

**INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF SJK POWERGEN LIMITED**

**Report on the Standalone Financial Statements**

**Opinion**

We have audited the accompanying Ind AS financial statements of **SJK Powergen Limited**(the “Company”), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2019, the Statement of Profit and Loss, Statement of Changes in Equity and the Statement of cash flows and for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information. (Hereinafter referred to as “Ind AS financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements for the year ended 31<sup>st</sup> March, 2019 give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31<sup>st</sup> March, 2019, and loss, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

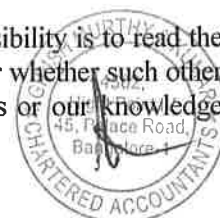
We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section 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 independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, 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 audit opinion on the standalone financial statements

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

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

Our opinion on the standalone Ind AS 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 Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



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**Responsibility of Management for Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income / loss, changes in equity and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 safe guarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements 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, 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 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 responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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.



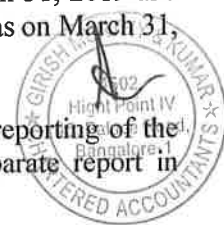
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we 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.

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.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - (c) The Balance Sheet, the Statement of Profit and Loss including statement of Other Comprehensive Income, the Cash Flow Statement and the statement of changes in equity dealt with by this Reports are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Standalone IND AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the companies (Indian Accounting Standards) Rules, 2015 as amended,
  - (e) On the basis of written representations received from the directors as on March 31, 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.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" to this report



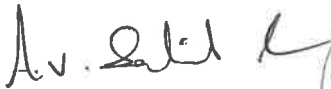
**GIRISH  
MURTHY & KUMAR**  
Chartered Accountants

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- As per information and explanation given to us the company did not have any pending litigation against the company or by the company which would have impact on its financial position.
  - The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For GIRISH MURTHY & KUMAR**

*Chartered Accountants*

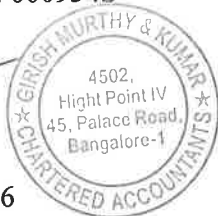
Firm's registration number: 000934S



**A.V.SATISH KUMAR**

*Partner*

Membership number: 26526



Place: Bangalore

Date: 18th April 2019

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

**Re: SJK Powergen Limited**

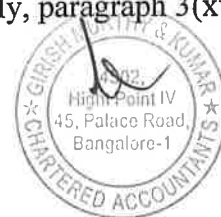
- i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.  
  
(b) The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets verified in a phased manner over a period of three years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. As the company has capitalised most of its assets during the year, no physical verification is carried out during the year.  
  
(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the titles of the immovable property are held in the name of the company
- ii. The nature of company's operations does not warrant requirement of holding stocks and therefore had no stocks of finished goods, stores, spare part and raw materials. Thus, paragraph 3(ii) of the order is not applicable to the company.
- iii. In our opinion and according to the information and explanations given to us, the company has not granted any secured or unsecured loans to the companies, firms, or other parties listed in the register maintained under section 189 of the companies Act 2013.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with provisions of the section 185 and 186 of the Act, with respect to the loans and investments made.
- v. The company has not accepted deposits from the public during the year and as such this clause is not applicable.
- vi. As there is no operation in the company, no cost records are required to be maintained under sub-section (1) of Section 148 of the Companies Act, 2013 for the activities carried out by the company. Hence reporting under this clause not applicable.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, in our opinion the Company is generally regular in payment of undisputed statutory dues including Provident Fund, income tax, Goods and service tax, Customs Duty, Wealth tax and service tax Value added tax, and cess as applicable with appropriate authorities. We are informed by the company that the provisions of Employee state insurance scheme, Investor education and protection fund, and excise duty are not applicable.



(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, customs duty, wealth tax, service tax, value added tax, cess, goods and service tax and other material statutory dues were in arrears as at 31<sup>st</sup> March 2019 for a period of more than six months from the date they became payable.

(c) Investor education and protection fund is not applicable to the Company.

- viii. Based on our audit procedure and as per the information and explanation given by the management we are of the opinion that the company has not defaulted in the repayment of due to the financial institutions and banks.
- ix. The Company did not raise any money by way of initial public offer or further offer (including debt instruments) during the year. The term loan has been applied for the purpose for which they were obtained.
- x. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us, and based on our examination of records of the Company, the company has paid/provided any managerial remuneration during the year, as per the provisions of the companies Act, 2013
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully of partly convertible debentures during the year
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.



**GIRISH  
MURTHY & KUMAR**  
Chartered Accountants

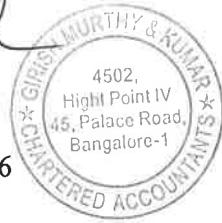
- xvi. In our opinion and according to the information provided to us, on perusal of criteria of financial assets and income from such financial assets as per the last audited financial statements, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**FOR GIRISH MURTHY & KUMAR**  
Chartered Accountants

*A V Satish Kumar*

A V Satish Kumar  
Partner.

Membership No: 26526  
FRN No.000934S



PLACE: Bangalore  
DATE: 18th April 2019

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

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

**Re: SJK Powergen Limited**

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We have audited the internal financial controls over financial reporting of **SJK Powergen Limited** ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

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

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

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





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

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

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

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 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 GIRISH MURTHY & KUMAR**

Chartered Accountants

FRN No.000934S

*A V Satish Kumar*

A V Satish Kumar

Partner.

Membership No: 26526



DATE: 18th April 2019

PLACE: Bangalore

**SJK Powergen Limited**
**Balance Sheet as at March 31, 2019**

Amount in Rs.

Particulars	Notes	31-03-2019	31-03-2018
<b>Assets</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	2	151,949,489	152,193,310
Capital work-in-progress	3	-	1,146,107,941
Other Intangible assets	4	9,930	9,930
<b>Financial assets</b>			
Loans	5	-	35,000
Other non-current assets	6	40,799,576	59,217,703
		<b>192,758,995</b>	<b>1,357,563,883</b>
<b>Current assets</b>			
<b>Financial assets</b>			
Loans	7	4,174,964,332	4,377,664,332
Others	7	775,404,764	302,471,882
Cash and cash equivalents	8	1,132,425	12,474,570
Other current assets	9	84,390	1,803,126
Income tax assets (net)		81,120,910	36,667,110
		<b>5,032,706,821</b>	<b>4,731,081,020</b>
<b>Total Assets</b>		<b>5,225,465,816</b>	<b>6,088,644,903</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity Share capital	10	4,999,840	4,999,840
Other equity	11	(3,234,036,686)	(2,067,654,433)
		<b>(3,229,036,846)</b>	<b>(2,062,654,593)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	12	4,368,818,987	3,885,218,987
Provisions	13	-	12,748
		<b>4,368,818,987</b>	<b>3,885,231,735</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	14	3,472,718,926	3,472,718,926
Other financial liabilities	14	609,227,424	789,252,428
Provisions	15	-	759
Other current liabilities	16	3,737,325	4,095,648
		<b>4,085,683,675</b>	<b>4,266,067,761</b>
<b>Total equity and liabilities</b>		<b>5,225,465,816</b>	<b>6,088,644,903</b>

Summary of significant accounting policies

1

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Girish Murthy & Kumar**

Chartered Accountants


**A V Satish Kumar**

Partner

Membership No.26526

Firm Registration Number: 000934S

Place: Bengaluru

Date : 18th April 2019



For and on behalf of the Board of directors of

**SJK Powergen Limited**

**S. N. Barde**

Director

DIN: 03140784


**Govindarajulu T**

Director

DIN: 02734169



Place: New Delhi

Date : 18th April 2019

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

Amount in Rs.

