the Company has not repaid loans or borrowing to financial institutions and banks to the extent as follows:

Sl. No.	Particulars	Amount of Default as at March 31, 2019 (Rupees in Millions)	Period of Default as at March 31, 2019
1	<b>Banks</b>		
	Andhra Bank	11.25	1 day
	Bank of Baroda	22.75	1 day
	Corporation Bank	30.36	1 day
	Oriental Bank of Commerce	12.58	1 day
	Punjab and Sind Bank	16.25	1 day
	UCO Bank	30.54	1 day
	Union Bank of India	55.58	1 day
	United Bank of India	35.90	1 day
	State Bank of India	135.00	1 day
	ICICI Bank	16.88	1 day
2.	<b>Financial Institution</b>		
	IFCI Limited	50.00	1 day

The Company did not have any outstanding dues in respect of the debenture holder during the year.

Further, the Company has not taken any loans from Government.

Contd...4



- ix) According to the information and explanations given to us and records of the Company, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Further, in our opinion and according to the information and explanations given to us, on an overall basis, the term loans taken from banks has been applied for the purpose for which it was raised.
- x) During the course of our examination of books of account and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have not come across with any material fraud by the Company or any fraud on the 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.
- 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 standalone financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company, during the year has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to Section 192 of the Act. Accordingly, paragraph 3(xv) of the Order is not applicable.

**Contd...5**



- xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**for CHATURVEDI & SHAH LLP**

Chartered Accountants

Firm Registration Number : 101720W / W100355

  
**Chandan Lala**

Partner

Membership Number: 035671

Place: Mumbai

Date: April 23, 2019



**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, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

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

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

Contd...2





### **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 standalone 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone 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, 2019, 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 LLP**

Chartered Accountants

Firm Registration Number : 101720W / W100355



**Chandan Lala**

Partner

Membership Number: 035671



Place: Mumbai

Date: April 23, 2019

GMR Warora Energy Limited  
CIN : L40100MH2005PLC155140  
Balance Sheet as at March 31, 2019

Particulars	Notes	Rupees in Millions	
		March 31, 2019	March 31, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	2	33,010.22	32,974.54
Capital work in progress	2	25.59	509.32
Intangible assets	3	5.88	6.16
<b>Financial assets</b>			
Investments	4	-	-
Loans	5	19.62	19.41
Deferred tax assets (net)	18	2,472.44	-
Non-current tax assets (net)	18	28.28	26.04
Other non-current assets	7	132.73	161.90
<b>Total Non-current assets</b>		<b>35,694.76</b>	<b>33,697.37</b>
<b>Current assets</b>			
Inventories	8	741.29	656.72
<b>Financial assets</b>			
Trade Receivables	9	4,645.21	3,943.91
Cash and Cash Equivalents	10	81.31	62.18
Bank balances other than above	10	245.30	310.50
Loans	5	41.24	48.01
Other financial assets	6	1,775.66	1,808.49
Other current assets	7	803.30	606.71
<b>Total current assets</b>		<b>8,335.31</b>	<b>7,437.42</b>
<b>Total Assets</b>		<b>44,030.07</b>	<b>41,134.79</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	11	8,700.00	8,700.00
Instruments entirely equity in nature	11	1,700.08	-
Other equity	12	(3,851.30)	(5,708.40)
<b>Total Equity</b>		<b>6,548.78</b>	<b>2,991.60</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	13	28,013.22	30,326.49
Other financial liabilities	14	-	4.84
Provisions	17	98.19	87.34
<b>Total Non-current liabilities</b>		<b>28,111.41</b>	<b>30,418.67</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	13	2,977.28	2,729.47
Trade payables	15	-	-
Total Outstanding dues of Micro enterprises and Small enterprises		17.78	10.46
Total Outstanding dues of creditors other than Micro enterprises and small enterprises		2,430.42	2,346.48
Other financial liabilities	14	3,575.82	2,821.08
Other current liabilities	16	22.96	42.06
Provisions	17	69.46	74.97
Current tax liability (Net)	18	275.15	-
<b>Total current liabilities</b>		<b>9,369.88</b>	<b>8,024.52</b>
<b>Total liabilities</b>		<b>37,481.29</b>	<b>38,443.19</b>
<b>Total Equity and liabilities</b>		<b>44,030.07</b>	<b>41,134.79</b>

**Significant accounting policies**

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

As per our report of even date attached

For Chaturvedi & Shah LLP

Chartered Accountants

Firm Registration No.: 101720W/W100355

*Chandan Lal*

Chandan Lal

Partner

Membership no.: 035671



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

*Srinivas Bommidala*  
Srinivas Bommidala  
Managing Director  
DIN: 00061464

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

Place: New Delhi  
Date: April 23, 2019

*Dhanajay Deshpande*  
Dhanajay Deshpande  
Whole-time Director  
DIN: 07563196

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

Place: Mumbai  
Date: April 23, 2019



**GMR Warora Energy Limited**

CIN : U40100MH2005PLC155140

**Statement of profit and loss for the year ended March 31, 2019**

Particulars	Notes	Rupees in Millions	
		March 31, 2019	March 31, 2018
<b>INCOME</b>			
Revenue from operations	19	18,942.22	17,706.70
Other income	20	288.46	180.13
<b>Total income</b>		<b>19,230.68</b>	<b>17,886.83</b>
<b>EXPENSES</b>			
Cost of fuel consumed	21	9,544.94	7,567.72
Purchase of Stock in Trade	22	937.30	1,110.79
Employee benefit expenses	23	498.29	530.34
Depreciation and amortization expenses	24	1,138.41	1,219.15
Finance costs	25	4,121.77	4,190.50
Other expenses	26	2,070.06	1,341.66
<b>Total Expenses</b>		<b>18,310.77</b>	<b>15,960.16</b>
<b>Profit before tax</b>		<b>919.91</b>	<b>1,926.67</b>
<b>Tax Expense</b>			
Current tax	18	275.16	-
Less: MAT credit Entitlement		(275.16)	-
Deferred tax	18	(1,704.68)	(0.74)
<b>Income tax expense</b>		<b>(1,704.68)</b>	<b>(0.74)</b>
<b>Profit for the year</b>		<b>2,624.59</b>	<b>1,927.41</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss in subsequent periods</b>			
Re-measurement gains (losses) on defined benefit plans	27	(0.12)	2.23
Income tax effect	18	0.04	(0.74)
<b>Total Other comprehensive income for the year, net of tax</b>		<b>(0.08)</b>	<b>1.49</b>
<b>Total Comprehensive income for the year</b>		<b>2,624.51</b>	<b>1,928.90</b>
<b>Earnings per Equity Share</b>			
Equity Shares of par value Rs 10/- each			
Basic (Rs)	30	3.02	2.22
Diluted (Rs)	30	2.85	2.22
Significant accounting policies	1		

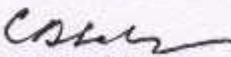
The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

**For Chaturvedi & Shah LLP**

Chartered Accountants

Firm Registration No.: 101720W/W100355

  
**Chandan Lala**  
 Partner  
 Membership no.: 035671



Place : Mumbai  
 Date: April 23, 2019

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

  
**Srinivas Bommidala**  
 Managing Director  
 DIN: C0061464

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

Place : New Delhi  
 Date: April 23, 2019

  
**Dhanajay Deshpande**  
 Whole-time Director  
 DIN : 07663196

  
**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, 2019

Rupees in Millions

Particulars	Share Capital		Equity component of Financial Instrument	Other Equity			Other Comprehensive Income	Total Equity
	Equity Shares	Preference Shares		Securities Premium	Reserves & Surplus Retained Earnings	Debt Redemption Reserve		
Balance as at April 1, 2017	8,700.00	-	1,288.25	-	(9,110.06)	187.50	(3.00)	1,062.70
Changes in equity for the year ended March 31, 2018								
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	-	1,288.25	-	(7,182.65)	187.50	(1.51)	2,991.60
Changes in equity for the year ended March 31, 2019								
Profit for the year	-	-	-	-	2,624.59	-	-	2,624.59
Other Comprehensive income								
Remeasurement gains/(loss) on defined benefit plans net of tax effect	-	-	-	-	-	-	(0.08)	(0.08)
Issue of Compulsorily Convertible Preference Shares (CCPS)	-	1,700.08	-	-	-	-	-	1,700.08
Recognition / (De-recognition) of Equity component of Financial Instrument (net of deferred tax) transferred to retained earnings	-	-	(290.93)	-	290.93	-	-	-
Recognition / (De-recognition) of Equity component of Financial Instrument (net of deferred tax) on issue of CCPS	-	-	(997.33)	-	-	-	-	(997.33)
Securities premium on issue of CCPS	-	-	-	229.92	-	-	-	229.92
Balance as at March 31, 2019	8,700.00	1,700.08	-	229.92	(4,267.13)	187.50	(1.59)	6,548.78


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

As per our report of even date attached

For Chaturvedi & Shah LLP

Chartered Accountants


Firm Registration No.: 101720W/W100355

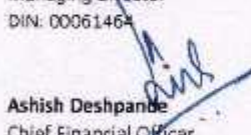
  
Chandan Lala  
Partner  
Membership no.: 035671



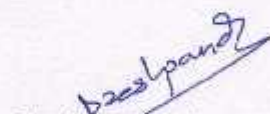
Place : Mumbai  
Date: April 23, 2019

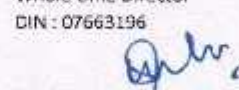
For and on behalf of Board of Directors  
GMR Warora Energy Limited

  
Srinivas Bommidala  
Managing Director  
DIN: 00061464

  
Ashish Deshpande  
Chief Financial Officer  
MN : 110081

Place : New Delhi  
Date: April 23, 2019

  
Dhanajay Deshpande  
Whole-time Director  
DIN : 07663196

  
Sanjay Kumar Babu  
Company Secretary  
MN : F-8049





**GMR Warora Energy Limited**
**CIN :U40100MH2005PLC155140**
**Statement of Cash flows for the year ended March 31, 2019**

Particulars	Rupees in Millions	
	March 31, 2019	March 31, 2018
<b>A) Cash Flows from Operating Activities</b>		
Profit before tax	919.91	1,926.67
Adjustment for:		
Depreciation and amortization expenses	1,138.41	1,219.15
Finance Cost	4,121.77	4,190.50
Interest income on bank deposits and ICD	(18.01)	(39.60)
Loss on disposal of asset	0.91	-
Write off of trade advance	182.41	8.43
Remeasurement of Net defined obligation	(0.12)	2.23
<b>Cash Flow before changes in working capital</b>	<b>6,345.28</b>	<b>7,307.38</b>
<b>Adjustments for changes in working capital:</b>		
(Increase) / Decrease in Inventories	(84.57)	35.87
(Increase)/ Decrease in Trade and Other Receivables	(1,023.60)	(859.62)
(Decrease) / Increase in trade and other payables	(56.53)	477.88
<b>Cash generated from operations</b>	<b>5,180.58</b>	<b>6,961.51</b>
Direct taxes (paid) / refund	(2.24)	(1.93)
<b>Net cash used / in from operating activities</b>	<b>5,178.34</b>	<b>6,959.58</b>
<b>B) Cash Flows from / (used in) Investing Activities</b>		
Purchase of Property, Plant and Equipment	(1,223.22)	(1,129.87)
Decrease/ (Increase) in capital work in progress including capital advances	555.02	534.27
Increase /(decrease) in balances with banks	64.20	(17.88)
Increase / (Decrease) in Inter corporate loans to group companies	-	1,016.65
Interest received on Bank deposit	21.49	82.06
<b>Net cash used / in from investing activities</b>	<b>(582.51)</b>	<b>485.23</b>
<b>C) Cash Flows from / (used in) Financing Activities</b>		
<b>Non-current liabilities</b>		
Issue from proceeds of preference share	-	-
Proceeds / (repayment) of rupee term loan	(1,031.18)	(2,260.52)
Proceeds from short term loan	247.81	24.67
Interest charges paid	(3,793.33)	(5,238.93)
<b>Net Cash Flow from / (used in) in Financing Activities</b>	<b>(4,576.70)</b>	<b>(7,474.78)</b>
<b>D) Net Increase/(Decrease) in Cash and Cash Equivalents [A+B+C]</b>	<b>19.13</b>	<b>(29.97)</b>
Cash and Cash Equivalents at beginning of the year	62.18	92.15
<b>Cash and Cash Equivalents at end of the year</b>	<b>81.31</b>	<b>62.18</b>
<b>Breakup of Cash and Cash Equivalents:</b>		
Cash on hand	0.66	1.07
Balance with Banks	80.65	61.11
Deposits with maturity less than three months	-	-
<b>Cash and Cash Equivalents at the end of year</b>	<b>81.31</b>	<b>62.18</b>





**GMR Warora Energy Limited**

CIN :U40100MH2005PLC155140

**Statement of Cash flows for the year ended March 31, 2019****Notes:**

1 The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS-7 on Statement of Cash Flows as referred to in Section 133 of the Companies Act, 2013.

