

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GMR KAMALANGA ENERGY LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **GMR KAMALANGA ENERGY LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance) including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 ("the Rules"), 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there-under.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2017, and its loss (financial performance) including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the 'Annexure A', a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 ("the Rules"), as amended;

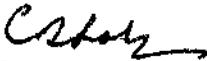
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- e) on the basis of the written representations received from the directors as on March 31, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- the Company has disclosed the impact of pending litigations on its financial position to the extent quantifiable in its Ind AS financial statements - Refer Note No. 33 to Note No. 36 to the Ind AS financial statements;
 - the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. Refer Note No. 36 to the Ind AS financial statements;
 - there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
 - the Company has provided requisite disclosures in the Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes (SBNs) during the period from November 8, 2016 to December 30, 2016. Reference is drawn to the Note no. 42 to the Ind AS financial statements wherein permitted receipts includes amount of Rs. 2,381,000/- pertaining to advance returned by the employees. Further, an amount of Rs. 31,000/- paid to the employees during the above said period in SBNs, in our view are not permitted payments. Based on our audit procedures and relying on the management representations regarding the holding and nature of cash transactions, including SBNs, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the management.

for **CHATURVEDI & SHAH**
Chartered Accountants
Firm Registration Number : 101720W


Chandan Lala
Partner
Membership Number: 35671

Place: Mumbai
Date: April 26, 2017

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ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

In terms of the Annexure referred to in our report to the members of the Company on the Ind AS financial statements for the year ended March 31, 2017, we report that:

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipments.
- b) The Company has a regular program of physical verification of its property, plant and equipments by which property, plant and equipments are verified over a period of three years. In accordance with this program, considerable amount of property, plant and equipments were verified during the previous years and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii) The inventory has been physically verified by the management at regular intervals and in our opinion, the frequency of such verification is reasonable. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii) As per the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, LLP's or other parties listed in the register maintained under Section 189 of the Act. Consequently requirements of paragraphs 3(iii)(a),(b) and (c) of the order are not applicable to the Company.
- iv) As per the information and explanations given to us, the Company has not given any loans, investments, guarantees and security to the parties covered under section 185 of the Act. Further, the Company is an infrastructure Company and accordingly section 186 of the Act is not applicable. Consequently a requirement of paragraphs 3(iv) of the order is not applicable to the Company.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provision of paragraph 3(v) of the Order is not applicable to the Company. There are no orders from Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

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- vi) We have broadly reviewed the books of account maintained by the company, pursuant to the Rules made by the Central Government of India, the maintenance of cost records as prescribed under sub-section (1) of section 148 of the Act and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including employee's state insurance, provident fund, income-tax, sales tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise.

According to the information and explanations given to us, no undisputed statutory dues were outstanding, at the year end, for a period of more than six months except the following:

Name of the Statute	Nature of Dues	Year to which it pertains	Amount Payable (Rs. in Millions)	Remarks
Odisha Government	Environment Cess	FY 2014-15	1,90.99	Not yet paid
-do-	-do-	FY 2015-16	249.66	Not yet paid
-do-	Electricity Duty	FY 2015-16 (October - March 2016)	74.16	Not yet paid
-do-	Electricity Duty	FY 2016-17 (April - September 2016)	71.67	Not yet paid

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

Nature of the Statute	Nature of Dues	Year to which it pertains	Amount Demanded (Rs. in Millions)	Forum where dispute is pending
Odisha Entry Tax Act, 1999	Entry Tax levied on imported materials	From 26.08.2008 to 31.07.2012	1,158.88*	Special Leave Petition filed before Hon'ble Supreme Court of India and Appeal with Commissioner of Commercial Taxes, Odisha.
-do-	-do-	From 01.08.2012 to 30.06.2013	114.71*	Appeal with Commissioner of Commercial Taxes, Odisha.
-do-	-do-	From 01.08.2013 to 31.08.2014	183.41*	Appeal with Commissioner of Commercial Taxes, Odisha.
-do-	-do-	From 01.09.2014 to 31.08.2015	42.45*	Appeal with Commissioner of Commercial Taxes, Odisha.
-do-	-do-	From 01.09.2015 to 31.11.2016	61.34*	Appeal with Commissioner of Commercial Taxes, Odisha.
Income-tax Act, 1961	Demand u/s 201(1) and 201(1A) of Income-tax Act, 1961	FY 2008-09 FY 2011-12 FY 2013-14 FY 2014-15 FY 2015-16	0.05 0.04 10.78 0.04 0.04	Rectification application filed before the Assessing Officer (TDS).

*-net of amount paid under protest amounting to Rs. 279.96 Millions.

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viii) According to the information and explanations given to us and records of the Company, the Company has not defaulted in repayment of loans or borrowing to a financial institutions and banks except for delay of eighty nine days in repayment of external commercial borrowings to a bank which has been made good within the year.


Further, the Company has not issued any debentures to any party and has not taken any loans from Government.

- ix) According to the information and explanations given to us and records of the Company, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Further, in our opinion and according to the information and explanations given to us, on an overall basis, the term loans taken from banks has been applied for the purpose for which it was raised.
- x) During the course of our examination of books of account and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have not come across with any material fraud by Company or any fraud on Company by its officers or employees, noticed or reported during the year, nor have been informed of such case by the Management.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the adequate approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company, during the year has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly, paragraph 3(xiv) of the Order is not applicable.

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- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

for CHATURVEDI & SHAH
Chartered Accountants
Firm Registration Number : 101720W


Chandan Lala
Partner
Membership Number: 35671

Place: Mumbai
Date: April 26, 2017

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ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of GMR Kamalanga Energy Limited ("the Company") as of March 31, 2017 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 issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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Meaning of Internal Financial Controls Over Financial Reporting

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

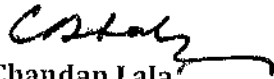
Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **CHATURVEDI & SHAH**
Chartered Accountants
Firm Registration Number : 101720W


Chandan Lala
Partner
Membership Number: 35671

Place: Mumbai
Date: April 26, 2017

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GMR Kamalanga Energy Limited

CIN: U40101KA2007PLC044809

Balance sheet as at March 31, 2017

Rupees in Million

Particulars	Notes	March 31, 2017	March 31, 2016	April 1, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	61,349.85	64,332.28	66,801.53
Capital work in progress	3	1,315.41	1,315.41	1,315.41
Intangible assets	4	7.91	9.52	6.41
Financial assets				
Investments	5	-	0.20	0.20
Loans	6	17.15	16.94	14.06
Other financial assets	7	179.13	246.98	242.93
Other non-current assets	8	589.15	813.58	943.34
Non-current tax assets (net)	20	75.63	34.09	16.72
Total non-current assets		63,534.23	66,769.00	69,340.60
Current assets				
Inventories	9	485.90	600.58	421.78
Financial assets				
Investments	5	2,612.35	-	1,983.94
Trade Receivables	10	6,499.97	6,284.57	2,160.62
Cash and cash equivalents	11	943.92	1,565.58	208.13
Bank balances other than above	12	3,357.35	5,312.77	4,271.68
Loans	6	46.12	46.04	36.64
Other financial assets	7	179.29	58.50	16.42
Other current assets	8	1,618.38	719.96	602.11
Total current assets		15,743.28	14,588.00	9,701.32
TOTAL ASSETS		79,277.51	81,357.00	79,041.92
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	13	21,487.34	21,487.34	21,487.34
Other equity	14	(15,213.02)	(12,289.70)	(10,328.73)
Total equity		6,274.32	9,197.64	11,158.61
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Borrowings	15	41,538.62	45,806.78	39,930.71
Other financial liabilities	17	-	-	58.65
Other non-current liabilities	18	3,888.54	4,113.66	4,338.78
Provisions	19	74.07	109.62	101.69
Deferred tax liability (Net)	20	-	-	-
Total non-current liabilities		45,501.23	50,030.06	44,429.83
Current liabilities				
Financial Liabilities				
Borrowings	15	4,818.02	4,053.60	3,222.68
Trade payables	16	4,213.84	3,812.25	3,944.76
Other financial liabilities	17	11,392.99	7,610.76	10,146.53
Other current liabilities	18	6,983.53	6,571.02	6,078.17
Provisions	19	93.58	81.67	61.34
Current tax liabilities (net)	20	-	-	-
Total current liabilities		27,501.96	22,129.30	23,453.48
TOTAL EQUITY AND LIABILITIES		79,277.51	81,357.00	79,041.92

Significant accounting policies

1 & 2

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

As per our report of even date attached

For Chaturvedi & Shah

Chartered Accountants

Firm Registration Number : 101720W

Chandan Lala

Partner

Membership No.: 35671



Place: Mumbai

Date: April 26, 2017

For and on behalf of the Board of Directors

GMR Kamalanga Energy Limited

Ramesh Pal
Director
DIN: 07657400

Akshaya Kumar Dash
Chief Financial Officer
Membership No.: 58048

Place: New Delhi

Date: April 26, 2017

S N Barde
Director
DIN: 03140784

Manisha Tejpathi
Company Secretary
Membership No.: A-47334



SIGNATURE

GMR Kamalanga Energy Limited

CIN: U40101KA2007PLC044809

Statement of profit and loss for the year ended March 31, 2017

Particulars	Notes	Rupees in Million	
		March 31, 2017	March 31, 2016
REVENUE			
Revenue from operations	21	19,155.38	19,598.31
Other income	22	556.26	327.62
Total Revenue		19,711.64	19,925.93
EXPENSES			
Cost of materials consumed	23	9,018.84	9,830.02
Power purchases	24	1,207.65	156.37
Employee benefit expenses	25	398.66	421.96
Depreciation and amortisation expenses	26	2,991.39	3,278.81
Finance costs	27	6,941.69	6,539.34
Other expenses	28	2,162.50	2,080.33
Total Expenses		22,720.73	22,306.83
Loss before tax		(3,009.09)	(2,380.90)
Tax expense			
Current tax	20	-	-
Deferred tax	20	(28.36)	(138.84)
Loss for the year		(2,980.73)	(2,242.06)
OTHER COMPREHENSIVE INCOME			
Items that will be reclassified to profit or loss in subsequent periods:			
Items that will be reclassified to profit or loss			
Income tax effect		-	-
Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurement gains (losses) on defined benefit plans		(4.59)	(0.52)
Income tax effect		1.52	0.17
		(3.07)	(0.35)
Other comprehensive income for the year, net of tax		(3.07)	(0.35)
Total comprehensive income for the year		(2,983.80)	(2,242.41)
Earnings per equity share:			
(Face value of equity shares of Rs.10 each)			
(1) Basic		(1.39)	(1.04)
(2) Diluted		(1.39)	(1.04)
Significant accounting policies	1 & 2		

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

As per our report of even date attached

For Chaturvedi & Shah

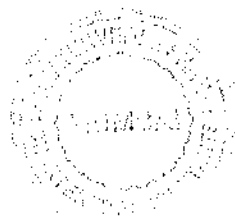
Chartered Accountants

Firm Registration Number : 101720W


Chandan Lala

Partner

Membership No.: 35671



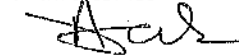
Place: Mumbai

Date: April 26, 2017

For and on behalf of the Board of Directors

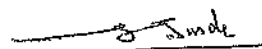
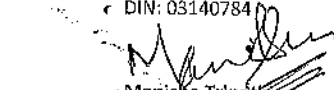
GMR Kamalanga Energy Limited

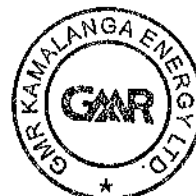

Ramesh Raj
Director
DIN: 07657400


Akshaya Kumar Dash
Chief Financial Officer
Membership No.: 58048

Place: New Delhi
Date: April 26, 2017

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S N Barde
Director
DIN: 03140784

Manisha Tripathi
Company Secretary
Membership No.: A-473



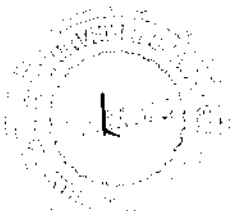
GMR Kamalanga Energy Limited

CIN: U40101KA2007PLC044809

Statement of Cash flows for the year ended March 31, 2017

Particulars	Rupees In Million	
	March 31, 2017	March 31, 2016
A) Cash Flows from Operating Activities		
Loss before tax	(3,009.09)	(2,380.90)
Add:		
Depreciation and amortisation expenses	2,991.39	3,278.81
Finance cost	6,941.69	6,539.34
Interest income	(101.08)	(77.54)
Loss on sale / write off of property, plant and equipments	0.60	0.03
Provision for Rebate	(1.61)	4.00
Profit on sale on investments	-	(0.24)
Government grants income allocation	(225.12)	(248.53)
Cash Flow before changes in working capital	6,596.78	7,114.97
Adjustments for changes in working capital:		
Decrease/(Increase) in trade and other receivables	(248.33)	(4,160.34)
Decrease / (Increase) in inventory	114.68	(178.80)
Increase in trade and other payables	440.33	614.05
Cash generated from operations	6,903.46	3,389.88
Less: Taxes (paid) / refund net	(41.54)	(17.37)
Net Cash Flow from / (used in) Operating Activities	6,861.92	3,372.51
B) Cash Flows from / (used in) Investing Activities		
Purchase of property, plant and equipments	(270.02)	(551.17)
Proceeds from sale of property, plant and equipments	0.22	0.02
Capital work in progress including capital advances	(649.64)	58.55
Increase / (decrease) in balances with banks	1,876.98	(924.65)
Increase / (decrease) in Investments in equity shares	0.20	-
Decrease / (Increase) in Current investments	(2,450.00)	1,950.24
Interest Received	89.25	64.20
Net Cash Flow from / (used in) Investing Activities	(1,403.01)	597.19
C) Cash Flows from / (used in) Financing Activities		
Proceeds from rupee term loan	218.80	3,322.71
Proceeds from subordinate debt	100.73	31.70
Proceeds from short term borrowing	472.77	509.32
Repayment of external commercial borrowings	(29.29)	(37.26)
Interest and finance charges paid	(6,843.58)	(6,438.72)
Net Cash Flow from / (used in) in Financing Activities	(6,080.57)	(2,612.25)

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GMR Kamalanga Energy Limited

CIN: U40101KA2007PLC044809

Statement of Cash flows for the year ended March 31, 2017

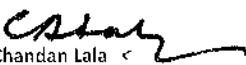
Particulars	Rupees In Million	
	March 31, 2017	March 31, 2016
E) Net Increase/(Decrease) in Cash and Cash Equivalents [A+B+C+D]	(621.66)	1,357.45
Cash and Cash Equivalents at beginning of the year	1,565.58	208.13
Cash and Cash Equivalents at end of the year	943.92	1,565.58

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

Notes :

- The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS-7 on Statement of Cash Flows as referred to in Section 133 of the Companies Act, 2013.
- The previous year figures have been regrouped, rearranged and reclassified wherever necessary.