Particulars	Notes	31-03-2019	31-03-2018
<b>Continuing operations</b>			
<b>Income</b>			
Other income	17	526,267,255	284,901,394
<b>Total Income</b>		<b>526,267,255</b>	<b>284,901,394</b>
<b>Expenses</b>			
Employee benefit expenses	18	-	138,830
Other expenses	19	1,545,884	5,934,842
Depreciation and amortisation expenses	20	243,821	287,019
Finance expenses	21	544,751,863	316,580,669
<b>Total Expenses</b>		<b>546,541,568</b>	<b>322,941,360</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>(20,274,313)</b>	<b>(38,039,966)</b>
Exceptional loss / (gain)	23	1,146,107,941	-
<b>Profit/(loss) before tax</b>		<b>(1,166,382,253)</b>	<b>(38,039,966)</b>
<b>Tax expenses</b>			
Current tax		-	-
Tax related to earlier periods	22	-	7,529,226
<b>Profit/(loss) for the year</b>		<b>(1,166,382,253)</b>	<b>(45,569,192)</b>
<b>Other comprehensive income:</b>			
Re-measurement gains / (losses) on defined benefit plans		-	2,177
<b>Total comprehensive income for the period</b>		<b>(1,166,382,253)</b>	<b>(45,567,015)</b>
<b>Earnings per equity share</b>			
Basic		(2,333)	(91)
Diluted		(2,333)	(91)

Summary of significant accounting policies

1

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Girish Murthy & Kumar**

Chartered Accountants


**A V Satish Kumar**

Partner

Membership No.26526

Firm Registration Number: 000934S

Place: Bangaluru

Date : 18th April 2019


 For and on behalf of the Board of directors of  
**SJK Powergen Limited**

**S. N. Barde**

Director

DIN: 03140784


**Govindarajulu T**

Director

DIN: 02734169

Place: New Delhi

Date : 18th April 2019



**SJK Powergen Limited**
**Cash flow statement for the year ended March 31, 2019**

Amount in Rs.

Particulars	31-03-2019	31-03-2018
<b>Cash flow from operating activities</b>		
Profit before tax	(1,166,382,253)	(38,039,966)
<b>Adjustments for non-cash items</b>		
Depreciation	243,821	287,019
Interest Income	(526,267,255)	(284,901,394)
Finance costs	544,751,863	316,580,669
Loans and advances / interest written off	386,251	20,450
Capital work-in-progress written off	1,146,107,941	-
Remeasurement of defined benefit	-	2,177
<b>Cash flow before changes in working capital</b>	<b>(1,159,633)</b>	<b>(6,051,045)</b>
<b>Adjustment for changes in working capital</b>		
Increase/ (decrease) in other financial liabilities	519,974,995	(580,495)
Increase/ (decrease) in other current liabilities	(358,323)	(7,471,711)
Decrease / (increase) in other non current assets	18,418,127	(842,758)
Decrease / (increase) in other current assets	(35,618,891)	(14,062,527)
Decrease / (Increase) non current loans and advances	(35,000)	67,168
Decrease / (Increase) in other current financial assets	(472,932,882)	(265,768,927)
Increase / (decrease) in non-current provisions	(12,748)	7,979
Increase / (decrease) in current provisions	(759)	(2,795)
<b>Net cash flow from/ (used in) operating activities (A)</b>	<b>28,274,886</b>	<b>(294,705,111)</b>
<b>Cash flows from investing activities</b>		
Loans given to Group Companies	202,700,000	(3,394,991,887)
Decapitisation of Assets - transfer to Prepaid	(1,144,638)	1,144,638
<b>Net cash flow from/ (used in) investing activities (B)</b>	<b>201,555,362</b>	<b>(3,393,847,249)</b>
<b>Cash flows from financing activities</b>		
Repayment of long-term borrowings	-	-
Proceeds from / (repayment) of long term borrowings	(700,000,000)	75,100,000
Proceeds from / (repayment) of borrowings from Group Companies	483,600,000	3,885,218,986
Interest paid	(24,772,392)	(260,443,319)
<b>Net cash flow from/ (used in) in financing activities (C)</b>	<b>(241,172,392)</b>	<b>3,699,875,667</b>
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(11,342,144)	11,323,308
Cash and cash equivalents at the beginning of the year	12,474,570	1,151,263
<b>Cash and cash equivalents at the end of the Period</b>	<b>1,132,426</b>	<b>12,474,570</b>
<b>Components of cash and cash equivalents</b>		
With banks- on current account		
- Current account	1,132,425	12,474,570
<b>Total cash and cash equivalents</b>	<b>1,132,425</b>	<b>12,474,570</b>

As per our report of even date

**For Girish Murthy & Kumar**

Chartered Accountants


**A V Satish Kumar**

Partner

Membership No.26526

Firm Registration Number: 0009345



Place: Bangaluru

Date : 18th April 2019

For and on behalf of the Board of directors of

**SJK Powergen Limited**

**S.N. Barde**

Director

DIN: 03140784


**Govindarajulu T**

Director

DIN: 02734169

Place: New Delhi

Date : 18th April 2019



**SJK Powergen Limited****Additional Disclosure to Cash Flows statement for the year ended 31 March 2019****Amendment to Ind AS 7**

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

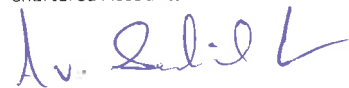
Amount in Rs.

S.N o.	Particulars	1-Apr-18	Cash Flows	Non Cash Charges		31-Mar-19
				Fair Value Changes	Others	
1	Long term borrowings from financial institution	700,000,000	(700,000,000)	-	-	-
2	Long term borrowings from Group companies	3,885,218,987	483,600,000	-	-	4,368,818,987
3	Short term borrowings from Group companies	3,472,718,926	-	-	-	3,472,718,926

As per our report of even date

**For Girish Murthy & Kumar**

Chartered Accountants


**A V Satish Kumar**

Partner

Membership No.26526

Firm Registration Number: 000934S

Place: Bangaluru

Date : 18th April 2019



For and on behalf of the Board of directors of

**SJK Powergen Limited**

**S. N. Barde**

Director

DIN: 03140784


**Govindarajulu T**

Director

DIN: 02734169



Place: New Delhi

Date : 18th April 2019

**SJK Powergen Limited**

**Statement of changes in Equity for the year ended March 31, 2019**

Amount in Rs.