**2 Changes in liabilities arising from financing activities**

Particulars	Rupees in Millions	
	March 31, 2019	March 31, 2018
<b>Long Term Borrowings (including current maturity of long term borrowings)</b>		
Opening Balance	31,904.84	34,101.85
Proceeds / (repayment) of long term borrowings (net)	(1,031.18)	(2,260.52)
Non-cash fair value changes	(387.42)	63.51
Closing balance	30,486.24	31,904.84
<b>Short Term Borrowings</b>		
Opening Balance	2,729.47	2,704.80
Proceeds / (repayment) of short term borrowings (net)	247.81	24.67
Non-cash fair value changes	-	-
Closing balance	2,977.28	2,729.47

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

As per our report of even date attached

**For Chaturvedi & Shah LLP**

Chartered Accountants

Firm Registration No.: 101720W/W100355

  
Chandan Lala

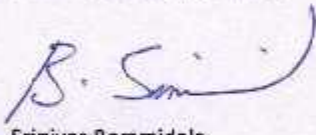
Partner

Membership no.: 035671



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

**GMR Warora Energy Limited**

  
Srinivas Bommidala

Managing Director

DIN: 0061464

  
Ashish Deshpande

Chief Financial Officer

MN : 110081




Place : Mumbai

Date: April 23, 2019

Place : New Delhi

Date: April 23, 2019

  
Dhanajay Deshpande

Whole-time Director

DIN : 07663196

  
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. 35.

The Ind AS financial statements of the Company for the year ended March 31, 2019 are authorised for issue in accordance with a resolution of the directors on April 23, 2019.

### 1.2 Basis of preparation

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values (refer accounting policy regarding financial instruments), the provisions of the Companies Act, 2013 (the 'Act'). 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 Million with two decimals (INR 000,000.00), except when otherwise indicated.

### 1.3 SIGNIFICANT ACCOUNTING POLICIES:

#### i) Use of estimates

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and the disclosure of contingent liabilities at the end of the reporting period and revenues and expenses during 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.

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

#### ii) Revenue Recognition

The Company derives its revenue primarily from sale of energy units generated from its generating units of Thermal power plant to its customers under Power Purchase agreement and on Merchant Basis.

Effective April 1, 2018, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to the contracts that were not completed as of April 01, 2018. In accordance with the cumulative catch up transition method, the comparatives have not been retrospectively adjusted and continues to be reported as per Ind AS 18 "Revenue".

The revenue is recognised when (or as) the performance obligation is satisfied, which typically occurs when (or as) control over the products or services is transferred to a customer.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

Revenue from energy units sold is recognised on accrual basis on delivery of the units at the delivery point as per the terms of the Power Purchase Agreement (PPA) and Letter of Intent (LOI) (collectively hereinafter referred to as 'the PPAs') and tariff rates determined by CERC. Revenue includes unbilled revenue accrued up to the end of the accounting year. Transmission services scheduled through the transmission provider is considered as a separate performance obligation if the same is in terms of the Contract and Transaction price is separately recoverable.

The revenue from tariff receivable under Change in Law is accounted in accordance with rates approved by Central Electricity Regulatory Commission (CERC) or computed in terms thereof in similar cases. The revenue is recognised only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.





The Company accounts for rebates to customers as a reduction of revenue based on the underlying performance obligation that corresponds to the progress by the customer towards earning the rebate. The company accounts for the liability based on its estimates of future timely receipts of the billed and unbilled revenue. If it is probable that the criteria for rebate will not be met, or if the amount thereof cannot be estimated reliably, then rebate is not recognised until the payment is probable and amount can be estimated reliably.

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

Revenue from sale of infirm power are recognised as per the guidelines of Central Electricity Regulatory Commission on delivery of the energy units to the grid. Revenue prior to date of commercial operation are reduced from Project cost.

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

Revenue earned in excess of billings are included under "other financial assets (current)" as unbilled revenue and billing in excess of revenue are disclosed under "other current liabilities" as unearned revenue. Unbilled revenues where the Company has unconditional right to consideration are disclosed as financial asset and the balance are disclosed under non-financial assets.

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

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

Revenue from operations for the year ended March 31, 2019 and March 31, 2018 are as follows:

Particulars	Rupees in Millions	
	March 31, 2019	March 31, 2018
Income from sale of electrical energy	18,942.22	17,705.40
Other Operating Revenues - Sale of fuel		1.30

#### Disaggregate revenue information:

The Company has presented disaggregated revenue from contracts with customers for the year ended March 31, 2019 by contract-type and is of the opinion that, this disaggregation best depicts the nature, amount, timing of revenues and cash flows that are affected by the industry markets and other economic factors:

Particulars	Rupees in Millions	
	March 31, 2019	
<b>Revenue by contract-type</b>		
Section 63 of the Electricity Act, 2003		19,152.05
Others (Merchant and Exchange)		6.81
Unscheduled Interchange Income / (Charges)		(19.13)
<b>Total</b>		<b>19,139.73</b>
Less: Rebate on above		(197.51)
<b>Total</b>		<b>18,942.22</b>

The Company has not identified any disaggregated revenues based on offerings.

The performance obligation disclosure provides the aggregate amount of transaction price yet to be recognised as at end of the reporting period and an explanation as to when the Company expects to recognise these amounts in revenue. The Company during the year has applied the practical expedient given in Ind AS 115 for the disclosure of remaining performance obligations and based on its analysis of all the contracts outstanding as on March 31, 2019 has not identified any remaining performance obligations and accordingly there are no disclosures given in respect of power purchase agreements, as the revenue recognised corresponds directly with the value to the customer arising out of delivery of power in terms of the contract.

#### 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.

#### Dividends :

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





iii) **Current versus non-current classification**

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

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

All other assets are classified as non-current.

A liability is treated as current when:

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

All other liabilities 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. Further, the Company recognises major inspection cost relating to Boiler, Turbine and Generator overhauls as separate component.

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

Recognition:

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

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

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 5 (Revised).





**Depreciation and amortisation**

Depreciation on Property, plant and Equipments 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 (Temporary Structure)	3
Other Buildings (RCC Structure)	60
Civil Structures	30
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	10
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.

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 with corresponding de-recognition of identifiable carrying cost of replacement. Machinery spares which are specific to a particular item of Property, Plant & Equipments and whose use is expected to be irregular are capitalized as Property, Plant & Equipments.

Major inspection costs relating to Boiler, Turbine and Generator overhauls are identified as separate component and are depreciated over 5 years.

**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. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in statement of 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. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.





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

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

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

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

**Company as a lessee :**

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

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

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

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

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

- 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:

- 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
- 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**

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

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

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

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

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

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

**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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material).





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 financial statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

Provisions and contingent liability are reviewed at each balance sheet.

**xiii) Decommissioning liability**

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

**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 accumulated 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:

- The date of the plan amendment or curtailment, and
- 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:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- 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 the fair value due to the shorter maturity of these instruments.

**Impairment of financial assets**

The Company assesses at each balance sheet date as to whether any of its financial assets are impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises life time expected losses for all contract assets and / or all trade receivables that do not constitute a financing component. For all other financial assets, expected credit losses are measured at an amount equal to the twelve month expected credit losses or at an amount equal to the lifetime expected credit losses if the credit risk on the financial assets has increased significantly since initial recognition.

Expected credit losses are 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.

**Derecognition of financial assets**

The Company de-recognizes 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 the statement of profit and 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 statement of profit and loss. The net gain or loss recognised in statement of profit and loss incorporates any interest paid on the financial liability.

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

#### 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 cost 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.

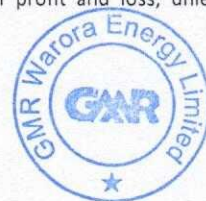
#### Derivative financial instruments

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

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

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





#### Reclassification of financial instruments

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

#### 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.

Effective April 1, 2018 the company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

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

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





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

- 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) Exchange differences arising on monetary items that are designated as part of the hedge of the Company's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.
- c) 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.

**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.

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

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

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

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

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

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

The Company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

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

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

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

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

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

- a) Disclosures for valuation methods, significant estimates and assumptions (note 28 & 29)
- b) Contingent consideration (note 31)
- c) Quantitative disclosures of fair value measurement hierarchy (note 28 & 29)
- d) Property, plant and equipment (note 2)
- e) Financial instruments (including those carried at amortised cost) (note 4, 5, 6, 9, 10, 13, 14, 15)





**xx) Taxes on income**

Tax expense comprises current and deferred tax.

**Current income tax**

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

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

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

**Deferred tax**

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

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

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

b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that there is sufficient taxable temporary difference or 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.

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

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

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

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

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

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

**xxi) Sales Tax/ Goods and service tax**

Sales/ goods and service taxes paid on acquisition of assets or on incurring expenses.

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

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

b) 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.





xxii) Earnings per share

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

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

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 estimates are revised and future periods affected.

A. Critical Accounting Estimates and Assumptions:

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

i. Revenue Recognition:

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

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

ii. Trade receivables and unbilled revenue

Trade receivables and Unbilled revenue consists of significant regulatory dues in respect of Revenue from operations recognised on account of change in law events including coal cost pass through in terms of Power Purchase Agreements with various State Power Distribution Utilities which in some cases are accounted for by the Company based on best estimates including orders / reports of Regulatory Authorities, which may be subject to adjustments on receipt of final orders of the respective Regulatory Authorities. These receivables are outstanding in view of pendency of final orders on tariff or result of clarificatory petitions by the customers / Company. The Management has considered the said receivables good and recoverable as the outstanding amounts are receivable from the State Power Distribution utilities which does not have a track record of default, except for delay in payments being backed by respective state governments. The amount recognised also are based on the computational methodology prescribed and approved by CERC in the Company's own case where the order is received or pending to be received. The Company also has received favourable orders on the receivables by regulatory authorities instructing the customers to pay certain significant percentage of dues immediately. The management based on the said assumptions is of the opinion that the amount disclosed under Receivables and Unbilled Revenue are good and are of the value stated.

iii. Taxes

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies, including estimates of temporary differences reversing on account of available benefits from the Income Tax Act, 1961. Deferred tax assets recognised to the extent of the corresponding deferred tax liability [Refer note no.18].





