

INDEPENDENT AUDITOR'S REPORT

To the Members of GMR Warora Energy Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of GMR Warora Energy Limited ("the Company"), which comprise the Balance sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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 March 31, 2021, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS 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 together with the ethical requirements that are relevant to our audit of the Ind AS 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 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 Ind AS financial statements.

Material Uncertainty Related to Going Concern

We draw attention to Note 1.1 to the accompanying Ind AS financial statements as at and for the year ended March 31, 2021, which indicate that the Company has incurred losses during the current year, has accumulated losses of Rs. 7,038.61 million, its net worth has been substantially eroded and its current liabilities exceed current assets by Rs. 1,697.07 million as at March 31, 2021. These conditions, together with the impact of the ongoing COVID-19 pandemic as explained in note 39 including invocation of the Resolution Framework for COVID-19 related stress by the Company as per the guidelines issued by the Reserve Bank of India ('RBI'), non-renewal of long term power purchase agreement with one of its key customer which expired during June 2020 and significant delays in the realization of outstanding receivables as detailed in notes 11(c) and 11(d) indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Our opinion is not qualified in respect of this matter.



Emphasis of Matters

We draw attention to the following matters in the notes to the accompanying Ind AS financial statements for the year ended March 31, 2021:

- a. Notes 11(c) and 11(d) in connection with the realization of trade receivables and unbilled revenue (including claims towards change in law events, increased coal cost pass through and carrying costs thereof and capacity charges outstanding from one of its customers during the period of lockdown based on declared capacity) of Rs. 7,147.26 million of the Company, which are pending settlement/ realization as on March 31, 2021. The management of the Company based on its internal assessment as detailed in notes 11(c) and 11(d) and certain interim favourable regulatory orders for claims made by the Company is of the view that the aforesaid balances are fully recoverable as at March 31, 2021.
- b. Note 26(i) in connection with the dispute pertaining to transmission charges with Maharashtra State Electricity Distribution Company Limited ('MSEDCL'). The Company has disputed the contention of MSEDCL that the cost of transmission charges are to be paid by the Company. Accordingly, the Company has not accounted the aforesaid transmission charges in its accompanying Ind AS financial statements for the respective years from March 17, 2014 up to March 31, 2021 based on a favourable Order received by the Company from APTEL. MSEDCL have preferred an appeal with Hon'ble Supreme Court of India against the aforesaid APTEL order and the matter is pending conclusion.
- c. Note 38 in connection with the amounts due to certain vendors which are outstanding beyond permissible time period under the Foreign Exchange Management Act ('FEMA'). Pending filing for condonation of delay with competent authority no adjustments are made to the accompanying Ind AS financial statements for the year ended March 31, 2021.
- d. Note 39 in connection with the impact of the outbreak of COVID-19 on the business operations, liquidity position, recoverability of assets, achievement of key assumptions considered in the valuation assessment of the carrying value of the assets and future cash flows of the Company and the invocation of the Resolution Framework for COVID-19 related stress by the Company post obtaining requisite majority approval of lenders as per the guidelines issued by the Reserve Bank of India ('RBI') in respect of all the borrowing facilities availed by the Company. In view of the highly uncertain economic environment, a definitive assessment of impact on the subsequent periods is highly dependent upon circumstances as they evolve.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the 'Material Uncertainty Related to Going Concern' and 'Emphasis of Matters' sections we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly,



our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
1.Revenue Recognition and realization in relation to regulatory claims (as described in Notes 7, 11 and 20 of the Ind AS financial statements)	
<p>The Company is eligible for claims under various Change in Law / coal cost pass through events which are having cost implications on generation and supply of power such as duties and taxes, incremental cost of power generation, etc., due to purchase of alternative coal in terms of the framework of Power Purchase Agreements entered by the Company with the various Discoms and carrying cost thereof. Such claims are accounted by the Company upon approval thereof by the Regulatory Authorities.</p> <p>The recognition and measurement of such claims on account of change in law/ coal cost pass through events and carrying costs thereof, involves management judgement and estimation of operational / cost parameters based on qualitative parameters and are subject to final acceptance of the claims by the respective Discoms.</p> <p>In view of the complexity and judgement involved in estimation of the amounts of such claims and recoverability thereof, the same is considered as a key audit matter.</p>	<p>Our audit procedures in response to this key audit matter included:</p> <ol style="list-style-type: none"> We assessed and tested the design and operating effectiveness of the Company's internal financial controls over the revenue recognition process. We evaluated the Company's accounting policies pertaining to revenue recognition and assessed compliance with those policies in terms of Ind AS 115 (Revenue from contract with customers). We obtained an understanding of the key controls management has in place to monitor change in law events, status of appeals seeking claims and approval orders passed by various regulatory authorities. We evaluated management workings that set out all the outstanding claims for approval placed by the Company with regulatory authorities and the basis adopted by the management in determining such claims. We examined management assumptions / judgement relating to various parameters for measuring / estimating the amount of such claims. We verified the reasonableness of the underlying parameters and assumptions / judgement used for measuring / estimating the amounts of claims as per regulatory orders through verification of historical information and other available internal and external data.

Key audit matters	How our audit addressed the key audit matter
	<p>vii. For tariff orders received by the Company and challenged by the customer we have also assessed the management's evaluation of the likely outcome of the dispute based on past precedents and interim favourable orders from the regulators.</p> <p>viii. We tested on sample basis, the accuracy of the underlying data used for computation of such claims.</p> <p>ix. We assessed the reasonableness of management's assessment of recoverability of the outstanding receivables and recoverability of the overdue / aged receivables through inquiry with management, and analysis of collection trends in respect of receivables.</p>
2. Impairment testing for Property, plant and equipment ('PPE')(as described in Note 3 of the Ind AS financial statements)	
<p>The Company has PPE (including intangible assets, Right of Use assets and capital work in progress) amounting to Rs 30,932.10 million as at March 31, 2021.</p> <p>To assess if there is an impairment in the carrying value of PPE, management conducts impairment tests annually or whenever there are changes in circumstances or events which indicate that, the carrying value of PPE may require evaluation to verify recoverability. An impairment loss is recognized if the recoverable amount of PPE is lower than the carrying value.</p> <p>The recoverable amount of the PPE is evaluated by calculating the value in use based on discounted cash flow models. Significant judgements are required to determine the key assumptions used in the discounted cash flow models.</p> <p>The determination of recoverable amounts of carrying value of property, plant and equipment of the Company relies on the management's estimates of future cash flows and their judgement with respect to entering into Power Purchase Agreement ('PPA')</p>	<p>Our audit procedures in response to this key audit matter included:</p> <p>i. We assessed whether the Company's accounting policy with respect to impairment is in accordance with Ind AS 36 "Impairment of assets".</p> <p>ii. We carried out assessment of the forecasts of future cash flows prepared by the management, evaluating the key assumptions and compared the estimates to externally available industry, economic and financial data;</p> <p>iii. We perused the report issued by the external valuer ("expert") engaged by the management. In making this assessment, we also assessed the professional competence, objectivity and capabilities of the expert engaged by the management;</p> <p>iv. We assessed the valuation methodology and the key assumptions used in the cash flow forecasts with the support of our in-house valuation experts and performed sensitivity analysis on key assumptions;</p>

Key audit matters	How our audit addressed the key audit matter
<p>such as fully utilizing the untied capacity of 200 MW resulting from the expiry of existing PPA with one of its customers in June 2020, conclusion and timely realisation of claims with Discoms currently under dispute for various change in law events as detailed in notes 11(c) and (d), enhancement in the operational performance of the plant including ramp up in generation and availability of coal with higher gross calorific value at competitive rates, decline in interest rates, restructuring of loans as detailed in note 39(b) etc, which the management believes reasonably reflect the future expectations and is of the view that the carrying value of the PPE is appropriate.</p> <p>Due to the inherent subjectivity involved in forecasting and discounting future cash flows, the level of management's judgement involved and the significance of the carrying value of property, plant and equipment on the Ind AS financial statements of the Company as at March 31, 2021 we have considered this as a key audit matter.</p>	<p>v. We discussed with senior management personnel, the justification for the key assumptions underlying the cashflow projections and performed sensitivity analysis on the same to assess their reasonableness.</p> <p>vi. We tested the arithmetical accuracy of the computation of projections used for the purpose of the valuation.</p> <p>vii. We reviewed the related disclosures in the Ind AS financial statements as required by the relevant accounting standards.</p>

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, but does not include the Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. The Board's report is not made available to us as at the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also



includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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.

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Ind AS financial statements 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 Ind AS 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 Ind AS financial statements, including the disclosures, and whether the Ind AS 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure I" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) The going concern matter described in Material Uncertainty Related to Going Concern paragraph above and the matters described in the Emphasis of Matter paragraphs above, in our opinion, may have an adverse effect on the functioning of the Company;
 - (f) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (g) With respect to the adequacy of the internal financial controls with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure II" to this report;

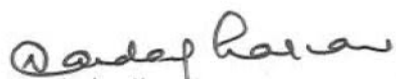


- (h) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 32(II) to the accompanying Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Sandeep Karnani

Partner

Membership Number: 061207



UDIN: 21061207AAAACO6624

Place of Signature: Bengaluru

Date: June 04, 2021

Annexure I referred to in clause 1 of paragraph on the 'Report on Other Legal and Regulatory Requirements' of our report of even date

Re: GMR Warora Energy Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management the title deeds (including the title deeds of the immovable property mortgaged with the lenders as security for the borrowings and confirmed by the lenders) of immovable properties included in property, plant and equipment are held in the name of the Company except one item of immovable property aggregating Rs. 8.90 million as at March 31, 2021 for which title deed were not available with the Company and hence we are unable to comment on the same.
- (ii) The inventory, except goods in transit, has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us by the management of the Company, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us by the management of the Company, there are no loans, investments, guarantees, and securities given in respect of which provisions of sections 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, goods and service tax, professional tax, cess and other material statutory dues as applicable to the Company, have generally been regularly deposited with the appropriate authorities though there have been slight delays in a few cases.
- (b) According to the information and explanations given to us by the management of the Company, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of customs, goods and service tax, cess, electricity duty and other material statutory dues as applicable to the Company, were outstanding at the year end, for a period of more than six months from the date they became payable.



(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (in INR million)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Short Deduction of TDS	0.03	Financial year 2013-2014	Commissioner of Income Tax (Appeals)

- (viii) According to the information and explanations given to us by the management of the Company, the Company has delayed in repayment of loans or borrowings to financial institutions and banks during the year and Rs. 537.50 million of such dues were in arrears as on the balance sheet date. The lender wise details are tabulated as under:

Particulars	Amount of the default as at the Balance sheet date (in INR million)	Period of default (No. of days)
Principal repayments to banks	487.50	0-30
Principal repayments to a financial institution	50.00	0-30

The Company has not defaulted in repayment of dues to debenture holders during the year. Further, the Company did not have any outstanding loans or borrowing in respect to government during the year. Also refer notes 15(1) and 15(7).

- (ix) According to the information and explanations given to us by the management of the Company, the Company has not raised any money by way of initial public offer / further public offer / debt instruments. In our opinion and according to the information and explanations given to us by the management of the Company, the Company has utilized the monies raised by way of term loans during the year for the purposes for which they were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us by the management of the Company, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given to us by the management of the Company, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given to us by the management of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given to us by the management of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them as referred to in section 192 of the Act during the year and hence, reporting requirements under clause 3(xv) of the Order are not applicable to the Company and, hence not commented upon.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP

ICAI firm registration number: 101049W/E300004

Chartered Accountants



per Sandeep Karnani

Partner

Membership Number: 061207



UDIN: 21061207AAAACO6624

Place: Bengaluru

Date: June 04, 2021

**ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE
Ind AS FINANCIAL STATEMENTS OF GMR WARORA ENERGY LIMITED**

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

We have audited the internal financial controls with reference to Ind AS financial statements of GMR Warora Energy ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The 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 ("Guidance Note") 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 the 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 ("Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these Ind AS financial statements 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 as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 with reference to these Ind AS financial statements 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 with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to these Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these Ind AS financial statements.



Meaning of Internal Financial Controls with Reference to these Ind AS Financial Statements

A company's internal financial controls with reference to these Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to these Ind AS financial statements 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 Ind AS 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 Ind AS financial statements.

Inherent Limitations of Internal Financial Controls with Reference to these Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to these Ind AS financial statements, 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 with reference to these Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to these Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

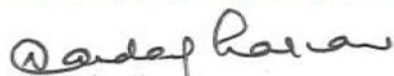
Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to these Ind AS financial statements and such internal financial controls with reference to these Ind AS financial statements were operating effectively as at March 31, 2021, 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 issued by ICAI.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Sandeep Karnani

Partner

Membership Number: 061207



UDIN: 21061207AAAACO6624

Place of Signature: Bengaluru

Date: June 04, 2021

I ASSETS

		(Rs. in million)	
	Notes	March 31, 2021	March 31, 2020
(1) Non-current assets			
(a) Property, plant and equipment	3	30,575.92	31,660.11
(b) Capital work in progress		12.92	18.76
(c) Intangible assets	4	4.14	7.35
(d) Right-of-use assets	32	339.12	404.21
(e) Investments (Rs. 2,500 (March 31, 2020 : Rs. 2,500))	5	0.00	0.00
(f) Financial assets:			
(i) Loans	6	102.52	104.91
(ii) Other financial assets	7	147.86	112.59
(g) Non-current tax assets (net)		9.81	15.59
(h) Other non-current assets	9	20.59	42.60
		<u>31,212.88</u>	<u>32,366.12</u>
(2) Current assets			
(a) Inventories	10	368.66	1,205.57
(b) Financial assets:			
(i) Trade receivables	11	6,434.88	4,513.53
(ii) Cash and cash equivalents	12	95.57	40.56
(iii) Loans	6	15.21	32.86
(iv) Other financial assets	7	805.80	1,205.12
(c) Other current assets	9	244.22	388.34
		<u>7,964.34</u>	<u>7,385.98</u>
Total assets (1 + 2)		<u>39,177.22</u>	<u>39,752.10</u>