As per our report of even date attached
 For Chaturvedi & Shah
 Chartered Accountants
 Firm Registration Number : 101720W

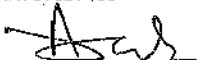

 Chandan Lala
 Partner
 Membership No.: 35671



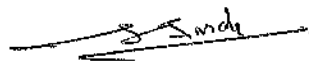
Place: Mumbai
 Date: April 26, 2017

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

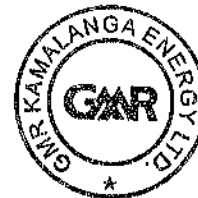

 Ramesh Pai
 Director
 DIN: 07657400


 Akshaya Kumar Dash
 Chief Financial Officer
 Membership No.: 58048

Place: New Delhi
 Date: April 26, 2017


 S N Barde
 Director
 DIN: 0314078


 Manisha Tripathi
 Company Secretary
 Membership No.: A-47334



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GMR Kamalanga Energy Limited


CIN: U40101KA2007PLC044809

Statement of changes in Equity for the year ended March 31, 2017

Particulars	Rupees In Million				
	Equity Share Capital	Retained earnings	Equity component of financial instruments	Other Comprehensive Income	Total equity
Balance as at April 1, 2015	21,487.34	(12,452.73)	2,124.00	-	11,158.61
Changes in equity for the year ended March 31, 2016					
Increase in issue of share capital	-	-	-	-	-
Loss for the year	-	(2,242.06)	-	-	(2,242.06)
Other comprehensive income	-	-	-	-	-
Remeasurements gains/(loss) on defined benefit plans, net of tax effect	-	-	-	(0.35)	(0.35)
Equity component of compound financial instruments, net of tax effect	-	-	281.44	-	281.44
Balance as at March 31, 2016	21,487.34	(14,694.79)	2,405.44	(0.35)	9,197.64
Changes in equity for the year ended March 31, 2017					
Loss for the year	-	(2,980.73)	-	-	(2,980.73)
Other comprehensive income	-	-	-	-	-
Remeasurements gains/(loss) on defined benefit plans, net of tax effect	-	-	-	(3.07)	(3.07)
Equity component of compound financial instruments, net of tax effect	-	-	60.48	-	60.48
Balance as at March 31, 2017	21,487.34	(17,675.52)	2,465.92	(3.42)	6,274.32

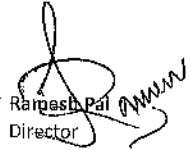

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached
For Chaturvedi & Shah
Chartered Accountants
Firm Registration Number : 101720W


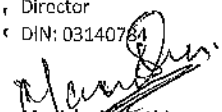

Chandan Lala
Partner
Membership No.: 35671

Place: Mumbai
Date: April 26, 2017

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


Rakesh Pal
Director
DIN: 07657400

Akshaya Kumar Dash
Chief Financial Officer
Membership No.: 58048

Place : New Delhi
Date: April 26, 2017


S N Barde
Director
DIN: 03140764

Manisha Tripathi
Company Secretary
Membership No.: A-47334



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GMR Kamalanga Energy Limited

CIN: U40101KA2007PLC044809

1 Company Overview and Significant Accounting Policies

1.1 Company overview:

GMR Kamalanga Energy Limited is promoted as a Special Purpose Vehicle (SPV) by GMR Energy Limited, the holding Company, to develop and operate 3*350 MW under Phase 1 and 1*350 MW under Phase 2, coal based power project in Kamalanga Village, Dhenkanal District of Odisha. The Company has obtained Mega Power status certificate from Government of India, Ministry of Power vide letter dated February 1, 2012. The Company has declared commercial operation of Phase 1 of the project constituting Unit 1, 2 & 3 of 350MW each on April 29, 2013, November 11, 2013 and March 24, 2014 respectively.

Information on other related party relationships of the Company is provided in Note no.40

The Ind AS financial statements of the Company for the year ended March 31, 2017 were authorised for issue in accordance with a resolution of the directors on 26th April 2017.

1.2 Significant Accounting Policies

a) Basis of preparation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values (refer accounting policy regarding financial instruments), the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. These financial statements are called "Ind AS Financial Statements".

For all periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). The Company has prepared Ind AS financial statements for the first time for the year ended March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies on a going concern basis. Reconciliations and descriptions of the effect of the transition has been summarized in note 2.

The standalone Ind AS financial statements are presented in INR and all values are disclosed to the nearest Millions (INR 000,000.00), except when otherwise indicated.

b) Summary of significant accounting policies

i) Use of estimates

The preparation of financial statements in conformity with IND AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

ii) 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:

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

All other assets are classified as non-current.

A liability is treated as current when:

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

All other liabilities are classified as non-current.

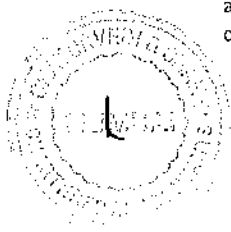
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

iii) Property, Plant & Equipments:

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost including government grants and decommissioning costs less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items such as purchase price, freight, duties, levies. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

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



1 Company Overview and Significant Accounting Policies:

Recognition:

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

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

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2015 measured as per the previous GAAP in terms of paragraphs D7AA & D13AA of Ind AS 101 - 'First-time Adoption of Indian Accounting Standards' and use that carrying value as the deemed cost of the property, plant and equipment after making adjustments for decommissioning liability (paragraph D21 of Ind AS 101), transaction cost of long term borrowings and Government grants as per Ind AS Transition Facilitation Group (ITFG) Clarification Bulletin 5 (Revised).

Depreciation and amortisation

Depreciation on tangible assets dedicated for generation of power covered under CERC tariff regulations including common assets are provided on straight line method (other than BTG of Unit I and II and CTU Transmission Lines), at rates specified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulation.

In respect of BTG of Unit I and II and CTU Transmission lines, the Company has estimated 40 years as the useful life of the components as per technical evaluation and accordingly provided depreciation over the remaining useful life of the asset using Straight Line Method w.e.f April 1, 2016 in terms of the requirement of Schedule II of Companies Act 2013.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Asset Type	Estimated useful life (In years)
Buildings	25
Roads	3
Plant & Machinery - Thermal plant *	40
Plant & Machinery - General	15
Office equipments	5
Furniture & Fixtures	10
Electrical Equipments	10
Computer equipments	3
Motor cycles	8
Motor Cars	8
Railway Siding	25

* - Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets.

Leasehold land from Government Authorities are amortised as per Central Electricity Regulatory Commission at rates specified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulation.

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

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

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. Machinery spares which are specific to a particular item of property, plant & equipments and whose use is expected to be irregular are capitalised as Property, Plant & Equipments.

Spare parts are capitalised when they meet the definition of PPE, i.e., when the company intends to use these during more than a period of 12 months and having a value of more than 0.50 Million.

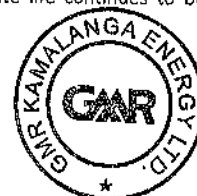
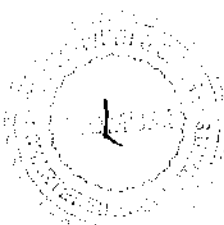
iv) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

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

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

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



GMR Kamalanga Energy Limited

CIN: U40101KA2007PLC044809

1 Company Overview and Significant Accounting Policies:

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

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

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Software Licences	Definite (6 years)	Straight-line basis over the license period	Acquired

v) Borrowing cost

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

vi) Government grants

Government grants are recognised where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, the cost of the asset shown at gross value and grant there on is treated as capital grant which is recognised as income in the statement of profit and loss over the period and proportion in which depreciation is charged. Revenue grants are recognised in the statement of profit and loss in the same period as the related cost which they are intended to compensate are accounted for.

vii) Leases

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

Company as a lessee :

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

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

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

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

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

- another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

Company as a lessor :

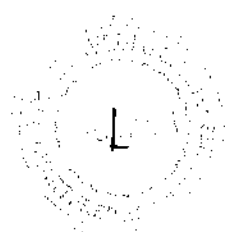
Leases in which the company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease, unless either:

- another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished, even if the payments to the lessors are not on that basis; or
- the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary according to factors other than inflation, then this condition is not met.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.



1 Company Overview and Significant Accounting Policies:

Lands obtained on leases, where there is no reasonable certainty that the Company will obtain ownership by the end of the lease term shall generally be classified as finance leases. The minimum lease payments include upfront premium paid plus any annual recurring lease rental which is amortized over the lease term.

viii) Inventories

Inventories are valued as follows:

Raw materials, components, stores and spares are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis and includes all applicable costs in bringing goods to their present locations and condition.

ix) Impairment of non-financial assets

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

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

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

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

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

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

x) Provisions

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.

xi) Decommissioning liability

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



1 Company Overview and Significant Accounting Policies:

xii) Retirement and other Employee Benefits

All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the statement of profit and loss in the period in which the employee renders the related service.

Retirement benefit in the form of provident fund, pension fund, superannuation fund etc. are defined contribution scheme. The Company has no obligation, other than the contribution payable.

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

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

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

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

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

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

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

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

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

The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net Interest expense or Income.

xiii) Financial Instruments - Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

- Debt instruments at amortised cost
- Debt Instruments at fair value through other comprehensive income (FVTOCI)
- Debt Instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity Instruments measured at fair value through other comprehensive Income (FVTOCI)

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

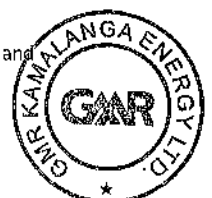
- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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

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



1 Company Overview and Significant Accounting Policies:

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

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

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

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

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

Equity Instruments Included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Derecognition

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

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

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

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

Impairment of financial assets

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

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

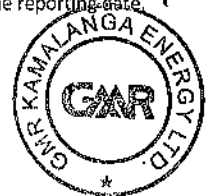
The company follows 'simplified approach' for recognition of impairment loss allowance on;

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

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

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

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



1 Company Overview and Significant Accounting Policies:

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

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

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

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

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

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

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

xiv) Financial Instruments - Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

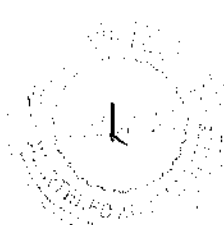
Financial liabilities at fair value through profit or loss: Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

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

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

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

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



1 Company Overview and Significant Accounting Policies:

Derecognition

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

Embedded derivatives

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

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

Reclassification of financial assets

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

Offsetting of financial instruments

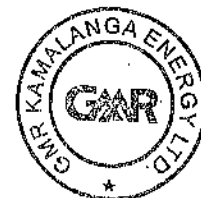
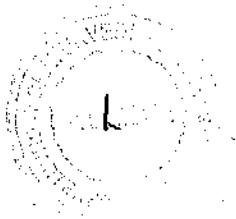
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities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

Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

xv) **Revenue Recognition**

- a) Revenue from energy units sold is recognised on accrual basis as per the terms of the Power Purchase Agreement (PPA) and Letter of Intent (LOI) [collectively hereinafter referred to as 'the PPAs'] and tariff rates determined by CERC. Revenue includes unbilled revenue accrued up to the end of the accounting year. The revenue is also recognised / adjusted towards truing up of fixed charges and energy charges in terms of CERC tariff regulation 2014-19, wherever applicable.
Revenue from energy units sold on a merchant basis is recognised in accordance with billings made to the customers based on the units of energy delivered and rates agreed with customers.
- b) Revenue from sale of infirm power are recognised as per the guidelines of Central Electricity Regulatory Commission. Revenue prior to date of commercial operation are reduced from Project cost.
- c) Revenue/charges from Unscheduled Interchange for the deviation in generation with respect to scheduled units are recognized/ charged at rate notified by CERC from time to time, are adjusted to revenue from sale of energy.



1 Company Overview and Significant Accounting Policies:

- d) Revenue earned in excess of billings has been included under "other assets" as unbilled revenue and billings in excess of revenue have been disclosed under "other liabilities" as unearned revenue.
- e) Revenue from sale of power is net of prompt payment rebate eligible to the customers.
- f) Claims for delayed payment charges and any other claims, which the Company is entitled to under the PPAs, are accounted for in the year of acceptance by the customers. Similarly Commission, liquidated damages and any other charges are accounted for in the year of acceptance.
- g) Interest is recognized using the time proportion method based on rates implicit in the transaction. Dividend income is accounted for in the year in which the right to receive the same is established by the reporting date.

xvi) Cash and cash equivalents

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

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

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

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

xvii) Foreign currencies

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

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

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

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

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

xviii) Fair value measurement

- The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

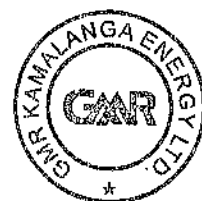
- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability

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

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

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

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



1 Company Overview and Significant Accounting Policies:

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

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

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

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

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

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

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

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

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

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

a) Disclosures for valuation methods, significant estimates and assumptions (note 30 & 31)

b) Contingent consideration (note 33)

c) Quantitative disclosures of fair value measurement hierarchy (note 30 & 31)

d) Investment in unquoted equity shares (discontinued operations) (note 5)

e) Property, plant and equipment under revaluation model (note 3)

f) Investment properties (note 5)

g) Financial Instruments (including those carried at amortised cost) (note 5,6,7,10,11,12,15,16,17)

h) Non-cash distribution

xix) Taxes on income

Current income tax

Tax expense comprises current and deferred tax.