**iv. Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note nos 28 and 29.

**v. 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.

**vi. 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 period. 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. 32.

**B. Significant Judgements**

**i. Revenue Recognition:**

The Company has recognised revenue on compensatory tariff on account of Change in Law, realisation of which is dependent upon outcome of ongoing matter pending determination by CERC. The said recognition is based on the assessment by the Management supported by the legal advice / accounting advice received in the above matter. These opinions are based on the Supreme Court's Order and also APTEL/CERC Order's for the similar cases in respect of its own customers following the said Supreme Court Judgments. Accordingly, the management is of the opinion that it has a virtually certain case on merits for grant of relief under Change in Law and there is no contingency involved and that it would not be unreasonable to expect ultimate collection of revenue in the nature of Relief on account of Change in Law. [Refer note no.19].

**ii. Property Plant and Equipment and Intangible Assets**

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

**iii. Impairment Testing:**

The Company has determined that the carrying value of the property, plant and equipments of all the units are good based on estimation of the value in use by an Expert Valuer of the relevant cash generating units. The Company has obtained valuation report from an valuation Expert for value in use, which is calculated based on a Discounted Cash Flow model over the estimated useful life of the Power Plant. The cash flow projections are based on estimates and certain key assumptions based on externally available information relating to future revenues, profitability in operation and servicing of its debts which is dependent upon tying up of its entire generation capacity through PPA. The Company / valuer has also carried out a sensitivity analysis on key variables. Based on the sensitivity analysis, the recoverable amount is expected to exceed the carrying value. On a careful evaluation of the aforesaid factors, the Management of the Company has concluded that the Recoverable Amounts of the Power Plant is higher than their carrying amounts as at March 31, 2019.





**1.5 New and amended Ind AS effective as on April 1, 2018**

As per Companies (Indian Accounting Standards) Amendment Rules, 2018, the Company has adopted following amendments made to Ind AS for annual periods beginning on or after 1st April, 2018:

**i. Ind AS 115, 'Revenue from Contracts with Customers':**

This Accounting standard replaced the Ind AS 18, 'Revenue'. The Company has applied the Accounting Standard for the first time during the year, using the cumulative catch-up transition method for the contracts that were not completed as of April 01, 2018. In accordance with the cumulative catch up transition method, the comparatives have not been retrospectively adjusted and continues to be reported as per Ind AS 18 "Revenue".

The impact on account of applying the erstwhile Ind AS 18 'Revenue', instead of Ind AS 115 'Revenue from Contract with Customers', on the statement of profit and loss of the Company for the year ended and as at March 31, 2019 is insignificant. On account of adoption of Ind AS 115, unbilled revenues of Rs. 510.48 Million as at March 31, 2019 has been considered as a non financial asset.

ii. Effective April 1, 2018 the company has adopted Appendix B to Ind AS 21 - Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. There is no impact on account of adoption of this amendment.

**iii. Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses:**

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. These amendments apply retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. There is no impact on account of adoption of this amendment.

**1.6 Introduction of new standards and amendments to existing standards issued but not effective**

i. **Ind AS 116 Leases:** On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees.

Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application. Certain practical expedients are available under both the methods.

The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on leases resulting from the application of Ind AS 116 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Company has established an implementation team to implement Ind AS 116 related to leases and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

A reliable estimate of the quantitative impact of Ind AS 116 on the financial statements will only be possible once the implementation project has been completed.





- ii. **Amendment to Ind AS 19 – plan amendment, curtailment or settlement-** On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The company is evaluating the impact of the amendment on the financial position, results of operation and cash flow.

- iii. **Ind AS 12 Appendix C: Uncertainty over Income Tax Treatments :** On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The standard permits two possible methods of transition –

a. Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and

b. Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives. The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application, i.e. April 1, 2019 without adjusting comparatives.

The company is evaluating the impact of the amendment on the financial position, results of operation and cash flow.

- iv. **Amendment to Ind AS 12 – Income taxes:** On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The effect on adoption of Ind AS 12 Appendix C would be insignificant in the financial statements.

- v. **Prepayment Features with Negative Compensation, Amendments to Ind AS 109, Financial Instruments :**

This amendment enables entities to measure certain pre-payable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit and loss. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than unpaid amounts of principal and interest. However, to qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract'.

That is, when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

The interpretation is effective for annual periods beginning on or after April 1, 2019.

The company is evaluating the impact of the amendment on the financial position, results of operation and cash flow.

- vi. **Annual Improvements to Ind AS :**

- Ind AS 23, 'Borrowing Cost'- clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

- Ind AS 103, 'Business Combination'- clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages. The acquirer should re-measure its previously held interest in the joint operation at fair value at the acquisition date.

- Ind AS 111, 'Joint arrangements'- clarified that the party obtaining joint control of a business that is a joint operation should not measure its previously held interest in joint operation.

- Ind AS 12, 'Income Taxes'- clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends.

Previously, it was unclear whether the income tax consequences of dividend should be recognised in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.

The interpretation is effective for annual periods beginning on or after April 1, 2019.

The company is evaluating the impact of the amendment on the financial position, results of operation and cash flow.





Notes to the financial statements

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

Details	Rupees in Millions									
	Freehold Land	Leasehold land held under Finance lease	Building	Plant and Equipment	Computer equipment	Furniture and Fixtures	Office Equipments	Vehicles	Total	Capital Work-in-Progress
<b>Gross block</b>										
As at April 01, 2017	86.16	361.00	3,748.57	31,703.72	9.00	20.26	56.53	0.76	35,985.92	982.28
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)	(471.96)
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	509.32
Additions	19.54	-	324.83	183.68	1.50	33.07	21.05	5.75	1,236.32	-
Disposals / Adjustments	-	-	(91.90)	30.04	-	(1.85)	(0.48)	-	(65.19)	(483.23)
As at March 31, 2019	105.94	361.00	4,581.52	32,989.45	11.68	49.19	132.29	6.51	38,237.58	25.59
<b>Accumulated Depreciation</b>										
As at April 01, 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	203.53	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	-
Charge for the year	-	3.99	120.77	994.13	3.66	4.79	9.07	0.57	1,136.88	-
Disposals / Adjustments	-	-	-	-	-	(1.05)	(0.38)	-	(1.43)	-
As at March 31, 2019	-	13.88	722.81	4,430.18	7.03	11.90	40.05	0.91	5,227.36	-
<b>Net block:</b>										
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	509.32
As at March 31, 2019	105.94	347.12	3,858.71	28,559.27	4.65	37.29	91.64	5.60	33,010.22	25.59

Notes

- 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 07AA of Inc 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.
- Useful life:** The Company during the financial year 2016-17, had undertaken technical evaluation of its plant and machinery from a technical expert and based on the same has assessed the 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 in accordance with the provisions of Schedule II to the Companies Act, 2013.
- Disposals/adjustments:** includes decapitalisation amount on settlement with capital vendor and adjustment on account of Exchange differences in respect of Plant & Machinery. Adjustments to Plant & Equipment includes Foreign exchange loss of Rs. 35.46 Million (March 31, 2018: Exchange gain of Rs. 5.28 Million) (Refer Note no. g below)
- Assets are owned and are used for own use, unless otherwise mentioned.**
- 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 (a), 13 (b) and 13 (e)
- Leasehold land includes amount paid as compensation to the land owners**
- 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.
- 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.**
- The Company has capitalized borrowing cost incurred during the year in relation to construction of township amounting to Rs. 23.84 Million (March 31, 2018: Rs. 25.85 Million) at capitalisation rate of 12.23%.**
- Leasehold land held under finance lease:** The Company had 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, "Lease" read with Para 09 of Ind AS 101, "First-time Adoption of Indian Accounting Standards" and in terms of Ind AS Transition Facilitation Group (ITFG) Classification Bulletin No. 7 had assessed whether the terms of the lease in substance are finance in nature considering that the present value of 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.





3. Intangible Asset

Particulars	Rupees in Millions	
	Software	Total
<b>Gross block</b>		
As at April 01, 2017	9.08	9.08
Additions	0.86	0.86
Disposals	-	-
As at March 31, 2018	9.94	9.94
Additions	1.25	1.25
Disposals	-	-
As at March 31, 2019	11.19	11.19
<b>Accumulated Depreciation</b>		
As at April 01, 2017	2.34	2.34
Charge for the year	1.44	1.44
Disposals	-	-
As at March 31, 2018	3.78	3.78
Charge for the year	1.53	1.53
Disposals	-	-
As at March 31, 2019	5.31	5.31
<b>Net block:</b>		
As at March 31, 2018	6.16	6.16
As at March 31, 2019	5.88	5.88

Note:

- 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.

(This Space has been intentionally left blank)





4 Investments	Rupees in Millions	
	March 31, 2019	March 31, 2018
<b>Particulars</b>		
<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. 2,500/- (March 31, 2018: Rs. 2,500/-)

5 Loans	Rupees in Millions	
	March 31, 2019	March 31, 2018
<b>Particulars</b>		
<b>Non Current balance</b>		
<i>Carried at amortized cost</i>		
Loan Receivables – considered good - secured	-	-
Loan Receivables – considered good - unsecured		
Security Deposit		
Deposit with Government authorities	11.06	10.85
Deposit with related parties [Refer Note No. 35]	6.12	6.12
Deposit with others	2.44	2.44
Loan Receivables which have significant increase in credit risk *	-	-
Loan Receivables – credit impaired *	-	-
<b>Total (A)</b>	<b>19.62</b>	<b>19.41</b>
<b>Current balance</b>		
<i>Carried at amortized cost</i>		
Loan Receivables – considered good - secured	-	-
Loan Receivables – considered good - unsecured		
Security Deposit		
Deposit with related party [Refer Note No. 35]	32.86	32.86
Deposit with Others	8.38	15.08
Other Loans		
Loans to employees	-	0.97
Loan Receivables which have significant increase in credit risk *	-	-
Loan Receivables – credit impaired *	-	-
<b>Total (B)</b>	<b>41.24</b>	<b>48.91</b>
<b>Total loans (A+B)</b>	<b>60.86</b>	<b>68.32</b>

\* - There are no loans receivables which are credit impaired or which have a significant increase in credit risk based on the information available with the Company.

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

6 Other financial assets	Rupees in Millions	
	March 31, 2019	March 31, 2018
<b>Particulars</b>		
<b>Non Current balance</b>		
<b>Total (A)</b>	-	-
<b>Current balance</b>		
Unsecured, considered good		
<i>Carried at amortized cost</i>		
Unbilled Revenue [Refer Note No. (b) below]	1,518.24	1,496.83
Interest accrued on bank deposits	3.28	6.76
Other receivables [Refer note no. (c) below]		
Related parties [Refer Note No. 35]	27.76	118.80
Others	227.38	186.10
<b>Total (B)</b>	<b>1,776.66</b>	<b>1,808.49</b>
<b>Total other financial assets (A+B)</b>	<b>1,776.66</b>	<b>1,808.49</b>

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

b) Classified as financial asset as right to consideration is unconditional upon passage of time. Refer Note no 19 (b).

c) Other receivables includes amount billed towards recovery of Point of Connection Charges (PoC) / transmission charges to customers amounting to Rs. 238.12 Million (March 31, 2018: Rs. 281.54 Million).