(II) EQUITY AND LIABILITIES

(1) Equity			
(a) Equity share capital	13	8,700.00	8,700.00
(b) Other equity	14	(4,921.11)	(4,290.11)
Total equity		<u>3,778.89</u>	<u>4,409.89</u>
Liabilities			
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	25,480.07	26,103.48
(ii) Lease liabilities	32	-	48.13
(b) Provisions	17	61.55	57.14
(c) Deferred tax liabilities (net)	8(a)	195.30	401.41
		<u>25,736.92</u>	<u>26,610.16</u>
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	3,222.33	3,064.57
(ii) Lease liabilities	32	-	19.08
(iii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	18	55.27	30.05
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	18	1,122.47	1,718.10
(iv) Other financial liabilities	16	4,887.03	3,520.39
(b) Other current liabilities	19	39.53	34.82
(c) Provisions	17	59.62	69.88
(d) Liabilities for current tax (net)		275.16	275.16
		<u>9,661.41</u>	<u>8,732.05</u>
Total liabilities		<u>35,398.33</u>	<u>35,342.21</u>
Total equity and liabilities (1+2+3)		<u>39,177.22</u>	<u>39,752.10</u>

Summary of significant accounting policies

2.2

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

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI firm registration number: 101049W / E300004

per Sandeep Kamani
Partner
Membership number: 061207



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

Srinivas Bommidala
Managing Director
DIN: 00061464

Ashish Vinay Deshpande
Chief Financial Officer

Dhanajay Vasant Rao Deshpande
Whole-time Director
DIN: 07663196

Sanjay Kumar Babu
Company Secretary
Membership number: F-8649

Place: Bengaluru
Date: June 04, 2021

Place: New Delhi
Date: June 04, 2021

GMR Warora Energy Limited
Corporate Identity Number (CIN) :U40100MH2005PLC155140
Statement of Profit and Loss for the year ended March 31, 2021

		(Rs. in million)	
	Notes	March 31, 2021	March 31, 2020
I Revenue			
Revenue from operations	20	14,773.27	18,442.86
Other income	21(a)	54.36	46.12
Finance income	21(b)	5.89	8.99
Total income		14,833.52	18,497.97
II Expenses			
Consumption of fuel	22	8,442.92	9,311.68
Purchase of traded goods		-	604.83
Employee benefit expenses	23	407.38	447.49
Finance costs	24	3,905.85	4,085.94
Depreciation and amortisation expenses	25	1,197.91	1,212.38
Transmission charges	26	740.65	1,122.78
Other expenses	27	978.97	977.37
Total expenses		15,673.68	17,762.47
III Profit / (loss) before tax (I +/- II)		(840.16)	735.50
IV Tax expenses:			
(a) Current tax	8(b)	-	-
(b) Deferred tax charge / (credit) (net)	8(b)	(206.88)	2,873.57
Total tax expenses		(206.88)	2,873.57
V (Loss) / profit for the year (III +/- IV)		(633.28)	(2,138.07)
VI Other comprehensive income/ (loss)			
(A) (i) Items that will not be reclassified to profit or loss			
- Re-measurement gains/ (losses) on defined benefit plans	31	3.05	(1.10)
(ii) Income tax effect		(0.77)	0.28
(B) (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax effect		-	-
Total other comprehensive income/ (loss) for the year		2.28	(0.82)
VII Total comprehensive income for the year (V +/- VI)		(631.00)	(2,138.89)
VIII Earnings per share (nominal value of share Rs. 10 each (March 31, 2020 : Rs.10 each))			
(a) Basic EPS (in Rs. per share)	28	(0.61)	(2.06)
(b) Diluted EPS (in Rs. per share)	28	(0.61)	(2.06)


Summary of significant accounting policies

2.2

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

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI firm registration number- 101049W / F300004


per Sandeep Karnani
Partner
Membership number: 06120

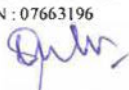


For and on behalf of the Board of Directors of
GMR Warora Energy Limited


Srinivas Bommidala
Managing Director
DIN: 00061464


Ashish Vinay Deshpande
Chief Financial Officer


Dhanajay Vasant Rao Deshpande
Whole-time Director
DIN : 07663196


Sanjay Kumar Babu
Company Secretary
Membership number: F-8649

Place: Bengaluru
Date: June 04, 2021

Place: New Delhi
Date: June 04, 2021

GMR Warora Energy Limited
Corporate Identity Number (CIN): U40100MH2005PLC155140
Statement of changes in equity for the year ended March 31, 2021

a. Equity share capital:

Equity shares of Rs. 10 each issued, subscribed and fully paid

At April 01, 2019

Add: Issued during the year

At March 31, 2020

Add: Issued during the year

At March 31, 2021

Number	(Rs. in million)
87,00,00,000	8,700.00
87,00,00,000	8,700.00
87,00,00,000	8,700.00

b. Other equity

	Attributable to equity holders				Total other equity
	0.0001% Non-cumulative Non-Participating Compulsorily Convertible Preference shares ('CCPS') (refer notes 14 and 30)	Securities premium (refer note 14)	Debt redemption reserve (refer note 14)	Retained earnings (refer note 14)	
For the year ended March 31, 2021					
As at April 01, 2020	1,700.08	229.92	187.50	(6,407.61)	(4,290.11)
(Loss) / profit for the year	-	-	-	(633.28)	(633.28)
Other comprehensive income for the year*	-	-	-	2.28	2.28
Total comprehensive income	-	-	-	(631.00)	(631.00)
As at March 31, 2021	1,700.08	229.92	187.50	(7,038.61)	(4,921.11)
For the year ended March 31, 2020					
As at April 01, 2019	1,700.08	229.92	187.50	(4,268.72)	(2,151.22)
(Loss) / profit for the year	-	-	-	(2,138.07)	(2,138.07)
Other comprehensive income for the year*	-	-	-	(0.82)	(0.82)
Total comprehensive income	-	-	-	(2,138.89)	(2,138.89)
As at March 31, 2020	1,700.08	229.92	187.50	(6,407.61)	(4,290.11)

* As required under Ind AS compliant Schedule III, the Company has recognized measurement gains / (losses) of defined benefit plans as part of retained earnings.

Summary of significant accounting policies

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

As per our report of even date

For S. R. Badiloi & Associates LLP

Chartered Accountants

ICAI firm registration number: 101049W / E300004

per Sandeep Kanani

Partner

Membership number: 061207



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

Srinivas Bommidala
Managing Director
DIN: 0006146

Ashish Vinay Deshpande
Chief Financial Officer



Dhananjay Vasantaram Deshpande
Whole-time Director
DIN: 07663196

Sanjay Kumar Babu
Company Secretary
Membership number: F-8619

Place: New Delhi
Date: June 01, 2021

Place: New Delhi
Date: June 01, 2021

GMR Warora Energy Limited
Corporate Identity Number (CIN): U40100MH2005PLC155140
Statement of cash flows for the year ended March 31, 2021

Particulars	(Rs. in million)	
	March 31, 2021	March 31, 2020
CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES		
Profit before tax	(840.16)	735.50
Non-cash adjustments to reconcile (loss): profit before tax to net cash flows:		
Depreciation and amortisation expenses	1,197.91	1,212.58
Loss on sale of property, plant and equipment (net)	1.66	4.10
Impairment allowance (including trade advances written off)	124.78	62.76
Net foreign exchange differences	(14.71)	-
Net gain on de-recognition of right-of-use assets and lease liabilities	(8.39)	-
Provisions/liabilities no longer required, written back	(11.29)	(8.61)
Finance costs	3,905.85	4,085.94
Interest income on bank deposits	(5.89)	(8.99)
Operating profit before working capital changes	4,349.76	6,083.08
Movements in working capital :		
Decrease / (increase) in inventories	836.91	(464.28)
(Increase) / decrease in trade receivables	(1,980.75)	94.33
Decrease / (increase) in non-current and current other financial assets and other assets	519.74	958.91
(Decrease) / increase in trade payables	(558.00)	(620.96)
Increase / (decrease) in non-current and current other financial liabilities, other liabilities and provisions	25.03	27.89
Cash generated from operations	3,192.69	6,078.97
Direct taxes (paid) / refund	5.78	12.69
Net cash flow from / (used in) operating activities (A)	3,198.47	6,091.66
CASH FLOW (USED IN) / FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, including capital work in progress, capital advances and intangible assets	(191.85)	(233.35)
Proceeds from sale of property, plant and equipment	4.70	-
Investment in bank deposits (having original maturity of more than three months) and other bank balances	(35.27)	133.71
Interest income received	6.26	11.41
Net cash flow (used in) / from investing activities (B)	(216.16)	(88.23)
CASH FLOW (USED IN) / FROM FINANCING ACTIVITIES		
Repayment of borrowings	(1,112.80)	(2,002.52)
Payment of lease liabilities	(9.50)	(17.68)
Proceeds from short-term borrowings (net of repayment)	157.76	87.29
Finance costs paid	(1,962.76)	(4,111.27)
Net cash flow (used in) / from in financing activities (C)	(2,927.30)	(6,044.18)
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	55.01	(40.75)
Cash and cash equivalents as at the beginning of the year	40.56	81.31
Cash and cash equivalents as at the end of the year	95.57	40.56
COMPONENTS OF CASH AND CASH EQUIVALENTS (refer note 12)		
Cash on hand	0.02	0.13
Balances with banks	95.55	40.43
Total cash and cash equivalents (refer note 12)	95.57	40.56

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Changes in liabilities arising from financing activities

Particulars	(Rs. in million)	
	Lease liabilities (refer note 32)	Borrowings (refer note 15)
As at April 01, 2020	67.21	31,551.83
Cash flow changes		
Repayment of long-term borrowings	-	(1,112.80)
Proceeds from short-term borrowings (net of repayment)	-	157.76
Payment of lease liabilities (refer note 32)	(9.50)	-
Non-cash changes		
Conversion of interest expenses into Funded Interest Term Loans (refer note 15)	-	1,651.53
De-recognition of lease liabilities (refer note 32)	(61.60)	-
Interest on borrowings measured at amortised cost	-	14.34
Accretion of interest on lease liabilities (refer note 32)	3.89	-
As at March 31, 2021	-	32,262.66
As at April 01, 2019	-	33,451.59
Cash flow changes		
Repayment of long-term borrowings	-	(2,002.52)
Proceeds from short-term borrowings (net of repayment)	-	87.29
Payment of lease liabilities (refer note 32)	(17.68)	-
Non-cash changes		
Recognition of lease liabilities (refer note 32)	76.39	-
Interest on borrowings measured at amortised cost	-	15.47
Accretion of interest on lease liabilities (refer note 32)	8.50	-
As at March 31, 2020	67.21	31,551.83

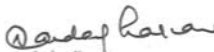
Summary of significant accounting policies

2.2

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

As per our report of even date

For S R. Batliboi & Associates LLP
Chartered Accountants
ICAI firm registration number: 101049W / E300004



per Sandeep Kamani
Partner
Membership number: 061207




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


Srinivas Bommidala
Managing Director
DIN: 00061464


Ashish Vinay Deshpande
Chief Financial Officer


Dhanajay Vasant Rao Deshpande
Whole-time Director
DIN: 07663196


Sanjay Kumar Babu
Company Secretary
Membership number: F-8649

Place: Bengaluru
Date: June 04, 2021

Place: Bengaluru
Date: June 04, 2021

GMR Warora Energy Limited

Corporate Identity Number (CIN): U40100MH2005PLC155140

Notes to the Ind AS financial statements for the year ended March 31, 2021

1. Corporate information

GMR Warora Energy Limited ('the Company') (Formerly known as EMCO Energy Limited) is a public company incorporated under the provisions of the Companies Act 1956, having its registered office at 701/704, 7th floor, Naman Centre, A wing, Bandra Kurla Complex, Mumbai – 400 051. The Company is engaged in the business of generation and sale of electrical energy from its coal based power plant of 600 MW situated at Warora.

1.1 Going Concern

The Company has incurred loss during the current year and has accumulated losses of Rs. 7,038.61 million as at March 31, 2021 which has resulted in substantial erosion of the net worth of the Company and its current liabilities exceed current assets by Rs. 1,697.07 million. There have been delays in repayment of dues to the lenders on account of the delay in the receipt of receivables from its customers as detailed in note 11, thereby resulting in lowering of credit ratings for the Company's borrowings. Further, as detailed in note 39 in view of the ongoing COVID-19 pandemic and expiry of the PPA with one of the customer availing 200 MW of power in June 2020 and a consequent cancellation of the fuel supply agreement, there could be impact on the future business operations, financial position and future cash flows of the Company. However, the Company has made profits before taxes for the year ended March 31, 2020 and March 31, 2019 and have favourable interim orders towards the aforementioned claims. Further as detailed in note 39(b), the Company, basis the requisite approval of the lenders, has invoked resolution process as per Resolution Framework for COVID-19 related stress prescribed by the Reserve Bank of India ('RBI') on December 30, 2020 and consequently, all the lenders of the Company have entered into an Inter Creditors Agreement ('ICA') on January 21, 2021. Accordingly, the management of the Company based on the future business plans and forecasted cash flows is of the opinion that the Company will generate sufficient profits in the future years, realise its receivables and meet its debt obligations. Accordingly, the Ind AS financial statements of the Company continue to be prepared on a going concern basis which the Company contemplates realisation of current assets and settlement of current liabilities in an orderly manner.

2. Significant accounting policies

The significant accounting policies applied by the Company in the preparation of its financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements, unless otherwise indicated.

2.1. Basis of preparation

A. Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Companies Act, 2013 (the 'Act') as amended from time to time and presentation requirements of Division II of Schedule III to the Act, (Ind AS compliant Schedule III), as applicable to the financial statements.

B. Functional and presentation currency

The functional and presentation currency of the Company is Indian Rupee ('Rs') which is the currency of the primary economic environment in which the Company operates. All values are disclosed to the nearest Million with two decimals (INR 000,000.00), except where otherwise indicated.

C. Basis of measurement

The financial statements have been prepared on the historical cost convention and on accrual basis, except for certain financial assets and liabilities (refer accounting policy regarding financial instruments) which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services as at the date of respective transactions.



GMR Warora Energy Limited

Corporate Identity Number (CIN): U40100MH2005PLC155140

Notes to the Ind AS financial statements for the year ended March 31, 2021

2.2 Summary of significant accounting policies:

a. Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

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

Advance tax paid is classified as non-current assets.

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

b. Fair value measurement of financial instruments

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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



GMR Warora Energy Limited

Corporate Identity Number (CIN): U40100MH2005PLC155140

Notes to the Ind AS financial statements for the year ended March 31, 2021

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

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

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

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

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

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.

c. Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Description of performance obligations are as follows:

(i) Income from sale of Electrical Energy:

Revenue from sale of power is recognised net of cash discount over time for each unit of electricity delivered.

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.

Revenue from energy units sold as per the terms of the PPA and Letter Of Intent ('LOI') (collectively hereinafter referred to as 'the PPAs') is recognised on an accrual basis and includes unbilled revenue accrued up to the end of the accounting year.