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

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

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

Deferred tax

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

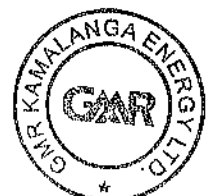
Deferred tax liabilities are recognised for all taxable temporary differences, except:

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

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

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

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



1 Company Overview and Significant Accounting Policies:

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

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

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

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

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

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

xx) Sales Tax

Sales/ value added taxes paid on acquisition of assets or on incurring expenses
Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:
- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included
The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

xxi) Earnings per share

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

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



2 First Time Adoption of Ind AS 101

The Company has prepared these financial statements in accordance with Ind AS for the first time, for the year ended March 31, 2017 with comparative figures of the previous year. For periods up to and including the year ended March 31, 2016, the company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

The Company, accordingly has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the company's opening balance sheet was prepared as at April 1, 2015, the company's date of transition to Ind AS. This note explains the principal adjustments made by the company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016 and March 31, 2017.

Exemptions applied:-

I Mandatory exceptions:

Estimates

The estimates at April 1, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- Impairment of financial assets based on expected credit loss model

The estimates used by the company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2015, the date of transition to Ind AS, as of March 31, 2016.

Derecognition of financial assets and financial liabilities

The company has elected to apply the derecognition requirements for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

II Classification and measurement of financial assets

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

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

Optional exemptions:

Deemed cost-Previous GAAP carrying amount: (PPE and Intangible Assets)

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its PPE and intangible assets as recognised in its Indian GAAP financial as deemed cost at the transition date after making necessary adjustments for de-commissioning liabilities, upfront fees and government grants.

Investment in associates

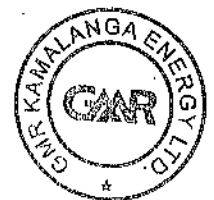
The company has elected to apply previous GAAP carrying amount of its investment in associate as deemed cost as on date of transition to Ind AS.

Provision for decommissioning liability

The company while computing the decommissioning liability as at the date of transition to Ind AS has assumed that the same liability (adjusted only for the time value of money) existed when the asset was first constructed. The company has not estimated what provision would have been calculated at earlier reporting dates.

Long term foreign currency monetary items: (Long term foreign currency borrowings)

The Company has elected to continue policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in financial statements for period ending immediately before beginning of first Ind AS financial reporting period as per previous GAAP.



GMR Kamalanga Energy Limited

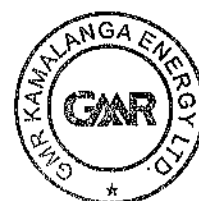
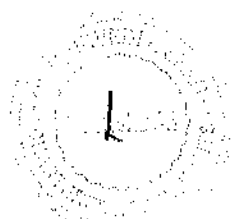
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Balance sheet as at April 1, 2015 and March 31, 2016 - Ind AS

2.01 Reconciliation of equity as previously reported under IGAAP to IND AS

Rupees in Million

Particulars	Note No.	Opening balance sheet as at April 01, 2015			Balance sheet as at March 31, 2016		
		IGAAP	Effect of Transition to Ind AS	Ind AS	IGAAP	Effect of Transition to Ind AS	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment	1 & 2	62,384.90	4,416.63	66,801.53	60,115.43	4,216.85	64,332.28
Capital work in progress		1,315.41	-	1,315.41	1,315.41	-	1,315.41
Intangible assets		6.41	-	6.41	9.52	-	9.52
Financial assets:							
Investments		0.20	-	0.20	0.20	-	0.20
Loans		14.06	-	14.06	19.12	(2.18)	16.94
Other financial assets		242.93	-	242.93	97.48	149.50	246.98
Deferred tax assets (net)		-	-	-	-	-	-
Other non-current assets		845.84	97.50	943.34	732.82	80.76	813.58
Non-current tax assets (net)	5	16.72	-	16.72	34.09	-	34.09
Total Non Current Assets		64,826.47	4,514.13	69,340.60	62,324.07	4,444.93	66,769.00
Current assets							
Inventories		421.78	-	421.78	600.58	-	600.58
Financial assets:							
Investments	6	1,950.00	33.94	1,983.94	-	-	-
Trade Receivables		2,238.60	(77.98)	2,160.62	6,284.57	-	6,284.57
Cash and cash equivalents		208.13	-	208.13	1,565.58	-	1,565.58
Bank balances other than above		4,271.68	-	4,271.68	5,312.77	-	5,312.77
Loans	10	36.64	-	36.64	46.04	-	46.04
Other financial assets	7	16.42	-	16.42	58.50	-	58.50
Other current assets		602.11	-	602.11	719.13	0.83	719.96
Total Current Assets		9,745.36	(44.04)	9,701.32	14,587.17	0.83	14,588.00
TOTAL ASSETS		74,571.83	4,470.09	79,041.92	76,911.24	4,445.76	81,357.00
EQUITY AND LIABILITIES							
Equity							
Equity share capital		21,487.34	-	21,487.34	21,487.34	-	21,487.34
Other equity		(13,433.62)	3,104.89	(10,328.73)	(16,130.32)	3,840.62	(12,289.70)
Total equity		8,053.72	3,104.89	11,158.61	5,357.02	3,840.62	9,197.64
Non-current liabilities							
Financial Liabilities:							
Borrowings	3 & 4	43,165.91	(3,235.20)	39,930.71	49,521.95	(3,715.17)	45,806.78
Other financial liabilities		-	58.65	58.65	-	-	-
Other non-current liabilities		-	4,338.78	4,338.78	-	4,113.66	4,113.66
Provisions		-	101.69	101.69	-	109.62	109.62
Deferred tax liability (Net)	5	-	-	-	-	-	-
Total Non Current Liabilities		43,165.91	1,263.92	44,429.83	49,521.95	508.11	50,030.06
Current liabilities							
Financial Liabilities:							
Borrowings	3 & 4	3,222.68	-	3,222.68	4,053.60	-	4,053.60
Trade payables		3,944.76	-	3,944.76	3,812.25	-	3,812.25
Other financial liabilities	7	10,298.49	(151.96)	10,146.53	7,747.55	(136.79)	7,610.76
Other current liabilities		5,829.64	248.53	6,078.17	6,345.90	225.12	6,571.02
Provisions	8 & 9	56.63	4.71	61.34	72.97	8.70	81.67
Current tax liabilities (net)		-	-	-	-	-	-
Total Current Liabilities		23,352.20	101.28	23,453.48	22,032.27	97.03	22,129.30
TOTAL EQUITY AND LIABILITIES		74,571.83	4,470.09	79,041.92	76,911.24	4,445.76	81,357.00



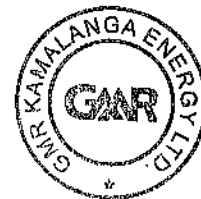
GMR Kamalanga Energy Limited

CIN: U40101KA2007PLC044809

Statement of profit and loss for the year ended March 31, 2016

2.02 Reconciliation statement of Profit & loss as previously reported under IGAAP to Ind AS

Particulars	Rupees In Million		
	IGAAP	Year ended March 31, 2016 Effects of transition to Ind AS	Ind As
Particulars			
Revenue from operations	19,608.40	(10.09)	19,598.31
Other income	78.82	248.80	327.62
Total income	19,687.22	238.71	19,925.93
Expenses			
Cost of materials consumed	9,830.02	-	9,830.02
Power purchases	156.37	-	156.37
Employee benefit expenses	422.48	(0.52)	421.96
Depreciation and amortisation expenses	3,060.81	218.00	3,278.81
Finance costs	6,749.96	(210.62)	6,539.34
Other expenses	2,164.28	(83.95)	2,080.33
Total Expenses	22,383.92	(77.09)	22,306.83
Profit/(loss) before exceptional items and tax	(2,696.70)	315.80	(2,380.90)
Exceptional items	-	-	-
Profit/(loss) before tax	(2,696.70)	315.80	(2,380.90)
Tax Expense			
Current tax	-	-	-
Deferred tax	-	(138.84)	(138.84)
Loss for the year	(2,696.70)	454.64	(2,242.06)
OTHER COMPREHENSIVE INCOME			
Items that will be reclassified to profit or loss in subsequent periods:			
Items that will be reclassified to profit or loss	-	-	-
Income tax effect	-	-	-
Items that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement gains (losses) on defined benefit plans	-	(0.52)	(0.52)
Income tax effect	-	0.17	0.17
Total Other Comprehensive Income for the year (net of tax)	-	(0.35)	(0.35)
Total Comprehensive Income for the year	(2,696.70)	454.29	(2,242.41)



2.04 Notes on First-time Adoption of Indian Accounting Standards ('Ind AS')

1 Property, plant and equipment ('PPE')

In accordance with paragraph D7AA of Ind AS 101 - 'First-time Adoption of Indian Accounting Standards', where there is no change in the functional currency on the date of transition to Ind AS, a first time adopter may elect to continue with the carrying value of all its property, plant and equipment as at the date of transition measured as per the previous GAAP and use that as its deemed cost at the date of transition after making necessary adjustments with respect to decommissioning liabilities. The company has accordingly continued to measure the all the property plant and equipment's at carrying value as its deemed cost at the transition date after making adjustments for decommissioning liability, transaction cost of long term borrowings and Government grants as per Ind AS Transition Facilitation Group (ITFG) Clarification Bulletin 5 (Revised), except for treatment of leasehold land held by company. Refer note no. 2 given below for treatment of leasehold land.

Decommissioning Liabilities

As per paragraph D21 of Ind AS 101, the first time adopter has to calculate the decommissioning liability at the date of transition assuming that the same liability (adjusted only for the time value of money) existed when the asset was first constructed. Accordingly, the Company has made provision for decommissioning liability as at March 31, 2016 for Rs.109.62 Million (April 1, 2015 : Rs.101.69 Million) and carrying value of plant and machinery has increased by Rs.86.99 Million as at March 31, 2016 (April 1, 2015 : Rs.90.57 Million) on account of capitalisation of asset retirement obligation net of depreciation. Total equity decreased by Rs.11.12 Million as on April 1, 2015. The loss for the year is increased and total equity is decreased as at March 31, 2016 by Rs.3.58 Million due to charge of additional depreciation on asset retirement obligation capitalised and Rs.7.93 Million for notional interest on account of time value of money on provision for decommissioning liability.

Decapitalisation of transaction cost

Under Indian GAAP, transaction costs incurred in connection with borrowings are capitalised under PPE at the time of commercial operation and charged off in other cases. Ind AS requires transaction costs to be included in the initial recognition amount of financial liability using the effective interest method. The Company has decapitalised transaction cost incurred at the time of availing loans and correspondingly decreased loan liability on transition date amounting to Rs.299.33 Million as per ITFG Bulletin 5 (Revised). Accordingly, amount reduced from cost of PPE as at March 31, 2016 by Rs.272.05 Million (April 1, 2015 : by Rs.285.69 Million) net of cumulative depreciation. Total equity increased by Rs.38.61 Million as on April 1, 2015. The loss for the year ended March 31, 2016 is increased and total equity is decreased by Rs.12.08 Million due to unwinding of interest net of reversal of depreciation on assets decapitalised.

Government grants

Paragraph 10 of Ind AS 101, Inter alia, provides that Ind AS will be applied in measuring all recognised assets and liabilities except for mandatory exceptions and voluntary exemptions from other Ind AS as prescribed under Ind AS 101. In the absence of any other mandatory exception or voluntary exemption applicable under in this case, the company has recognised the asset related government grants outstanding on the transition date with corresponding recognition of deferred income in accordance with the requirements of Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance. The company had not capitalised grant amount under previous GAAP. Under Ind AS, the Company has capitalised the estimated grant amount of Rs.5,002.17 Million from the date of commercial operation and corresponding amount is considered as deferred grant income under other liabilities. The unamortised deferred income as on March 31, 2016 is Rs.4,338.78 Million (April 1, 2015 : Rs.4,587.31 Million) with the corresponding adjustment to carrying amount of property, plant and equipment (net of cumulative depreciation) of Rs.4,401.89 Million (April 1, 2015 : 4,628.79 Million) and the loss for the year ended March 31, 2016 is decreased and total equity is increased by Rs.21.63 Million (As on April 1, 2015 total equity is increased by Rs.41.48 Million). Refer note no.18(a) below.

2 Leasehold land treatment

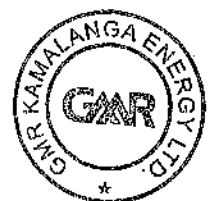
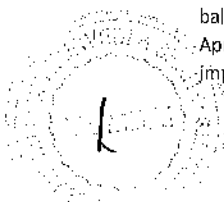
Under Indian GAAP, Initial cost of leasehold land taken from Government Authorities are amortised as per Central Electricity Regulatory Commission at rates specified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulation from the date of capitalisation of plant. In Ind AS, based on the terms of the lease, such lease is classified as finance lease. Land held under finance lease is depreciated as per CERC Guidelines from the date of commercial operation upto 25 years from the date of commercial operation and thereafter balance amount is depreciated over the remaining period of lease term.

The Company has identified a land to the extent of 39.43 Acres that was surrendered to the Statutory Authorities in exchange of equal amount of lands. Pending receipt of new lands in exchange of surrendered land, the company has de-capitalised the gross value and disclosed the same under deposits with government authorities for Rs.18.22 Million. The carrying value of leasehold land on April 1, 2015 is reduced by Rs.17.05 Million. Accordingly company has reduced the accumulated depreciation on leasehold land by Rs.1.17 Million with a corresponding impact on other equity. Under Indian GAAP, impact of this was been accounted for in financial year ended March 31, 2016. In Ind AS, company has rectified this error on transition date.

3 Borrowings from banks and financial Institutions

Under Indian GAAP, transaction costs incurred in connection with borrowings are charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method. Accordingly, as at March 31, 2016 the value of borrowing from banks and financial institutions, both INR and USD borrowings, including current maturities have reduced by Rs.301.98 Million (April 1, 2015 by Rs.245.02 Million). Total equity increased by Rs.38.61 Million as on April 1, 2015. The loss for the year increased and total equity decreased as at March 31, 2016 by Rs.25.72 Million due to amortisation of upfront cost as per effective interest method.