7 Other assets		Rupees in Millions	
Particulars	March 31, 2019	March 31, 2018	
<b>Non Current balance</b>			
<i>Unsecured, considered good</i>			
Capital advances	▲10.40	10.56	
Others			
Gratuity planned assets [Refer Note No. 32]	0.77	-	
Value Added tax - refund receivable	12.21	41.89	
Advance towards fuel supply	109.35	109.35	
<b>Total (A)</b>	<b>132.73</b>	<b>161.90</b>	
<b>Current balance</b>			
<i>Unsecured, considered good</i>			
Advances other than capital advances:			
Advance for goods and services:			
Related parties [Refer Note No. 35]	0.60	0.60	
Others	202.50	538.87	
Others			
Unbilled Revenue [Refer Note No. (a) below]	510.48	-	
Prepaid expenses	87.50	62.18	
Deposit with Government authorities	2.22	5.06	
<b>Total (B)</b>	<b>803.30</b>	<b>606.71</b>	
<b>Total other assets (A+B)</b>	<b>936.03</b>	<b>768.61</b>	

**Note:**

a) Classified as non-financial asset as the contractual right to consideration is dependent on the consequential order by CERC. Refer Note no 19 (b).

8 Inventories:		Rupees in Millions	
Particulars	March 31, 2019	March 31, 2018	
<b>Inventories (valued at lower of cost or net realizable value)</b>			
Raw Materials - Fuel [Refer Note No. (a) below]	425.13	342.65	
Goods in Transit	19.44	53.17	
Stores and spares	296.82	250.86	
<b>Total</b>	<b>741.29</b>	<b>656.72</b>	

**Note:**

a) Includes stock at vendor location, amounting Rs. 43.78 Million (March 31, 2018: Rs. 101.38 Million)

b) Inventories are valued at lower of Cost or Net realizable value.

c) For charges created on inventories, refer note no. 13.

d) For details of fuel consumption refer note no. 21 and for stores and spares consumption refer note no. 26.

9 Trade Receivables:		Rupees in Millions	
Particulars	March 31, 2019	March 31, 2018	
Trade Receivables – considered good - secured	-	-	
Trade Receivables – considered good - unsecured			
Related parties [Refer Note No. 35]	1,733.34	1,703.28	
Others	2,911.87	2,240.63	
Trade receivables which have significant increase in credit risk (refer note no. (j) below)			
Trade receivables - Credit impaired (refer note no. (j) below)			
<b>Total</b>	<b>4,645.21</b>	<b>3,943.91</b>	

**Note:**

a) For charges created on trade receivable Refer Note No 13.

b) Trade receivables are interest bearing and are generally on terms up to 30 days.

c) MSEDCCL was not paying the Company's claim on change in law (CIL) 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 had filed clarification application seeking confirmation on such operational parameters, during the year, CERC has adjudicated matter by allowing auxiliary power consumption at actual, SHR at normative or actual whichever is lower and GCV on "as received basis". In view of clarification, MSEDCCL started releasing payment and have paid Rs. 112.00 Million and an amount of Rs. 250.00 Million is outstanding as at the balance sheet date against this matter. The Company based on past experience has considered, the amount included in trade receivables of MSEDCCL as good and hence no provision for doubtful debts is considered by the Company.





## Notes to the financial statements

d) The Company's claim for Change in Law (CIL) for Union territory of Dadra and Nagar Haveli (DNH) PPA was approved by CERC vide Order dated February 02, 2017. DNH had preferred an appeal with APTEL against CERC Order. However APTEL has rejected all claims of DNH and subsequent to such Order DNH has released Rs. 670 millions in October 2018. In view of the same, such amounts included in trade receivables are considered good and recoverable and hence no provision for doubtful debt is considered necessary by the Company.

e) The Company in terms of CERC Order dated April 02, 2019 is entitled to carrying cost based on principle of restitution on the approved change in law events till the actual date of payment by customer calculated at the actual rate of interest paid by the Company. Accordingly the Company has accrued income of Rs. 852.3 millions in the books of account in the current year. The said accrual also includes carrying cost of Rs. 455 millions computed on Change in law events approved by APTEL which are pending for consequential Order from CERC. The company has been legally advised that the contention of the Company is tenable and the amount included in Trade receivable is good and recoverable.

## f) Credit Concentration

As at March 31, 2019 of the total trade receivable, 100% pertains to the dues from state electricity 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) No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

i) 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.

j) There are no trade receivables which are credit impaired or which have a significant increase in credit risk based on the information available with the Company.

k) The fair value of Trade receivables is not materially different from the carrying value presented.

## 10 Cash and Bank balances [Refer note no. (a) below]

Particulars	Rupees in Millions	
	March 31, 2019	March 31, 2018
<b>Cash and cash equivalents</b>		
Balances with banks:		
On current accounts	80.65	61.11
Cash on hand	0.66	1.07
<b>Total</b>	<b>81.31</b>	<b>62.18</b>
<b>Other bank balances</b>		
Fixed deposit with banks [Refer note no. (b) below]	246.30	310.50
<b>Total</b>	<b>246.30</b>	<b>310.50</b>
<b>Total of Cash and Bank balances</b>	<b>327.61</b>	<b>372.68</b>

Note:

a) For charges created on cash and bank balances, refer note no 13.

b) Includes margin money deposit against bank guarantee and letter of credit Rs. 230.63 Million (March 31, 2018 : Rs. 310.50 Million).

## Break up of financial assets

Particulars	Rupees in Millions	
	March 31, 2019	March 31, 2018
<b>Financial assets carried at cost</b>		
Investment in Government bonds - NSC		
<b>Financial assets carried at amortized cost</b>		
Trade receivables	4,645.21	3,843.91
Cash and cash equivalents	81.31	62.18
Other bank balances	246.30	310.50
Loans	66.86	68.32
Other financial assets	1,776.66	1,808.49
<b>Total</b>	<b>6,810.34</b>	<b>6,193.40</b>





11 Equity Share capital

Particulars	Rupees in Millions	
	March 31, 2019	March 31, 2018
<b>Authorized :</b>		
900,000,000 ( March 31, 2018: 900,000,000) Equity Shares of Rs 10/- each	9,000.00	9,000.00
200,000,000 ( March 31, 2018: 200,000,000) Preference Shares of Rs. 10/- each	2,000.00	2,000.00
<b>Total</b>	<b>11,000.00</b>	<b>11,000.00</b>
<b>Issued :</b>		
870,000,000 (March 31, 2018: 870,000,000) Equity Shares of Rs 10/- each	8,700.00	8,700.00
Nil (March 31, 2018: 75,000,000) Redeemable Non Convertible Non Participating Preference Shares of Rs. 10/- each	-	750.00
170,008,060 (March 31, 2018 : Nil) 0.001% Non-Cumulative Non-Participating Compulsorily Convertible Preference Shares of Rs 10/- each	1,700.08	-
<b>Total</b>	<b>10,400.08</b>	<b>9,450.00</b>
<b>Subscribed and Fully Paid</b>		
870,000,000 (March 31, 2018: 870,000,000) Equity Shares of Rs 10/- each	8,700.00	8,700.00
170,008,060 (March 31, 2018 : Nil) 0.001% Non-Cumulative Non-Participating Compulsorily Convertible Preference Shares of Rs 10/- each	1,700.08	-
<b>Total</b>	<b>10,400.08</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, 2019		March 31, 2018	
	Numbers	Rupees in Millions	Numbers	Rupees 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	-	-	-	-
Balance at the end of the year	870,000,000	8,700.00	870,000,000	8,700.00

ii) Redeemable Non-Convertible Non-Participating Preference Shares (NCPS):

Particulars	March 31, 2019		March 31, 2018	
	Numbers	Rupees in Millions	Numbers	Rupees in Millions
Balance at the beginning of the year	75,000,000	750.00	75,000,000	750.00
Shares issued during the year	-	-	-	-
Conversion into CCPS	-75,000,000	-750.00	-	-
Balance at the end of the year	-	-	75,000,000	750.00

iii) 0.001% Non-Cumulative Non-Participating Compulsorily Convertible Preference Shares (CCPS):

Particulars	March 31, 2019		March 31, 2018	
	Numbers	Rupees in Millions	Numbers	Rupees in Millions
Balance at the beginning of the year	-	-	-	-
Shares issued during the year	170,008,060	1,700.08	-	-
Balance at the end of the year	170,008,060	1,700.08	-	-

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.





## Notes to the financial statements

## c) Terms/Rights Attached to 0.001% Non-Cumulative Non-Participating Compulsorily Convertible Preference Shares (CCPS):

The Company has only one class of preference shares having par value of Rs 10/- each. Each holder of preference share is entitled to one vote per share at the meeting of the CCPS holder. Further, if the dividend on CCPS is not paid for 2 years or more the CCPS holders will have the right to vote on all matters placed before the Annual General Meeting of the Company in terms of Section 47 of the Companies Act, 2013.

The Company on May 26, 2015 had issued 750,00,000 Non-Convertible Non-Participating Preference Shares (NCPs) of Rs. 10/- each at par to GMR Energy Limited ('Subscriber') (total face value of Rs. 750 Million). These preference shares were redeemable at par at the 16th year after issue and carry zero percent dividend. During the year on October 1, 2018, the Company converted these NCPs into 0.001% Non-Cumulative Non-Participating Compulsorily Convertible Preference Shares (CCPS), which are convertible by issuance of 1 (one) Equity Share of Rs. 10 each for every 1 CCPS of Rs. 10 each anytime on or before May 25, 2030 at the option of the Company or at the request of the Subscriber.

Further, during the year on February 5, 2019, the Company has issued 950,08,060 0.001% Non-Cumulative Non-Participating Compulsorily Convertible Preference Shares (CCPS) of Rs. 10/- each at a premium of Rs. 2.42/- per share to GMR Energy Limited ('Subscriber') (total face value of Rs. 950.08 Million) out of the proceeds of the sub-ordinated debts and inter-corporate deposits of the Subscriber. These CCPS are convertible by issuance of 1 (one) Equity Share of Rs. 10 each for every 1 CCPS of Rs. 10 each anytime on or before February 4, 2034 at the option of the Company or at the request of the Subscriber.

The above CCPS shall carry coupon rate of 0.001%, subject to availability of profits and lenders consent. The presentation of the liability and equity portions of the share is explained in the summary of significant accounting policy [Refer Note No. 1.3(xv)(b)].

## d) 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.

## e) Number of shares held by holding /ultimate holding company and/or their subsidiaries/associates.

Particulars	March 31, 2019		March 31, 2018	
	Numbers	Rupees in Millions	Numbers	Rupees in Millions
<b>Equity Shares at par value of Rs 10/- each</b>				
GMR Energy Limited - Holding Company	870,000,000	8,700.00	870,000,000	8,700.00
<b>Redeemable Non-Convertible Non-Participating Preference Shares (NCPs)</b>				
GMR Energy Limited - Holding Company	-	-	75,000,000	750.00
<b>0.001% Non-Cumulative Non-Participating Compulsorily Convertible Preference Shares (CCPS)</b>				
GMR Energy Limited - Holding Company	170,008,060	1,700.08	-	-

## f) Details of Shareholders holding more than 5% of shares in the Company:

Particulars	March 31, 2019		March 31, 2018	
	Numbers	% Holding	Numbers	% Holding
<b>Equity Shares at par value of Rs 10/- each</b>				
GMR Energy Limited - Holding Company	870,000,000	100.00%	870,000,000	100.00%
<b>Redeemable Non-Convertible Non-Participating Preference Shares (NCPs)</b>				
GMR Energy Limited - Holding Company	-	-	75,000,000	100.00%
<b>0.001% Non-Cumulative Non-Participating Compulsorily Convertible Preference Shares (CCPS)</b>				
GMR Energy Limited - Holding Company	170,008,060	100.00%	-	-

g) 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.