Particulars	Equity Share Capital	Other equity		Total equity
		Securities premium account	Retained Earnings	
<b>Balance as at April 1, 2017</b>	<b>4,999,840</b>	<b>41,692,000</b>	<b>(2,590,980,917)</b>	<b>(2,544,289,077)</b>
<b>Changes in equity for the year ended March 31, 2018</b>				
Profit / (Loss) for the year	-	-	(45,569,192)	(45,569,192)
Adjustment to retained earnings	-	-	527,201,499	527,201,499
Other comprehensive income	-	-		
Re-measurement gains/(loss) on defined benefit plans	-	-	2,177	2,177
<b>Balance as at March 31, 2018</b>	<b>4,999,840</b>	<b>41,692,000</b>	<b>(2,109,346,433)</b>	<b>(2,062,654,593)</b>
<b>Changes in equity for the year ended March 31, 2019</b>				
Profit / (Loss) for the year	-	-	(1,166,382,253)	(1,166,382,253)
Other comprehensive income	-	-		
Re-measurement gains/(loss) on defined benefit plans	-	-		
<b>Balance as at March 31, 2019</b>	<b>4,999,840</b>	<b>41,692,000</b>	<b>(3,275,728,686)</b>	<b>(3,229,036,846)</b>

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Girish Murthy & Kumar**  
Chartered Accountants



**A V Satish Kumar**  
Partner  
Membership No.26526  
Firm Registration Number: 0009345

Place: Bangaluru  
Date : 18th April 2019



For and on behalf of the Board of directors of  
**SJK Powergen Limited**



**S. N. Bärde**  
Director  
DIN: 03140784

Place: New Delhi  
Date : 18th April 2019



**Govindarajulu T**  
Director  
DIN: 02734169



2	Particulars	Amount in Rs.					
		Property, Plant and Equipment	Office Equipment	Computers	Furniture & Fixtures	Freehold Land	Leasehold Land
	<b>Gross block</b>						
	Cost or valuation						
	As at March 31, 2017	2,006,131	11,100		1,278,391	151,110,207	1,144,638
	Additions	-	-	-	-	-	-
	Disposals	-	-	-	-	-	-
	IndAS adjustment - other adjustments	-	-	-	-	-	-
	As at March 31, 2018	2,006,131	11,100		1,278,391	151,110,207	1,144,638
	Additions	-	-	-	-	-	-
	Disposals	-	-	-	-	-	-
	IndAS adjustment - other adjustments	-	-	-	-	-	-
	As at March 31, 2019	2,006,131	11,100		1,278,391	151,110,207	1,144,638
	<b>Accumulated depreciation</b>						
	As at March 31, 2017	1,508,969	0		416,532	-	-
	Charge for the year	77,549	(0)		209,470	-	-
	Disposals	-	-	-	-	-	-
	As at March 31, 2018	1,586,518	0		626,002	-	-
	Charge for the year	60,511	-	-	183,310	-	-
	Disposals	-	-	-	-	-	-
	As at March 31, 2019	1,647,029	0		809,312	-	-
	<b>Net Block</b>						
	As at March 31, 2019	359,102	11,100		469,079	151,110,207	-
	As at March 31, 2018	419,613	11,100		652,390	151,110,207	-

4	Particulars	Amount in Rs.	
		Computer Software	Total
	<b>Gross block</b>		
	Cost or valuation		
	As at March 31, 2017	61,294	61,294
	Additions	-	-
	Disposals	-	-
	As at March 31, 2018	61,294	61,294
	Additions	-	-
	Disposals	-	-
	As at March 31, 2019	61,294	61,294
	<b>Accumulated depreciation</b>		
	As at March 31, 2017	51,364	51,364
	Charge for the year	-	-
	Disposals	-	-
	As at March 31, 2018	51,364	51,364
	Charge for the year	-	-
	Disposals	-	-
	As at March 31, 2019	51,364	51,364
	<b>Net Block</b>		
	As at March 31, 2019	9,930	9,930
	As at March 31, 2018	9,930	9,930





**SJK Powergen Limited**  
**Notes to financial statements for the year ended March 31, 2019**

		Amount in Rs.	
3	Capital work-in-progress	31-03-2019	31-03-2018
	Salaries, allowances and benefits to employees		47,060,743
	Contribution to provident fund and others		3,373,019
	Staff welfare expenses		753,207
	Rent		35,404,258
	Rates and Taxes		2,744,444
	Repairs & Maintenance		1,797,946
	Consultancy & Professional Charges		65,536,685
	Electrical Charges		4,687,855
	Travelling and conveyance		10,704,702
	Communication Expenses		3,052,697
	Income tax		49,531,136
	Depreciation		1,610,928
	Amortisation		46,308
	Placement & Recruitment		956,099
	Fringe Benefit Tax		52,315
	Hire Charges		76,968
	Donations		12,756
	Security Charges		15,155,760
	Office Maintenance		2,125,294
	Guest House Maintenance		2,079,294
	Printing & Stationery		584,945
	Membership & Subscription		92,152
	Advertisement Expenses		308,856
	Bank/ other finance charges		33,275,486
	Books & Periodicals		415,394
	Meetings & Seminars		361,631
	Business Promotion		352,078
	Insurance		267,581
	Miscellaneous Expenses		9,203,907
	Interest		984,018,443
	CWIP Land		11,675,199
	CWIP Plant & Machinery		2,250,000
	Less:		
	Interest others		92,570,699
	Dividend income		2,260,329
	Profit from sale of unquote mutual funds		48,528,306
	Miscellaneous Income		100,812
	<b>Total</b>		<b>1,146,107,941</b>
		Amount in Rs.	
5	Non-current financial assets	31-03-2019	31-03-2018
	a. Loans		
	Carried at amortised cost		
	Security deposits		
	Unsecured, considered good, to related parties		
	Unsecured, considered good, to other parties		35,000
	<b>Total</b>		<b>35,000</b>
		Amount in Rs.	
6	Other non-current assets	31-03-2019	31-03-2018
	Capital advance	39,994,945	58,374,945
	Prepaid expenses	804,631	842,758
	<b>Total</b>	<b>40,799,576</b>	<b>59,217,703</b>
		Amount in Rs.	
7	Current financial assets	31-03-2019	31-03-2018
	Loans and advances to related parties*	4,174,964,332	4,377,664,332
		4,174,964,332	4,377,664,332
	Other current financial assets		
	Interest accrued and due on ICD	775,404,764	302,471,882
	<b>Total</b>	<b>4,950,369,096</b>	<b>4,680,136,214</b>
	* Loans and advances to related parties carries interest rates from 9.50% p.a. to 12.50% p.a repayable within 1 year from the date of deposit or such other time as may be mutually agreed between the parties.		