Upfront cost paid for borrowing which are not yet drawn by the company are treated as prepaid assets in Ind AS. This has resulted in increase in balance of prepaid assets as at March 31, 2016 by Rs.79.28 Million (April 1, 2015 by Rs.79.28 Million). Total equity increased by Rs.79.28 Million as on April 1, 2015. Since the loan is not yet drawn in the year ended March 31, 2016, there is no change in the balance of prepaid asset and no further impact on shareholder's equity as at March 31, 2016.



GMR Kamalanga Energy Limited

CIN: U40101KA2007PLC044809

Statement of retained earnings as at April 1, 2015 and March 31, 2016 - Ind AS

2.03 Reconciliation of retained earnings as previously reported under IGAAP to IND AS

Particulars	Rupees in Million	
Opening Retained earnings as on March 31, 2015 (as per Previous GAAP)		(13,433.62)
Ind AS Adjustments as on April 1, 2015 (transition date):		
Adjustment to upfront fees on Borrowings using EIR Method net of amortisation	24.98	
Government grant income allocation	414.86	
Impact on valuation of cross currency swap and interest rate swaps	66.77	
Provision for prompt payment rebate	(4.71)	
Reversal of revenue relating to earlier years	(77.98)	
Accumulated depreciation on Government grants	(373.38)	
Accumulated depreciation on decommissioning liability	(3.64)	
Reversal of depreciation on upfront fee	13.64	
Reversal of excess depreciation on Leasehold Land	1.17	
Notional Interest on decommissioning liability	(7.47)	
Notional Interest on Subordinated debt	(122.48)	
Deferred tax adjustment on equity component of Subordinated debt on Ind AS transition	1,049.13	980.89
Retained Earnings as on April 1, 2015 as per Ind AS		(12,452.73)
Opening Retained Earnings as on April 1, 2015 as per Ind AS		(12,452.73)
Loss for the year ended March 31, 2016 (as per Previous GAAP)		(2,696.70)
Ind AS adjustments for the year ended March 31, 2016		
Government grant income allocation	248.53	
Impact on valuation of cross currency swap and interest rate swaps	207.92	
Adjustment to upfront fees on Borrowings using EIR Method net of amortisation	82.68	
Impact rectification of revenue	77.98	
Transfer of remeasurement differences on Defined benefit plan to OCI	0.52	
Notional Interest Income on Security Deposits	0.27	
Notional Interest on decommissioning liabilities (net of reversals)	(7.93)	
Notional Interest on Subordinated debt	(46.33)	
Depreciation on Government grants	(226.89)	
Depreciation on decommissioning liability	(3.58)	
Reversal of depreciation on upfront fee	13.64	
Depreciation on Leasehold Land	(1.17)	
Amortisation of upfront fee	(25.72)	
Amortisation of Prepaid Rent	(0.13)	
Provision for prompt payment rebate	(3.99)	315.80
Loss before tax as per Ind AS		(2,380.90)
Tax expense		
Current Tax		
Deferred Tax	(138.84)	(138.84)
Loss after tax as per Ind AS		(2,242.06)
Retained Earnings as on March 31, 2016 as per Ind AS		(14,694.79)



2.04 Notes on First-time Adoption of Indian Accounting Standards ('Ind AS')

4 Interest free subordinated debt from related parties

The Company has taken subordinated debt from GMR Energy Limited - parent company. This sub-debt does not carry any interest of whatsoever nature and is unsecured. Under Ind AS, all financial liabilities are required to be recognised at fair value. Accordingly, the company has fair valued these loans under Ind AS. Difference between fair value and transaction value of the loan has been recognised as 'Equity contribution from GMR Energy Limited'. Such financial liabilities are classified and subsequently measured at amortised cost. Consequent to this change, the amount of loans decreased by Rs.3,424.78 Million as at March 31, 2016 (April 1, 2015 : Rs.3,050.66 Million) and equity contribution (net of taxes) has been recognised under other equity for Rs.2,405.44 Million as at March 31, 2016 (April 1, 2015 : Rs.2,124.00 Million). With regard to unwinding of interest of such loans, retained earnings balance have reduced by Rs.122.47 Million upto April 1, 2015. The loss for the year March 31, 2016 have also increased by Rs.46.33 Million.

5 Income Taxes

Indian GAAP requires deferred tax accounting using the Income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. On the date of transition, the net impact on deferred tax liabilities on equity components is Rs.1,049.13 Million on its corresponding impact given to retained earnings. The company during the year ended March 31, 2016 has recognized deferred tax credit in the profit and loss of Rs.138.84 Million and under OCI of Rs.0.17 Million to the extent deferred tax liability recognised on equity.

6 Investments

Under the previous GAAP, investment in mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in Other current liabilities (in view investment made out of proceeds from Invocation of Bank Guarantee) for the year ended March 31, 2017. This increased the other current liabilities by Rs.33.94 Million as at April 1, 2015 and decreased the other current liabilities by Rs.0.00 Million as at March 31, 2016.

7 Derivative instruments

Under the previous GAAP, for Interest rate swap (IRS) and cross currency swaps (CCS) the Company followed the guidance in the announcement of the Institute of Chartered Accountants of India (ICAI) dated March 29, 2008, for each category of derivatives. Under Ind AS, such derivative are not designated as hedging instruments and derivative accounting is followed by the company. The fair valuation of a swap resulted in gain of Rs.149.50 Million as on March 31, 2016 (April 1, 2015: Rs.58.65 Million) with an adjustment to retained earnings upto transition date and in profit and loss account in the year ended March 31, 2016.

8 Defined benefit liabilities

Both under Indian GAAP and Ind AS, the Group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is reduced by Rs.0.35 Million (net of taxes) as on March 31, 2016 and Remeasurement gains/ losses on defined benefit plans has been recognized in the OCI net of tax.

9 Provision for rebate

Under Ind AS, the revenue is to be recorded at fair value. Accordingly, the Company has made provision for rebate given on prompt payments made by the customers of the company. This has lead to decrease in retained earnings as on April 1, 2015 by 4.71 Million with a corresponding impact on provisions and the effect on loss for the year ended March 31, 2016 is Rs.3.99 Million with a corresponding increase in provision by Rs.8.71 Million. Under previous GAAP, rebate was accounted as expenditure, which has been netted off with revenue under Ind AS resulting in reduction of revenue for the year ended March 31, 2016 amounting to Rs. 88.07 Million, with corresponding reduction in other expenses.

10 Security deposits

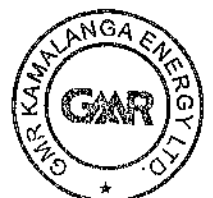
Under the previous GAAP, interest free security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Ind AS requires, all financial assets to be recognised at fair value. Accordingly, the company has fair valued these security deposits under Ind AS. Difference between fair value and transaction value of the security deposit has been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by Rs.2.18 Million as at March 31, 2016 (April 1, 2015 : Rs.Nil). The prepaid rent increased by Rs.2.31 Million as at March 31, 2016 (April 1, 2015 : Rs. Nil). Total equity decreased by Rs. Nil as on April 1, 2015. The profit for the year and total equity as at March 31, 2016 is increased by notional Interest Income of Rs.0.27 Million on unwinding of security deposits which is partially off set by decrease of Rs.0.13 Million due to amortisation of the prepaid rent.

11 Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, It has reconciled Indian GAAP profit or loss to statement of profit and loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

2.05 Statement of cash flow:

There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.



GMR Kamalanga Energy Limited
 CIN: U40101KA2007PLC044809
 Notes to the financial statements

3 Property, plant and equipment

Particulars	Rupees in Million									
	Freehold Land	Leasehold Land held under finance lease	Buildings	Computer Equipments	Plant and Equipments	Office Equipments	Furniture and Fixtures	Vehicles	Total	Capital work in progress
Gross block										
As at April 1, 2015	1.34	1,041.00	5,620.58	29.44	65,171.95	41.24	24.41	10.64	71,940.60	1,315.41
Additions	34.72	-	-	2.97	548.45	6.89	1.95	0.04	595.02	-
Disposals / Adjustments	-	-	-	-	212.97	-	-	(0.15)	212.82	-
As at March 31, 2016	36.06	1,041.00	5,620.58	32.41	65,933.37	48.13	26.36	10.53	72,748.44	1,315.41
Additions	0.88	1.29	-	4.19	(2.06)	2.75	0.33	0.06	7.44	-
Disposals / Adjustments	-	-	(1.48)	(0.02)	(0.03)	(0.63)	(0.26)	(1.14)	(3.56)	-
As at March 31, 2017	36.94	1,042.29	5,619.10	36.58	65,931.28	50.25	26.43	9.45	72,752.32	1,315.41
Depreciation										
As at April 1, 2015	-	46.18	319.33	18.05	4,734.16	7.38	8.92	5.05	5,139.07	-
Charge for the year	-	34.77	191.27	3.46	3,042.63	2.85	1.20	1.01	3,277.19	-
Disposals / Adjustments	-	-	-	-	-	-	-	(0.10)	(0.10)	-
As at March 31, 2016	-	80.95	510.60	21.51	7,776.79	10.23	10.12	5.96	8,416.16	-
Charge for the year	-	34.80	194.74	3.38	2,750.93	2.94	1.28	0.98	2,989.05	-
Disposals / Adjustments	-	-	(1.48)	(0.02)	(0.01)	(0.22)	(0.11)	(0.90)	(2.74)	-
As at March 31, 2017	-	115.75	703.86	24.87	10,527.71	12.95	11.29	6.04	11,402.47	-
Net block										
As at April 1, 2015	1.34	994.82	5,301.25	11.39	60,437.79	33.86	15.49	5.59	66,801.53	1,315.41
As at March 31, 2016	36.06	960.05	5,109.98	10.90	58,156.58	37.90	16.24	4.57	64,332.28	1,315.41
As at March 31, 2017	36.94	926.54	4,915.24	11.71	55,403.57	37.30	15.14	3.41	61,349.95	1,315.41

Notes:

- Adjustments to plant and equipment includes foreign exchange gain of Rs. 228.04 Million (March 31, 2016: Exchange loss of Rs.212.97 Million; April 1, 2015 Rs.171.36 Million). [Refer note no. 6 below]
- Additions to plant and equipment includes borrowing cost of Rs. Nil (March 31, 2016 : Rs. Nil; April 1, 2015: Rs.370.87 Million).
- Assets are owned and are used for own use, unless otherwise mentioned.
- Entire Property, Plant & Equipments has been offered as a security to term loan including ECB lenders with pari passu charge to working capital as referred to in Note No. 15.
- Leasehold land includes amount of Rs. 185.98 Million paid by the Company for the re-alienation of the Rangali Right Canal out of the plant area to Orissa Industrial Infrastructure Development Corporation.

Exchange differences are capitalised as per Para D13AA of Ind AS 101 - 'First Time Adoption' availing the optional exemption that allows first time adopter to continue capitalisation of exchange differences in respect of long term foreign currency monetary items recognised in the financial statement for the period ending immediately beginning of the first Ind AS financial reporting period.



GMR Kamalanga Energy Limited

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Notes to the financial statements

7 Up to FY 2014-15, the Company was charging depreciation on all assets as per CERC guidelines. During FY 2015-16, the Company has obtained expert legal opinion, which opined that the depreciation as per Companies Act, 2013 can be followed for Boiler, Turbine & Generator (BTG) cost with respect to Unit I and Unit II and CTU Transmission Lines which are generating power for bidding based PPA and sale on Merchant Basis. The Company, during the current year, has re-estimated the useful life of assets depreciated under Companies Act, 2013 to 40 years from 25 years. Due to change in the estimate of useful life of assets, the depreciation charge for the year has been reduced by Rs.304.51 Million.

8 The Company has declared commercial operation of Phase 1 of the project constituting Unit 1, 2 & 3 of 350MW each on April 29, 2013, November 11, 2013 and March 24, 2014 respectively and accordingly the Buildings, Plant and machinery have been capitalised on that date based on the percentage of completion as certified by the Technical team of the Company. Certain common items of Phase 2 which is put to use along with Phase 1 have also been capitalised.

Claims/ Counter claims arising out of the project related contracts including Engineering, Procurement and Construction (EPC) Contract and Non EPC contracts, on account of delays in commissioning of the project, or any other reason is pending settlement / negotiations with concerned parties. The Company has considered its best estimate of cost on the work completed based on the contract, work and purchase orders issued where the final bills are pending to be received / approved. Any adjustment on account of these contracts/bills would be adjusted to the cost of Property, Plant & Equipments in the year of settlement / crystallization.