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





12 Other Equity		Rupees in Millions	
Particulars	March 31, 2019	March 31, 2018	
a) <b>Debenture Redemption Reserve [Refer note no. (a) below]</b>			
Opening balance	187.50	187.50	
Add: Transferred during the year			
Closing balance	187.50	187.50	
b) <b>Securities premium</b>			
Opening balance			
Add: On issue of CCPS	229.92	-	
Closing balance	229.92	-	
c) <b>Retained Earnings [Refer note no. (b) below]</b>			
Opening balance	(7,184.16)	(9,113.06)	
Profit / (loss) for the year	2,624.59	1,927.41	
Remeasurements gain / (loss) on defined benefit plans, net of tax effect	(0.08)	1.49	
Equity component on prepayment of NCD	162.76	-	
Unwinding charges of sub-debt and preference shares transferred subsequent to conversion to Compulsory convertible preference shares (CCPS)	128.17	-	
Closing balance	(4,268.72)	(7,184.16)	
d) <b>Equity component of related party transaction [Refer note no. (c) below]</b>			
Opening balance	1,288.26	1,288.26	
Add: Transaction during the year			
Less: Equity component of:			
Debentures transferred on prepayment	(162.76)	-	
Preference Shares on conversion to CCPS	(438.53)	-	
Inter Corporate Deposit on issue of CCPS	(686.37)	-	
Closing balance		1,288.26	
<b>Total</b>	<b>(3,951.30)</b>	<b>(5,708.40)</b>	

**Notes:**

- a) 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.
- b) Retained Earnings represents the amount that can be distributed by the Company as dividends considering the requirements of the Companies Act, 2013. No dividends are distributed given the accumulated losses incurred by the Company.
- c) Equity Component of Related Party Transaction 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 estimated 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.





13 Borrowings

		Rupees in Millions	
Particulars		March 31, 2019	March 31, 2018
Non Current balance			
Secured borrowings - at amortized cost			
Non convertible debenture:			
750 [March 31, 2018: 750] Non Convertible Debenture of Rs. 1,000,000 each [Refer note (a) below]		747.08	746.50
Rupee Term loan [Refer Note (b) below]			
Banks		26,917.89	28,079.12
Financial Institutions		348.25	797.08
Unsecured borrowings - at amortized cost			
Liability Component of compound financial instrument			
Redeemable Non-Convertible Non-Participating Preference Shares [Refer Note (a) below]			136.91
Promoters subordinated debt - from Holding Company [Refer Note (f) below]			266.78
Total		28,013.22	30,026.49
Current balance			
Secured borrowings - at amortized cost			
Current maturities of long-term borrowings			
Rupee Term loan [Refer Note (b) below]			
Banks		3,211.09	1,678.35
Financial Institution		250.00	200.00
	(a)	2,461.09	1,878.35
Short term borrowings			
Cash Credit loan from Bank [refer to note (g) below]	(b)	2,977.28	2,729.47
	(a+b)	5,438.37	4,607.82
Less: Amount disclosed under Other Financial Liabilities [Refer Note No. 14]		2,461.09	1,878.35
Total		2,977.28	2,729.47
Total Borrowings		30,990.50	32,755.96

Notes:

a) Secured Non convertible Debenture:

		Rupees in Millions	
Particulars		March 31, 2019	March 31, 2018
Opening balance		750.00	750.00
Add: Issued during the year		-	-
Closing balance		750.00	750.00
Less: Transaction cost of issue of debenture		4.71	4.71
Add: Notional Interest at EIR recognized up to date		1.79	1.31
Fair valued secured non convertible debenture		747.08	746.50

The Company had 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 payable semi-annually. 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	Rupees in Millions
1,000,000	250	25-Sep-22	250.00
1,000,000	250	25-Sep-23	250.00
1,000,000	250	25-Nov-23	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. 2,000 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 instalment becoming due on June 30, 2016. 72% of the loan amount shall be repaid in 54 unequal structured quarterly instalments and balance 28% on September 30, 2029 by way of refinancing and carries an interest rate of SBI 1Y- MCLR i.e. 8.55% Plus 3.15% which is currently 11.70% p.a.

ii) The rupee term loan availed from ICICI Bank Limited amounting to Rs. 1,050 Million is repayable over 20 equal quarterly instalments commencing from July 31, 2016 and the interest charged during the year varies from 12.25% to 12.85%.

iii) The rupee term loan availed from ICICI Bank Limited in different tranches amounting to Rs. 1,950 Million out of which Rs. 1,000 Million is repayable over 72 unequal quarterly instalments commencing from June 30, 2016 and Rs. 950 Million is repayable over 31 unequal quarterly instalments commencing from September 30, 2017 and interest rate varies from 11.05% p.a to 13.10% p.a respectively.

iv) Rupee term loan availed from financial institution of Rs. 1,000 Million is repayable in 20 equal quarterly instalments with first instalment commencing from June 30, 2017 and carry the interest rate of 13% p.a.

## d) In respect of loan from banks / financial institution, the Company has the following amounts that are due for payment to such lenders as at March 31, 2019:

Particulars	Period of default	Rupees in Millions
Principal repayment to banks	Up to 30 days	417.09
Interest repayment bank/ financial institution	Upto 30 days	294.57

## e) Redeemable Non convertible Non Participating Preference shares [Refer Note No. 11(c) above]

Particulars	Rupees in Millions	
	March 31, 2019	March 31, 2018
Opening balance	750.00	750.00
Add: Issued during the year	-	-
Less: converted into CCPS	750.00	-
Closing balance	-	750.00
Less: Equity component transferred to Other Equity	-	655.26
	-	94.74
Add: Notional interest recognized up to date	-	42.17
Fair valued non convertible preference shares	-	136.91





**GMR Warora Energy Limited**

CIN : U40100MH2005PLC155140

**Notes to the financial statements****f) Subordinate Debt**

In terms of Promoter sub debt agreement between the Company and GMR Energy Limited ('Holding Company / Promoter') dated October 01, 2014, the promoter had infused Rs. 1,180 Million in to the Company as sub debt and sub-debt did not carry any interest. The same has been converted into CCPS on dated February 5, 2019 (Refer Note No. 11(c) above).

**Reconciliation of subordinate debt:**

Particulars	Rupees in Millions	
	March 31, 2019	March 31, 2018
Opening balance	1,180.00	1,180.00
Issued during the year	-	-
Less: converted into CCPS	1,180.00	-
Closing balance	-	1,180.00
Less: Equity component transferred to Other equity	-	1,026.09
	-	153.91
Add: Notional Interest at EIR up to date	-	112.87
<b>Fair value of subordinate Debt</b>	-	<b>266.78</b>

**g) Cash Credit facilities:**

Cash Credit facilities are secured by way of a first charge and registered mortgage of all the immovable properties and movables including plant and machinery, machinery spares, tools and accessories, stock of raw materials, semi finished goods and consumable goods and by book debts, operating cash flows, receivables, revenues whatsoever in nature, present and future. Further it is secured by pledge of shares representing 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 11.75%.

**14 Other financial liabilities**

Particulars	Rupees in Millions	
	March 31, 2019	March 31, 2018
<b>Non-current balance</b>		
<b>Other financial liabilities at amortized cost</b>		
Retention Money	-	4.84
<b>Total (A)</b>	-	<b>4.84</b>
<b>Current balance</b>		
<b>Other financial liabilities at amortized cost</b>		
Current maturities of long-term borrowings	2,461.09	1,878.35
Interest accrued but not due on borrowings	27.83	22.71
Interest accrued and due on borrowings	254.57	-
Retention money	663.28	779.25
Salaries, Bonus and other payables to employees	42.63	16.59
Payables towards capital goods	87.42	124.18
<b>Total (B)</b>	<b>3,576.82</b>	<b>2,821.08</b>
<b>Total other financial liabilities (A+B)</b>	<b>3,576.82</b>	<b>2,825.92</b>

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

**15 Trade payables**

Particulars	Rupees in Millions	
	March 31, 2019	March 31, 2018
<b>Non-current balance</b>		
<b>Total (A)</b>	-	-
<b>Current balance</b>		
<b>Carried at amortised cost:</b>		
Trade payables (refer note (a) below)		
due to micro and small enterprises (refer note (b) below)	17.78	10.46
due to others	1,716.09	1,467.24
Acceptances	714.33	879.24
<b>Total (B)</b>	<b>2,448.20</b>	<b>2,356.94</b>
<b>Total trade and other payables (A+B)</b>	<b>2,448.20</b>	<b>2,356.94</b>

The fair value of Trade payables is not materially different from the carrying value presented.





## Notes to the financial statements

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

Particulars	Rupees in Millions	
	March 31, 2019	March 31, 2018
a) (i) Principal amount due to the enterprises remaining unpaid to supplier	17.78	10.46
a) (ii) Interest due thereon to the enterprises remaining unpaid to supplier	0.18	0.22
b) Amount of interest due and payable for the period of delay in making payment (which has been paid but not beyond the appointed date during the year) but without adding the interest specified under the MSMED Act	-	-
c) Payment made to the enterprises beyond appointed date under Section 16 of MSMED	-	-
d) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	0.18	0.22
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act	0.86	0.68

Break up of financial liabilities		Rupees in Millions	
Particulars	March 31, 2019	March 31, 2018	
<b>Financial liabilities carried at amortized cost</b>			
Borrowings	30,960.50	32,755.86	
Other financial liabilities	3,576.82	2,825.82	
Trade payables	2,448.20	2,356.94	
<b>Total</b>	<b>37,015.52</b>	<b>37,938.82</b>	

16 Other liabilities		Rupees in Millions	
Particulars	March 31, 2019	March 31, 2018	
<b>Non current balance</b>			
Total (A)	-	-	
<b>Current balance</b>			
Carried at amortised cost:			
Trade Deposit & Advances	0.75	0.08	
Advances from customers	0.74	0.77	
TDS and Other Statutory Dues	21.47	41.21	
<b>Total (B)</b>	<b>22.96</b>	<b>42.06</b>	
<b>Total of Other liabilities (A+B)</b>	<b>22.96</b>	<b>42.06</b>	





## Notes to the financial statements

## 17 Provisions:

Particulars	Rupees in Millions	
	March 31, 2019	March 31, 2018
<b>Non-current balance</b>		
Asset Retirement Obligation [Refer Note (a) below]	52.45	48.65
Provision for employee benefits		
Gratuity [Refer Note No. 32]	-	4.77
Compensated absences [Refer Note No. 32 (c)]	45.74	33.92
<b>Total (A)</b>	<b>98.19</b>	<b>87.34</b>
<b>Current balance</b>		
Provision for Prompt Payment Rebate [Refer Note (b) below]	2.81	2.11
Provision for employee benefits		
Gratuity [Refer Note No. 32]	-	-
Compensated absences [Refer Note No. 32 (c)]	14.12	22.59
Others	52.53	50.27
<b>Total (B)</b>	<b>69.46</b>	<b>74.97</b>
<b>Total provisions (A+B)</b>	<b>167.65</b>	<b>162.31</b>

## Note:

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

Particulars	Rupees in Millions	
	March 31, 2019	March 31, 2018
Balance at the beginning of the year	48.65	45.13
Add: Notional interest accounted on unwinding of liability	3.79	3.52
Less: Amount reversed on account of revision in useful life of plant		
<b>Balance at the end of the year</b>	<b>52.44</b>	<b>48.65</b>