		Amount in Rs	
8	<b>Cash and Cash Equivalent</b>	<b>31-03-2019</b>	<b>31-03-2018</b>
	-Cash on hand		
	-Balances with Banks		
	-In current accounts	1,132,425	12,474,570
	- Deposits with original maturity of more than three months but less than 12 months		
	<b>Total</b>	<b>1,132,425</b>	<b>12,474,570</b>
9	<b>Other current assets</b>	<b>31-03-2019</b>	<b>31-03-2018</b>
	Advance recoverable in cash or kind	46,263	1,765,000
	Prepaid expenses	38,127	38,126
	<b>Total</b>	<b>84,390</b>	<b>1,803,126</b>
10	<b>Share Capital</b>	<b>31-03-2019</b>	<b>31-03-2018</b>
	<b>Authorised Shares</b>		
	500,000 equity Shares of Rs.10/- each (March 31, 2018: 500,000 equity Shares of Rs.10/- each)	5,000,000	5,000,000
	<b>Issued, subscribed and fully paid-up shares</b>		
	499,984 equity Shares of Rs.10/- each (March 31, 2018: 499,984 equity Shares of Rs.10/- each)	4,999,840	4,999,840
<b>(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period</b>			
<b>Equity Shares</b>			
	<b>31-03-2019</b>		<b>31-03-2018</b>
	<b>No.</b>	<b>Amount in Rs.</b>	<b>No.</b>
At the beginning of the year	499,984	4,999,840	499,984
Issued during the period	-	-	-
<b>Outstanding at the end of the period</b>	<b>499,984</b>	<b>4,999,840</b>	<b>499,984</b>
<b>b) Terms/ rights attached to equity shares</b>			
The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity is entitled to one vote per share. The Company declares and pay dividend in indian rupees. The dividend proposed by the Board of director is subject to the approval of the shareholder in ensuing Annual General meeting.			
In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.			
<b>(C) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates</b>			
Out of equity issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/associates are as below:			
	<b>31-03-2019</b>		<b>31-03-2018</b>
	<b>No. of shares held</b>	<b>Amount in Rs.</b>	<b>No. of shares held</b>
GMR Generation Assets Ltd, The Holding Company( including its nominees)			
349,984 Equity Shares of Rs 10/- each	349,984	3,499,840	349,984
			3,499,840
<b>(d) Details of shareholders holding more than 5% shares in the company</b>			
	<b>31-03-2019</b>		<b>31-03-2018</b>
	<b>No.</b>	<b>% holding in</b>	<b>No.</b>
GMR Generation Assets Limited, the immediate holding company (incl. its nominees) (Equity shares of Rs. 10/- each fully paid)	349,984	70.00	349,984
Tottenham Finance Limited, Mauritius (Equity shares of Rs. 10/- each fully paid)	150,000	30.00	150,000
			30.00
11	<b>Other equity</b>	<b>31-03-2019</b>	<b>31-03-2018</b>
	<b>Securities premium account</b>		
	Balance as per the last financial statements	41,692,000	41,692,000
	Add: received during the year on issue of equity shares		
	Less: amounts utilized toward security issue expense		
	<b>Closing Balance</b>	<b>41,692,000</b>	<b>41,692,000</b>
	<b>Surplus/ (deficit) in the statement of profit and loss</b>		
	Balance as per last financial statements	(2,109,346,433)	(2,590,980,917)
	Add: Accrued interest transferred to Equity (refer note no. 40)		527,201,499
	Add: Net profit / (loss) for the year	(1,166,382,253)	(45,569,192)
	<b>Net surplus/(deficit) in the statement of profit and loss</b>	<b>(3,275,728,686)</b>	<b>(2,109,348,610)</b>
		<b>(3,275,728,686)</b>	<b>(2,109,348,610)</b>
	Other items of comprehensive income		2,177
	<b>Total</b>	<b>(3,275,728,686)</b>	<b>(2,109,346,433)</b>
	<b>Total reserves and surplus</b>	<b>(A+B)</b>	<b>(3,234,036,686)</b>
			<b>(2,067,654,433)</b>

SJK Powergen Limited  
Notes to financial statements for the year ended March 31, 2019  
SJK Powergen Limited  
Notes to financial statements for the year ended March 31, 2019

		Amount in Rs.	
		31-03-2019	31-03-2018
<b>12</b>	<b>Non-current financial liabilities</b>		
	<b>Borrowings</b>		
	Inter corporate deposits from group company (unsecured)**	4,368,818,987	3,885,218,987
	<b>Total</b>	<b>4,368,818,987</b>	<b>3,885,218,987</b>
** Inter corporate deposits (Unsecured) from GMR Infrastructures Limited at interest rate of 12.25% p.a.			
		Amount in Rs.	
		31-03-2019	31-03-2018
<b>13</b>	<b>Non-current provisions</b>		
	<b>Provision for employee benefits</b>		
	Provision for leave encashment	-	12,748
	<b>Total</b>	<b>-</b>	<b>12,748</b>
		Amount in Rs.	
		31-03-2019	31-03-2018
<b>14</b>	<b>Current financial liabilities</b>		
	<b>a. Borrowings</b>		
	Inter corporate deposits from group company (unsecured)*	3,472,718,926	3,472,718,926
		<b>3,472,718,926</b>	<b>3,472,718,926</b>
	<b>b. Other current financial liabilities</b>		
	Current maturities of long term borrowings**	-	700,000,000
	Interest accrued and due on borrowings	605,952,562	85,973,091
	Non trade payables:		
	- Group Companies	3,001,340	3,011,340
	- Others	273,522	267,998
	<b>Total</b>	<b>609,227,424</b>	<b>789,252,428</b>
* Inter corporate deposits (Unsecured) from GMR Power Corporation Limited repayable within 1 year from the date of deposit or such other time as may be mutually agreed between the parties.			
** Indian rupee term loan from SREI Infrastructure Finance carries interest @ 12% per annum, being SREI Benchmark Rate (18%) less Spread (6%). The entire loan is repayable on bullet repayment on the date falling 36 months from the date of first disbursement. The loan was repaid during the period ended September 30, 2018.			
		Amount in Rs.	
		31-03-2019	31-03-2018
<b>15</b>	<b>Current provisions</b>		
	<b>Provision for employee benefits</b>		
	Provision for leave encashment	-	759
	<b>Total</b>	<b>-</b>	<b>759</b>
		Amount in Rs.	
		31-03-2019	31-03-2018
<b>16</b>	<b>Other current liabilities</b>		
	TDS payable and other statutory dues	3,737,325	3,927,450
	Current tax liabilities (net)	-	168,197
	<b>Total</b>	<b>3,737,325</b>	<b>4,095,648</b>



SJK Powergen Limited  
Notes to financial statements for the year ended March 31, 2019  
SJK Powergen Limited  
Notes to financial statements for the year ended March 31, 2019

		Amount in Rs.	
17	Other income	31-03-2019	31-03-2018
	Interest income on related party loans and others	525,480,979	284,611,915
	Interest income on bank deposit	-	63,500
	Int Recd-IT Refund	786,276	-
	Misc. receipts	-	225,979
	<b>Total</b>	<b>526,267,255</b>	<b>284,901,394</b>
		Amount in Rs.	
18	Employee benefit expenses	31-03-2019	31-03-2018
	Salaries, wages and bonus	-	159,668
	Contribution to provident & other fund	-	8,133
	Gratuity Expense	-	(35,560)
	Staff welfare expenses	-	6,589
	<b>Total</b>	<b>-</b>	<b>138,830</b>
		Amount in Rs.	
19	Other expenses	31-03-2019	31-03-2018
	Rent	163,627	474,562
	Travelling expenses	56,609	30,512
	Communication expenses	9,805	2,242
	Bank charges	9,182	21,991
	Repair & maintenance expenses	491,741	91,951
	Business Promotion	-	5,969
	Consultancy & Professional Charges	99,455	2,549,093
	Advertisement expenses	87,006	-
	Printing & stationery expenses	5,970	3,098
	Insurance	-	8,378
	Rates & taxes expenses	45,365	2,463,949
	Sitting Fees	85,573	105,300
	Books & periodicals expenses	2,511	950
	Payment to auditor (Refer details below)	70,800	70,800
	Interest on delayed Payment of Income Tax	-	84,780
	Advances written off	386,251	20,450
	Miscellaneous Expenses	31,989	818
	<b>Total</b>	<b>1,545,884</b>	<b>5,934,842</b>
	<b>Payment to auditor</b>		
	Audit fee / Limited review fee	47,200	47,200
	Tax audit fee	23,600	23,600
	Other certification fee	-	-
	<b>Total</b>	<b>70,800</b>	<b>70,800</b>
		Amount in Rs.	
20	Depreciation and amortisation expenses	31-03-2019	31-03-2018
	Depreciation of tangible assets	243,821	287,019
	<b>Total</b>	<b>243,821</b>	<b>287,019</b>
		Amount in Rs.	
21	Finance expenses	31-03-2019	31-03-2018
	Interest expenses	544,751,863	316,580,669
	<b>Total</b>	<b>544,751,863</b>	<b>316,580,669</b>



**SJK Powergen Limited**

**Notes to financial statements for the year ended March 31, 2019**

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

Amount in Rs.