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

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. Revenue/ charges from unscheduled interchange for the deviation in generation with respect to scheduled generation are recognized/ charged at rates notified by Central Electricity Regulatory Commission ('CERC') from time to time, as revenue from sale of energy. Further, revenue is recognized/adjusted towards true up in terms of the applicable CERC regulations.

Customers are billed on a monthly basis and are given credit period of 30 days for payment. Revenue in respect of claims on account of change in law events including coal cost pass through, carrying cost and interest on delayed payments leviable as per the relevant contracts are recognised on actual realisation or accrued based on an assessment of certainty of realization supported by either an acknowledgement from customers or on receipt of favourable order from regulator / authorities.



GMR Warora Energy Limited

Corporate Identity Number (CIN): U40100MH2005PLC155140

Notes to the Ind AS financial statements for the year ended March 31, 2021

Contract assets

A contract asset is the right to consideration in exchange for goods and services transferred to the customer (which consist of unbilled revenue). If the Company performs its obligations by transferring goods and services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are transferred to receivables when the rights become unconditional and contract liabilities are recognized as and when the performance obligation is satisfied.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section (o) Financial instruments – initial recognition and subsequent measurement.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

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 finance income in the statement of profit and loss.

Dividends

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

d. Taxes on income

Current income tax

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

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



Deferred tax

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

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

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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 income tax asset to be utilized.

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

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

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

e. Property, plant and equipment

Freehold land is carried at historical cost and is not depreciated. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items such as purchase price, freight, duties, levies. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Capital work in progress includes cost of property, plant and equipment under installation/under development as at the balance sheet date and is stated at cost less accumulated impairment loss.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized 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 the statement of profit or loss as and when incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

Further, when each major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied with corresponding de-recognition of identifiable carrying cost of replacement. Machinery spares which are specific to a particular item of Property, Plant & Equipment and whose use is expected to be irregular are capitalized as Property, Plant & Equipment. Major inspection costs relating to Boiler, Turbine and Generator overhauls are identified as separate component and are depreciated over 5 years. Spare parts are capitalized when they



GMR Warora Energy Limited**Corporate Identity Number (CIN): U40100MH2005PLC155140****Notes to the Ind AS financial statements for the year ended March 31, 2021**

meet the definition of PPE, i.e., when the company intends to use these during more than a period of 12 months and having a value of more than 500,000.

On Transition to Ind AS, the Company has availed the optional exemption on "Long term Foreign currency Monetary items" and has accordingly continued with the policy to adjust the exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset recognised in the financial statements for the year ended March 31, 2016 (as per previous GAAP) to the cost of the tangible asset and depreciates the same over the remaining life of the asset. In accordance with the Ministry of Corporate Affairs ('MCA') circular dated August 09, 2012, exchange differences adjusted to the cost of tangible fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange differences. As per amendment vide Notification No GSR 913 (E) dated December 29, 2011 the option of recognising such differences in the original cost was available only till the accounting period ending March 31, 2020.

f. Depreciation on Property, plant and equipment

The management has estimated the useful life of assets individually costing Rs. 5,000 or less to be less than one year, which is lower than those indicated in Schedule II.

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.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

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

The Company, based on technical assessment made by the technical expert and management estimate, depreciates certain items of plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013.

Depreciation on Property, plant and equipment is provided on the Straight Line Method over the useful lives of the assets which is as follows:

Category of the asset	Estimated useful life (in years)
Plant and equipment – Power plant	40
Plant and equipment – Others	5-15
Buildings (on leasehold land)	3-60
Office equipment	5-15
Furniture and fixtures	10
Vehicles	8-10
Computers	3

g. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

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



h. Amortisation of intangible assets

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

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

Software is amortised based on the useful life of six years on a straight-line basis as estimated by the management.

i. Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds including interest expense calculated using the effective interest method, finance charges in respect of assets acquired on finance lease. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset until such time as the assets are substantially ready for the intended use or sale. All other borrowing costs are expensed in the period in which they occur.

j. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee:

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right-of-use assets:

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The Company has obtained land on lease for a term of 95 years

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (I) Impairment of non-financial assets.

ii. Lease Liabilities:

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising



GMR Warora Energy Limited

Corporate Identity Number (CIN): U40100MH2005PLC155140

Notes to the Ind AS financial statements for the year ended March 31, 2021

the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii. Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

k. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials and stores and spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Cost of inventories is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Assessment of net realisable value is made in each subsequent period and when the circumstances that previously caused inventories to be written-down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the write-down, if any, in the past period is reversed to that extent of the original amount written-down so that the resultant carrying amount is the lower of the cost and the revised net realisable value.

l. Impairment of non-financial assets

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE, intangible assets, and other non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any.

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

(i) in case of an individual asset, at the higher of the fair value less costs of disposal and the value in use; and

(ii) in case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's fair value less costs of disposal and the value in use.

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

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 fair value less costs of disposal, recent market transactions are taken into account. 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.



GMR Warora Energy Limited

Corporate Identity Number (CIN): U40100MH2005PLC155140

Notes to the Ind AS financial statements for the year ended March 31, 2021

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. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country in which the Company operates, or for the market in which the asset is used.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. For this purpose, the impairment loss recognised in respect of a cash generating unit is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to reduce the carrying amount of the other assets of the cash generating unit on a pro-rata basis.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss.

m. Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

Provisions and contingent liability are reviewed at each balance sheet.

Decommissioning liability:

Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.



GMR Warora Energy Limited

Corporate Identity Number (CIN): U40100MH2005PLC155140

Notes to the Ind AS financial statements for the year ended March 31, 2021

n. Retirement and other employee benefits

Retirement benefit in the form of provident fund, pension fund and superannuation fund are defined contribution scheme. The Company has no obligation, other than the contribution payable. The Company recognizes contribution payable to provident fund, pension fund and superannuation fund as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet reporting date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund. The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

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 twelve months after the reporting date.

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

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

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.

The Company presents the leave as a current liability in the standalone balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

Accumulated leave, which is expected to be utilized within the next twelve 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.

o. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contract embodying the related financial instruments. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.



GMR Warora Energy Limited**Corporate Identity Number (CIN): U40100MH2005PLC155140****Notes to the Ind AS financial statements for the year ended March 31, 2021**

All financial assets and financial liabilities are initially measured at transaction cost and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Effective interest method

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

(a) Financial assets**Financial assets at amortised cost**

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

Financial assets measured at fair value

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

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

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

Impairment of financial assets

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through statement of profit and loss.

The Company recognises impairment loss on trade receivables using expected credit loss model, which involves use of provision matrix constructed on the basis of historical credit loss experience as permitted under Ind AS 109 – Financial Instruments.

For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.

De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109.



GMR Warora Energy Limited

Corporate Identity Number (CIN): U40100MH2005PLC155140

Notes to the Ind AS financial statements for the year ended March 31, 2021

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

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

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

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

(b) Financial liabilities and equity instruments

Classification as debt or equity

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

Equity Instruments

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

Financial Liabilities

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

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

b. De-recognition

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

Off-setting of financial instruments

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

p. Convertible preference shares/ debentures

Convertible preference shares / debentures are separated into liability and equity components based on the terms of the contract.

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



GMR Warora Energy Limited

Corporate Identity Number (CIN): U40100MH2005PLC155140

Notes to the Ind AS financial statements for the year ended March 31, 2021

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for conversion right. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares / debentures based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

q. Cash and cash equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

r. Cash dividend

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorized and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

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

t. Corporate social responsibility ('CSR') expenditure

The Company charges its CSR expenditure during the year to the statement of profit and loss. Refer note 35.

u. Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.



GMR Warora Energy Limited

Corporate Identity Number (CIN): U40100MH2005PLC155140

Notes to the Ind AS financial statements for the year ended March 31, 2021

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

2.3 Impact of implementation of new standards/ amendments

Amendments to Ind AS 1 and Ind AS 8: Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements.

A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Company.

These amendments are applicable prospectively for annual periods beginning on or after 1 April 2020. The amendments to the definition of material are not expected to have a significant impact on the Company's financial statements.

Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform

The amendments to Ind AS 109 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the Ind AS financial statements of the Company as it does not have any interest rate hedge relationships.

The amendments to Ind AS 107 prescribe the disclosures which entities are required to make for hedging relationships to which the reliefs as per the amendments in Ind AS 109 are applied. These amendments are applicable for annual periods beginning on or after 1 April 2020. These amendments have no impact on the Ind AS financial statements of the Company as it does not have any interest rate hedge relationships.



3 Property, plant and equipment

Particulars	Freehold land	Buildings on leasehold land	Leasehold land	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Computers	Total
Gross block (at cost/ deemed cost)									
As at April 01, 2019	105.94	4,581.52	361.00	32,989.45	49.19	132.29	6.51	11.68	38,237.58
Additions	11.25	13.86	-	123.94	0.35	1.62	2.24	0.80	154.06
Disposals	-	(4.10)	-	-	-	-	-	-	(4.10)
Other adjustments ²	-	-	-	38.78	-	-	-	-	38.78
Reclassified on account of adoption of Ind AS 116 (refer note 32)	-	-	(361.00)	-	-	-	-	-	(361.00)
As at March 31, 2020	117.19	4,591.28	-	33,152.17	49.54	133.91	8.75	12.48	38,065.32
Additions	22.05	14.14	-	50.85	-	0.85	-	17.10	104.99
Disposals	-	-	-	(8.26)	-	(0.68)	-	(0.12)	(9.06)
As at March 31, 2021	139.24	4,605.42	-	33,194.76	49.54	134.08	8.75	29.46	38,161.25
Accumulated depreciation									
As at April 01, 2019	-	722.81	13.88	4,429.21	11.90	40.65	0.91	7.03	5,226.39
Charge for the year	-	1,30.10	-	1,012.78	5.45	20.86	0.91	2.60	1,192.70
Reclassified on account of adoption of Ind AS 116 (refer note 32)	-	-	(13.88)	-	-	-	-	-	(13.88)
As at March 31, 2020	-	872.91	-	5,441.99	17.35	61.51	1.82	9.63	6,405.21
Charge for the year	-	1,49.75	-	1,003.85	5.01	21.17	0.82	2.22	1,182.82
Disposals	-	-	-	(2.01)	-	(0.58)	-	(0.11)	(2.70)
As at March 31, 2021	-	1,022.66	-	6,443.83	22.36	82.10	2.64	11.74	7,585.33
Net block									
As at March 31, 2021	139.24	3,582.76	-	26,750.93	27.18	51.98	6.11	17.72	30,575.92
As at March 31, 2020	117.19	3,718.37	-	27,710.18	32.19	72.40	6.93	2.85	31,660.11

Note:

1 The Company during the year ended March 31, 2017 had adopted Ind AS under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) rules, 2015 and relevant amendment rules issued thereafter. The Company had availed the exemption available under Ind AS 101, wherein the carrying value of property, plant and equipment was carried forward at the amount as determined under the previous GAAP as at April 01, 2015.

2 The MCA, Government of India ('GoI') vide its Notification No GSR 225 (E) dated March 31, 2009 prescribed certain changes to AS - 11 on 'The Effects of Changes in Foreign Exchange Rates'. The Company has, pursuant to adoption of such prescribed changes to the said Standard, exercised the option of recognizing the exchange differences arising in reporting of foreign currency monetary items at rates different from those at which they were recorded earlier, in the original cost of such depreciable assets in so far such exchange differences arose on foreign currency monetary items relating to the acquisition of depreciable assets. Exchange differences are capitalized as per paragraph D13.3AA of Ind AS 101 'First time adoption' availing the optional exemption that allows first time adopter to continue capitalization of exchange differences in respect of long term foreign currency monetary items recognized in the financial statements for the period ending immediately beginning of the first Ind AS financial reporting period as per the previous GAAP. As per amendment vide Notification No GSR 913 (E) dated December 29, 2011 the option of recognising such differences in the original cost was available only till the accounting period ending March 31, 2020. Accordingly, foreign exchange loss of Rs. Nil (March 31, 2020: Rs. 38.78 million (loss)) in respect of exchange differences arising on foreign currency monetary items relating to the acquisition of depreciable assets have been adjusted against property, plant and equipment.

3 The management of the Company carried out a valuation assessment of its Property, Plant and Equipment ('PPE') during the year ended March 31, 2021 by an external expert. The valuation assessment includes certain key assumptions such as fully utilizing the untied capacity of 200 MW resulting from the expiry of existing PPA with one of its customers in June 2020, conclusion and timely realisation of claims with Discoms currently under dispute for various change in law events as detailed in notes 11(c) and (d), enhancement in the operational performance of the plant including ramp up in generation and availability of coal with higher gross calorific value at competitive rates, decline in interest rates, restructuring of loans as detailed in note 39(b) etc, which the management believes reasonably reflect the future expectations and is of the view that the carrying value of the PPE is appropriate and accordingly has not made any adjustments to the carrying values of PPE as at March 31, 2021.

4 Refer note 15 in regard to details of pledge of the property, plant and equipment in connection with borrowings from the lenders.

5 Leasehold land includes amount paid as compensation to the land owners.

6 The Company in the financial year 2016-17 has capitalized freehold land amounting to Rs. 8.90 million based on agreement to sell pending execution of sale deed. The sale deed has not been executed as at March 31, 2021.



GMR Warora Energy Limited
Corporate Identity Number (CIN): U40100MH2005PLC155140
Notes to the Ind AS financial statements for the year ended March 31, 2021

4 Intangible assets

Particulars	(Rs. in million)	
	Computer software	Total
Gross block (at cost/ deemed cost)		
As at April 01, 2019	11.19	11.19
Additions	1.85	1.85
As at March 31, 2020	13.04	13.04
Additions	-	-
As at March 31, 2021	13.04	13.04
Accumulated amortisation		
As at April 01, 2019	5.31	5.31
Charge for the year	0.38	0.38
As at March 31, 2020	5.69	5.69
Charge for the year	3.21	3.21
As at March 31, 2021	8.90	8.90
Net block		
As at March 31, 2021	4.14	4.14
As at March 31, 2020	7.35	7.35

Note:

The Company during the year ended March 31, 2017 had adopted Ind AS under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) rules, 2015 and relevant amendment rules issued thereafter. The Company had availed the exemption available under Ind AS 101, wherein the carrying value of intangible assets were carried forward at the amount as determined under the previous GAAP as at April 01, 2015.