## b) Movement for provision for Prompt Payment Rebate:

Particulars	Rupees in Millions	
	March 31, 2019	March 31, 2018
Balance at the beginning of the year	2.11	11.86
Add: Provision made during the year	2.81	2.11
Less: Provision utilised/ reversed during the year	(2.11)	(11.86)
<b>Balance at the year end</b>	<b>2.81</b>	<b>2.11</b>





18 Income Tax

The major components of income tax expense for the years ended March 31, 2019 and March 31, 2018 are:

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

Particulars	Rupees in Millions	
	March 31, 2019	March 31, 2018
<b>Profit or loss section</b>		
Current Tax	275.16	-
Less: MAT credit Entitlement	(275.16)	-
Deferred Tax	(1,704.68)	(0.74)
<b>Tax expense / (credit) to Statement of Profit and Loss</b>	<b>(1,704.68)</b>	<b>(0.74)</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	(0.04)	0.74
<b>Tax expense / (credit) to Other Comprehensive Income</b>	<b>(0.04)</b>	<b>0.74</b>
<b>Tax expense / (credit) to Total Comprehensive Income</b>	<b>(1,704.72)</b>	<b>-</b>

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2019 and March 31, 2018:

Particulars	Rupees in Millions	
	March 31, 2019	March 31, 2018
Profit / (Loss) before tax	919.91	1,920.67
Applicable tax rate	34.944%	33.063%
Tax effect of profit / (loss)	(a) 321.45	637.01
Adjustments:		
Tax effect on non-deductible expenses	32.64	38.42
Tax effect on deductible expenses	(341.56)	(407.04)
	(b) (308.92)	(368.62)
<b>Tax effect on total income</b>	<b>(c) = (a) + (b) 12.53</b>	<b>268.39</b>
Unused tax allowances set off	(d) 12.53	268.39
	(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) (1,704.68)	(0.74)
<b>Tax expense / (credit) to Statement of Profit and Loss</b>	<b>(g) = (e + f) (1,704.68)</b>	<b>(0.74)</b>
Tax expense / (credit) to Other Comprehensive Income	(0.04)	0.74
<b>Tax expense / (credit) to Total Comprehensive Income</b>	<b>(1,704.72)</b>	<b>-</b>

c) Non-current tax assets (net)

Particulars	Rupees in Millions	
	March 31, 2019	March 31, 2018
Opening Balance receivable / (Payable)	26.04	24.11
Current tax payable for the year	-	-
Refund received during the year	-	(1.96)
Current taxes paid	2.24	3.89
<b>Closing balance of Non-current tax assets (net)</b>	<b>28.28</b>	<b>26.04</b>





## d) Major component of deferred tax assets and liabilities for the year ended March 31, 2019 and March 31, 2018

Particulars	Rupees in Millions	
	March 31, 2019	March 31, 2018
<b>Deferred tax liability on</b>		
Accelerated depreciation for tax purpose	6,659.85	5,998.17
Fair valuation of borrowing at inception and subsequently recorded at amortized cost.	40.77	44.41
Fair valuation of Sub debt, preference shares received from Holding company	-	534.65
	<b>6,716.62</b>	<b>6,547.23</b>
<b>Deferred Tax assets on:</b>		
Provision for Asset retirement Obligation	18.33	16.09
Provision for Gratuity	-	1.58
Unrealised forex loss related to capital creditor	83.03	70.36
Provision for Leave Encashment	20.92	18.68
Provision for Prompt Payment Rebate	0.99	0.70
On account of Unused losses	1,717.24	1,649.13
On account of unabsorbed Depreciation	7,073.40	6,656.08
	<b>8,913.90</b>	<b>8,412.61</b>
<b>Net deferred tax asset</b>	<b>2,197.28</b>	<b>1,865.39</b>
<b>Net deferred tax (assets) / liability</b>	<b>(2,197.28)</b>	<b>(1,865.39)</b>
MAT credit Entitlement	(275.16)	-
Net deferred tax asset recognised to the extent of deferred tax liability	-	1,865.39
<b>Net deferred tax (assets) / liability</b>	<b>(2,472.44)</b>	<b>-</b>

\*The Company has unused tax allowances and tax losses which arose in India of Rs. 25,156.36 Million (March 31, 2018: Rs. 25,119.35 Million). The unused tax losses are available for offsetting for eight years against future taxable profits and the unused depreciation allowances is available in future period against taxable profits without any time limit.

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

Particulars	Rupees in Millions	
	March 31, 2019	March 31, 2018
Opening balance		
Tax income/(expense) during the period recognized in profit or loss	1,704.68	(0.74)
Tax income/(expense) during the period recognized in OCI	(0.04)	0.74
Amount recognized directly in equity	(636.24)	-
<b>Closing balance</b>	<b>1,068.40</b>	<b>-</b>

## f) Amount recognized in other comprehensive income

Particulars	Rupees in Millions	
	March 31, 2019	March 31, 2018
Opening balance	0.75	1.49
Add: Deferred tax asset / (liability) recognized during the year	0.04	(0.74)
<b>Closing balance of deferred tax netted off with Other Comprehensive income</b>	<b>0.79</b>	<b>0.75</b>

## g) Amount recognized directly in equity

Particulars	Rupees in Millions	
	March 31, 2019	March 31, 2018
Opening balance	636.24	636.24
Add: Deferred tax recognized directly in equity during the year	(636.24)	-
<b>Closing balance of deferred tax netted off with other components of equity</b>	<b>-</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.





19 Revenue from operations		Rupees in Millions	
Particulars	March 31, 2019	March 31, 2018	
Sale of Electrical Energy (Refer Notes below)	18,942.22	17,705.40	
Other Operating Revenues - Sale of fuel	-	1.30	
<b>Total</b>	<b>18,942.22</b>	<b>17,706.70</b>	

**Notes:**

- a) Sale of electrical energy is net of prompt payment rebate of Rs. 197.51 Million [March 31, 2018: Rs. 158.88 Million]
- b) 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 case of power supplied to Maharashtra State Electricity Distribution Company Limited (MSEDCL), Union territory of Dadra and Nagar Haveli (DNH) and Tamilnadu Generation and Distribution Corporation Limited (TANGEDCO) in terms of power purchase agreements and filed Petition with Central Electricity Regulatory Commission (CERC).

CERC in its Order dated 01.02.2017 for MSEDCL and DNH disallowed the Company's claim on coal cost pass through (CPT) stating that changes in fuel supply agreement and deviation in New Coal Distribution Policy was not a change in law event. The Company had filed appeal with Appellate Tribunal for Electricity (APTEL) against the said CERC Order.

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

Subsequent to the same on March 16, 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 during the year on August 14, 2018 has received a favorable Order from APTEL directing CERC to allow the company's claim on CPT.

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 and favorable Order from APTEL dated August 14, 2018 and CERC judgment in Company's own case for TANGEDCO where the computation methodology of Coal cost 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.

The Company had also claimed for change in law in respect of Busy season surcharge and Development surcharge in its appeal with APTEL which has been approved by APTEL vide its Order dated August 14, 2018 and APTEL has directed CERC to pass consequential order. The Company further has received another favourable Order from CERC on entitlement of the Company for Carrying Cost in respect of its claim on CPT and CIL based on principle of restitution of economic position.

In view of the same the Company for the year ended March 31, 2019 has continued to recognize the revenue related to Coal Cost pass through claim and has recognized Busy season surcharge and development surcharge along with Carrying Cost (collectively called as change in law claims) amounting to Rs. 1426.51 Million [March 31, 2018: Rs. 977.94 Million] aggregating to Rs. 2,404.45 Million up to March 31, 2019 relating to scheduling of power to DNH and MSEDCL under respective PPA.

20 Other income		Rupees in Millions	
Particulars	March 31, 2019	March 31, 2018	
<b>Interest Income</b>			
on delayed payment from customer	235.87	100.71	
from bank deposits	18.01	20.75	
from Inter corporate Deposit	-	18.55	
on Income tax refund	-	0.30	
Exchange gain (on account of restatement of forex liabilities)	-	-	
Miscellaneous Income	31.58	39.52	
<b>Total</b>	<b>285.46</b>	<b>180.13</b>	





21 Cost of fuel consumed		Rupees in Millions	
Particulars	March 31, 2019	March 31, 2018	
Inventory at the beginning of the year	395.86	390.69	
Add : Purchases	9,533.55	7,572.89	
	9,989.41	7,963.58	
Less : Inventory at the end of the year	444.47	395.86	
<b>Total</b>	<b>9,544.94</b>	<b>7,567.72</b>	
<b>Details of fuel consumed</b>			
Coal	9,525.50	7,547.00	
Light Diesel Oil and Heavy Furnace Oil	19.44	20.72	
<b>Total</b>	<b>9,544.94</b>	<b>7,567.72</b>	

22 Purchase of Stock in Trade		Rupees in Millions	
Particulars	March 31, 2019	March 31, 2018	
Power	937.30	1,110.79	
<b>Total</b>	<b>937.30</b>	<b>1,110.79</b>	

23 Employee benefit expenses		Rupees in Millions	
Particulars	March 31, 2019	March 31, 2018	
Salaries, wages and bonus	461.65	493.83	
Contribution to provident fund and others (Refer Note No. 32)	34.62	39.76	
Staff welfare expenses	2.02	6.75	
<b>Total</b>	<b>498.29</b>	<b>530.34</b>	

24 Depreciation and amortization expenses		Rupees in Millions	
Particulars	March 31, 2019	March 31, 2018	
Depreciation of tangible assets	1,136.88	1,217.71	
Amortization of intangible assets	1.53	1.44	
<b>Total</b>	<b>1,138.41</b>	<b>1,219.15</b>	

25 Finance costs		Rupees in Millions	
Particulars	March 31, 2019	March 31, 2018	
Interest on			
Term loan & Acceptances	3,513.27	3,665.47	
Working capital loan	326.78	260.55	
Interest on delayed payment on transmission charges	68.59	-	
Debentures	96.11	95.85	
Delayed payment to vendors / tax authorities	0.54	0.52	
Unwinding of financial liabilities measured at amortised cost	36.43	63.10	
Unwinding of decommissioning liabilities	3.79	3.52	
Bank and other finance charges	76.26	101.49	
<b>Total</b>	<b>4,121.77</b>	<b>4,190.50</b>	

**Note:**

Total interest expense (calculated using the effective interest rate method) for financial liabilities measured at amortised cost:

Notional interest on unwinding of Promoters Subordinate debt and Preference share capital - from Holding Company, retention money	36.43	63.10
Amortization of Upfront cost paid on rupee term loans	15.87	17.00
Amortization of transaction cost of secured debenture	0.48	0.43





26 Other expenses

Particulars	Rupees in Millions	
	March 31, 2019	March 31, 2018
Transmission and distribution charges (Net of recovery) [Refer Note (a) below]	1,040.34	418.54
Consumption of stores and Spare parts	92.99	87.48
Water and Electricity charges	19.67	31.89
Rent		
Premises and Others	27.58	28.01
Land lease rental	6.86	6.57
Rates and taxes	17.64	17.89
Insurance	32.76	41.95
Repairs and maintenance		
Plant and Machinery	184.12	211.74
Building	23.28	25.14
Others	74.29	66.38
Housekeeping expense	18.96	15.25
EMD Forfeiture	55.50	8.43
Travelling and Conveyance	54.83	57.11
Logo Fees	53.05	59.48
Communication cost	12.53	22.18
Community Development and welfare Expenses	17.77	14.50
Printing and stationery	1.60	1.24
Recruitment and Placement cost	0.93	2.81
Legal and Professional charges	103.48	131.65
Security Charges	51.52	50.59
Auditors' remuneration:		
Statutory Audit fee	2.95	2.95
Tax Audit fee	0.59	0.55
Certification fee	0.03	0.03
Board Meeting expenses	0.30	0.31
Donations	-	0.10
Business Promotion Expenses	7.22	8.34
Bank charges	2.47	2.36
Foreign Exchange Loss	6.07	8.36
Asset Written off	0.91	-
Provision for doubtful debts and advances	-	-
Bad debts written off	116.91	40.49
Less: Excess provision for bad debt recorded now written back	-	(40.49)
Miscellaneous Expenses	22.36	19.90
<b>Total</b>	<b>2,070.06</b>	<b>1,341.66</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, 2019, the Company has raised claim of Rs. 4,140.86 Million towards reimbursement of transmission charges from March 17, 2014 till March 31, 2019 including Rs. 1,030.48 Million for the year 2018-19 [March 31, 2018: Rs. 882.75 Million]. 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. 1030.48 million for the year 2018-19 [March 31, 2018: Rs. 882.75 Million] aggregating to Rs. 4,140.86 Million as at March 31, 2019 as reduction from transmission expenses.