Particulars	31-03-2019	31-03-2018
<b>Tax expenses</b>		
Current tax	-	-
Deferred tax	-	-
Tax related to earlier periods	-	7,529,226
<b>Total taxes</b>	-	7,529,226
<b>Effective Tax Reconciliation for the year ended March 31, 2019</b> (Amount in Rupees , unless otherwise stated)		
<b>Income tax</b>		
<b>Accounting profit before tax/(Loss)</b>	(1,166,382,253)	(38,039,966)
Tax rate	26.00%	25.75%
<b>Tax at the applicable tax rate of 26.00% (March 31, 2018: 25.75%)</b>	(303,259,386)	(9,795,291)
Adjustment in respect of current income tax of previous years	-	7,529,226
Utilisation of tax losses and unabsorbed depreciation	-	-
Deduction under tax holidays	-	-
Deferred tax**	303,259,386	9,795,291
<b>At the effective income tax rate</b>	-	7,529,226
<b>Total tax expense reported in the statement of profit and loss</b>	-	7,529,226

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



## **SJK Powergen Limited**

Notes to financial statements for the year ended 31 March 2019

### **Corporate Information:**

SJK Powergen Limited is a Special Purpose Vehicle (SPV) acquired by GMR Generation Assets Limited, the holding company, to develop and operate 1320 MW coal based thermal power project in Lalpur Village, Shahdol District, Madhya Pradesh state. The Company is in the process of setting up of the project.

### **1. Summary of Significant Accounting Policies**

#### **a. Basis of Preparation:**

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

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

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

#### **Current versus non-current classification**

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

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities as non-current.

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

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

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

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



## **SJK Powergen Limited**

### **Notes to financial statements for the year ended 31 March 2019**

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

#### **Recognition:**

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

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

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

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

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

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

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

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

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

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

#### **Intangible assets**

Intangible assets comprise technical know-how and computer software. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

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.

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.





## **SJK Powergen Limited**

### **Notes to financial statements for the year ended 31 March 2019**

The above periods also represent the management estimated economic useful life of the respective intangible assets.

#### **Depreciation**

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

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

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

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

#### **Foreign currency translation**

##### **Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The standalone financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

##### **Transaction and balances**

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

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

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

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

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

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



## **SJK Powergen Limited**

Notes to financial statements for the year ended 31 March 2019

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

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

### **Exchange differences pertaining to long term foreign currency loans obtained or re-financed on or after 1 April 2015:**

The exchange differences pertaining to long term foreign currency working capital loans obtained or re-financed on or after 1 April 2015 is charged off or credited to profit & loss account under IndAS.

### **Forward Exchange Contracts not intended for trading or speculations purposes**

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

### **Borrowing cost**

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

### **Impairment of non-financial assets**

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

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

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining





## **SJK Powergen Limited**

Notes to financial statements for the year ended 31 March 2019

growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

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

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

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

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

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

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

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

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

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

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

### **Retirement and other Employee Benefits**

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

- i) The date of the plan amendment or curtailment, and



## **SJK Powergen Limited**

Notes to financial statements for the year ended 31 March 2019

ii) The date that the Company recognises related restructuring costs

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

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

### **Short term employee benefits**

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

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

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

### **Defined benefit plans**

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

Re-measurements, 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. Re-measurements are not reclassified to profit or loss in subsequent periods.

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

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

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

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

### **Long term employee benefits**

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



## **SJK Powergen Limited**

Notes to financial statements for the year ended 31 March 2019

### **Financial Instruments**

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

#### **Financial assets**

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

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

##### **Subsequent measurement**

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

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

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

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

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

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

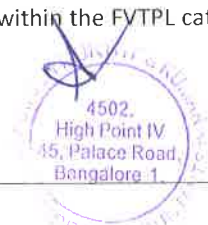
Debt instrument at FVTOCI: A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

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

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

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

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



## **SJK Powergen Limited**

Notes to financial statements for the year ended 31 March 2019

Equity investments: All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

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

### **De-recognition**

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

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

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

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

### **Impairment of financial assets**

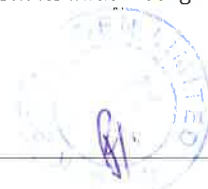
In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

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

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

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

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





## **SJK Powergen Limited**

Notes to financial statements for the year ended 31 March 2019

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

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

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

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

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

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

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

### **Financial liabilities**

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

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

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

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

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

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

## **SJK Powergen Limited**

Notes to financial statements for the year ended 31 March 2019

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

### **Subsequent measurement**

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

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

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

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

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

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

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

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

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

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

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

#### **Derivative financial instruments**

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial



## **SJK Powergen Limited**

Notes to financial statements for the year ended 31 March 2019

assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

### **Cash and Cash Equivalent**

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

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

### **Foreign currencies**

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

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

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

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

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

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

### **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.



## **SJK Powergen Limited**

Notes to financial statements for the year ended 31 March 2019

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, maximizing the use of relevant observable inputs and minimizing 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

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

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

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

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

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

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

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

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





## **SJK Powergen Limited**

Notes to financial statements for the year ended 31 March 2019

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

### **Revenue recognition**

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

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

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

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

### **Interest income:**

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

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

### **Taxes on income**

#### **Current income tax**

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

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

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

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



## **SJK Powergen Limited**

Notes to financial statements for the year ended 31 March 2019

### **Deferred tax**

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

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

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

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

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

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

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

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

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

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

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

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

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



## **SJK Powergen Limited**

Notes to financial statements for the year ended 31 March 2019

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

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

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

### **Earning per share**

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

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

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

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

### **Estimates and assumptions**

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

### **Taxes**

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

### **Contingencies**

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

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

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not



## SJK Powergen Limited

Notes to financial statements for the year ended 31 March 2019

feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

23. The Company has been setup as an SPV to develop and operate 1320 MW coal based Thermal Power Plant in Lalpur village in Madhya Pradesh. Due to current uncertainty in the Power Sector, the Company had taken a temporary pause in the implementation of the project and from 1<sup>st</sup> April 2016 till 31<sup>st</sup> March 2019 there was no active development in the project and consequently all expenses incurred during this period were charged to Profit and Loss Account instead of addition to Capital Work in Progress. As the Power Sector is still continuing through stress and there is substantial delay in carrying out the project, the Management of the Company, during the year, has decided to impair entire carrying amount of Capital Work in Progress amounting to Rs. 1,146,107,941 till the revival of Power Sector and further progress in the project and the same is disclosed under "exceptional loss" in the statement of profit and loss for the year. Once the project activities will be started again, any cost incurred towards the project will be added to Capital Work in Progress and will be capitalized going forward.

24. **Contingent Liability** as at 31<sup>st</sup> March 2019 is Nil (31<sup>st</sup> March 2018: Nil).

### 25. Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances as on 31<sup>st</sup> March 2019 is Nil (31<sup>st</sup> March 2018: Nil).

Other Commitments as on 31<sup>st</sup> March 2019 is Nil (31<sup>st</sup> March 2018: Nil).

### 26. Gratuity and other post-employment benefit plans

Amount as at 31<sup>st</sup> March 2019 is Nil (31<sup>st</sup> March 2018: Nil) as there is no employees with the Company during the current and previous year.

#### a) Defined contribution plans

During the year ended 31<sup>st</sup> March 2019, the company has recognised Rs. Nil (31<sup>st</sup> March 2018: Rs. 8,133/-) in statement of profit and loss as under the following defined contribution plans.