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5 Financial assets - Investments

	(Rs. in million)	
	March 31, 2021	March 31, 2020
Investment carried at cost		
Unquoted Government securities		
National Savings Certificate*	0.00	0.00
	0.00	0.00

* The investment is amounting to Rs.2,500 (March 31, 2020: Rs. 2,500)

6 Loans

	(Rs. in million)			
	Non-current		Current	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Unsecured, considered good				
Carried at amortised cost				
Security deposits with related parties (refer note below)	6.12	6.12	15.21	32.86
Security deposits with others	96.40	98.79	-	-
Total	102.52	104.91	15.21	32.86
Security deposits with related parties (refer note 30):				
Rava Security Services Limited ('RSSL')	3.39	3.39	-	-
GMR Energy Trading Limited ('GETL')	2.73	2.73	-	-
GMR Corporate Affairs Private Limited ('GCAPL')	-	-	15.21	32.86
	6.12	6.12	15.21	32.86
Security deposits with related parties which have significant increase in credit risk				
Security deposits with related parties	-	-	6.67	-
	-	-	6.67	-
Less: Security deposits with related parties which have significant increase in credit risk (refer note 33)	-	-	(6.67)	-
Total	6.12	6.12	15.21	32.86

7 Other financial assets

Carried at amortised cost
(Unsecured, considered good unless otherwise stated)

	(Rs. in million)			
	Non-current		Current	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Unbilled revenue: (refer note 11(c))				
Unbilled revenue from related parties (refer note 30)	-	-	357.78	146.36
Other unbilled revenue	-	-	354.60	698.84
	-	-	712.38	845.20
Unbilled revenue from related parties which have significant increase in credit risk				
Unbilled revenue from related parties	-	-	49.61	-
	-	-	49.61	-
Impairment Allowance (allowance for bad and doubtful debts)				
Less: Unbilled revenue from related parties which have significant increase in credit risk (refer note 33)	-	-	(49.61)	-
(A)	-	-	712.38	845.20
Transmission charges receivable:				
Receivables from related parties (refer note 30)	-	-	45.24	110.35
Other receivables (refer note 26)	-	-	45.13	246.15
(B)	-	-	90.37	356.50
Non-current bank balance (refer note 12)	147.86	112.59	-	-
Interest accrued on fixed deposits	-	-	0.49	0.86
Other receivables from related parties (refer note 30)	-	-	2.56	2.56
(C)	147.86	112.59	3.05	3.42
Total other financial assets (A+B+C)	147.86	112.59	805.80	1,205.12

8(a) Deferred tax asset/(liability) (net)

	(Rs. in million)	
	March 31, 2021	March 31, 2020
Deferred tax liability		
Property, plant and equipment: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	(5,051.14)	(4,947.65)
Fair valuation of borrowing at inception and subsequently recorded at amortized cost	(21.73)	(25.18)
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis	42.12	28.81
Losses / unabsorbed depreciation available for offsetting against future taxable income	4,748.23	4,486.47
Others	87.22	56.14
Total	(195.30)	(401.41)



8(b). Income Tax

The Company is subject to income tax in India on the basis of financial statements. Business loss can be carried forward for a maximum period of eight assessment years immediately succeeding the assessment year to which the loss pertains. Unabsorbed depreciation can be carried forward for an indefinite period.

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

	(Rs. in million)	
	March 31, 2021	March 31, 2020
(a) Current tax	-	-
(b) Deferred tax charge / (credit) (net)	(206.88)	2,873.57
Total taxes	(206.88)	2,873.57

Reconciliation of taxes to the amount computed by applying the statutory income tax rate to the income before taxes is summarized below:

	(Rs. in million)	
	March 31, 2021	March 31, 2020
(Loss) / profit before tax	(840.16)	735.50
Computed tax charge on applicable tax rates in India	(211.45)	185.11
Deferred tax charge created on additional depreciation written off pursuant to introduction of section 115BAA of the Income-tax Act, 1961	-	2,414.12
MAT credit entitlement written off pursuant to introduction of aforementioned section	-	275.16
Tax effect of change in tax rate from 34.94% to 25.17% (refer note below)	-	(59.63)
Tax effect on permanent differences	6.01	5.86
Others	(1.44)	52.95
Total tax expenses	(206.88)	2,873.57

Note:

1. On September 20, 2019, the Taxation Laws (Amendment) Ordinance, 2019 ("ordinance") was passed introducing section 115BAA of the Income-tax Act, 1961 which allowed domestic Companies to opt for an alternative tax regime from FY 2019-20. As per the regime, Companies are allowed to pay reduced income tax @ 22% (plus surcharge and cess) subject to foregoing of certain exemptions which were earlier allowed. Central Board of Direct taxes vide circular no 29/2019 clarified that Companies opting for lower rates of taxes will not be allowed to offset brought forward losses on account of additional depreciation and carry forward MAT credit. Pursuant to the aforesaid amendment, the Company had opted for lower rate of tax and accordingly has reversed deferred tax asset on additional depreciation claimed by the Company and MAT credit existing as at March 31, 2019. Further the Company has restated the deferred tax assets and liabilities as on April 01, 2019 at the rate of 25.17%.

9 Other assets

	(Rs. in million)			
	Non-current		Current	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Capital advances				
Unsecured, considered good	0.44	0.44	-	-
(A)	0.44	0.44	-	-
Advances other than capital advances				
Unsecured, considered good	-	-	1.01	1.04
Receivable from related parties (refer note 30)	-	-	171.74	353.77
Receivable from others	-	-	172.75	354.81
Advances other than capital advances which have significant increase in credit risk				
Advances other than capital advances	-	-	9.10	-
	-	-	9.10	-
Less: Advances other than capital advances which have significant increase in credit risk				
	-	-	(9.10)	-
(B)	-	-	172.75	354.81
Other advances (Unsecured, considered good)				
Prepaid expenses	16.55	33.34	71.47	33.53
Balance with statutory / government authorities	3.60	8.82	-	-
(C)	20.15	42.16	71.47	33.53
Total other assets (A+B+C)	20.59	42.60	244.22	388.34

10 Inventories (valued at lower of cost and net realizable value)

	(Rs. in million)	
	March 31, 2021	March 31, 2020
Raw materials	27.10	855.16
Goods in transit	26.83	58.67
Stores and spares (net of provision for inventory obsolescence of Rs. 2.40 million (March 31, 2020: Rs. Nil))	314.73	291.74
Total inventories	368.66	1,205.57



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11. Trade receivables

	(Rs. in million)	
	March 31, 2021	March 31, 2020
Carried at amortised cost		
Unsecured, considered good		
Receivable from related parties (refer note 30)	1,809.10	1,757.13
Other trade receivables	4,625.78	2,756.40
(A)	6,434.88	4,513.53
Trade Receivables which have significant increase in credit risk		
Other trade receivables	96.75	37.35
(B)	96.75	37.35
Impairment Allowance (allowance for bad and doubtful debts)		
Less: Trade Receivables which have significant increase in credit risk (refer note 33)	(96.75)	(37.35)
(C)	(96.75)	(37.35)
Total trade receivables	(A+B+C) 6,434.88	4,513.53
Receivable from related parties:		
GETL	1,809.10	1,757.13
Total trade receivables	1,809.10	1,757.13

Notes:

a. Trade receivables are interest bearing @ 12% p.a. and are generally on terms up to 30 days.

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

c. The Company has claimed compensation for various "change in law" events including coal cost pass through, duties and taxes, carrying cost etc. from its customers under the Power Purchase Agreements ('PPA') and filed petitions with the regulatory authorities for settlement of such claims in favour of the Company. Based on certain interim favourable orders by Central Electricity Regulatory Commission ('CERC') the management is confident of settlement of claims (including interest thereon) made by the Company in its favour and has accordingly accounted Rs. 9,227.09 million till the period ended March 31, 2021 (including Rs. 817.57 million accounted during the year ended March 31, 2021). The Company has trade receivables and unbilled revenue of Rs. 7,147.26 million as at March 31, 2021, including Rs. 3,163.70 million receivable towards the aforementioned claims. The management of the Company based on its internal assessment and certain interim favourable regulatory orders, is of the view that the aforesaid balances are fully recoverable as at March 31, 2021 and accordingly, has not made any adjustments in the Ind AS financial statements for the year ended March 31, 2021.

d. The Company received notices from one of its customer disputing payment of capacity charges of Rs. 1,320.06 million for the period March 23, 2020 to June 30, 2020 as the customer had not availed power during the said period sighting force majeure on account of COVID 19 pandemic. The Company responded and clarified that the said situation is not covered under force majeure clause in view of the clarification by the Ministry of Power stating that Discoms will have to comply with the obligation to pay fixed capacity charges as per PPA. The customer is of the view that the aforesaid clarification by the Ministry of Power cannot override the terms of the PPA and continue to dispute the payment thereof. Also, the PPA with the customer expired in June 2020. Further, during the year ended March 31, 2021, the Company filed petition with CERC for settlement of the dispute. The management of the Company based on its internal assessment, legal expert advice and petition filed with CERC, is of the view that the aforesaid capacity charges are fully recoverable and have accordingly recognised the same as revenue during the year ended March 31, 2021.

12. Cash and cash equivalents

	(Rs. in million)			
	Non-current		Current	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Balances with banks				
- On current accounts	-	-	95.55	40.43
Cash on hand	-	-	0.02	0.13
(A)	-	-	95.57	40.56
Other bank balances				
-Restricted balances with banks ¹	147.86	112.59	-	-
(B)	147.86	112.59	-	-
Amount disclosed under other financial assets (refer note 7)	(147.86)	(112.59)	-	-
(C)	(147.86)	(112.59)	-	-
Total	(A+B+C)	-	95.57	40.56

1. A charge has been created over the deposits of Rs. 147.86 million (March 31, 2020: Rs. 112.59 million) towards various bank guarantees, long-term and short-term borrowings availed by the Company.

2. Balances with banks on current accounts does not earn interest.

3. For the purpose of statement of cash flows, cash and cash equivalents is same as above.

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13. Equity Share Capital

Equity Shares		Preference Shares	
In Numbers	(Rs. in million)	In Numbers	(Rs. in million)
90,00,00,000	9,000.00	20,00,00,000	2,000.00
-	-	-	-
90,00,00,000	9,000.00	20,00,00,000	2,000.00
-	-	-	-
90,00,00,000	9,000.00	20,00,00,000	2,000.00

Authorised share capital:

As at April 01, 2019
Increase/(decrease) during the year
As at March 31, 2020
Increase/(decrease) during the year
As at March 31, 2021

a. Issued share capital

(i) Equity shares of Rs. 10 each issued, subscribed and fully paid (refer note 30)

As at April 01, 2019
Changes during the year
As at March 31, 2020
Changes during the year
As at March 31, 2021

In Numbers	(Rs. in million)
87,00,00,000	8,700.00
-	-
87,00,00,000	8,700.00
-	-
87,00,00,000	8,700.00

(ii) 0.001% Non-Cumulative Non-Participating Compulsorily Convertible Preference shares ('CCPS')

As at April 01, 2019
Changes during the year
As at March 31, 2020
Changes during the year
As at March 31, 2021

In Numbers	(Rs. in million)
17,00,08,060	1,700.08
-	-
17,00,08,060	1,700.08
-	-
17,00,08,060	1,700.08

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Every member holding equity share therein shall have voting rights in proportion to the member's share of the paid up equity share capital. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will 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 equity shareholders.

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

During the year ended March 31, 2019, the Company had converted 75,000,000 NCPS of Rs. 10/- each fully paid-up at par aggregating to Rs. 750.00 million in to 75,000,000 number of 0.001% Non-Cumulative Non-Participating Compulsorily Convertible Preference Shares ('CCPS') of Rs. 10 each fully paid up at par aggregating to Rs. 750.00 million.

Further, during the year ended March 31, 2019, pursuant to the approval of the Board of Directors, the Company had issued 95,008,060 CCPS of Rs. 10/- each at a premium of Rs. 2.42/- per share to GMR Energy Limited (total face value of Rs. 950.08 Million) by way of conversion of the sub-ordinated debts and inter-corporate deposits.

CCPS carries preferential dividend at the rate of 0.001% p.a. subject to availability of profits and lenders' consent. The preferential dividend is non-cumulative and shall be due only when declared by the Board. Each CCPS shall have one vote at the meeting of CCPS holders.

Further, in case the dividend on CCPS is not paid for two years or more, the holders of the CCPS shall be entitled to receive notice of and vote on all matters that are submitted to the vote of the Shareholders of the Company (including the holders of equity shares) in terms of section 47 of the Companies Act 2013.

Each CCPS will be converted into equity shares at any time at the option of the holder of CCPS or the Company. Subject to compliance with applicable laws, each CCPS shall automatically be converted into equity shares at the expiry of 15 years from the CCPS respective issue dates.

The number of equity shares issuable pursuant to the conversion of CCPS shall be in the ratio of 1:1.

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GMR Warora Energy Limited
Corporate Identity Number (CIN) : U40100MH2005PLC155140
Notes to the Ind AS financial statements for the year ended March 31, 2021

d. Shares held by Holding /Ultimate Holding Company and/ or their subsidiaries/ associates.
Out of the equity share issued by the Company, share held by its Holding company are as below:

Name of Shareholder	March 31, 2021		March 31, 2020	
	No. of shares held	(Rs. in million)	No. of shares held	(Rs. in million)
GMR Energy Limited - Holding Company Equity shares of Rs. 10 each, fully paid up	87,00,00,000	8,700.00	87,00,00,000	8,700.00
GMR Energy Limited - Holding Company 0.001% Non-Cumulative Non-Participating Compulsorily Convertible Preference Shares (CCPS)	17,00,08,060	1,700.08	17,00,08,060	1,700.08

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

Name of Shareholder	March 31, 2021		March 31, 2020	
	No. of shares held	% holding in class	No. of shares held	% holding in class
GMR Energy Limited - Holding Company Equity shares of Rs. 10 each, fully paid up	87,00,00,000	100.00%	87,00,00,000	100.00%
GMR Energy Limited - Holding Company 0.001% Non-Cumulative Non-Participating Compulsorily Convertible Preference Shares (CCPS)	17,00,08,060	100.00%	17,00,08,060	100.00%

f. As per records of the Company including its register of shareholders/ members, the above share holding represents both legal and beneficial ownership of shares.

g. Shares reserved for issue under option:

For details of shares reserved for issue on conversion of CCPS, please refer note 13 (c).

h. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date.

Refer note 13 (c).