4 Intangible assets

Particulars	Rupees in Million	
	Computer Software	Total
Cost		
As at April 1, 2015	45.26	45.26
Additions	4.73	4.73
Disposals	-	-
As at March 31, 2016	49.99	49.99
Additions	0.73	0.73
Disposals	-	-
As at March 31, 2017	50.72	50.72
Depreciation		
As at April 1, 2015	38.85	38.85
Charge for the year	1.62	1.62
Disposals	-	-
As at March 31, 2016	40.47	40.47
Charge for the year	2.34	2.34
Disposals	-	-
As at March 31, 2017	42.81	42.81
Net block		
As at April 1, 2015	6.41	6.41
As at March 31, 2016	9.52	9.52
As at March 31, 2017	7.91	7.91

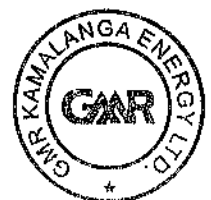
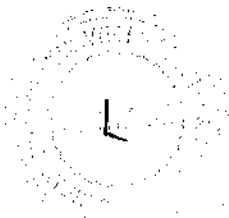


GMR Kamalanga Energy Limited

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Notes to the financial statements

		Rupees in Million		
Particulars	March 31, 2017	March 31, 2016	April 1, 2015	
5 Investments				
Non-current Investments				
Investments in equity Instruments of associate	-	0.20	0.20	
	<u>-</u>	<u>0.20</u>	<u>0.20</u>	
Current Investments				
Investments in Mutual Funds	2,612.35	-	1,983.94	
	<u>2,612.35</u>	<u>-</u>	<u>1,983.94</u>	
Total carrying value	<u>2,612.35</u>	<u>0.20</u>	<u>1,984.14</u>	
Details of Investments				
Non-current investments				
Non Trade - Unquoted, At cost				
Investments in equity instruments				
Investment in associate				
GMR Mining and Energy Private Limited [Nil (March 31, 2016: 20,000; April 1, 2015: 20,000) Equity Shares of Rs 10/- each fully paid up]	-	0.20	0.20	
Total non-current investments	<u>-</u>	<u>0.20</u>	<u>0.20</u>	
Current investments				
Non Trade - Unquoted				
Investments at fair value through profit and loss				
Investments in Mutual Funds				
SBI Premier Liquid Fund - Regular Plan Growth [Units Nil @ NAV Rs. Nil (March 31, 2016: Units Nil @ NAV Rs. Nil; April 1, 2015: Units: 456,625.260 @ NAV Rs.2,195.72)]	-	-	1,002.62	
IDFC Cash Fund-Super Institutional Plan C-Daily Dividend [Units Nil @ NAV Rs. Nil (March 31, 2016: Units Nil @ NAV Rs. Nil; April 1, 2015 Units: 577,587.408 @ NAV Rs 1,698.99)]	-	-	981.32	
IDFC Cash Fund-Growth Regular Fund [Units 1,325,441.779 @ NAV Rs. 1,970.9284 (March 31, 2016: Units Nil @ NAV Rs. Nil; April 1, 2015: Units Nil @ NAV Rs. Nil)]	2,612.35	-	-	
Total current investments	<u>2,612.35</u>	<u>-</u>	<u>1,983.94</u>	
Total investments	<u>2,612.35</u>	<u>0.20</u>	<u>1,984.14</u>	
Aggregate amount of quoted investments	-	-	-	
Market value of quoted investments	-	-	-	
Aggregate net asset value of mutual funds	2,612.35	-	1,983.94	
Aggregate amount of unquoted Investments	2,450.00	0.20	1,950.20	
Aggregate amount of Impairment in value of Investments	-	-	-	
Break up of financial Investments		Rupees in Million		
Particulars	March 31, 2017	March 31, 2016	April 1, 2015	
Investments carried at cost				
Investments in equity instruments of associate	-	0.20	0.20	
Investments carried at amortised cost				
Investments carried at fair value through other comprehensive income				
Investments carried at fair value through profit or loss				
Investments in Mutual Funds	2,612.35	-	1,983.94	
Total investments	<u>2,612.35</u>	<u>0.20</u>	<u>1,984.14</u>	



GMR Kamalanga Energy Limited

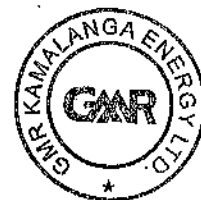
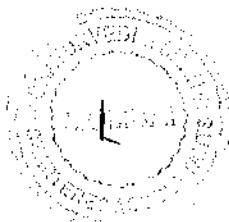
CIN: U40101KA2007PLC044809

Notes to the financial statements

6 Loans	Rupees in Million		
Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Non-current balance			
Unsecured, considered good			
<i>Carried at fair value through profit and loss account</i>			
Security deposit	17.15	16.94	14.06
Total	17.15	16.94	14.06
Current balance			
<i>Carried at amortised cost</i>			
Security Deposit receivable from related parties	31.44	31.44	31.44
Loans to employees	14.68	14.60	5.20
Total	46.12	46.04	36.64
Total loans	63.27	62.98	50.70

7 Other financial assets	Rupees in Million		
Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Non-current balance			
Unsecured, considered good			
<i>Carried at amortised cost</i>			
Fixed Deposits with bank *	171.05	92.61	209.05
Interest accrued but not due - receivable at the time of maturity	8.08	4.87	33.88
<i>Financial assets carried at fair value through profit or loss</i>			
Derivative assets	-	149.50	-
Total	179.13	246.98	242.93
Current Balance			
Unsecured, considered good			
<i>Carried at amortised cost</i>			
Interest accrued but not due on Fixed Deposits	66.42	58.50	16.42
<i>Financial assets carried at fair value through profit or loss</i>			
Derivative assets	112.87	-	-
Total	179.29	58.50	16.42
Total other financial assets	358.42	305.48	259.35

a) Out of the above Rs. Nil (March 31, 2016 : Rs. Nil, April 1, 2015 : Rs.120.57 Million) pledged in favour of Executive engineer Rengall Right Canal Division No II, Dhenkanal.



GMR Kamalanga Energy Limited

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Notes to the financial statements

8 Other assets ₹	Rupees in Million ₹		
	Particulars	March 31, 2017 ₹	March 31, 2016 ₹
Non-current balance			
Unsecured, considered good			
Capital advances	125.74	291.60	454.34
Others			
Prepaid expenses	0.65	80.76	79.28
Deposit with Government authorities *	462.76	441.22	409.72
Total	₹ 589.15	₹ 813.58	₹ 943.34
Current balance			
Unsecured, considered good			
Advances recoverable in cash or kind			
- Trade **	1,469.50	654.00	549.81
- Related parties	8.69	-	-
Others			
Prepaid expenses			
- Interest / commission paid on letter of credit	41.76	49.06	25.50
- others	98.43	15.21	26.26
Gratuity plan asset (net of provision)	-	1.69	0.54
Total	₹ 1,618.38	₹ 719.96	₹ 602.11
Total other current assets	2,207.53	1,533.54	1,545.45

* - includes entry tax paid under protest Rs.279.96 Million (March 31, 2016 : Rs.267.69 Million ; April 1, 2015 Rs.236.20 Million).

** - includes an amount of Rs.Nil (March 31, 2016 : Rs.4.42 Million; April 1, 2015: Rs. Nil) due from director.

9 Inventories ₹	Rupees in Million ₹		
	Particulars	March 31, 2017 ₹	March 31, 2016 ₹
(valued at lower of cost and net realizable value)			
Raw Materials	270.57	585.50	398.94
Stores	215.33	15.08	22.84
Total	₹ 485.90	₹ 600.58	₹ 421.78

Notes:

a) Includes stock lying with third party amounting to Rs.Nil (March 31, 2016: Rs.11.52 Million; April 1, 2015:Rs.81.89 Million)

b) Inventories are valued at lower of Cost or Net Realizable Value.

10 Trade receivables ₹	Rupees in Million ₹		
	Particulars	March 31, 2017 ₹	March 31, 2016 ₹
Unsecured, considered good			
Trade receivables -			
- outstanding for a period more than six months	2,064.26	64.94	58.50
- others			
from related parties	-	244.59	17.26
from others	4,435.71	5,975.04	2,084.86
Total	₹ 6,499.97	₹ 6,284.57	₹ 2,160.62

Note:

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.



GMR Kamalanga Energy Limited

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Notes to the financial statements

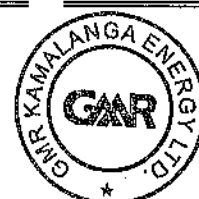
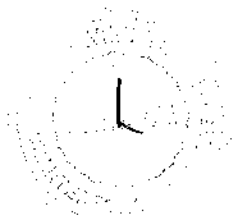
Particulars	Rupees in Million		
	March 31, 2017	March 31, 2016	April 1, 2015
11 Cash and cash equivalents			
Balances with banks			
- On current accounts	407.38	1,496.66	42.14
- Deposits with maturity less than three months	536.52	68.68	165.62
Cash on hand	0.02	0.24	0.37
Total	943.92	1,565.58	208.13

Particulars	Rupees in Million		
	March 31, 2017	March 31, 2016	April 1, 2015
12 Other bank balances			
Balances with banks in Current accounts	1,255.82	1,575.50	1,794.31
Fixed Deposit with Banks **	2,101.53	3,737.27	2,477.37
Total	3,357.35	5,312.77	4,271.68

** - Includes margin money deposit against bank guarantee and letter of credit Rs.682.27 Million (March 31, 2016 : Rs.601.52 Million; April 1, 2015 : Rs.169.22 Million).

Particulars	Rupees in Million		
	March 31, 2017	March 31, 2016	April 1, 2015
Break up of financial assets			
Financial assets carried at cost			
Investments in equity instruments of associate	-	0.20	0.20
Financial assets carried at amortised cost			
Trade Receivables	6,499.97	6,284.57	2,160.62
Cash and cash equivalents	943.92	1,565.58	208.13
Other bank balances	3,357.35	5,312.77	4,271.68
Loans	46.12	46.04	36.64
Other financial assets	245.55	155.98	259.35
Financial assets carried at fair value through profit or loss			
Investments in Mutual Funds	2,612.35	-	1,983.94
Derivative assets	112.87	149.50	-
Security deposits	17.15	16.94	14.06
Total	13,835.28	13,531.58	8,934.62

Particulars	Rupees in Million		
	March 31, 2017	March 31, 2016	April 1, 2015
13 Equity Share capital			
Authorised			
2,310,000,000 (March 31, 2016: 2,310,000,000; April 1, 2015: 2,310,000,000) Equity Shares of Rs 10/- each	23,100.00	23,100.00	23,100.00
Total	23,100.00	23,100.00	23,100.00
Issued			
2,306,370,000 (March 31, 2016: 2,306,370,000; April 1, 2015: 2,306,370,000) Equity Shares of Rs 10/- each	23,063.70	23,063.70	23,063.70
Total	23,063.70	23,063.70	23,063.70
Subscribed and Paid up			
2,148,734,052 (March 31, 2016: 2,148,734,052; April 1, 2015: 2,148,734,052) Equity Shares of Rs 10/- each fully paid up	21,487.34	21,487.34	21,487.34
Total	21,487.34	21,487.34	21,487.34



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Notes to the financial statements

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

	March 31, 2017		March 31, 2016	
	Numbers	Rupees in Million	Numbers	Rupees in Million
Balance at the beginning of the year	2,148,734,052	21,487.34	2,148,734,052	21,487.34
Shares issued during the year	-	-	-	-
Balance at the end of the year	2,148,734,052	21,487.34	2,148,734,052	21,487.34

b. Terms/Rights Attached to equity Shares

The Company has only one class of shares referred to as equity shares having par value of Rs 10/- each. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after satisfying all the dues to banks and financial institutions and after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Restrictions on the distribution of dividends :

Board shall subject to restrictions imposed by the project finance lenders, in terms of financing agreement, propose to the shareholders the maximum possible dividend payable under applicable law. Upon such recommendation shareholders shall declare dividends as follows -

i. All such dividends & profits shall be paid to shareholders in their existing shareholding pattern.

ii. Any such dividend or other distribution shall be based on profit generated by the Company or on appropriate basis permitted by the applicable laws.

d. Shares held by holding /ultimate holding company /holding company and/or their subsidiaries/associates.

	March 31, 2017		March 31, 2016	
	Numbers	Rupees in Million	Numbers	Rupees in Million
GMR Energy Limited [GEL] - Holding Company	1,878,440,283	18,784.40	1,847,671,052	18,476.71
Equity Shares at par value of Rs 10/- each				
Total	1,878,440,283	18,784.40	1,847,671,052	18,476.71

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

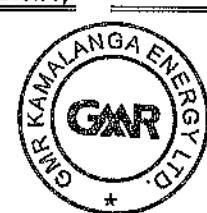
	March 31, 2017		March 31, 2016	
	Numbers	% Holding	Numbers	% Holding
GMR Energy Limited [GEL]	1,878,440,283	87.42%	1,847,671,052	85.99%
India Infrastructure Fund [IIF]	219,312,500	10.21%	244,312,500	11.37%

f. As per records of the Company including its register of share holders/members and other declarations received from share holders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.

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

14 Other equity

Particulars	Rupees in Million		
	March 31, 2017	March 31, 2016	April 1, 2015
a) Surplus in the statement of profit and loss			
Balance at the beginning of the year	(14,694.79)	(12,452.73)	(3,914.96)
Loss for the year	(2,980.73)	(2,242.06)	(8,537.77)
Balance at the end of the year	(17,675.52)	(14,694.79)	(12,452.73)
b) Equity component of other financial Instruments			
<i>Equity component Subordinated debt of Related Party Loans *</i>			
Balance at the beginning of the year	2,405.44	2,124.00	-
Transactions during the year			
- Equity component of Subordinated debts, net of tax	60.48	281.44	2,124.00
Balance at the end of the year	2,465.92	2,405.44	2,124.00
c) Other comprehensive income			
Balance at the beginning of the year	(0.35)	-	-
Transactions during the year			
Remeasurements gains/(loss) on defined benefit plans, net of tax effect	(3.07)	(0.35)	-
Balance at the end of the year	(3.42)	(0.35)	-
Total	(15,213.02)	(12,289.70)	(10,328.73)



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Notes to the financial statements

Note:

i) The Company's accumulated loss is more than fifty percent of its net worth due to operational difficulties faced during the initial years of operation. The Company's petition for 'Tariff Determination' in case of Power Purchase agreement (PPA) with GRIDCO Limited and 'Tariff Revision' in case of PPA with PTC India Limited & Bihar State Power (Holding) Company Limited has been disposed off substantially in favour by Central Electricity Regulatory Commission (CERC). The accounts have been prepared on a going concern basis in view of the aforesaid favourable order from CERC, assertive financial model and financial support assurance of the Holding Company to financially support the Company.