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

Particulars	Rupees in Millions	
	March 31, 2019	March 31, 2018
Re-measurement gains / (losses) on defined benefit plans	(0.12)	2.23
Income tax effect	0.04	(0.74)
<b>Total</b>	<b>(0.08)</b>	<b>1.49</b>

(This Space has been intentionally left blank)





28 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, 2019 were as follows \*

						Rupees 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	81.31	-	-	81.31	81.31
Other bank balances	10	246.30	-	-	246.30	246.30
Investments	4	-	-	-	-	-
Trade Receivables	9	4,645.21	-	-	4,645.21	4,645.21
Loans	5	60.86	-	-	60.86	60.86
Other financial assets	6	1,776.66	-	-	1,776.66	1,776.66
<b>Total</b>		<b>6,810.34</b>	<b>-</b>	<b>-</b>	<b>6,810.34</b>	<b>6,810.34</b>
<b>Financial liabilities:</b>						
Borrowings	13	30,990.50	-	-	30,990.50	30,990.50
Trade payables	15	2,448.20	-	-	2,448.20	2,448.20
Other financial liabilities	14	3,576.82	-	-	3,576.82	3,576.82
<b>Total</b>		<b>37,015.52</b>	<b>-</b>	<b>-</b>	<b>37,015.52</b>	<b>37,015.52</b>

b) The carrying value and fair value of financial instruments by categories as of March 31, 2018 were as follows \*

						Rupees 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
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	32,755.96	-	-	32,755.96	32,755.96
Trade payables	15	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>

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. This includes mutual funds that have quoted price
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.





a) The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2019:

Particulars	Total	Level 1	Level 2	Rupees in Millions	
				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, 2018:

Particulars	Total	Level 1	Level 2	Rupees in Millions	
				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, 2019 and March 31, 2018 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.

(This Space has been intentionally left blank)





**29 Financial risk management objectives and policies:**

In the course of its business, the Company is exposed 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 includes loans and borrowings and deposits. The sensitivity analysis in the following sections related to the position as at March 31, 2019 and March 31, 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 March 31, 2019 and March 31, 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. 34.

**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	Rupees in Millions			
		Effect on profit before tax		Effect on total equity	
		2018-19	2017-18	2018-19	2017-18
USD	(+)5%	(26.48)	(27.08)	(26.48)	(27.08)
USD	(-)5%	26.48	27.08	26.48	27.08

**(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**

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

Currency Type	Basis points	Rupees in Millions			
		Effect on profit before tax		Effect on total equity	
		2018-19	2017-18	2018-19	2017-18
INR	(+)50	(150.90)	(159.27)	(150.90)	(159.27)
INR	(-)50	150.90	159.27	150.90	159.27





## Notes to the financial statements

(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	Rupees in Millions	
	March 31, 2019	March 31, 2018
Upto 3 months	4,712.01	4,485.79
3 to 6 months	887.28	361.54
More than 6 months	1,312.75	898.31
<b>Total</b>	<b>6,912.04</b>	<b>5,745.64</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.

(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.





## Notes to the financial statements

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	Rupees in Millions			
	Repayable on demand	Due within 1 year	Due between 1 to 5 years	Due after 5 years
<b>As at March 31, 2019</b>				
<b>Non-derivative financial liabilities</b>				
Borrowings including interest	711.66	2,071.83	11,427.61	15,953.57
Sub-ordinate debt from holding company	-	-	-	-
Cash credit	2,977.28	-	-	-
Non Convertible Debenture	-	-	750.00	-
Trade payable	1,699.16	34.71	-	-
Acceptances	-	714.33	-	-
Other financial liabilities	793.33	-	-	-
<b>Total</b>	<b>6,181.43</b>	<b>2,820.87</b>	<b>12,177.61</b>	<b>15,953.57</b>
<b>As at March 31, 2018</b>				
<b>Non-derivative financial liabilities</b>				
Borrowings including interest	-	1,901.06	8,836.75	20,170.36
Sub-ordinate debt from holding company	-	-	-	1,180.00
Cash credit	2,729.47	-	-	-
Non Convertible Debenture	-	-	250.00	500.00
Non convertible non participating preference shares	-	-	-	750.00
Trade payable	1,430.25	47.45	-	-
Acceptances	-	875.24	-	-
Other financial liabilities	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>

## (e) Excessive risk concentration:

Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Company's risk management policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio to manage business concentration credit risk. Identified concentrations of credit risk are controlled and managed accordingly.

## (f) 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.





**GMR Warora Energy Limited**

CIN : U40100MH2005PLC155140

**Notes to the financial statements**

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

Particulars	Rupees in Millions	
	March 31, 2019	March 31, 2018
Total Debt / borrowings	33,451.59	34,634.31
<b>Capital Components</b>		
Equity Share Capital	8,700.00	8,700.00
Compulsorily convertible preference shares	1,700.08	-
Reserves and Surplus	(3,851.30)	(5,708.40)
Total Capital	6,548.78	2,991.60
Capital and debt	40,000.37	37,625.91
Gearing ratio (%)	83.63%	92.05%

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, 2019 and March 31, 2018.

*(This Space has been intentionally left blank)*





30 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.

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

Particulars	March 31, 2019	March 31, 2018
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) for EPS	870,000,000	870,000,000
c) Weighted average number of Equity shares at the year end (in Nos) for Diluted EPS	921,247,768	870,000,000
d) Profit attributable to equity holders of the Company for basic earnings (Rupees in Millions)	2,624.59	1,927.41
e) Basic EPS of Rs 10/- each (in Rs.) [(d)/(b)]	3.02	2.22
f) Diluted EPS of Rs 10/- each (in Rs.) [(d)/(c)]	2.85	2.22

31 Contingent liabilities and commitments

Particulars	March 31, 2019	March 31, 2018
Rupees in Millions		
Claim against the Company not acknowledged as debt:		
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
Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	5.31	378.45
Other Commitments	267.14	259.91

a) With regard to supply of power to TANGEDCO, the Company during the 2016 had shifted from Medium Term Open Access (MTOA) to Long Term Open Access (LTOA) and Power Grid Corporation of India Limited (PGCIL) the transmission service provider, had raised claim of Rs. 26.24 Million, including interest of Rs. 4.76 Million towards relinquishment charges for the intermitten period. The Company had filed petition before the CERC against the said demand, which was disposed against the Company. The Company aggrieved by the CERC's order filed petition before APTEL. The petition of the Company has been disposed off unfavourably by APTEL by stating the Company is liable to relinquishment charges. In view of the same, the Company has accounted for the relinquishment charges as expenses during the year.

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.

c) The Supreme Court had passed an order dated February 28, 2019 stating that for the purpose of contribution to be made under the Employees Provident Fund and Miscellaneous Provisions Act, 1956 ('EPF Act'), the definition of basic wages includes all emoluments paid in cash to the employees in accordance with the terms of their contract of employment. In view of the same, the Company is liable to make further contribution towards Provident Fund on the entire salary paid by it to its employees other than certain emoluments based on performance and variable. However there is no clarity on effective date from when the liability is required to be paid by the Company in view of which the Company is not able to estimate the provident fund liability arising in view of the order. The Company further is of the view that the liability payable on account of retrospective effect if any will be accounted and paid on clarification if any provided by the Provident Fund Authorities and the impact if any may not be material. The Company is in the process of taking legal opinion in respect of the same.





32 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	Rupees in Millions	
	March 31, 2019	March 31, 2018
Provident and Pension Fund	18.78	18.74
Superannuation Fund	10.29	10.37
Employee State Insurance	0.08	0.12
<b>Total</b>	<b>29.15</b>	<b>29.23</b>

b) Defined Benefit Plan - Gratuity as per Actuarial Valuation [Funded]

Particulars	Rupees in Millions	
	March 31, 2019	March 31, 2018
<b>i) Change in Defined Benefit Obligation</b>		
Opening defined benefit obligation	32.64	26.00
Current service cost	4.65	4.36
Interest cost	2.41	1.75
Past Service Cost-Plan amendments	-	5.09
Acquisitions cost / (credit)	(1.83)	(0.05)
Actuarial loss / (gains)	0.01	(1.81)
Benefits paid	(1.74)	(2.70)
<b>Closing defined benefit obligation</b>	<b>36.14</b>	<b>32.64</b>
<b>ii) Change in Fair Value of plan assets</b>		
Opening fair value of plan assets	27.87	20.67
Acquisition adjustment	(1.83)	-
Expected return on plan assets	2.38	1.65
Actuarial gain / (loss)	(0.11)	0.42
Actual Contributions by Employer	10.34	7.83
Benefits paid	(1.74)	(2.70)
<b>Closing fair value of plan assets</b>	<b>36.91</b>	<b>27.87</b>
<b>iii) Amount recognized in the Balance Sheet</b>		
Present value of obligations as at year end	36.14	32.64
Fair value of plan assets as at year end	36.91	27.87
Amount not recognized as an asset		
<b>Net (asset) / liability recognized</b>	<b>(0.77)</b>	<b>4.77</b>
<b>iv) Amount recognized in the statement of profit &amp; Loss under Employee benefits</b>		
Current service cost	4.65	4.36
Net interest on net defined benefit liability/ (Asset)	0.03	0.10
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>4.68</b>	<b>9.55</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)
Actuarial changes arising from changes in experience adjustments	-	(0.58)
Return on plan assets excluding interest income	0.12	(0.42)
<b>Recognized in other comprehensive income [loss/(gain)]</b>	<b>0.12</b>	<b>(2.23)</b>
<b>vi) Expected benefit payments for the year ending</b>		
March 31, 2020		5.96
March 31, 2021		2.35
March 31, 2022		2.80
March 31, 2023		4.76
March 31, 2024		8.34
March 31, 2025 to March 31, 2029		23.24





Particulars	Rupees in Millions	
	March 31, 2019	March 31, 2018
<i>vii) Quantitative sensitivity analysis for significant assumptions is as below:</i>		
<b>Increase / decrease on present value of defined benefit obligation as at year end</b>		
(i) one percentage point increase in discount rate	(2.58)	(2.41)
(ii) one percentage point decrease in discount rate	3.00	2.80
(i) one percentage point increase in salary escalation rate	2.71	2.53
(ii) one percentage point decrease in salary escalation rate	(2.37)	(2.28)
(i) one percentage point increase in employee turnover rate	0.33	0.31
(ii) one percentage point decrease in employee turnover rate	(0.39)	(0.36)

**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.

*viii) 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%
---------------------------------------	------	------

*ix) The weighted average assumption used to determine net periodic benefit cost for the year ending March 31, 2019 and March 31, 2018 are set out below:*

	March 31, 2019	March 31, 2018
Discount rate (p.a.)	7.60%	7.60%
Weighted average rate of increase in compensation levels	6.00%	6.00%
Weighted average duration of defined benefit obligation	10 years	10 years

As of March 31, 2019, every percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately Rs. 2.79 Million.