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14. Other equity

Debt redemption reserve¹		(Rs. in million)
Balance at the beginning and end of the year	(A)	187.50
Securities premium²		
Balance at the beginning and end of the year	(B)	229.92
Retained earnings³		
Balance as at April 01, 2019		(4,268.72)
(Loss)/ profit for the year		(2,138.07)
Re-measurement gains / (losses) on defined benefit plans		(0.82)
Balance as at March 31, 2020		(6,407.61)
(Loss)/ profit for the year		(633.28)
Re-measurement gains / (losses) on defined benefit plans		2.28
Balance as at March 31, 2021	(C)	(7,038.61)
0.001% Non-Cumulative Non-Participating Compulsorily Convertible Preference shares ('CCPS') (refer notes 13(c) and 30)		
Balance at the beginning and end of the year	(D)	1,700.08
Total other equity	(A+B+C+D)	
Balance as at April 01, 2019		(2,151.22)
Balance as at March 31, 2020		(4,290.11)
Balance as at March 31, 2021		<u>(4,921.11)</u>

1. The Company had issued redeemable non-convertible debentures. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (as amended), require the Company to create DRR out of profits of the Company available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures issued over the life of the debentures issued.

2. Securities premium is used to record the premium on issue of shares and is utilised in accordance with the provisions of the Companies Act, 2013.

3. Retained earnings are profits/(losses) of the Company till date net of appropriations.

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15 Financial liabilities - Borrowings (at amortised cost)

	(Rs. in million)			
	Non-current		Current	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Long-term borrowings:				
Debentures				
750 (March 31, 2020: 750) Non-convertible debentures of Rs.1,000,000 each (secured) ¹	-	-	748.24	747.63
Term loans				
From banks				
Indian rupee term loans (secured) ^{2, 3(a), 3(b), 3(c), 3(d), 3(e), 3(f)}	25,350.20	25,811.26	2,562.02	1,486.15
From financial institutions				
Indian rupee term loans (secured) ^{4, 6, 7}	129.87	292.22	250.00	150.00
Short-term borrowings:				
Cash credit loan from bank (secured) ^{5, 7}	-	-	3,222.33	3,064.57
	25,480.07	26,103.48	6,782.59	5,448.35
The above amount includes				
Secured borrowings	25,480.07	26,103.48	6,782.59	5,448.35
Unsecured borrowings	-	-	-	-
Less: Amount clubbed under "Other financial liabilities" (refer note 16)	-	-	(3,560.26)	(2,383.78)
Total financial liabilities - borrowings	25,480.07	26,103.48	3,222.33	3,064.57

1. During the year ended March 31, 2015, the Company had issued 750 secured, rated, listed, redeemable, Non Convertible Debentures (NCD) of the face value of Rs. 1,000,000/- each which are listed on Bombay Stock Exchange. The secured NCD carries coupon rate of 12.00% per annum (March 31, 2020: 14.40%) payable semi-annually. Additionally, these debentures carry an additional coupon rate to the extent of 0.25% p.a. payable for every notch below agreed rating of NCD.

Apart from the securities mentioned in note 15(6) below, these debentures are secured by way of (i) pledge of shares of at least 51% of the total equity shareholding together with all accretions thereon of the Company held by the Holding Company (ii) corporate guarantee of the Holding Company (iii) pledge of 37.50 million shares of GMR Bajoli Holi Hydropower Private Limited ('GBHHPL') held by the Holding Company. The securities as stated in (i) and (ii) above and note 15(6) shall rank pari-passu inter-se amongst the rupee term loan lenders, working capital lenders and bond holders as per the base case business plan as approved by the lenders. These debentures were redeemable in 3 equal instalments commencing from September 2022.

The Debenture holders had a put option for full facility amount exercisable on or by September 25, 2019. During the year ended March 31, 2020, the debenture holders had exercised the put option for immediate repayment of the full amount. However, the debenture holders had agreed to defer the repayment for a period of 1 year till September 25, 2020 based on the request of the Company. The aforesaid deferral of repayment has been further extended by the debenture holders for a period of 1 year up to September 25, 2021 based on the request of the Company.

2. Indian rupee term loan from banks of Rs. 25,942.67 million (March 31, 2020: Rs. 25,295.18 million) carries interest @ Lead Banker's 1 Year Marginal Cost of Funds based Lending Rates ('MCLR') plus spread of 3.15% p.a. (March 31, 2020: Lead Banker's 1 Year MCLR plus spread of 3.15% p.a.) and interest is payable on a monthly basis. Apart from the securities mentioned in note 15(6) below, these Indian rupee term loans are secured by way of pledge of shares of at least 51% of the total equity shareholding together with all accretions thereon of the Company held by the Holding Company. 72% of the loan was repayable in fifty four structured quarterly instalments commencing June, 2016 and ending on September 30, 2029 and remaining 28% of loan was repayable in a single bullet by way of refinancing in September, 2029.

During the year, the Reserve Bank of India ('RBI') had granted relief to borrowers by way of moratorium of interest and principal instalments falling due to banks and financial institution during the period March 2020 till August 2020 ('RBI Moratorium Relief'). Accordingly, with respect to principal repayments, the revised repayment schedules have been drawn and the tenor of the aforesaid loans have been increased by six months, i.e., up to March 2030, except for one bank wherein the tenor has been increased by three months i.e. up to December 2029. Further, interest expenses of Rs. 1,503.70 million for the said moratorium period has been converted into Funded Interest Term Loans (FITL) and is payable in two equal quarterly instalments at the end of the tenor of the loan.

3(a). Indian rupee term loan from a bank of Rs. 168.65 million (March 31, 2020: Rs. 261.90 million) carries interest @ lender's 1 Year MCLR plus spread of 4.05% p.a. (March 31, 2020: lender's 1 Year MCLR plus spread of 3.00% p.a.) and interest is payable on a monthly basis. The loan was repayable in 20 equal quarterly instalments commencing from July 31, 2016 and ending on April 30, 2021. Pursuant to the RBI Moratorium Relief as stated in note 15(2) above, the revised repayment schedules have been drawn and the tenor of the aforesaid loan has been increased by 6 months i.e., up to October 31, 2021 and interest expenses of Rs. 16.72 million has been converted into FITL which is payable in equal quarterly instalments commencing from October 31, 2020 and ending on October 31, 2021.

3(b). Indian rupee term loan from a bank of Rs. 843.95 million (March 31, 2020: Rs. 816.29 million) carries interest @ base rate of lender plus spread of 4.15% p.a. (March 31, 2020: base rate of lender plus spread of 4.15% p.a.) and interest is payable on a monthly basis. The loan is repayable in 31 structured quarterly instalments commencing from September 30, 2017 and ending on March 31, 2025. Pursuant to the RBI Moratorium Relief as stated in note 15(2) above, the revised repayment schedules have been drawn and the tenor of the aforesaid loan has been increased by 6 months i.e., up to September 30, 2025 and interest expenses of Rs. 51.07 million has converted into FITL which is payable in quarterly instalments commencing from September 30, 2020 and ending on September 30, 2025.

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GMR Warora Energy Limited

Corporate Identity Number (CIN): U40100MH2005PLC155140

Notes to the Ind AS financial statements for the year ended March 31, 2021

3(c). Indian rupee term loan from a bank of Rs. 956.95 million (March 31, 2020: Rs. 924.04 million) carries interest @ base rate of lender plus spread of 2.30% p.a. (March 31, 2020: base rate of lender plus spread of 2.30% p.a.) and interest is payable on a monthly basis. The loan is repayable in 74 structured quarterly instalments commencing from June 30, 2016 and ending on March 31, 2034. Pursuant to the RBI Moratorium Relief as stated in note 15(2) above, the revised repayment schedules have been drawn and the tenor of the aforesaid loan has been increased by 6 months i.e., up to September 30, 2034 and interest expenses of Rs. 49.73 million has converted into FITL which is payable in quarterly instalments commencing from September 30, 2020 and ending on September 30, 2034.

3(d). Apart from the securities mentioned in note 15(6) below, the above loans mentioned in paras 3(a), 3(b) and 3(c) are secured by first ranking pari passu or subservient charge/mortgage/hypothecation over the below described assets in favour of lender or security trustee, as applicable:

- (i) exclusive pledge of equity shares of GIL such that the shares pledge provides a cover of 2.0 times over the outstanding loan amount,
- (ii) pledge of shares of at least 23% of the total equity shareholding together with all accretions thereon of the Company held by the Holding Company,
- (iii) pledge of 26% of the equity shares of GMR Vemagiri Energy Limited ('GVPEL') held by the Holding Company.

4. Indian rupee term loan from a financial institution of Rs. 379.87 million (March 31, 2020: Rs. 442.22 million) carries interest @ rate of 13.00% p.a. (March 31, 2020: 13.00% p.a.) and interest is payable on a monthly basis. Apart from the securities mentioned in note 15(6) below, these Indian rupee term loans are secured by way of pledge of shares of at least 51% of the total equity shareholding together with all accretions thereon of the Company held by the Holding Company. The loan is repayable in 20 equal quarterly instalments commencing from June 30, 2017 and ending on March 31, 2022. Pursuant to the RBI Moratorium Relief as stated in note 15(2) above, the revised repayment schedules have been drawn and the tenor of the aforesaid loan has been increased by 6 months i.e., up to September 30, 2022 and interest expenses of Rs. 30.31 million has converted into FITL which is payable in two equal quarterly instalments on June 30, 2022 and September 30, 2022.

5. Apart from the securities mentioned in note 15(6) below, Cash Credit loans from bank are secured by way of pledge of shares of at least 51% of the total equity shareholding together with all accretions thereon of the Company held by the Holding Company. Cash Credit Loans are repayable on demand and carries an interest rate ranging between 11.10% to 11.75% (March 31, 2020: 11.10% to 11.75%).

6. The above borrowings are secured by way of:

- (i) first pari-passu charge by way of mortgage on all immovable properties (owned and leased subject to provisions of extant laws in relation to Revenue Land) together with all the buildings and structures and appurtenances thereon, present and future, of the Company, pertaining to the project.
- (ii) first pari-passu charge by way of hypothecation of all the Company's movable property including movable plant and machinery, spares, tools, accessories, furniture, fixtures, vehicles and other movable assets both present and future of the Borrower pertaining to the Project.
- (iii) first charge cum assignment of all project related documents, contracts, rights, interests, insurance policies, permits/approvals and all benefits incidental to the project.
- (iv) first charge on book debts, operating cash flows, receivables, commissions, revenue of whatsoever nature and wherever arising, present and future, intangibles, goodwill, present and future of the Company.
- (v) first charge by way of hypothecation on all the current assets of the Company present and future.
- (vi) first charge on all the Project's bank accounts including but not limited to DSRA and the Trust & Retention Account (TRA) opened in a designated bank, where all cash inflows of the Project shall be deposited and all proceeds shall be utilised in a manner that the priority is decided by the lenders.
- (vii) first charge cum assignment of all the Company's rights and interests under Letter of Credit or such other security to be provided by the procurer of power under the terms of the PPA in favour of the Company, guarantee or performance bond provided by any party for any contract in favour of the Company pertaining to the Project.

7. As at March 31, 2021, the Company defaulted in the principal repayment and payment of interest, details of which are as under:

Nature	Particulars	March 31, 2021 (Rs. in million)	Period of Default (No. of Days)
Repayment of Principal	Indian Rupee term loans from banks	487.50	0-30
	Indian Rupee term loans from financial institution	50.00	0-30
Payment of Interest	Indian Rupee term loans from banks	521.07	0-60
	Indian Rupee term loans from financial institution	8.15	0-60
	Short-term borrowings	10.71	0-30

Further, the Company is not in compliance with the financial covenants as stated in the loan agreements and as detailed in note 39(b), the Company, basis the requisite approval of the lenders, has invoked resolution process as per Resolution Framework for COVID-19 related stress prescribed by the Reserve Bank of India ('RBI') on December 30, 2020 and consequently, all the lenders of the Company have entered into an Inter Creditors Agreement ('ICA') on January 21, 2021.

8. Also, refer note 33(c)(iii).

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16 Other financial liabilities

(Rs. in million)	
Current	
March 31, 2021	March 31, 2020
3,560.26	2,383.78
541.97	273.04
127.51	99.06
31.19	29.58
626.10	734.93
4,887.03	3,520.39

Other financial liabilities recognised at amortised cost

Current maturities of long-term borrowings (refer note 15)

Interest accrued on borrowings (refer note 15 (8))

Accrued salaries and benefits

Payable towards capital goods (including retention money) - related parties (refer note 30)

Payable towards capital goods (including retention money) - others (including Rs. 12.07 million (March 31, 2020: Rs. 16.80 million) as dues of micro enterprises and small enterprises) (refer note 18(2))

Total other financial liabilities

17 Provisions

(Rs. in million)			
Long-term		Short-term	
March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
-	-	55.38	58.88
0.59	0.58	4.24	4.14
-	-	-	6.86
60.96	56.56	-	-
61.55	57.14	59.62	69.88

Note:

1. Details of rebates and asset retirement obligation/ decommissioning liability

As at April 01, 2019

Provision made during the year

Provision utilised/reversed during the year

Notional interest on account of unwinding of financial liabilities

As at March 31, 2020

Provision utilised/reversed during the year

Notional interest on account of unwinding of financial liabilities

As at March 31, 2021

Balances as at March 31, 2020

Current

Non-current

Balances as at March 31, 2021

Non-current

(Rs. in million)		
Provision for prompt payment rebate	Provision for asset retirement obligations / decommissioning liability	Total
2.81	52.45	55.26
248.47	-	248.47
(244.42)	-	(244.42)
-	4.11	4.11
6.86	56.56	63.42
(6.86)	-	(6.86)
-	4.40	4.40
-	60.96	60.96
6.86	-	6.86
-	56.56	56.56
-	60.96	60.96

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18 Financial liabilities - Trade payables

	(Rs. in million)	
	Current	
	March 31, 2021	March 31, 2020
Carried at amortised cost		
Total outstanding dues of micro enterprises and small enterprises ^{1,2}	(a) 55.27	30.05
Total outstanding dues of creditors other than micro enterprises and small enterprises ¹		
- Trade payables to related parties (refer note 30)	515.94	426.89
- Trade payables to others	606.53	1,291.21
(b)	1,122.47	1,718.10
Total trade payables	(a+b) 1,177.74	1,748.15

1. Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing.
- For explanations on the Company's credit risk management processes, refer note 33.
- The dues to related parties are unsecured.