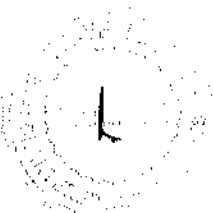
15 Borrowings			Rupees in Million
Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Non-Current Balance			
Secured			
Rupee Term loans			
from banks	41,090.67	41,841.39	30,462.88
from Financial Institutions [refer note no. (a)(i) & (b)(i) below]	-	-	5,334.67
External Commercial Borrowings from Banks [refer note no. (a)(ii) & (b)(ii) below]	-	3,581.74	3,407.09
Unsecured			
Promoters Subordinated debt - from Holding Company [Refer note no.(c) below]	447.95	383.65	726.07
Total non-current borrowings	41,538.62	45,806.78	39,930.71
Current Balance			
Secured			
Current maturities of long-term borrowings			
Term Loan [refer note no.(a)(i) & (b)(i)]	989.09	-	-
Financial institutions [refer note no.(a)(i) & (b)(i)]	-	-	420.06
External Commercial Borrowings [refer note no.(a)(ii) & (b)(ii)]	3,518.97	25.80	24.82
	4,508.06	25.80	444.88
Cash credit [Refer note no.(d) below]	1,583.76	1,110.99	601.67
Unsecured			
Security deposits	13.00	19.00	23.50
Loan from related party [Refer note no.(e) below]	3,221.26	2,923.61	2,597.51
Total current borrowings	9,326.08	4,079.40	3,667.56
Less: Current maturities of long-term borrowings included under Other Financial Liabilities	(4,508.06)	(25.80)	(444.88)
Total Current Balance	4,818.02	4,053.60	3,222.68
Total borrowings	46,356.64	49,860.38	43,153.39

Notes:

a) Nature of security

i) Rupee Term Loan

A first mortgage and a charge by way of registered mortgage in favour of the Lenders/Security trustee of all the borrowers immovable properties, present and future, a first charge by way of hypothecation of all the borrowers movables including movable plant and machinery, machinery spares, tools and accessories, present and future, borrowers stock of raw materials, semi-finished and finished goods and consumable goods, a first charge on the book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising present and future, intangibles, goodwill, uncalled capital, present and future, a first charge on the Trust and Retention account including the debt service reserve account and other reserves and any other bank accounts, wherever maintained present and future first charge by way of assignment or creation of charge of all the right, title, interest, benefits, claims and demands whatsoever of the borrower in the project documents/in the clearances/in any letter of credit, guarantee, performance bond provided by any party to the project documents and all insurance contracts/insurance proceeds, Pledge of shares (in the demat form) representing 87.42% of the total paid up equity share capital of the borrower.



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Notes to the financial statements

ii) External Commercial Borrowings from Bank

First ranking charge/assignment/mortgage/hypothecation/Security Interest on pari passu basis on all the Borrower's immovable (including land) and movable properties (excluding mining equipments) including plant and machinery, machine spares, tools and accessories, furniture, fixtures, vehicle and other movable assets, both present and future in relation to the project, all the tangible and intangible assets including but not limited to its goodwill, undertaking and uncalled capital, both present and future in relation to the project, all insurance policies, performance bonds, contractors guarantees and any letter of credit provided by any person under the Project documents, all the rights, titles, permits, clearances, approvals and interests of the Borrower in, to and in respect of the project Documents and all contracts relating to the project, all the book debts, operating cash flows, receivables, all other current assets, commission, revenues of the borrower, both present and future in relation to the project and all the accounts and all the bank accounts of the borrower in relation to the Project and pledge of shares (in the demat form) held by the Holding Company constituting 51% of the shares of the Company which shall be reduced to 26% of shares on repayment of half the loans subject to the compliance of conditions put forth by the Consortium of RTL lenders. A first ranking pledge over Shares held by the sponsor (Holding Company) constituting fifty one percent (51%) of shares of the Company which shall be reduced to twenty six percent (26%) of shares on repayment of half the loans. Provided however, such pledge shall be subject to section 19(2) & (3) of the Banking Regulations Act, 1949.

All the security set out above shall rank pari passu amongst the lenders of the project for an aggregate term loans including ECB amounting to Rs. 47,186 Million along with working capital lenders for an further amount acceptable to the lenders.

b) Terms of repayment :

i) Rupee Term Loan :

As per the Rupee Term Loan (RTL) agreement entered into by the Company on May 27, 2009 with the consortium of banks and financial institution, the amount to be borrowed by the Company from the lenders shall not exceed Rs. 34,050.00 Million. Further, considering the project cost overrun and the additional corporate loan, the RTL limit has been increased to Rs. 44,050.00 Million. The applicable Interest rate for all the lenders for the period ended March 31, 2017 varies from 11.95% p.a. to 13.75% p.a.

The amount of RTL borrowed including cost overrun funding and additional corporate loan needs to be repaid in 66 quarterly structured instalments from October 1, 2017, pursuant to RBI's Framework for Revitalising Distressed Assets in the Economy dated January 30, 2014 (including the Strategic Debt Restructuring Scheme dated June 8, 2015) and the consortium bankers have accordingly amended the Rupee Loan Agreement on June 29, 2015.

The Interest accrued on rupee term loans were due for payment on January 31, 2017, February 28, 2017 and March 31, 2017 to banks aggregating to Rs. 470.49 Million.

ii) External Commercial Borrowings :

As per the ECB Facility Agreement entered into by the Company on June 30, 2012 with ICICI Bank Limited, the USD amount to be borrowed should not exceed USD 62.50 Million which on the drawdown date shall not exceed the rupee equivalent of Rs. 3,136.00 Million. The rate of interest on each loan for each interest period is the percentage per annum which is aggregate of the applicable : a) Margin and Six (6) months USD Libor, calculated at two (2) Business Days prior to the relevant interest period. The rate of interest during the April 1, 2016 to April 3, 2016 period is 5.23460%, April 4, 2016 to October 2, 2016 period is 5.59970% and October 3, 2016 to March 31, 2017 period is 5.93778%. Further, as per the terms of ECB loan agreement between the company and ICICI Bank balance amount of ECB has been converted into the Rupee Loan. The Borrower has to repay 1% per annum of the total ECB Drawdown amount starting from 12 months from initial drawdown date for first four years and thereafter the balance amount is to be paid in 32 quarterly instalment from fifth year onwards.

c) Promoters Subordinated Debt :

As per the Promoter Subordinated Debt Agreement between the Company and GMR Energy Limited ('Promoter') dated June 25, 2012 and subsequent revision, the promoter has infused Rs. 3,909.20 Million into the Company as subordinate debt. The Company has fair valued the interest free subordinated debt issued to promoters under Ind AS Financial Statements and accordingly as on April 1, 2015 initial recognition of an amount of Rs.3,173.13 Million transferred to Other Components of Equity under Other Equity. Refer First Time Adoption of Ind AS note no.2.01(4) above.

Reconciliation of Subordinated debt:	Rupees in Million	
	March 31, 2017	March 31, 2016
Balance at the beginning of the year	3,808.43	3,776.73
Add: Issued during the year	100.73	31.70
Balance at the end of the year	3,909.16	3,808.43
Equity component of subordinated debt transferred to other equity	3,683.94	3,593.59
	225.22	214.84
Add: Notional Interest recognised upto date	222.73	168.81
Fair valued Subordinated debt grouped under borrowings	447.95	383.65

The Promoter Sub Debt does not carry any interest of whatsoever nature and is unsecured. Prior to achievement of the Financial Closure of project expansion, the Company shall be entitled to repay the Promoter Sub Debt only out of any extraordinary net cash flows received by the Company which are clearly demonstrated to have been received solely on account of the expenditure incurred towards Project expansion and do not have the impact of diluting the interest of the investors. The Promoter Sub Debt would rank lower in priority to the senior debt in repayment. The promoter shall reserve the right to convert the Promoter Sub Debt into Equity after achieving the Financial Closure of the Project Expansion. Such conversion shall be subject to prior written consent of the Investors. There will be no repayment of the promoter sub debt till the investors have exited from the Company fully.



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Notes to the financial statements

d) Cash credit facilities :

Cash Credit facilities are secured by way of a first charge and registered mortgage of all the immovable properties and movables including plant and machinery, machinery spares, tools and accessories, stock of raw materials, semi finished goods and consumable goods and by book debts, operating cash flows, receivables, revenues whatsoever in nature, present and future. Further it is secured by pledge of shares representing 87.42% of the total paid up equity share capital of the Company. The beneficial interest in the Security shall rank pari passu among all the Rupee Lenders including ECB and the lenders participating in the bank borrowings for the working capital requirements/bank guarantee facility to the extent as approved by the Rupee Lenders. The Cash Credit Overdraft facility is repayable on demand subject to annual review/renewal. The interest rate is ranging between 11.90% to 13.95% for the year.

e) Loan from related party (unsecured) :

Inter Corporate Loan from GMR Power Corporation Limited [GPCL] includes Rs. 1101.26 Million (March 31, 2016: Rs. 803.61 Million; April 1 2015 Rs.477.51 Million) of interest accrued and due and is repayable at the end of the agreement period not later than March 31, 2017. Applicable rate of interest on principle amount of Rs. 2,120 Million for the year is 15.60%.

16 Trade payables

Particulars	Rupees In Million		
	March 31, 2017	March 31, 2016	April 1, 2015
Current balance			
Trade payables			
- due to micro and small enterprises (refer note (a) below)	12.80	-	-
- due to others	1,727.25	1,032.74	1,085.15
Retention Money	33.32	-	96.69
Acceptances against fuel supplies [refer note (b) below]	1,874.40	2,779.51	2,762.92
Buyers' Credit against fuel supplies	566.07	-	-
Total current trade and other payables	4,213.84	3,812.25	3,944.76

Notes:

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

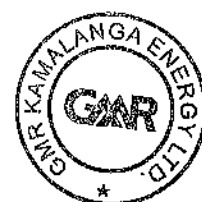
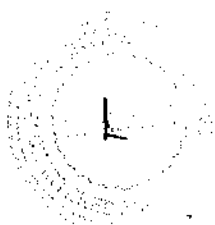
Particulars	Rupees in Million	
	March 31, 2017	March 31, 2016
a) Principal amount due to the enterprises defined under MSMED	12.80	-
b) Interest due thereon to the enterprises defined under MSMED	0.18	-
c) Amount of Interest paid to the enterprises under Section 16 of MSMED	-	-
d) Payment made to the enterprises beyond appointed date under Section 16 of MSMED	-	-
e) Amount of Interest due and payable for the period of delay in making payment, which has been paid beyond the appointed day during the year, but without adding the interest specified under MSMED	0.02	-
f) The amount of Interest accrued (not accounted in the books) and remaining unpaid at the end of each accounting year; and	0.18	-
g) Interest accrued and remaining unpaid at the end of the year to enterprises defined under MSMED	0.18	-

(b) Represents Letter of Credit accepted and discounted by the Company. Letter of Credit facility are part of the working capital facility sanctioned by the Banks and are secured as given in note no (d) of Note no. 15 above.

Acceptances denote usance letter of credit discounted with other banks. The rate of interest on such bill discounting ranges from 9.7% to 10.35% for Acceptances and from LIBOR + 0.3% to LIBOR + 0.5% for buyers credit / acceptances during the year.

Terms and conditions of the above financial liabilities:

For explanations on the Company's credit risk management processes, refer to Note no. 31



GMR Kamalanga Energy Limited

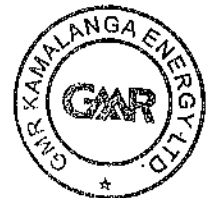
CIN: U40101KA2007PLC044809

Notes to the financial statements

17 Other financial liabilities ₹		Rupees In Million ₹		
Particulars	March 31, 2017 ₹	March 31, 2016 ₹	April 1, 2015 ₹	
Non-Current balance				
Carried at fair value through profit and loss				
Derivative liability	-	-	58.65	
Total non-current	-	-	58.65	
Current balance				
Other financial liabilities at amortised cost				
Current maturities of long-term borrowings				
Secured:				
-Term Loan [refer note no.15(a)(i) & (b)(i)]	989.09	-	2,367.45	
-Financial Institutions [refer note no.15(a)(i) & (b)(i)]	-	-	420.06	
-External Commercial Borrowings [refer note no.15(a)(ii) & (b)(ii)]	3,518.97	25.80	24.82	
Interest accrued but not due on :				
- Acceptances against fuel supplies	1.55	1.85	3.68	
- Buyers' Credit against fuel supplies	0.78	-	-	
- External Commercial Borrowings	106.12	98.01	88.02	
- from other parties	-	-	4.83	
- from Related Party	-	-	-	
- Term Loan	33.08	46.65	44.31	
Interest accrued and due on :				
-Term Loan [refer note no.15(a)(i) & (b)(i)]	470.49	792.09	789.06	
Other payables :				
- Payables towards capital goods / services	2,805.86	1,712.94	1,524.41	
- Retention Money towards capital goods / services	3,145.84	4,362.26	4,361.52	
- Other liabilities	321.21	571.16	518.37	
Carried at fair value through profit and loss				
Derivative liability	-	-	-	
Total current	₹ 11,392.99	₹ 7,610.76	₹ 10,146.53	
Total	11,392.99	7,610.76	10,205.18	

Break up of financial liabilities

Particulars		Rupees in Million		
	March 31, 2017	March 31, 2016	April 1, 2015	
Financial liabilities carried at amortised cost				
Borrowings	50,864.70	49,886.18	45,965.72	
Trade payables	4,213.84	3,812.25	3,944.76	
Other financial liabilities	6,884.93	7,584.96	7,334.20	
Financial liabilities carried at fair value through profit or loss				
Derivative liability	-	-	58.65	
Total	61,963.47	61,283.39	57,303.33	



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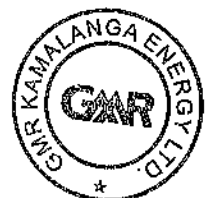
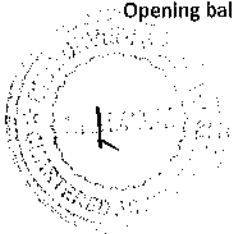
Notes to the financial statements

18 Other liabilities		Rupees in Million		
Particulars	March 31, 2017	March 31, 2016	April 1, 2015	
Non-Current balance				
Government grants (refer note (a) below)	3,888.54	4,113.66	4,338.78	
Total non-current	3,888.54	4,113.66	4,338.78	
Current balance				
Salaries, bonus and other payables to employees	8.89	12.42	15.73	
Proceeds from Invocation of Bank Guarantee (refer note (b) below)	5,792.63	5,792.63	5,792.63	
Government grants (refer note (a) below)	225.12	225.12	248.53	
TDS and other statutory dues	956.89	540.85	21.28	
Total current	6,983.53	6,571.02	6,078.17	
Total other liabilities	10,872.07	10,684.68	10,416.95	
Details of Government Grants:				
Opening balance	4,338.78	4,587.31		
Grant during the year	-	-		
Less: Released to profit or loss	225.12	248.53		
Total	4,113.66	4,338.78		

Notes:

- a) The Ministry of Power, Government of India vide letter dated February 01, 2012 had granted the Company with Mega Power Status Certificate under the Mega Power Policy for construction of its 3*350 MW Thermal based Power Plant. In terms of the same, the Company had availed exemptions of duty of customs approximately amounting to Rs.5,002.17 Million (as per the estimation of Indirect taxation department of the Company) which has been capitalised under Property, Plant and Equipments in terms of Ind AS 20. The Company has adopted Indian Accounting Standards (Ind AS) with effect from April 01, 2015. Accordingly, as per Ind AS 20, "Accounting for Government Grants and Disclosure of Government Assistance" Government grants related to assets is presented in the balance sheet by setting up the grant as deferred income and recognizing it in the profit or loss on a systematic basis over the useful life of the asset.
- b) The Company has invoked the Bank Guarantees of its EPC Contractors (herein after called 'party') amounting to Rs. 5,793 Million [March 31, 2016: Rs. 5,793 Million; April 1, 2015: Rs. 5,793 Million] on November 12, 2014 for liquidated damages, non-payment of debit notes issued by the Company and Outstanding liabilities to Sub-contractors of EPC contractor. The matter is presently sub-judice with District Court, Dhenkanal, and High Court of Odisha, Cuttack. The said amount along with income accrued aggregating up to March 31, 2017 of Rs.1,024.23 Million [March 31, 2016: Rs.616.71 Million; April 1, 2015 : Rs.191.40 Million, have been disclosed under other payables under note no.17 pending settlement of the litigation and no effect has been given to the carrying value of the fixed assets.