Amount in Rs.		
Particulars	31-03-2019	31-03-2018
<b>benefits (contribution to):</b>		
Provided and other fund	-	8,133
Superannuation fund	-	-
<b>Total</b>	-	<b>8,133</b>

#### b) Defined benefit plans

Amount in Rs.		
Particulars	31-03-2019	31-03-2018
Plan assets at the year end, at fair value	-	-
Present value of benefit obligation at year end	-	-
Net assets/(liability) recognized in the balance sheet	-	-





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Notes to financial statements for the year ended 31 March 2019

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

Particulars	Amount in Rs.	
	31-03-2019	31-03-2018
Discount rate	-	-
Rate of salary increases	-	-
Withdrawal rate	-	-
Mortality	NA	NA
	NA	NA

The following tables summaries the components of net benefit expense recognised in the statement of profit and loss for defined benefit plans/obligations:

Net employee benefit expense (recognized in statement of profit and loss) for the year ended

Particulars	Amount in Rs.	
	31-03-2019	31-03-2018
Current Service Cost	-	-
Net interest on net defined liability	-	-
Actuarial (gain)/ loss on obligations	-	-
<b>Defined benefit costs</b>	-	-

Balance sheet as at	Amount in Rs.	
	31-03-2019	31-03-2018
Defined benefit obligation	-	-
Fair value of plan assets	-	-
<b>Plan asset / (liability)</b>	-	-

Particulars	Amount in Rs.	
	31-03-2019	31-03-2018
Opening defined benefit obligation	-	-
Interest cost	-	-
Current service cost	-	-
Acquisition credit	-	-
Benefits paid (including transfer)	-	-
Actuarial losses/ (gain) on obligation-experience & financial Assumptions	-	-
Closing defined benefit obligation	-	-

Changes in the fair value of plan assets are as follows:

Particulars	Amount in Rs.	
	31-03-2019	31-03-2018
Opening fair value of plan assets	-	-
Acquisition Adjustment	-	-
Interest income on plan assets	-	-
Contributions by employer	-	-
Benefits paid (including transfer)	-	-
Return on plan assets greater/ (lesser) than discount rate	-	-
Closing fair value of plan assets	-	-



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## Notes to financial statements for the year ended 31 March 2019

The major category of plan assets as a percentage of the fair value of total plan assets is as follows:

	31-03-2019	31-03-2018
	(%)	(%)
Investments with insurer managed funds	-	-

Experience adjustments for the current and previous years are as follows:

Particulars	Amount in Rs.	
	31-03-2019	31-03-2018
Defined benefit obligation	-	-
Plan assets	-	-
Funded status	-	-
Experience (loss) adjustment on plan liabilities	-	-
Experience gain/ (loss) adjustment on plan assets	-	-
Actuarial gain due to change in assumptions	-	-

The principal assumptions used in determining gratuity obligation for the Company's plans are shown below:

Particulars	Gratuity	
	31-03-2019	31-03-2018
Discount rate (in %)	-	-
Salary Escalation (in %)	-	-
Expected rate of return on assets	-	-
Attrition rate (in %)	-	-

A quantitative sensitivity analysis for significant assumption as at 31 March 2018 is as shown below:

Gratuity Plan							Amount in Rs.	
	31-03-2019		31-03-2018		31-03-2019	31-03-2018	31-03-2019	31-03-2018
Assumptions	Discount rate		Discount rate		Future salary increases		Attrition rate	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% increase	1% increase	1% increase
Impact on defined benefit obligation	-	-	-	-	-	-	-	-

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Expected contribution to post employment benefit plan for the year ending 31<sup>st</sup> March 2019 is Rs. Nil (March 31, 2018: Rs. Nil).

The average duration of the defined benefit plan obligation at the end of the reporting period is Nil (March 31, 2018: Nil).

Liability towards Leave Encashment based on Actuarial valuation as on March 31, 2019 is Rs. Nil (March 31, 2018: Nil).



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Notes to financial statements for the year ended 31 March 2019

**27. Earnings per share (EPS):**

Basic EPS amount is 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.

Particulars	31-03-2019	31-03-2018
Nominal value of equity shares (Rs. per share)	10	10
Total number of equity shares outstanding at the beginning of the year	499,984	499,984
Total number of equity shares outstanding at the end of the year	499,984	499,984
Weighted average number of equity shares for Basic earnings per share	499,984	499,984
Profit as per profit and loss statement	(1,166,381,133)	(45,567,015)
Less: Dividend on Preference shares (including tax thereon)	-	-
Profit/ (Loss) for Earning per share	(1,166,381,133)	(45,567,015)
Earnings per Share (EPS)	(2332.84)	(91.14)

**28. Related Party Disclosures****Names of related parties and related party relationship****Holding Companies:**

GMR Generation Assets Limited (GGAL) (Holding Company)

GMR Infrastructures Limited (GIL)

**Ultimate Holding Company:**

GMR Enterprises Private Limited (GEPL)

**Fellow Subsidiaries:**

S.N.	Name of Subsidiary
1	GMR Aerostructure Services Limited (GASL)
2	GMR Sports Private Limited
3	GMR League Games Private Limited
4	GMR Infratech Private Limited
5	Cadence Enterprises Private Limited
6	PHL Infrastructure Finance Company Private Limited
7	Vijay Nivas Real Estates Private Limited
8	Fabcity Properties Private Limited
9	Kondampeta Properties Private Limited
10	Hyderabad Jabilli Properties Private Limited
11	Leora Real Estates Private Limited
12	Pashupati Artex Agencies Private Limited
13	Ravivarma Realty Private Limited
14	GMR Solar Energy Private Limited
15	Rajam Enterprises Private Limited
16	Grandhi Enterprises Private Limited



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Notes to financial statements for the year ended 31 March 2019

17	Ideaspac Solutions Private Limited
18	National SEZ Infra Services Private Limited
19	Kakinada Refinery and Petrochemicals Private Limited
20	Corporate Infrastructure Services Private Limited
21	GMR Bannerghatta Properties Private Limited
22	Kirthi Timbers Private Limited
23	AMG Healthcare Destination Private Limited
24	GMR Holding (Malta) Limited
25	GMR Infrastructure (Malta) Limited
26	GMR Holdings (Overseas) Limited
27	GMR Holdings (Mauritius) Limited
28	Crossridge Investments Limited
29	Interzone Capital Limited
30	GMR Holdings Overseas (Singapore) Pte Limited
31	GMR Business & Consultancy LLP
32	GMR Energy Limited (GEL)
33	GMR Power Corporation Limited (GPCL)
34	GMR Vemagiri Power Generation Limited (GVPGI)
35	GMR (Badrinath) Hydro Power Generation Private Limited (GBHPL)
36	GMR Mining & Energy Private Limited (GMEL)
37	GMR Kamalanga Energy Limited (GKEL)
38	Himtal Hydro Power Company Private Limited (HHPPL)
39	GMR Energy (Mauritius) Limited (GEML)
40	GMR Lion Energy Limited (GLEL)
41	GMR Upper Karnali Hydropower Limited (GUKPL)
42	GMR Energy Trading Limited (GETL)
43	GMR Consulting Services Private Limited (GCSPL)
44	GMR Coastal Energy Private Limited (GCEPL)
45	GMR Bajoli Holi Hydropower Private Limited (GBHPL)
46	GMR Londa Hydropower Private Limited (GLHPPL)
47	GMR Kakinada Energy Private Limited (GKEPL)
48	GMR Energy (Cyprus) Limited (GECL)
49	GMR Energy (Netherlands) B.V. (GENBV)
50	PT Dwikarya Sejati Utama (PTDSU)
51	PT Duta Sarana Internusa (PTDSI)
52	PT Barasentosa Lestari (PTBSL)
53	PT Unsoco (PT)
54	GMR Warora Energy Limited ( Formerly EMCO Energy Limited)
55	Indo Tausch Trading DMCC (ITTD)
56	GMR Maharashtra Energy Limited (GMAEL)
57	GMR Bundelkhand Energy Private Limited (GBEPL)
58	GMR Rajam Solar Power Private Limited (formerly known as GMR Uttar Pradesh Energy Private Limited (GUPEPL)