2. Trade payables include due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2016). Amount due to suppliers under the MSMED Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with and filings made by the Company. The Company has not received any claim for interest from any supplier as at the balance sheet date. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the MSMED Act 2006 is not expected to be material. The disclosure pursuant to the said Act is as under:

	(Rs. in million)	
	March 31, 2021	March 31, 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
- Principal amount due to micro and small enterprises (Includes Rs. 12.07 million (March 31, 2020 Rs. 16.80 million) disclosed under other financial liabilities: payable towards capital goods - others)	67.34	46.85
- Interest thereon	6.79	4.91
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	2.57	3.34
The amount of interest accrued and remaining unpaid at the end of each accounting year.	9.36	8.25
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	18.47	9.11

19 Other liabilities

	(Rs. in million)	
	Current	
	March 31, 2021	March 31, 2020
Advances from customers (refer note 30)	0.44	1.38
Statutory dues payable	39.09	33.44
Total other liabilities	39.53	34.82

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20 Revenue from operations

Income from sale of electrical energy (refer notes 11(c), 11(d) and 30)

(Rs. in million)	
March 31, 2021	March 31, 2020
14,773.27	18,442.86
14,773.27	18,442.86

- Sale of electrical energy is net of prompt payment rebate of Rs. Nil (March 31, 2020 Rs. 248.47 million).

Notes to revenue from operations:

a) Income from sale of electrical energy is recognised net of cash discount / rebates over time for each unit of electricity delivered.

b) Reconciliation of revenue recognised in the statement of profit and loss with contracted price

Particulars	March 31, 2021	March 31, 2020
Income from sale of electrical energy	14,773.27	18,442.86
Add: Rebates	-	248.47
Total Revenue as per Contracted Price	14,773.27	18,691.33

c) Contract balances:

c) Contract balances:		(Rs. in million)	
		As at	
Particulars		March 31, 2021	March 31, 2020
Trade receivables			
- Current (gross)		6,531.63	4,550.88
- Impairment allowance		(96.75)	(37.35)
Contract assets			
Unbilled revenue			
- Current (gross)		761.99	845.20
- Impairment allowance		(49.61)	-
Contract liabilities			
Advance from customers			
- Current		0.44	1.38

Transaction Price - Remaining Performance Obligation

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognised as at the end of the reporting period and an explanation as to when the Company expects to recognise these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts as the revenue recognised corresponds directly with the value to the customer of the entity's performance completed to date.

21(a) Other income

Gain on account of foreign exchange fluctuations (net)
Net gain on de-recognition of right-of-use assets and lease liabilities (refer note 32)
Provisions/liabilities no longer required, written back
Miscellaneous income

(Rs. in million)	
March 31, 2021	March 31, 2020
14.71	-
8.39	-
11.29	8.61
19.97	37.51
54.36	46.12

21(b) Finance income

Interest income on bank deposits

(Rs. in million)	
March 31, 2021	March 31, 2020
5.89	8.99
5.89	8.99

22 Consumption of fuel

Inventory at the beginning of the year (including Goods in transit)
Add: Purchases
Less: Inventory at the end of the year (including Goods in transit)

(Rs. in million)	
March 31, 2021	March 31, 2020
913.83	444.47
7,583.02	9,781.04
8,496.85	10,225.51
(513.93)	(913.83)
8,442.92	9,311.68

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23 Employee benefit expenses

	(Rs. in million)	
	March 31, 2021	March 31, 2020
Salaries, wages and bonus	375.00	408.76
Contribution to provident and other funds (refer note 31)	25.05	28.30
Gratuity expenses (refer note 31)	4.66	4.58
Staff welfare expenses	2.67	5.85
	407.38	447.49

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective. Based on a preliminary assessment, the entity believes the impact of the change will not be significant.

24 Finance costs

	(Rs. in million)	
	March 31, 2021	March 31, 2020
Interest expenses (refer notes 15, 30 and 32(I))	3,824.86	3,996.44
Other borrowing costs	80.99	89.50
	3,905.85	4,085.94

25 Depreciation and amortisation expenses

	(Rs. in million)	
	March 31, 2021	March 31, 2020
Depreciation of property, plant and equipment (refer note 3)	1,182.82	1,192.70
Depreciation of right-of-use assets (refer note 32)	11.88	19.30
Amortisation of intangible assets (refer note 4)	3.21	0.38
	1,197.91	1,212.38



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26 Transmission charges

Transmission and distribution charges (net of reimbursement as stated below)⁽ⁱ⁾ (refer note 30)

(Rs. in million)	
March 31, 2021	March 31, 2020
740.65	1,122.78
740.65	1,122.78

Note:

(i) The Company has a PPA with Maharashtra State Electricity Distribution Company Limited ('MSEDCL') for sale of power for an aggregate contracted capacity of 200 MW. MSEDCL disputed place of evacuation of power with Maharashtra Electricity Regulatory Commission ('MERC'), wherein MERC has directed the Company to construct separate lines for evacuation of power through State Transmission Utility ('STU') though the Company was connected to Central Transmission Utility ('CTU'). Aggrieved by the MERC Order, the Company preferred an appeal with Appellate Tribunal for Electricity ('APTEL'). APTEL vide its interim Order dated February 11, 2014 directed the Company to start scheduling the power from the Company's bus bar and bear transmission charges of inter-state transmission system towards supply of power. The Company in terms of the interim order scheduled the power from its bus bar from March 17, 2014 and paid inter-state transmission charges. APTEL vide its final Order dated May 8, 2015 upheld the Company's contention of scheduling the power from bus bar and directed MSEDCL to reimburse the inter-state transmission charges hitherto borne by the Company as per its interim order. Accordingly, as at March 31, 2021, the Company has raised claim of Rs. 6,115.79 million towards reimbursement of transmission charges from March 17, 2014 till March 31, 2021. MSEDCL preferred an appeal with Hon'ble Supreme Court of India and the matter is pending conclusion. Pursuant to notification No. L-1/250/2019/CERC, the transmission charges (other than the deviation charges) is being directly billed to the respective customers (DISCOMS) by Power Grid Corporation of India Limited and accordingly the Company has not received transmission charges (other than the deviation charges) related invoices for the period December 2020 to March 2021. Though there is a change in the invoicing mechanism, the final obligation towards the transmission charges will be decided based on the order of the Hon'ble Supreme Court of India as stated above.

In view of the favourable Order from APTEL, rejection of stay petition of MSEDCL by the Hon'ble Supreme Court of India, receipt of substantial amounts towards reimbursement of transmission charges and legal expert advice, the Company has recognized the reimbursement of transmission charges of Rs. 6,115.79 million from March 17, 2014 to March 31, 2021 (including Rs. 758.13 million for the year ended March 31, 2021) as reduction in the cost of transmission in the Statement of profit and loss. Further the cost of transmission with effect from December 2020, directly invoiced by Power Grid Corporation of India Limited to DISCOMS has been disclosed as contingent liability pending the final outcome of the matter in the Hon'ble Supreme Court of India.

27 Other expenses

Repairs and maintenance (refer note 30)
Legal and professional fees (includes payment to auditor (refer details below) and (refer note 30))
Consumption of stores and spares
Insurance
Rates and taxes
Impairment allowance (including trade advances written off) (refer note 30)
Lease rent (refer notes 30 and 32)
Corporate social responsibility expenses (refer notes 30 and 35)
Electricity and water expenses (refer note 30)
Loss on account of foreign exchange fluctuations (net)
Loss on sale of property, plant and equipment (net)
Miscellaneous expenses
Total other expenses

(Rs. in million)	
March 31, 2021	March 31, 2020
490.89	442.52
127.06	127.86
96.68	104.13
46.86	67.44
4.85	19.30
124.78	62.76
12.95	20.64
23.88	23.29
21.09	23.49
-	2.68
1.66	4.10
28.27	79.16
978.97	977.37

a) Payment to auditors (exclusive of applicable taxes)

As auditor:
Audit fee (including fees for internal controls over financial reporting and quarterly limited reviews)

In other capacity
Other services (including certification fees)
Reimbursement of expenses

(Rs. in million)	
March 31, 2021	March 31, 2020
3.00	3.00
2.20	0.49
0.21	0.19
5.41	3.68



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28. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit/ loss for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a right issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources. Further, equity shares that will be issued upon mandatory conversion of CCPS are included in the calculation of basic EPS from the date the contract is entered into.

Diluted EPS is calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential ordinary shares into equity shares.

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

Particulars	(Rs. in million)	
	March 31, 2021	March 31, 2020
Face value of equity shares (Rs. per share)	10	10
(Loss)/ profit attributable to equity shareholders	(633.28)	(2,138.07)
Weighted average number of equity shares (including CCPS) for calculation of:		
Basic earning per share (EPS)	1,04,00,08,060	1,04,00,08,060
Diluted earning per share (EPS)	1,04,00,08,060	1,04,00,08,060
Earning per share (EPS)		
(a) Basic EPS (in Rs. per share)	(0.61)	(2.06)
(b) Diluted EPS (in Rs. per share)	(0.61)	(2.06)

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29. Significant accounting judgements, estimates and assumptions

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

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

Significant judgements and estimates relating to the carrying values of assets and liabilities include impairment of non-financial assets including property, plant and equipment, provision for employee benefits and other provisions, recoverability of deferred tax assets, revenue recognition from change in law and coal pass through and realisation thereof, commitments and contingencies, useful life of property, plant and equipment.

(i) Significant judgements

a. Going concern assessment

The Company has incurred losses including cash losses during the year, which has resulted in substantial erosion of the Company's net worth and its current liabilities exceed its current assets. For the reasons stated in note 1.1, the Ind AS financial statements continues to be prepared on a going concern basis.

b. Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount of property, plant and equipment is higher of its fair value less costs of disposal and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. The valuation assessment includes certain key assumptions such as fully utilizing the untied capacity of 200 MW resulting from the expiry of existing PPA with one of its customers in June 2020, conclusion and timely realisation of claims with Discoms currently under dispute for various change in law events as detailed in notes 11(c) and (d), enhancement in the operational performance of the plant including ramp up in generation and availability of coal with higher gross calorific value at competitive rates, decline in interest rates, restructuring of loans as detailed in note 39(b). Any subsequent changes to cash flow due to changes in the above mentioned factors could impact the carrying value of the assets. Also refer note 39.

b. Revenue recognition and receivables thereof

The Company is eligible for claims under various Change in Law events which are having cost implications on generation and supply of power such as duties and taxes, incremental cost of power generation, etc., due to purchase of alternative coal in terms of frame work of Power Purchase Agreements entered by the Company with various Discoms and carrying cost thereof. Such claims are accounted by the Company based on best estimates including orders / reports of Regulatory Authorities, which may be subject to adjustments on receipt of final orders of the respective Regulatory Authorities or final closure of the matter with the customers.

The recognition and measurement of such claims on account of change in law events and carrying costs thereof, involves management judgement and estimation of operational / cost parameters based on qualitative parameters and are subject to final acceptance of the claims by the respective Discoms.

The Company estimates the credit allowance as per practical expedient based on historical credit loss experience as enumerated in note 33. Also refer note 39

i) 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.

a. Taxes

Deferred tax assets for unutilised tax losses and tax depreciation are recognised to the extent that it is probable that taxable profit will be available against which the same can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Deferred tax asset is recognised to the extent of the corresponding deferred tax liability. Refer note 8 for further disclosures.

b. Defined benefit plans (gratuity benefits)

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

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

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

Further details about gratuity obligations are given in note 31

c. Contingencies

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

d. Useful lives of property, plant and equipment

In case of the power plant assets, useful life of the components of property, plant and equipment taking into account the nature of the assets, the estimated usage of the asset, the operating condition of the asset, anticipated technological changes, manufacturer warranties and maintenance support. Further, depreciation on components is provided based on the useful life of each such component based on technical assessment, if materially different from that of the main asset.



30. Related parties

a) Names of related parties and description of relationship:

Description of relationship	Name of the related parties
Enterprises that control the Company	GMR Energy Limited [GEL], the Holding Company
Transactions with enterprises that jointly control the Holding Company and its subsidiaries and joint ventures / associates where transactions have taken place during the current year / previous year.	GMR Enterprises Private Limited [GEPL] GMR Infrastructure Limited [GIL] Raxa Security Services Limited [RSSL] GMR Corporate Affairs Private Limited [GCAPL] GMR Energy Trading Limited [GETL] Delhi International Airport Limited [DIAL] GMR Infrastructure (Singapore) PTE Limited [GISPL] GMR Power Corporation Limited [GPCL] GMR Pochanpalli Expressways Limited [GPEL] GMR Kamalanga Energy Limited [GKEL] GMR Aviation Private Limited [GAPL]
Enterprise where key management personnel or their relative exercise significant influence and where transactions have taken place during the year / previous year.	GMR Varalakshmi Foundation [GVF]
Key management personnel and their relatives	Mr. Srinivas Bonmidala - Managing Director Mr. Ashis Basu - Whole Time Director Mr. Sanjay Narayan Barde - Whole Time Director Mr. Dhananjay Vasantrao Deshpande - Whole Time Director Mrs. Meena Raghunathan - Director [resigned w.e.f. November 21, 2020] Mrs. Kavitha Gudapati - Director [appointed w.e.f., February 20, 2021] Mr. Subodh Kumar Goel - Independent Director Dr. Mundayat Ramachandran - Independent Director Mr. Srinivasachari Rajagopal - Director [appointed w.e.f., March 27, 2020] Mr. Ashish Vinay Deshpande - Chief Financial Officer Mr. Sanjay Kumar Babu - Company Secretary

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GMR Warora Energy Limited
Corporate Identity Number (CIN) : U40100MH2005PLC155140
Notes to the Ind AS financial statements for the year ended March 31, 2021

30 b) Summary of transactions and outstanding balances with above related parties are as follows:

		(Rs. in million)	
Particulars		March 31, 2021	March 31, 2020
i) Purchase of coal			
- GISPL		-	11.29
ii) Payment of lease rentals (including electricity charges)			
- DIAL		12.95	26.36
iii) Repairs and maintenance (including coal handling expenses)			
- GEL		221.36	204.25
- GPCL		-	0.48
- GCAPL		-	8.02
iv) Finance Cost (including delayed payment charges on power purchases)			
- GETL		-	57.83
v) Purchase of electrical energy			
- GETL		-	604.83
vi) Legal and professional fees			
- GIL		52.77	62.09
vii) Income from sale of electrical energy			
- GETL		8,173.97	4,952.86
viii) Rebate for prompt payment			
- GETL		-	27.69
ix) Corporate social responsibility expenses (refer note 35)			
- GVF		9.43	13.69
x) Reimbursement of expenses to			
- GETL (transmission charges on open exchange sales)		326.15	68.46
- GAPL		-	0.71
xi) Reimbursement of transmission charges from			
- GETL (transmission charges on PPA sales)		251.80	380.86
xii) Security service charges			
- RSSL		46.25	51.95
xiii) Impairment allowance			
- GETL		49.61	-
- GCAPL		6.67	-
xiv) Net gain on de-recognition of right-of-use assets and lease liabilities			
- DIAL		8.39	-
xv) Other expenses			
- GPCL (Rs. 9.310 (March 31, 2020: Rs Nil)		0.01	-
xvi) Expenses include the following remuneration to the Key Management Personnel			
a) Remuneration to key managerial personnel			
Mr. Srinivas Bommidala		29.13	30.98
Mr. Ashis Basu		22.20	23.50
Mr. Sanjay Narayan Barde		25.99	27.69
Mr. Dhananjay Vasant Rao Deshpande		8.78	9.73
Mr. Ashish Vinay Deshpande		3.91	3.58
b) Sitting fees to Directors:			
Mr. Subodh Kumar Goel		0.17	0.19
Mr. Srinivasachari Rajagopal		0.09	-
Dr. Mundayat Ramachandran		0.17	0.19