19 Provisions		Rupees in Million		
Particulars	March 31, 2017	March 31, 2016	April 1, 2015	
Non-current Provisions				
Provision for compensated absences	-	-	-	
Provision for decommissioning liability *	74.07	109.62	101.69	
Total non-current provisions	74.07	109.62	101.69	
Current Provisions				
Provision for employee benefits				
Provision for compensated absences	47.98	39.35	29.65	
Provision for other employee benefits	34.75	33.62	26.98	
Provision for Gratuity	3.76	-	-	
Other provisions				
Provision for rebate	7.09	8.70	4.71	
Total current provisions	93.58	81.67	61.34	
Total provisions	167.65	191.29	163.03	
*- Movement of provision for decommissioning liability				
Opening balance	109.62	101.69		
Notional interest for the year	5.36	7.93		
Reversal due to change in useful life of Plant	(40.91)	0.00		
Opening balance	74.07	109.62		



20 Income Tax

The major components of Income tax expense for the years ended March 31, 2017 and March 31, 2016 are:

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

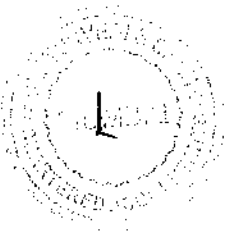
Particulars	Rupees in Million	
	March 31, 2017	March 31, 2016
Profit or loss section		
Current Tax	-	-
Deferred Tax	(28.36)	(138.84)
Tax expense / (credit) to Statement of Profit and Loss	(28.36)	(138.84)
Other comprehensive Income section (OCI)		
Deferred tax related to items recognised in OCI during in the year:		
Re-measurement gains (losses) on defined benefit plans	(1.52)	(0.17)
Tax expense / (credit) to Other Comprehensive Income	(1.52)	(0.17)
Tax expense / (credit) to Total Comprehensive Income	(29.88)	(139.01)

20.02 Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2017 and March 31, 2016:

Particulars	Rupees in Million	
	March 31, 2017	March 31, 2016
Loss before tax	(3,009.09)	(2,380.90)
Applicable tax rate	33.063%	33.063%
Tax effect of income / (loss)	(a) (994.90)	(787.20)
Adjustments:		
Tax effect on non-taxable income	(75.95)	(82.34)
Tax effect on non-deductible expenses	7.26	7.43
Additional deduction on investment allowances for tax purpose	-	(27.20)
Non-deductible GAAP difference on PPE	-	-
Income earned on disputed amount not recognised in profit and loss but offered for tax	81.06	151.84
	(b) 12.37	49.73
	(c)=(a+b) (982.53)	(737.47)
Unused tax losses carried forwarded	(d) 982.53	737.47
	(e)=(c+d) -	-
Recognition of deferred tax asset to the extent of deferred tax liability recognised directly under equity	(f) 28.36	138.84
Tax expense / (credit) to Statement of Profit and Loss	(g)=(e-f) (28.36)	(138.84)
Tax expense / (credit) to Other Comprehensive Income	(h) (1.52)	(0.17)
Tax expense / (credit) to Total Comprehensive Income	(i)=(g+h) (29.88)	(139.01)

20.03 Non-current tax assets (net)

Particulars	Rupees in Million	
	March 31, 2017	March 31, 2016
Opening Balance	₹ 34.09	₹ 16.72
Less: Current tax payable for the year	-	-
Less: Refund received during the year	-	-
Add: Current taxes paid	41.54	17.37
closing balance of Non-current tax assets (net)	₹ 75.63	₹ 34.09



20.04 A reconciliation of the Income tax provision to the amount computed by applying the statutory Income tax rate to the income before Income taxes is summarized below:

Particulars	Rupees in Million		
	March 31, 2017	March 31, 2016	April 1, 2015
Deferred tax:			
Deferred tax liability			
Non-Current			
Property, plant and equipments and intangible assets	7,783.51	6,905.53	5,719.57
Fair value of derivatives financial assets	-	49.43	-
Borrowings recorded at fair value at inception and subsequently recorded at amortized cost.	1,218.30	1,228.35	1,069.65
Total Non-Current	8,981.81	8,183.31	6,789.22
Current			
Fair value of derivatives financial assets	37.32	-	-
Fair value of Investments	53.68	-	11.22
Borrowings recorded at fair value at inception and subsequently recorded at amortized cost.	15.59	3.84	19.99
Gratuity assets	-	0.56	0.18
Total Current	106.59	4.40	31.39
Gross deferred tax liability	9,088.40	8,187.71	6,820.61
Deferred tax asset			
Provision for decommissioning liability	22.72	36.24	33.62
Preliminary expenses	-	1.73	3.47
Fair value of Security deposit	0.49	0.72	-
Fair value of derivatives financial liabilities	-	-	19.39
Unabsorbed depreciation	10,759.52	8,992.52	7,099.35
Unused losses	1,878.68	2,226.22	2,526.30
Total Non-Current	12,661.41	11,257.43	9,682.13
Trade receivables	-	-	25.78
Provision for rebate	2.34	2.88	1.56
Provision for Leave Encashment	11.64	8.79	4.78
Provision for Gratuity	1.24	-	-
Preliminary expenses	1.74	1.74	1.74
Remeasurement of defined benefit plans	1.69	0.17	-
Total Current	18.65	13.58	33.86
Gross deferred tax asset	12,680.06	11,271.01	9,715.99
Net deferred tax (assets) / liability	(3,591.66)	(3,083.30)	(2,895.38)
Less: Unused tax allowances and losses not recognised *	3,591.66	3,083.30	2,895.38
Net deferred tax (assets) / liability	-	-	-

*-The Company has unused tax allowances and tax losses which arose in India of Rs.3,591.66 Million (March 31, 2016: Rs.3,083.30 Million; April 1, 2015: Rs.2,895.38 Million). The unused tax losses are available for offsetting for eight years against future taxable profits of the companies in which the losses arose. With regard to unused allowances, same is allowable in future period against taxable profits without any time limit. Majority of these losses will expire in March 2021.

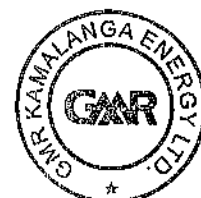
20.05 Reconciliations of deferred tax (liabilities) /assets

Particulars	Rupees in Million	
	March 31, 2017	March 31, 2016
Opening balance	-	-
Tax income/(expense) during the period recognised in profit or loss	28.36	138.84
Tax income/(expense) during the period recognised in OCI	1.52	0.17
Amount recognised directly in equity	(29.88)	(139.01)
Closing balance	-	-

20.06 Amount recognised directly in equity

Particulars	Rupees in Million	
	March 31, 2017	March 31, 2016
Opening balance	1,188.14	1,049.13
Add: Deferred tax recognised directly in equity during the year	29.88	139.01
Closing balance of deferred tax netted off with other components of equity	1,218.02	1,188.14

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.



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Notes to the financial statements

Particulars	Rupees in Million	
	March 31, 2017	March 31, 2016
Sale of Electrical Energy*	19,155.38	19,598.31
Total	19,155.38	19,598.31

Notes:

a) i) The Company, under long term Power Purchase Agreements ("the PPAs"), has committed to sell upto 262.5 MW for twenty five years to GRIDCO Limited for tariff to be determined by the Appropriate Authority. The Company had made an application under Section 79 of the Electricity Act, 2003 to the Central Electricity Regulatory Commission ("CERC") for determining the tariff of the generating station of the petitioner under Section 62 read with Section 79(1)(b) in Petition No. 77/GT/2013.

Learned CERC passed an Order on January 3, 2014 on the maintainability of the Tariff Petition filed by the Company. The CERC, inter alia, held that Company is an inter-state generating station having a composite scheme for generation and supply of electricity to more than one State in terms of Section 79(1)(b) of the Act and it has jurisdiction to determine the tariff for supply of power to GRIDCO. GRIDCO had filed an appeal before the Hon'ble Appellate Tribunal for Electricity challenging the CERC order dated January 03, 2014 with respect to its jurisdiction to determine tariff and stay the order. The Hon'ble Appellate Tribunal for Electricity concluded the hearing in the main appeals on January 11, 2016 and passed its Judgment on April 7, 2016 and held that the CERC has the jurisdiction to determine the tariff under section 79(1)(b) of the Electricity Act, 2003.

The CERC has, after considering the submissions by both the parties vide its Order dated November 12, 2015, arrived at tariff for the year 2013-14 in terms of 2009-14 tariff regulations. The Company has done detailed workings for computation of tariff as per the project cost approved in accordance with CERC Regulations and has raised bill on GRIDCO during the year amounting to Rs.5,630.96 Million as determined by the Order. The billing for period is done in terms of Regulations 7(8)(i) of CERC tariff regulations. The said bills have been duly acknowledged by GRIDCO and presently under verification at their end based on 2009-14 regulation.

ii. The Company has done truing up of tariff workings for billings already done for FY 2016-17 considering truing up petition filed by the Company based on CERC 2014-19 regulations. In terms of the same the income billed to the extent of Rs. 42.49 Million has been reversed considering prudence.

b) The Company, under long term Power Purchase Agreements (the PPAs), has committed to sell up to 300 MW with Uttar Haryana Bijli Vidyut Nigam Limited and Dakshin Haryana Bijli Vidyut Nigam Limited ("Haryana Discoms") through PTC India Limited (PTC) under Section 63 of the Electricity Act, 2003 (i.e. competitive bidding). The Company had filed a petition before CERC claiming additional tariff considering the change in law impact on various variable cost components. The CERC has, after considering the submission by both the parties vide its Order dated February 3, 2016 has allowed Company's claim for royalty on Coal, levy of clean energy cess, excise duty on Coal, short fall in the quantum of linkage coal. The Company has done detailed workings for the same and has submitted supplementary Invoice for the year amounting to Rs.1,317.16 Million to PTC for compensation against various change in Law events and have recognised the same during the year in the accounts. The said invoices have been duly acknowledged by PTC India Limited and presently under verification at their end.

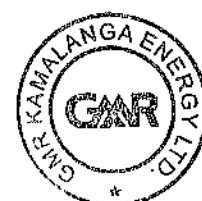
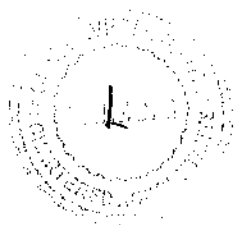
Further, during the year, the Company has reversed excess revenue recognised during FY 2015-16 to the extent of Rs.4.97 Million based on the certified Form 15 and submitted the revised supplementary Invoice to PTC.

c) In respect of the matters above, the Appellate Tribunal for Electricity, New Delhi has concluded that the CERC has jurisdiction to determine tariff and has dismissed the Appeals filed by GRIDCO and Haryana Discoms for Jurisdiction Issue vide its Order dated April 7, 2016. In view of the favourable order from Hon'ble APTEL and based on the assessment by the Management that it would not be unreasonable to expect ultimate collection of the amount involved as mentioned above, the Management of the Company has recognized the same as revenue from operations.

d) The Company has raised bill for capacity charges to PTC India Limited based on declared availability as per the PPA. However, the Company during the year has not recognised the capacity charges on the units billed in excess of scheduled availability to PTC India to the extent of Rs.18.31 Million (net of margin), as the same is not accepted by PTC India as per the terms of the Minutes of Meeting dated October 23, 2013.

e) The Company, under long term Power Purchase Agreements (the PPAs), has committed to sell up to 260 MW with Bihar State Power (Holding) Company Limited [erstwhile Bihar State Electricity Board (BSEB)] under Section 63 of the Electricity Act, 2003 (i.e., competitive bidding). The Company had filed a petition before CERC claiming additional tariff considering the change in law impact on various variable cost components. The CERC has, after considering the submission by both the parties vide its Order dated April 7, 2017 has allowed Company's claim for royalty on coal, levy of clean energy cess, excise duty on coal, service tax and swachh bharat cess on transport of coal, increase in VAT rate, contribution to National Mineral Exploration Trust and District Mineral Foundation, increase in electricity Duty on Auxiliary Consumption. The Company has done detailed workings for the same and has submitted supplementary invoice for FY 2014-15 of Rs.53.86 Million, FY 2015-16 of Rs.306.84 Million and FY 2016-17 of Rs.496.76 Million aggregating to Rs.857.46 Million as reduced by Rs.603.33 Million already claimed pursuant to the claim allowed by BSEB vide its letter no. 27/MISC-Trans/O&M-IS-299/2013/84 dated October 16, 2015. Accordingly, balance of Rs.254.13 Million, have been recognised as additional revenue during the year pursuant to the CERC Order.

f) The Company has not recognised interest on delayed payments of trade receivables in view of pending acceptance of company's claim by customers.