**SJK Powergen Limited**

Notes to financial statements for the year ended 31 March 2019

59	GMR Genco Assets Limited (formerly known as GMR Hosur Energy Limited)
60	GMR Gujarat Solar Power Private Limited (GGSPPL)
61	Karnali Transmission Company Private Limited (KTCPL)
62	Marsyangdi Transmission Company Private Limited (MTCPL)
63	GMR Indo-Nepal Energy Links Limited (GINELL)
64	GMR Indo-Nepal Power Corridors Limited (GINPCL)
65	GMR Generation Assets Limited (formerly known as GMR Renewable Energy Limited (GREEL))
66	GMR Energy Projects (Mauritius) Limited (GEPML)
67	GMR Infrastructure (Singapore) Pte Limited (GISPL)
68	GMR Coal Resources Pte Limited (GCRPL)
69	GMR Power Infra Limited (GPIL)
70	GMR Highways Limited (GMRHL)
71	GMR Tambaram Tindivanam Expressways Limited (GTTEPL)
72	GMR Tuni Anakapalli Expressways Limited (GTAEPL)
73	GMR Ambala Chandigarh Expressways Private Limited (GACEPL)
74	GMR Pochanpalli Expressways Limited (GPEPL)
75	GMR Hyderabad Vijayawada Expressways Private Limited (GHVEPL)
76	GMR Chennai Outer Ring Road Private Limited (GCCRPL)
77	GMR Kishangarh Udaipur Ahmedabad Expressways Limited (GKUAEPL)
78	GMR Highways Projects Private Limited (GHPPL)
79	GMR Hyderabad International Airport Limited (GHIAL)
80	Gateways for India Airports Private Limited (GFIAL)
81	Hyderabad Airport Security Services Limited (HASSL)
82	GMR Hyderabad Airport Resource Management Limited (GHARML)
83	GMR Hyderabad Aerotropolis Limited (HAPL)
84	GMR Hyderabad Aviation SEZ Limited (GHASL)
85	GMR Aerospace Engineering Limited (GAEL) (formerly known as MAS GMR Aerospace Engineering Company Limited)
86	GMR Aero Technic Limited (GATL) (formerly known as MAS GMR Aero Technic Limited (MGATL))
87	Hyderabad Duty Free Retail Limited (HDFRL)
88	GMR Airport Developers Limited (GADL)
89	GADL International Limited (GADLIL)
90	GADL (Mauritius) Limited (GADLML)
91	GMR Hotels and Resorts Limited (GHRL)
92	GMR Hyderabad Airport Power Distribution Limited (GHAPDL)
93	Delhi International Airport Private Limited (DIAL)
94	Delhi Aerotropolis Private Limited (DAPL)
95	Delhi Duty Free Services Private Limited (DDFS)
96	Delhi Airport Parking Services Private Limited (DAPSL)
97	GMR Airports Limited (GAL)
98	GMR Airport Global Limited (GAGL)
99	GMR Airports (Mauritius) Limited (GALM)
100	GMR Aviation Private Limited (GAPL)

**SJK Powergen Limited**

Notes to financial statements for the year ended 31 March 2019

101	Raxa Security Services Limited (Raxa)
102	GMR Krishnagiri SEZ Limited (GKSEZ)
103	Advika Properties Private Limited (APPL)
104	Aklima Properties Private Limited (AKPPL)
105	Amartya Properties Private Limited (AMPPL)
106	Baruni Properties Private Limited (BPPL)
107	Bougainvillea Properties Private Limited (BOPPL)
108	Camelia Properties Private Limited (CPPL)
109	Deepesh Properties Private Limited (DPPL)
110	Eila Properties Private Limited (EPPL)
111	Gerbera Properties Private Limited (GPL)
112	Lakshmi Priya Properties Private Limited (LPPPL)
113	Honeysuckle Properties Private Limited (HPPL)
114	Idika Properties Private Limited (IPPL)
115	Krishnapriya Properties Private Limited (KPPL)
116	Larkspur Properties Private Limited (LAPPL)
117	Nadira Properties Private Limited (NPPL)
118	Padmapriya Properties Private Limited (PAPPL)
119	Prakalpa Properties Private Limited (PPPL)
120	Purnachandra Properties Private Limited (PUPPL)
121	Shreyadita Properties Private Limited (SPPL)
122	Pranesh Properties Private Limited (PRPPL)
123	Sreepa Properties Private Limited (SRPPL)
124	Radhapriya Properties Private Limited (RPPL)
125	Asteria Real Estates Private Limited (AREPL)
126	GMR Hosur Industrial City Private Limited (GHICL)
127	Namitha Real Estates Private Limited (NREPL)
128	Honey Flower Estates Private Limited (HFEPL)
129	GMR Hosur EMC Limited (GHEMCL)
130	GMR SEZ and Port Holdings Limited (GSPHL)
131	East Godavari Power Distribution Company Private Limited (EGPDCPL)
132	Suzone Properties Private Limited (SUPPL)
133	GMR Utilities Private Limited (GUPL)
134	Lilliam Properties Private Limited (LPPL)
135	GMR Corporate Affairs Private Limited (GCAPL)
136	Dhruvi Securities Private Limited (DSPL)
137	Kakinada SEZ Limited (KSL)
138	GMR Business Process and Services Private Limited (GBPSPL)
139	GMR Infrastructure (Mauritius) Limited (GIML)
140	GMR Infrastructure (Cyprus) Limited (GICL)
141	GMR Infrastructure Overseas Limited (GIOL)
142	GMR Infrastructure (UK) Limited (GIUL)

**SJK Powergen Limited**

Notes to financial statements for the year ended 31 March 2019

143	GMR Infrastructure (Global) Limited (GIGL)
144	GMR Energy (Global) Limited (GEGL)
145	Kakinada Gateway Port Limited (KGPL)
146	GMR Goa International Airport Limited (GGIAL)
147	GMR SEZ Infra Services Limited (GSISL)
148	GMR Infrastructure (Overseas) Limited (GIOL)
149	GMR Infra Developers Limited (GIDL)
150	GMR Varalakshmi Foundation (GMRVF)

**Related party transactions**

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

**A. As per Profit and Loss Account -****a. Interest income – P&L**

Name of the Company	Year Ended	Amount in Rs.
GMR Generation Asset Limited	31.03.2019	63,855,980
	31.03.2018	80,752,463
Dhruvi Securities Private Limited	31.03.2019	103,537,499
	31.03.2018	202,878,391
GMR Aerostructure Services Limited	31.03.2019	358,087,500
	31.03.2018	981,062

**b. Interest Expenditure – P&L**

Name of the Company	Year Ended	Amount in Rs.
GMR Infrastructures Limited	31.03.2019	513,236,246
	31.03.2018	201,188,477

**c. Others – P&L**

Name of the Company	Year Ended	Amount in Rs.
GMR Enterprises Private Limited – Logo fee	31.03.2019	1,120
	31.03.2018	1,120

Note – Reimbursement of expenses are not shown above.

**B. As per Balance Sheet –****a. Amount Payable**

Name of the Company	As at	Amount in Rs.
GMR Infrastructures Limited – Interest payable	31.03.2019	549,621,016
	31.03.2018	40,114,454
GMR Varalakshmi Foundation – CSR payable	31.03.2019	3,001,340
	31.03.2018	3,001,340



## SJK Powergen Limited

Notes to financial statements for the year ended 31 March 2019

b. ICD given, interest and other receivable

Amount in Rs.