30 c) Outstanding balances as at the year ended:

		(Rs. in million)	
Particulars		March 31, 2021	March 31, 2020
i) Security deposits (net of impairment allowance)			
- GCAPL		15.21	32.86
- RSSL		3.39	3.39
- GETL		2.73	2.73
ii) Trade receivables			
- GETL		1,809.10	1,757.13
iii) Payable towards capital goods and retention money			
- GEL		17.23	15.62
- GIL		13.96	13.96
iv) Unbilled revenue (net of impairment allowance)			
- GETL		357.78	146.36
v) Transmission and other receivables (including other advances)			
- GKEL		2.56	2.56
- GETL		45.24	110.35
- GISPL		1.01	1.04
vi) Trade payables			
- GEL		59.87	29.38
- GVF		6.10	5.18
- GIL		237.61	185.06
- RSSL		30.51	17.43
- GEPL		128.56	128.56
- GCAPL		-	10.98
- GPCL		0.16	0.16
- DIAL		50.32	47.40
- GCRPL		2.48	2.40
- GREL		0.33	0.33
- GPEL (Rs. 1.149 (March 31, 2020: Rs. Nil))		0.00	-
vii) Corporate Guarantees received from			
- GEL		750.00	750.00
viii) Advances from customers			
- GETL		-	1.38
ix) Equity share capital			
- GEL		8,700.00	8,700.00
x) CCPS			
- GEL		1,700.08	1,700.08
xi) Payable to Key managerial personnel			
Mr. Srinivas Bomiddala		19.40	19.40
Mr. GBS Raju		16.59	16.59

Notes:

- Remuneration to key managerial personnel does not include provision for gratuity, leave encashment expenses, superannuation and premium for personal accidental policy, as the same are determined for the Company as a whole.
- Certain assets and shares of related parties have been pledged against borrowings of the Company. Refer note 15.
- Certain Key management personnel have extended personal guarantees as security towards borrowings of the Company. Refer note 15.
- Refer note 31 for details of transfer of defined benefit obligation and plan assets by the Company to certain related parties on account of transfer of certain employees.
- Certain assets of the Company have been pledged against the borrowings of certain related parties.

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31. Employee benefits

Defined benefit plan

The Company has a defined benefit gratuity plan. 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) for each completed year of service.

The fund provides a capital guarantee of the balance accumulated and declares interest periodically that is credited to the fund account. Although we know that the fund manager invests the funds as per products approved by Insurance Regulatory and Development Authority of India and investment guidelines as stipulated under section 101 of Income Tax Act, the exact asset mix is unknown and not publicly available. The Trust assets managed by the fund manager are highly liquid in nature and we do not expect any significant liquidity risks. The Trustees are responsible for the investment of the assets of the Trust as well as the day to day administration of the scheme.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for gratuity benefit.

i. Net benefit expenses (recognized in the statement of profit and loss)

(Rs in million)		
Particulars	March 31, 2021	March 31, 2020
Current service cost	4.34	4.46
Net interest cost on defined benefit obligations/ (assets)	0.32	0.12
Net benefit expenses	4.66	4.58

ii. Remeasurement (gains)/ loss recognised in other comprehensive income:

(Rs in million)		
Particulars	March 31, 2021	March 31, 2020
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(3.10)	0.45
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	-	2.32
Actuarial (gain)/ loss arising during the year	(3.10)	2.77
Return on plan assets (greater)/ less than discount rate	0.05	(1.67)
Actuarial (gain)/ loss recognised in OCI	(3.05)	1.10

iii. Net defined benefit asset/ (liability)

(Rs in million)		
Particulars	March 31, 2021	March 31, 2020
Defined benefit obligation	(37.92)	(37.63)
Fair value of plan assets	33.09	32.91
Plan (liability)/ asset	(4.83)	(4.72)

iv. Changes in the present value of the defined benefit obligation are as follows:

(Rs in million)		
Particulars	March 31, 2021	March 31, 2020
Opening defined benefit obligation	37.63	36.14
Current service cost	4.34	4.46
Interest cost on the defined benefit obligation	2.49	2.62
Benefits paid	(2.10)	(3.61)
Acquisition cost/ (credit)	(1.34)	(4.74)
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(3.10)	0.45
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	-	2.32
Closing defined benefit obligation	37.92	37.64

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

(Rs in million)		
Particulars	March 31, 2021	March 31, 2020
Opening fair value of plan assets	32.91	36.91
Interest income on plan assets	2.17	2.50
Contributions by employer	1.50	0.18
Benefits paid	(2.10)	(3.61)
Return on plan assets (lesser)/ greater than discount rate	(0.05)	1.67
Acquisition cost/ (credit)	(1.34)	(4.74)
Closing fair value of plan assets	33.09	32.91

The Company expects to contribute Rs. 4.24 million (March 31, 2020: Rs. 4.14 million) towards gratuity fund in FY 2021-22.



vi. The following pay-outs are expected in future years:

(Rs in million)	
Particulars	March 31, 2021
March 31, 2022	4.24
March 31, 2023	4.25
March 31, 2024	8.10
March 31, 2025	3.01
March 31, 2026	2.76
March 31, 2027 to March 31, 2031	21.33

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (March 31, 2020: 10 years).

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

Particulars	March 31, 2021	March 31, 2020
Investments with insurer	100%	100%

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

Particulars	March 31, 2021	March 31, 2020
Discount rate (in %)	6.80%	6.80%
Salary escalation (in %)	6.00%	6.00%
Employee turnover	5.00%	5.00%
Mortality rate	Refer note 4 below	Refer note 4 below

Notes:

- Plan assets are fully represented by balance with the Life Insurance Corporation of India.
- The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.
- The estimates of future salary increase in compensation levels, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- As per Indian Assured Lives Mortality (2006-08) Ultimate (March 31, 2020 : Indian Assured Lives Mortality (2006-08) Ultimate)
- Plan characteristics and associated risks:
The Gratuity scheme is a Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The Plan design means the risks commonly affecting the liabilities and the financial results are expected to be:
 - Interest rate risk : The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
 - Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation.
 - Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

ix. A quantitative sensitivity analysis for significant assumption as at March 31, 2021 is as shown below:

(Rs in million)		
	March 31, 2021	March 31, 2020
Discount rate		
Impact on defined benefit obligation due to 1% increase in discount rate	(2.84)	(2.86)
Impact on defined benefit obligation due to 1% decrease in discount rate	3.31	3.34
Salary escalation rate		
Impact on defined benefit obligation due to 1% increase in salary escalation rate	3.13	3.07
Impact on defined benefit obligation due to 1% decrease in salary escalation rate	(2.74)	(2.67)
Attrition Rate		
Impact on defined benefit obligation due to 1% increase in attrition rate	0.21	0.20
Impact on defined benefit obligation due to 1% decrease in attrition rate	(0.23)	(0.23)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

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32. Lease, commitments and contingencies

I Leases

Operating lease: Company as a lessee

The Company has certain non-cancellable lease contracts in respect of leases for land and cancellable operating lease agreement for guest house and office spaces. Leases of land have lease term of 95 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. There are certain variable lease payments which are further discussed below.

The Company also has certain short-term leases for guest houses. The Company applies the 'short-term leases' recognition exemptions for these leases.

In case of land, the Company had been allotted lands under lease with a term of 95 years with an initial payment equivalent to the fair value of the land. The Company further has to pay fixed nominal amount of annual ground rent and service charges in the form of variable payments during the lease tenure. The lease can be further renewed for a period of 15 years.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Particulars	(Rs. in million)		
	Leasehold Land	Office Buildings	Total
As at April 01, 2019 (refer note 3)	347.12	76.39	423.51
Depreciation expenses	(4.00)	(15.30)	(19.30)
As at April 01, 2020	343.12	61.09	404.21
Depreciation expenses	(4.00)	(7.88)	(11.88)
De-recognition of right-of-use asset*	-	(53.21)	(53.21)
As at March 31, 2021	339.12	-	339.12

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Particulars	(Rs. in million)	
	Lease rental	
As at April 01, 2019	76.39	
Accretion of interest	8.50	
Payments	(17.68)	
As at April 01, 2020	67.21	
Additions	-	
Accretion of interest	3.89	
Payments	(9.50)	
De-recognition of lease liability*	(61.60)	
As at March 31, 2021	-	

*Lease arrangement with DIAL has been terminated w.e.f. October 01, 2020. Accordingly, the Company has derecognized the lease liability of Rs. 61.60 million and Right-of-use Assets of Rs. 53.21 million and has recognized a gain of Rs. 8.39 million in the Statement of Profit and Loss.

Particulars	(Rs. in million)	
	Amount	
As at March 31, 2020		
Current	19.08	
Non-current	48.13	

The maturity analysis of lease liabilities are disclosed in note 33.

The effective interest rate for lease liabilities is 12%.

The following are the amounts recognised in profit or loss:

Particulars	(Rs. in million)	
	March 31, 2021	March 31, 2020
Depreciation expenses of right-of-use assets	11.88	19.30
Interest expense on lease liabilities	3.89	8.50
Expense relating to short-term leases (included in other expenses)	12.95	20.64
Total amount recognised in profit or loss	28.72	48.44

The Company had total cash outflows for leases of Rs. 22.45 million (March 31, 2020: Rs. 38.32 million) in the year ended March 31, 2021.

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II Contingencies

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable. The Company believes that none of the contingencies described below would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

Particulars	(Rs. in million)	
	As at	
	March 31, 2021	March 31, 2020
Bank guarantees outstanding	1,127.68	1,465.58
Matters relating to direct taxes under dispute ⁵	73.76	73.76
Others ²	100.03	100.03

Others in addition to above

- The Company is subject to legal proceeding and claims relating to acquisition of land and other matters, which have arisen in the ordinary course of business. The Company has reviewed all its pending litigations and proceedings and is not carrying provisions for all the above mentioned amounts in its books of account, as the Company's management is confident of successfully litigating the matters and these are disclosed as contingent liability, where applicable in its Ind AS financial statements. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial condition.
- The Company had experienced certain delays and incurred cost overruns in the completion of construction of transmission lines during the project phase. During the year ended March 31, 2017, the vendor had invoked arbitration clause under the contract and claimed damages of Rs 100.00 million (approximately). Based on internal legal assessment, the management of the Company is confident that the claims raised by the vendors are not tenable and hence no adjustments have been made in the Ind AS financial statements.
- The aforesaid amounts under disputes are as per the demands from various authorities for the respective periods and has not been adjusted to include similar demands for any subsequent years and further interest and penalty leviable, if any, at the time of final outcome of the appeals.
- There are numerous interpretative issues relating to the Supreme Court (SC) judgement dated February 28th, 2019, on Provident Fund on the inclusion of allowances for the purpose of Provident Fund contribution as well its applicability of effective date. The Company has complied with the said judgement on prospective basis. The management is awaiting more clarity on its retrospective applicability.
- Certain demands from the income tax authorities have been set off against the brought forward business loss and depreciation of previous years on which the Company has recognised deferred tax asset and accordingly the amount disclosed as contingent liability represents the demands before setting off such brought forward loss and depreciation.
- Refer note 26 with regard to dispute with MSEDCCL on transmission charges pending the final outcome of the matter in the Hon'ble Supreme Court of India.
- The management believes that the ultimate outcome of the above matters will not have any material adverse effect on the Company's financial position and result of operations.

III Commitments

a. Capital commitments

Particulars	(Rs. in million)	
	As at	
	March 31, 2021	March 31, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	28.86	7.56
Other commitments	293.84	268.84

b. Other commitments

The Company has entered into fuel supply agreement whereby the Company has committed to purchase and supplier has committed to sell contracted quantity of fuel for defined period as defined in the fuel supply agreements.

The Company entered into PPAs with customers, pursuant to which it has committed to sell power of contracted capacity as defined in the respective PPAs, make available minimum PLF over the period of tariff year as defined in the respective PPAs. The PPAs contain provision for disincentives and penalties in case of certain defaults.

The Company has entered into long-term maintenance agreements with sub-contractors whereby it has committed to pay fixed charges in addition to variable charges based on operating performance as defined in the agreements. The entities have also committed to pay incentives on attainment of certain parameters by the sub contractors.

In terms of the prescribed new environmental norms notified as per Environment (Protection) Amendment Rules, 2015, GWEL is required to install the Flue Gas Desulphurization Systems (FGD) to control emission from the power plant by 2024.

Refer note 32 (I) for commitments related to lease arrangements.

Refer note 35 for commitments related to Corporate Social Responsibility expenses.



33. 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 Note 2.2 (b) and 2.2 (c), to the Ind AS financial statements.

(a) Financial assets and liabilities

The management assessed that cash and bank balances, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Non-current financial assets and liabilities are discounted using an appropriate discounting rate where the time value of money is material. There are no financial instruments which are measured at fair value through statement of profit and loss or fair value through Other Comprehensive Income as at March 31, 2021 and March 31, 2020.