As of March 31, 2019, every percentage point increase / decrease in weighted average rate of increase in compensation levels will affect our gratuity benefit obligation by approximately Rs. 2.54 Million.

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 (Rupees in Million)*

The Company contributes all ascertained liabilities towards gratuity to the Life Insurance Corporation of India (LIC). As of March 31, 2019 and March 31, 2018, the plan assets have been invested in insurer managed funds.

**Notes:**

i. The estimates of future salary increases, considered in actuarial valuation, takes 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, 2019 Rs. 59.86 Million (March 31, 2018: Rs. 56.51 Million).

**33 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.

Particulars	Rupees in Millions	
	March 31, 2019	March 31, 2018
Lease rentals under cancellable lease	27.58	28.01





34 Details of derivative instruments outstanding as on the balance sheet date

The Company did not enter into any derivative transactions 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 Millions
<b>March 31, 2019</b>			
Sundry Creditor	USD	1,437,923	99.44
Retention Money Payable	USD	6,221,115	430.22
<b>March 31, 2018</b>			
Sundry Creditor	USD	68,205	4.46
Retention Money Payable	EUR	903	0.07
Advance received from Customer	USD	8,220,310	537.12

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

[A] Parties where control exists:

- |  |  |
|--|--|
| i. Holding Company   | GMR Energy Limited [GEL]   |
| ii. Enterprises having control over the Company  | GMR Enterprises Private Limited [GEPL]<br>GMR Infrastructure limited [GIL]<br>GMR Generation Assets Limited [GGAL] |
| iii. Enterprises where Key Management Personnel and their relatives exercise significant influence | GMR Family Fund Trust [GFFT]   |

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

Raxa Securities Services Limited [RSSL]  
GMR Corporate Affairs Private Limited [GCAPL]  
GMR Enterprises Private Limited [GEPL]  
GMR Hospitality and Retail Limited [GHRIL] (formerly GMR Hotels & Resorts Limited)  
GMR Hyderabad International Airport Limited [GHIAL]  
GMR Energy Trading Limited [GETL]  
GMR Coal Resources PTE Limited [GCRPL]  
GMR Chhattisgarh Energy Limited [GCEL]  
GMR Vemagiri Power Generation Limited [GVPGIL]  
Delhi International Airport Limited [DIAL]  
GMR Infrastructure (Singapore) PTE Limited [GISPL]  
GMR Power Corporation Limited [GPCL]  
GMR Kamalanga Energy Limited [GKEL]  
GMR Power Infra Limited [GPIL]  
PT Barasentosa Lestari [PTBSL]

[C]. Other entities

GMR Varalakshmi Foundation [GMRVF]  
GMR Rajahmundry Energy Ltd [GMRREL]

[D]. Key Management Personnel:

Mr. Srinivas Bommidala - Managing Director [w.e.f., April 1, 2018]  
Mr. G B S Raju - Managing Director [up to March 31, 2018]  
Mr. Ashis Basu - Whole Time Director  
Mr. Sanjay Narayan Barde - Whole Time Director  
Mr. Dhyanjay Deshpande - Whole Time Director  
Ms. Meena Raghunathan - Director  
Mr. S K Goel - Independent Director  
Dr. M Ramachandran - Independent Director  
Mr. S C Xalia - Independent Director [up to October 28, 2017]

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

Sl No	Particulars	Rupees in Millions	
		March 31, 2019	March 31, 2018
a.)	Details of the transactions are as follows:		
i)	Technical Consultancy charges to GMR Infrastructure Limited [GIL]	37.94	65.52



Sl No	Particulars	Rupees in Millions	
		March 31, 2019	March 31, 2018
ii)	<b>Logo Fees:</b> GMR Enterprises Private Limited [GEPL]	63.65	59.49
iii)	<b>Delay Payment Surcharge:</b> GMR Energy Trading Limited [GETL]	150.49	-
iv)	<b>Purchase of imported coal</b> GMR Infra Singapore Private Limited [G-SPL]	314.81	-
v)	<b>Rent and Maintenance charges</b> Delhi International Airport Limited [DIAL]	24.10	23.56
vi)	<b>Operation &amp; Maintenance Expenses to:</b> GMR Energy Limited	185.66	15.47
vii)	<b>Security / Technical consultancy Charges</b> Raxa Securities Services Limited [RSSL]	54.33	50.04
viii)	<b>Unwinding of financial liabilities</b> GMR Energy Limited (GEL)	36.43	48.93
ix)	<b>Purchase of Power from</b> GMR Energy Trading Limited [GETL] GMR Chhattisgarh Energy Limited	872.69 -	1,015.22 36.24
x)	<b>Remuneration to key managerial person</b> Mr. Srinivas Bomiddala Mr. GRS Raju Mr. Ashis Basu Mr. Sanjay Narayan Barde Mr. Dhyanjay Deshpande	50.00 - 21.45 25.45 8.52	- 50.00 19.20 29.44 7.67
xi)	<b>Sitting fees to Directors:</b> Mr. S. K. Goel Dr. M. Ramachandran Mr. S. C. Kalia	0.16 0.12 -	0.15 0.06 0.05
xii)	<b>Sale of power to:</b> GMR Energy Trading Limited [GETL]	4,863.97	5,030.59
xiii)	<b>Rebate for prompt payment</b> GMR Energy Trading Limited [GETL]	10.00	-
xiv)	<b>Purchase of Fixed Asset from</b> Raxa Securities Services Limited [RSSL]	2.96	-
xv)	<b>Interest Income on Inter Corporate Deposit placed with:</b> GMR Power Infra Limited [GPIL] GMR Energy Limited [GEL]	- -	12.92 5.93
xvi)	<b>Other income from</b> PT Barasentosa Lestari [PTBSL] GMR Varalakshmi Foundation [GMRVF] GMR Corporate Affairs Pvt Ltd [GCAPL]	- 0.03 0.49	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]	6.27	3.56
	<b>Transmission charges reimbursable to:</b> GMR Energy Trading Limited [GETL] GMR Chhattisgarh Energy Limited	86.03 14.53	45.57 -





		Rupees in Millions	
Sl No	Particulars	March 31, 2019	March 31, 2018
	Other Expenses paid to		
	GMR Energy Trading Limited (GETL)	0.12	0.01
	GMR Hospitality and Retails Limited (GHRL)	0.04	0.02
	GMR Karmanga Energy Limited (GKEL)	0.16	
ii)	Reimbursement of expenses recoverable from		
	Transmission charges reimbursable from		
	GMR Energy Trading Limited (GETL)	303.02	268.34
	Other Expenses recoverable from		
	GMR Varalakshmi Foundation (GMRVF)		0.29
	GMR Chhattisgarh Energy Limited	0.03	
c)	Details of Balance sheet movement are as follows:		
i)	Inter - Corporate Deposit accepted and repaid to		
	GMR Energy Limited (GEL)	-	675.00
	GMR Energy Trading Limited (GETL)	-	130.00
ii)	Inter - Corporate Deposit refunded by		
	GMR Power Infra Limited (GPIL)	-	95.00
	GMR Energy Limited (GEL)	-	921.65
iii)	Accrued interest received from		
	GMR Power Infra Limited (GPIL)	-	27.66
	GMR Energy Limited (GEL)	-	31.61
iv)	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)	Instruments entirely equity in nature	1,700.08	
	GMR Energy Limited (GEL)		
iii)	Debt Component of Preference Share held by		
	GMR Energy Limited (GEL)	-	136.91
iv)	Debt Component of Subordinate Debt from		
	GMR Energy Limited (GEL)	-	266.78
v)	Equity component of subordinate debt by		
	GMR Energy Limited (GEL)	-	1,026.09
vi)	Equity component of preference shares by		
	GMR Energy Limited (GEL)	-	655.26
vii)	Equity component of Non convertible Debenture held by		
	GMR Energy Limited (GEL)	-	243.15
viii)	Balance due to:		
	GMR Infrastructure limited (GIL) - EPC Payable	13.96	1.54
	GMR Infrastructure limited (GIL) - Creditor	180.08	143.39
	Raja Securities Services Limited (RSSL)	11.02	6.42
	GMR Enterprises Private Limited (GEPL)	128.56	64.92
	GMR Varalakshmi Foundation (GMRVF)	2.87	3.19
	GMR Corporate Affairs Private Limited (GCAPL)	2.97	3.46
	GMR Power Corporation Limited (GPCL)	0.16	0.16
	Delhi International Airport Limited (DIAL)	25.34	17.24
	GMR Energy Limited (GEL)	59.99	15.21
	GMR Energy Trading Limited (GETL)	-	259.79
	GMR Coal Resources PTE Limited (GCRPL)	2.40	2.27
	GMR Vemagiri Generation Limited (GVVGL)	0.01	0.01
	GMR Generation Assets Limited (GGAL)	-	0.33



Sl No	Particulars	Rupees in Millions	
		March 31, 2019	March 31, 2018
viii)	Balance due to:		
	GMR Rajahmundry Energy Ltd (GMRREL)	1.13	-
	GMR Infrastructure (Singapore) Pte Limited (GISPL)	94.72	-
ix)	Balance due from:		
	GMR Energy Trading Limited (GETL)	2,209.71	2,399.28
	GMR Kamalanga Energy Limited (GKEL)	2.56	2.56
	GMR Energy Limited (GEL)	0.13	0.13
	GMR Infrastructure (Singapore) PTE Limited (GISPL)	-	0.60
	GMR Varalakshmi Foundation (GVF)	0.04	-
x)	Security deposit with:		
	GMR Corporate Affairs Private Limited (GCAPL)	32.86	32.86
	Raxo Securities Services Limited (RSSL)	3.39	3.39
	GMR Energy Trading Limited (GETL)	2.73	2.73
xi)	Corporate Guarantee received from:		
	GMR Energy Limited (GEL)	750.00	750.00

e) For securing the facilities aggregating to Rs. 3,000 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.

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

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

Sl No	Particulars	Rupees in Millions	
		March 31, 2019	March 31, 2018
a.	Short-term employee benefits	98.90	106.31
b.	Post-employment benefits (provident fund)	6.52	5.71
	<b>Total</b>	<b>105.42</b>	<b>112.02</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.

(F) 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:

Name of the Holding Company	Rupees in Millions			
	Amount Outstanding as at *		Maximum Amount Outstanding during the year	
	March 31, 2019	March 31, 2018	2018-19	2017-18
GMR Energy Limited	-	-	-	921.65

\* aforesaid balance does not include interest receivable

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

36 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.

37 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. 18,942.22 Million.





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

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

As per our report of even date attached

**For Chaturvedi & Shah LLP**

Chartered Accountants

Firm Registration No.: 101720W/W100355

*Chandan Lala*

**Chandan Lala**

Partner

Membership no.: 035671



Place : Mumbai

Date: April 23, 2019

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

*Srinivas Bommidala*

**Srinivas Bommidala**

Managing Director

DIN: 00061464

*Ashish Deshpande*

**Ashish Deshpande**

Chief Financial Officer

MN : 110081

Place : New Delhi

Date: April 23, 2019

*Dhanajay Deshpande*

**Dhanajay Deshpande**

Whole-time Director

DIN : 07663196

*Sanjay Kumar Babu*

**Sanjay Kumar Babu**

Company Secretary

MN : F-8649