Name of the Company	As at	Interest receivable	ICD given	Other receivable
GMR Generation Asset Limited	31.03.2019	166,821,565	481,964,337	-
	31.03.2018	109,351,182	684,664,337	-
Dhruvi Securities Private Limited	31.03.2019	122,421,494	828,299,995	-
	31.03.2018	29,237,745	828,299,995	-
GMR Aerostructure Services Limited	31.03.2019	323,161,705	2,864,700,000	16,300,000
	31.03.2018	882,955	2,864,700,000	16,300,000

c. ICD received

Name of the Company	As at	Amount in Rs.
GMR Power Corporation Limited	31.03.2019	3,472,718,926
	31.03.2018	3,472,718,926
GMR Infrastructures Limited	31.03.2019	4,368,818,987
	31.03.2018	3,885,218,987

### 29. Risk Management

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

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

#### Market Risk

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

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and hedged.

The analysis excludes the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations, provisions and the non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analyses:





## SJK Powergen Limited

Notes to financial statements for the year ended 31 March 2019

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31<sup>st</sup> March 2018 and 31<sup>st</sup> March 2017.

### 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 and short-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a 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 affected through the impact on floating rate borrowings, as follows:

Particulars	Increase/decrease in basis points	Effect on profit/(loss) before tax
March 31, 2019		
INR	+50	(22,261,569)
INR	-50	22,261,569
March 31, 2018		
INR	+50	(1,583,327)
INR	-50	1,583,327

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

### Credit risk

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

Financial instruments and cash deposits – Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2018 and 31 March 2017 is the carrying amounts.



**SJK Powergen Limited**

Notes to financial statements for the year ended 31 March 2019

**Liquid Risk-**

Maturity profile of the Company's financial liabilities based on contractual undiscounted payments as on 31<sup>st</sup> March 2019

Amount in Rs.

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Other financial liabilities	609,227,424	-	-	-	-	609,227,424
Borrowings	3,472,718,926	-	-	4,368,818,987	-	7,841,537,913
Total	4,081,946,350	-	-	4,368,818,987	-	8,450,765,337

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

Amount in Rs.

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Other financial liabilities	57,498,883	-	-	-	-	57,498,883
Borrowings	3,436,820,350	-	-	4,621,117,563	-	8,057,937,913
Total	3,494,319,233	-	-	4,621,117,563	-	8,115,436,796

**30. Capital Management**

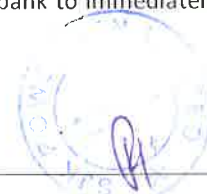
For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximize the shareholder value.

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

Amounts in Rs

Particulars	31.03.2018	31.03.2018
Borrowings	7,841,537,913	8,057,937,913
Total debts	7,841,537,913	8,057,937,913
Capital Components		
Share Capital	4,999,840	4,999,840
Other equity	(3,234,036,686)	(2,067,654,433)
Total Capital	(3,229,036,846)	(2,062,654,593)
Capital and net debt	4,612,501,067	5,995,283,320
Gearing ratio (%)	170%	134%

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





## SJK Powergen Limited

### Notes to financial statements for the year ended 31 March 2019

loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

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

#### 31. Disclosures on Financial instruments

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

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

#### Financial assets and liabilities

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2019 and March 31, 2018.

#### As at March 31, 2019

Amount in Rs.

Particulars	Amortised cost	Total Carrying value	Total Fair value
Financial assets			
(i) Loans	4,950,369,096	4,950,369,096	4,950,369,096
(ii) Cash and cash equivalents	1,132,425	1,132,425	1,132,425
(ii) Bank balance other than cash and cash equivalents	-	-	-
Total	4,951,501,521	4,951,501,521	4,951,501,521
Financial liabilities			
(i) Borrowings	7,841,537,913	7,841,537,913	7,841,537,913
(ii) Other financial liabilities	609,227,424	609,227,424	609,227,424
Total	8,450,765,337	8,450,765,337	8,450,765,337

#### As at March 31, 2018

(Amount in Rs.)

Particulars	Amortised cost	Total Carrying value	Total Fair value
Financial assets			
(i) Loans	4,640,986,677	4,640,986,677	4,640,986,677
(ii) Cash and cash equivalents	12,474,570	12,474,570	12,474,570
(iii) Other financial assets	2,500,000	2,500,000	2,500,000
Total	4,655,961,246	4,655,961,246	4,655,961,246
Financial liabilities			
(i) Borrowings	8,057,937,913	8,057,937,913	8,057,937,913
(ii) Other financial liabilities	57,498,883	57,498,883	57,498,883
Total	8,115,436,796	8,115,436,796	8,115,436,796

32. Expenditure in Foreign Currency for the year ended 31<sup>st</sup> March 2019 is Rs. Nil (March 31, 2018: Nil).

33. Pending Litigations: The Company does not have any pending litigations as on 31<sup>st</sup> March 2019 and 31<sup>st</sup> March 2018 which would impact its financial position.



## **SJK Powergen Limited**

### Notes to financial statements for the year ended 31 March 2019

34. Foreseeable losses: The Company did not have any long-term contracts including derivative contracts as on 31<sup>st</sup> March 2019 and 31<sup>st</sup> March 2018 for which there were any material foreseeable losses.

35. There are no micro and small enterprises to which the Company owes dues which are outstanding for more than 45 days as at 31<sup>st</sup> March 2019 and March 31<sup>st</sup> March 2018. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

#### **36. Segment Reporting:**

The company is primarily engaged in the business of setting and running of Power plant. As the basic nature of the activities is governed by the same set of risk and returns, these have been grouped as a single business segment. Accordingly, separate primary and secondary segment reporting disclosures as envisaged in Accounting Standard (IndAS-108) on "Segmental Reporting" issued by the ICAI are not applicable to the present activities of the Company.

37. Deferred tax assets and liability are being offset as they relate to taxes on income levied by the same governing taxation law.

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

Ind AS 115 'Revenue from Contracts with Customers' was notified on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

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

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

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



## **SJK Powergen Limited**

Notes to financial statements for the year ended 31 March 2019

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

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

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

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

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

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

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

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

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

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

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

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

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



## **SJK Powergen Limited**

Notes to financial statements for the year ended 31 March 2019

39. During the year ended March 31, 2018, the Company has transferred interest payable of Rs. 527,201,499/- to Other Equity. The interest was payable to GMR Power Corporation Limited (GPCL) which is a fellow subsidiary of the Company as both the Companies are subsidiary of GMR Generation Assets Limited (GGAL). GPCL had written off interest, from the Company, for the year ended March 31, 2016 and waived interest for the year ended March 31, 2017 and it had benefitted the Company whereas the overall position of parent company, GGAL remained the same as both GPCL and the Company are under common control. The transfer of value from one subsidiary to the other has been made under the instruction from the parent company, GGAL and accordingly the same has been considered as capital contribution by the parent company.
40. The previous year's figures have been re-grouped and reclassified, wherever necessary, to conform to those of current years.

As per our report of even date

**For Girish Murthy & Kumar**  
Chartered Accountants



**A V Satish Kumar**  
Partner  
Membership No.26526  
Firm Registration Number: 0009345

Place: Bangaluru  
Date : 18th April 2019



**For and on behalf of the Board of directors**  
SJK Powergen Limited



**S. N. Barde**  
Director  
DIN-03140784

Place: New Delhi  
Date : 18th April 2019



**Govindarajulu T**  
Director  
DIN-02734169