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2021 and March 31, 2020:

Particulars	(Rs. in million)	
	Carrying value and fair value	
	March 31, 2021	March 31, 2020
Financial assets		
Amortised cost		
(i) Trade receivables	6,434.88	4,513.53
(ii) Cash and cash equivalents	95.57	40.56
(iii) Loans	117.73	137.77
(iv) Other financial assets	953.66	1,317.71
Total assets	7,601.84	6,009.57
Financial liabilities		
Amortised cost		
(i) Borrowings	32,262.66	31,551.83
(ii) Lease liabilities	-	67.21
(iii) Trade payables	1,177.74	1,748.15
(iv) Other financial liabilities	1,326.77	1,136.61
Total liabilities	34,767.17	34,503.80

(b) Fair value hierarchy

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares, and mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

Particulars	Fair value measurements at reporting date using			
	Total	Level 1	Level 2	Level 3
March 31, 2021				
Non-current financial liabilities				
Borrowings	25,480.07	-	25,480.07	-
Current financial liabilities				
Borrowings (including current maturities of long-term borrowings)	6,782.59	-	6,782.59	-
March 31, 2020				
Non-current financial liabilities				
Borrowings	26,103.48	-	26,103.48	-
Current financial liabilities				
Borrowings (including current maturities of long-term borrowings)	5,448.35	-	5,448.35	-

(i) Short-term financial assets and liabilities are stated at carrying value which is approximately equal to their fair value.

(ii) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

(iii) Apart from the above table, there are no Level 1 and Level 2 items. There have been no transfers between Level 1, Level 2 and Level 3 for the years ended March 31, 2021 and March 31, 2020.



GMR Warora Energy Limited

Corporate Identity Number (CIN) : U40100MH2005PLC155140

Notes to the Ind AS financial statements for the year ended March 31, 2021

(c) Financial risk management objectives and policies

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

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

i) Financial risk

The Company's principal financial liabilities comprise loans and borrowings, lease liabilities, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations towards operations and capital expenditure. The Company's principal financial assets include loans, trade and other receivables and cash and cash equivalents derived from its operations.

The general risk management program of the Company focuses on the unpredictability of the financial markets and attempts to minimize their potential negative influence on the financial performance of the Company. The Company continuously reviews its risk exposures and takes measures to limit it to acceptable levels. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

ii) Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, commodity price risk and liquidity risk. Future specific market movements cannot be normally predicted with reasonable accuracy.

The commodity exposure is mainly on account of fuel, a substantial part of which is a pass through cost as per the management and certain favourable court orders and hence the commodity price exposure is not likely to have a material financial impact on the Company.

(a) Market risk- 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 debt obligations with floating interest rates. Thus profits and cash flows from financing activities are dependent on market interest rates. Further, any decline in the credit rating of the Company will have an adverse impact on the interest rates.

The interest rate profile of the Company's interest-bearing financial instruments as reported by the management of the Company is as follows:

Particulars	(Rs. in million)	
	March 31, 2021	March 31, 2020
Fixed rate instruments:		
Financial liabilities	379.87	442.22
Variable rate instruments:		
Financial liabilities	31,882.79	31,109.61

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the 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	(Rs. in million)	
	Increase in basis points	Effect on profit before tax
March 31, 2021		
INR	+50	(159.41)
	-50	159.41
March 31, 2020		
INR	+50	(155.55)
	-50	155.55

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

(b) Market risk- Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's investing and financing activities. The Company's exposure to foreign currency changes from operating activities is not material.

The following table shows foreign currency exposure at the end of reporting period:

Particulars	Currency	Amount in foreign currency (million)	Amount in Rs. (million)
Trade payables	USD	0.07 (0.07)	4.99 (5.20)
Other financial liabilities	USD	5.25 (5.75)	383.83 (435.23)

Notes:

1. Previous year's figures are shown in brackets above.



Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	(Rs. in million)	
	Change in USD rate	Effect on profit before tax
March 31, 2021	5%	19.44
March 31, 2020	5%	22.02

The sensitivity analysis has been based on the composition of the Company's financial assets and liabilities at March 31, 2021 and March 31, 2020. The period end balances are not necessarily representative of the average debt outstanding during the period.

ii) 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. Financial instruments that are subject to credit risk and concentration thereof principally consist of trade receivables, cash and cash equivalents and other financial assets of the Company.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was Rs. 7,601.84 million and Rs. 6,009.57 million as at March 31, 2021 and March 31, 2020 respectively, being the total carrying value of loans, trade receivables, cash and cash equivalent and other financial assets of the Company.

Credit concentration:

As at March 31, 2021, 100% of trade receivables pertain to sales to State Distribution Companies under Long Term Power Purchase Agreement ("PPA") for sale of electrical energy directly or indirectly through a related party.

Expected Credit Loss (ECL)

The Company is having majority of receivables against sale of electrical energy to State Electricity Distribution Companies which are Government undertakings.

The Company is regularly receiving its normal power sale dues from Discoms and in case of any disagreement / amount under dispute, the same is recognised as per the binding regulatory orders which carries interest as per the terms of PPAs. Hence they are secured from credit losses in the future. Also refer notes 11(c) and 11(d) with regard to delay in receipts from customers and refer note 26 as regards dispute in relation to reimbursement of transmission charges from MSEDCL.

With respect to trade receivables, unbilled revenue, loans and other financial assets, the Company has constituted the terms to review the said balances on periodic basis and to take necessary mitigations, wherever required. The Company creates allowance for all unsecured receivables and receivables without any regulatory order based on lifetime expected credit loss based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

Credit risk from balances with bank 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. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The following table summarises the changes in the loss allowance measured using expected credit loss:

Particulars	(Rs. in millions)	
	March 31, 2021	March 31, 2020
Opening balance	37.35	-
Amount provided/(reversed) during the year	115.68	37.35
Closing balance	153.03	37.35

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iii) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained fund and non-fund based working capital lines from various banks. Furthermore, the Company has access to funds from debt markets through non-convertible debentures and other debt instruments. The Company invests its surplus funds in bank fixed deposit, which carry no or low market risk.

The Company monitors its risk of shortage of funds on a regular basis. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, support from the Holding Company etc.

The Company has delayed in the repayment of principal and interest as at March 31, 2021. Further, the Company is not in compliance with the financial covenants as stated in the loan agreements and as detailed in note 39(b), the Company, basis the requisite approval of the lenders, has invoked resolution process as per Resolution Framework for COVID-19 related stress prescribed by the Reserve Bank of India ('RBI') on December 30, 2020 and consequently, all the lenders of the Company have entered into an Inter Creditors Agreement ('ICA') on January 21, 2021. Also refer note 15(7) and 39(b).

The following table shows a maturity analysis of the anticipated cash flows excluding interest obligations for the Company's financial liabilities on an undiscounted basis, which therefore differ from both carrying value and fair value.

(Rs. in million)				
Particulars	0-1 years	1 to 5 years	> 5 years	Total
March 31, 2021				
Borrowings ²	6,784.35	8,850.82	16,715.59	32,350.76
Other financial liabilities ¹	1,326.77	-	-	1,326.77
Trade payables	1,177.74	-	-	1,177.74
	9,288.86	8,850.82	16,715.59	34,855.27
March 31, 2020				
Borrowings ²	5,450.72	8,379.90	17,823.63	31,654.25
Other financial liabilities ¹	1,136.61	-	-	1,136.61
Lease liabilities (refer note 32)	19.08	66.01	-	85.09
Trade payables	1,748.15	-	-	1,748.15
	8,354.56	8,445.91	17,823.63	34,624.10

Notes:

1. The above excludes interest and other finance charges to be paid on the borrowings and other financial liabilities, by the Company.

2. Reconciliation with carrying amounts:

Total amount repayable as per repayment terms

Less: Impact of recognition of borrowing at amortised cost using effective interest method

Net carrying value

(Rs. in million)	
As at March 31, 2021	As at March 31, 2020
32,350.76	31,654.25
(88.10)	(102.42)
32,262.66	31,551.83

3. Also refer notes 1.1 and 39(b).

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34. Capital management

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals of the Company.

The Company determines the amount of capital required on the basis of annual business plan and expansion plans. The funding needs are met through equity, cash generated from operations, long-term and short-term bank borrowings, issue of non-convertible debt securities and support from the Holding Company.

For the purpose of the Company's capital management, capital includes issued equity capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the Company.

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 total borrowings. The Company's policy is to keep the gearing ratio at an optimum level to ensure that the debt related covenant are complied with. The Company has delayed in the repayment of principal and interest as at March 31, 2021. Further, the Company is not in compliance with the financial covenants as stated in the loan agreements and as detailed in note 39(b), the Company, basis the requisite approval of the lenders, has invoked resolution process as per Resolution Framework for COVID-19 related stress prescribed by the Reserve Bank of India ('RBI') on December 30, 2020 and consequently, all the lenders of the Company have entered into an Inter Creditors Agreement ('ICA') on January 21, 2021. Also refer note 15(7) and 39(b).

Particulars	(Rs. in million)	
	March 31, 2021	March 31, 2020
Borrowings (refer note 15)	32,262.66	31,551.83
Less: Cash and cash equivalents (refer note 12)	95.57	40.56
Total debts (A)	32,167.09	31,511.27
Capital components		
Equity share capital (refer note 13)	8,700.00	8,700.00
CCPS (refer note 13(c))	1,700.08	1,700.08
Other equity (refer note 14)	(6,621.19)	(5,990.19)
Total capital (B)	3,778.89	4,409.89
Capital and borrowings C= (A+B)	35,945.98	35,921.16
Gearing ratio (%) D= (A/C)	89.49%	87.72%

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

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35 Corporate Social Responsibility expenses

		(Rs. in million)	
		March 31, 2021	March 31, 2020
(a) Gross amount required to be spent by the Company during the year		23.88	23.29
<u>(b) Amount spent during the year ending on March 31, 2021:</u>			
(i) Construction/acquisition of any asset		-	-
(ii) On purposes other than (i) above		5.48	18.40
			23.88
<u>(c) Amount spent during the year ending on March 31, 2020:</u>			
(i) Construction/acquisition of any asset		-	-
(ii) On purposes other than (i) above		12.91	10.38
			23.29
<u>(d) Details related to spent/unspent obligations:</u>			
		(Rs. in million)	
		March 31, 2021	March 31, 2020
(i) Contribution to related party/ third parties		5.48	12.91
(ii) Unspent amount in relation to:			
- Ongoing project		-	-
- Other than ongoing project		18.40	10.38
		23.88	23.29

36 The Company is in the process of conducting a transfer pricing study as required by the transfer pricing regulations under the IT Act ("regulations") to determine whether the transactions entered during the year ended March 31, 2021, with the associated enterprises were undertaken at "arm's length price". The management confirms that all the transactions with associate enterprises are undertaken at negotiated prices on usual commercial terms and is confident that the aforesaid regulations will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

37 Segment Information:

The Company's activities during the year mainly revolve around power generation and related activities. Considering the nature of Company's business and operations, as well as based on reviews of operating results by the chief operating decision maker to make decisions about resource allocation and performance measurement, there is only one reportable segment in accordance with the requirements of Ind AS 108 "Operating Segments" prescribed under Companies (Indian Accounting standards) Rules, 2015. The Company's operations are mainly confined within India and as such there are no reportable geographical segments.

38 As at March 31, 2021 the amount payable in foreign currency to certain vendors of USD 5.25 million is outstanding for more than 3 years. The Company is in the process of filing necessary documents with the RBI and is confident that such delays will not require any adjustments to the Ind AS financial statements of the Company for the year ended March 31, 2021.

39 (a) The spread of COVID-19 has severely impacted businesses operations around the globe including India. The Company is in the business of generation of electricity which is an essential service as emphasized by the Ministry of Power, Government of India. Hence, the Company has ensured continuity in power supply during the period of lockdown. However, as detailed in note 11(d) above, the Company received notices of force majeure from one of its customer disputing payment of capacity charges post March 23, 2020 till June 30, 2020. The Company had responded and clarified that the said situation is not covered under force majeure clause in view of the clarification by the Ministry of Power stating that Discoms will have to comply with the obligation to pay fixed capacity charges as per PPA. However, the customer continues to dispute the aforesaid payment of capacity charges. Further, the customers continue to delay the payment of various change in law/ coal cost pass through and other claims as detailed in note 11(c) above thereby causing significant stress on the cash flows of the Company. The RBI had granted relief to borrowers by way of moratorium of interest and principal instalments falling due to banks and financial institution during the period March 2020 till August 2020 to mitigate the stress on cash flows during the period of COVID-19. The Company has availed the moratorium and the interest during the said moratorium period has been converted into Funded Interest Term Loans (FITL) payable as per the revised repayment schedules. Further as detailed in note 39(b), the Company, basis the requisite approval of the lenders, has invoked resolution process as per Resolution Framework for COVID-19 related stress prescribed by the Reserve Bank of India ("RBI") on December 30, 2020 and consequently, all the lenders of the Company have entered into an Inter Creditors Agreement ("ICA") on January 21, 2021. Also refer note 1.1.

(b) The Reserve Bank of India ("RBI") has issued the Resolution Framework for COVID-19 related stress vide its Circular dated August 6, 2020 "Resolution Framework for COVID-19 related stress". The Company is facing financial stress due to COVID-19 pandemic and other factors as detailed in notes 1.1, 11(c) and 11(d), and accordingly has invoked the aforesaid Resolution Framework by obtaining requisite approvals of majority of lenders as per the guidelines issued by the RBI on December 30, 2020 in respect of all the borrowing facilities (including fund based, non-fund based and investment in non-convertible debentures) availed by the Company as on the invocation date. In this regard, all the lenders of the Company have entered into an Inter Creditors Agreement ("ICA") on January 21, 2021 and a Resolution Plan is to be implemented within 180 days from the invocation date in accordance with the framework issued by RBI. Pursuant to the said framework, the lenders have formed a Core Committee, headed by the Lead Banker and have initiated the process of formulation, review, deliberation, selection and implementation of the Resolution Plan. Considering that the time limit of 180 days for implementation of the Resolution plan has not yet expired and various procedures such as the evaluation of techno-economic viability, financial viability, valuations, draft Resolution Plan etc are still under progress as on the reporting date, the Company owing to the uncertainty involved in regard to the final outcome of the successful implementation of the Resolution Plan at this juncture has not made any adjustments to the Ind AS financial statements for the year ended March 31, 2021 with regard to the said Resolution Framework.

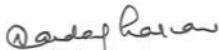
40 Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in the financial statements have been rounded off or truncated as deemed appropriate by the management of the Company.



41 Previous year's figures have been regrouped/reclassified, wherever necessary, to conform to the current year's classification.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI firm registration number: 101049W / E300004



per Sandeep Kamani
Partner
Membership number: 061207



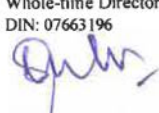
Place: Bengaluru
Date: June 04, 2021

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


Srinivas Bommidala
Managing Director
DIN: 00061464


Ashish Vinay Deshpande
Chief Financial Officer


Dhanajay Vasant Rao Deshpande
Whole-time Director
DIN: 07663196


Sanjay Kumar Babu
Company Secretary
Membership Number: F-8649

Place: New Delhi
Date: June 04, 2021