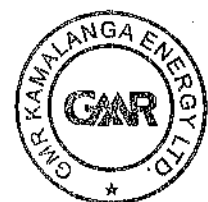
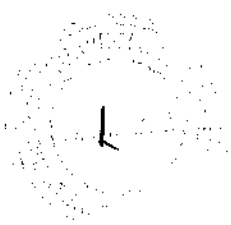


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Notes to the financial statements

22 Other income ₹		Rupees In Million	
Particulars	March 31, 2017 ₹	March 31, 2016 ₹	
Interest Income			
- Bank deposits	86.95	64.30	
- Other deposits	13.43	12.97	
- Unwinding financial assets	0.70	0.27	
Profit on sale on Investments	-	0.24	
Exchange gain (on account of restatement of forex liabilities)	208.53	-	
Government grants Income allocation (refer note no.18(a) above)	225.12	248.53	
Miscellaneous Income	21.53	1.31	
Total	₹ 556.26	₹ 327.62	
Notional Interest Income (calculated using the effective Interest method) for financial assets that are not at fair value through profit or loss:			
Unwinding of security deposits classified at amortised cost	0.70	0.27	
23 Cost of materials consumed ₹		Rupees in Million	
Particulars	March 31, 2017 ₹	March 31, 2016 ₹	
Cost of materials consumed			
Inventory at the beginning of the year	585.50	398.94	
Add: Purchases	8,703.91	10,016.58	
	9,289.41	10,415.52	
Less : Inventory at the end of the year	270.57	585.50	
Cost of materials consumed	₹ 9,018.84	₹ 9,830.02	
Details of cost materials consumed			
Coal	8,959.43	9,760.47	
Light Diesel Oil	58.92	66.38	
Heavy Furnace Oil	0.49	3.17	
Total	9,018.84	9,830.02	
24 Power purchases ₹		Rupees in Million	
Particulars	March 31, 2017	March 31, 2016	
Purchase of power [refer note no. 40 (c)]	1,207.65	156.37	
Total	₹ 1,207.65	₹ 156.37	
25 Employee benefit expenses ₹		Rupees in Million	
Particulars	March 31, 2017	March 31, 2016	
Salaries, wages and bonus	946.01	352.83	
Contribution to provident fund and others [refer note no. 37]	29.55	30.78	
Recruitment/Placement Costs	5.38	3.29	
Staff welfare expenses	17.72	35.06	
Total	₹ 998.66	₹ 421.96	
26 Depreciation and amortisation expenses ₹		Rupees in Million	
Particulars	March 31, 2017	March 31, 2016	
Depreciation of tangible assets	2,989.05	3,277.19	
Amortisation of Intangible assets	2.34	1.62	
Total	₹ 2,991.39	₹ 3,278.81	



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Notes to the financial statements

27 Finance costs	Rupees in Million	
	March 31, 2017	March 31, 2016
Particulars		
Interest expenses		
- Term loan	5,535.35	5,248.57
- External commercial borrowing (Including hedging loss)	524.65	252.46
- Working capital loan	147.09	90.98
- On unwinding on financial liabilities	53.93	46.33
- On unwinding on decommissioning liabilities (net of reversal)	3.60	7.93
- Other Interest	569.06	517.85
Exchange loss (on account of restatement of forex liabilities)	-	143.17
Bank and other finance charges (refer note no.1 below)	108.01	232.05
Total	6,941.69	6,539.34

Note 1:

Total interest expense (calculated using the effective interest method) for financial liabilities that are not at fair value through profit or loss:

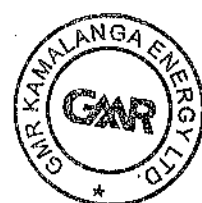
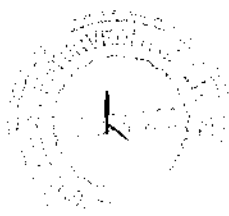
Notional Interest on unwinding of Promoters Subordinate debt - from Holding Company	53.93	46.33
Amortization of Upfront cost paid on rupee term loans	19.57	16.31
Amortization of Upfront cost paid on external commercial borrowings.	9.24	8.85
Total	82.74	71.49

28 Other expenses	Rupees in Million	
	March 31, 2017	March 31, 2016
Particulars		
Transmission & Distribution charges	203.88	324.67
Compensation charges	-	148.40
Environment Cess	238.22	249.66
Rent and hire charges	99.43	41.33
Bad debts	-	-
Rates and taxes	18.48	4.32
Insurance	54.07	84.75
Repairs and maintenance	-	-
-Plant and machinery	221.16	158.18
-Others	92.73	74.84
Electricity, Fuel and water charges	284.83	250.61
Rebate on Prompt Payment	-	-
Office Maintenance	105.02	125.13
Consumption of Stores and Spares	294.84	103.17
Manpower Cost	234.71	109.71
Communication costs	8.33	4.45
Printing and stationery	2.29	1.61
Consultancy & Professional Fees	242.20	306.20
Travelling and conveyance	26.53	47.81
Payment to auditors *	4.12	3.67
Board meeting expenses	1.02	0.71
Advertisement	1.18	3.49
Community Development	19.89	22.07
Business Promotion	0.93	3.84
Donation	1.57	0.05
Miscellaneous expenses	7.07	11.66
Total	2,162.50	2,080.33

*- Breakup of payment to auditors

Statutory audit fee	2.88	2.86
Tax Audit fee	0.58	0.23
Certification fees	0.66	0.58
Total	4.12	3.67

29 The disaggregation of changes to OCI by each type of reserve in equity is shown below:	Rupees in Million	
	March 31, 2017	March 31, 2016
Particulars		
	Retained Earnings	Retained Earnings
Re-measurement gains (losses) on defined benefit plans	(4.59)	(0.52)
Income tax effect	1.52	0.17
Total	(3.07)	(0.35)



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Notes to the financial statements

30 Financial Instruments

30.01 Financial Instruments by category

Financial Instruments comprise financial assets and financial liabilities.

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

Rupees in Million

Particulars	Refer note no.	Amortised cost	Financial assets/ liabilities at fair value through profit	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets:						
Cash and cash equivalents	11	943.92	-	-	943.92	943.92
Other bank balances	12	3,357.35	-	-	3,357.35	3,357.35
Investments:						
in Mutual Funds	5	-	2,612.35	-	2,612.35	2,612.35
Trade Receivables	10	6,499.97	-	-	6,499.97	6,499.97
Loans	6	46.12	-	-	46.12	46.12
Derivative assets	7	-	112.87	-	112.87	112.87
Security deposits	6	-	17.15	-	17.15	17.15
Other financial assets	7	245.55	-	-	245.55	245.55
Total		11,092.91	2,742.37	-	13,835.28	13,835.28
Financial liabilities						
Borrowings	15	50,864.70	-	-	50,864.70	50,864.70
Trade payables	16	4,213.84	-	-	4,213.84	4,213.84
Other financial liabilities	17	6,884.93	-	-	6,884.93	6,884.93
Derivative liability	17	-	-	-	-	-
Total		61,963.47	-	-	61,963.47	61,963.47

b) The carrying value and fair value of financial Instruments by categories as of March 31, 2016 were as follows

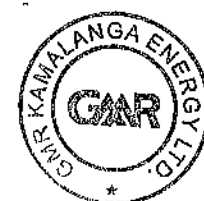
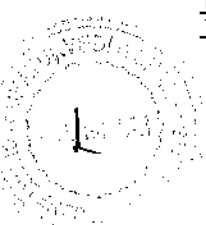
Rupees in Million

Particulars	Refer note no.	Amortised cost	Financial assets/ liabilities at fair value through profit	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets:						
Cash and cash equivalents	11	1,565.58	-	-	1,565.58	1,565.58
Other bank balances	12	5,312.77	-	-	5,312.77	5,312.77
Investments:						
in Mutual Funds	5	-	-	-	-	-
Trade Receivables	10	6,284.57	-	-	6,284.57	6,284.57
Loans	6	46.04	-	-	46.04	46.04
Derivative assets	7	-	149.50	-	149.50	149.50
Security deposits	6	-	16.94	-	16.94	16.94
Other financial assets	7	155.98	-	-	155.98	155.98
Total		13,364.94	166.44	-	13,531.38	13,531.38
Financial liabilities						
Borrowings	15	49,886.18	-	-	49,886.18	49,886.18
Trade payables	16	3,812.25	-	-	3,812.25	3,812.25
Other financial liabilities	17	7,584.96	-	-	7,584.96	7,584.96
Derivative liability	17	-	-	-	-	-
Total		61,283.39	-	-	61,283.39	61,283.39

c) The carrying value and fair value of financial Instruments by categories as of April 1, 2015 were as follows

Rupees in Million

Particulars	Refer note no.	Amortised cost	Financial assets/ liabilities at fair value through profit	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets:						
Cash and cash equivalents	11	208.13	-	-	208.13	208.13
Other bank balances	12	4,271.68	-	-	4,271.68	4,271.68
Investments:						
In Mutual Funds	5	-	1,983.94	-	1,983.94	1,983.94
Trade Receivables	10	2,160.62	-	-	2,160.62	2,160.62
Loans	6	36.64	-	-	36.64	36.64
Derivative assets	7	-	-	-	-	-
Security deposits	6	-	14.06	-	14.06	14.06
Other financial assets	7	259.35	-	-	259.35	259.35
Total		6,936.42	1,998.00	-	8,934.42	8,934.42
Financial liabilities						
Borrowings	15	45,965.72	-	-	45,965.72	45,965.72
Trade payables	16	3,944.76	-	-	3,944.76	3,944.76
Other financial liabilities	17	7,334.20	-	-	7,334.20	7,334.20
Derivative liability	17	-	58.65	-	58.65	58.65
Total		57,244.68	58.65	-	57,303.33	57,303.33



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30 Financial Instruments

30.02 Fair value hierarchy

The Company held the following assets and liabilities measured at fair value. The Company uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

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

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

Particulars	Rupees In Million			
	Total	Level 1	Level 2	Level 3
Assets measured at fair value through profit or loss:				
Investments:				
In Mutual Funds	2,612.35	2,612.35	-	-
Derivative assets	112.87	-	112.87	-
Security deposits	17.15	-	-	17.15
Liabilities measured at fair value through profit or loss:				
Derivative liability				
Interest rate swaps and cross currency swaps	-	-	-	-

b) The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2016:

Particulars	Rupees in Million			
	Total	Level 1	Level 2	Level 3
Assets measured at fair value through profit or loss:				
Investments:				
In Mutual Funds	-	-	-	-
Derivative assets	149.50	-	149.50	-
Security deposits	16.94	-	-	16.94
Liabilities measured at fair value through profit or loss:				
Derivative liability				
Interest rate swaps and cross currency swaps	-	-	-	-

c) The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of April 1, 2015:

Particulars	Rupees in Million			
	Total	Level 1	Level 2	Level 3
Assets measured at fair value through profit or loss:				
Investments:				
In Mutual Funds	1,983.94	1,983.94	-	-
Security deposits	14.06	-	-	14.06
Liabilities measured at fair value through profit or loss:				
Derivative liability				
Interest rate swaps and cross currency swaps	58.65	-	58.65	-

During the year ended March 31, 2017 and March 31, 2016 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The fair value of liquid mutual funds is based on net asset value quoted price. Derivative financial instruments are valued based on directly or indirectly observable inputs in the marketplace. Fair value is determined using Level 3 inputs at Discounted cash flows.

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

31 Financial risk management

Financial Risk Factors

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

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

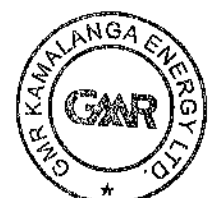
31.01 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial Instruments affected by market risk include loans and borrowings, deposits, and derivative financial instruments. The sensitivity analysis in the following sections relate to the position as at March 31, 2017 and March 31, 2016.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations, provisions.

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

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2017 and March 31, 2016.



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30 Financial Instruments

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to External Commercial Borrowings of the company and the amount payable to EPC Contractors (when expense is denominated in a foreign currency). The Company manages its foreign currency risk arising out of External Commercial Borrowings by taking foreign exchange forward contracts. Company's payable balance to EPC contractors are paid at spot rate applicable on date of transaction.

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/(loss) before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Type of major currency	Change in currency rates	Rupees in Million	
			March 31, 2017	March 31, 2016
Effect on loss before tax - Increase of loss	USD	(+)%5	(248.85)	(277.60)
Effect on loss before tax - Decrease of loss	USD	(-)%5	248.85	277.60

The movement in the pre-tax effect is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in US dollars, where the functional currency of the entity is a currency other than US dollars. Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company analysis its interest rate exposure on a dynamic basis. The Company enters into interest rate swaps to manage its interest rate risk, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift.

Interest rate sensitivity

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

Particulars	Type of currency	Increase/decrease in basis points	Rupees in Million	
			March 31, 2017	March 31, 2016
Effect on loss before tax - Increase of loss	INR	(+)%50	(209.80)	(201.07)
Effect on loss before tax - Decrease of loss	INR	(-)%50	209.80	201.07
Effect on loss before tax - Increase of loss	USD	(+)%50	(17.82)	(17.80)
Effect on loss before tax - Decrease of loss	USD	(-)%50	17.82	17.60

31.02 Credit risk

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

No credit limits were exceeded during the reporting period other than those under litigation, and management does not expect any losses from non-performance by these counterparties.

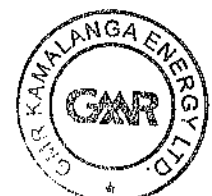
The maximum exposure of financial assets subject to credit risk was equal to the respective carrying amounts on the balance sheet date. None of the financial assets subject to credit risk were either past due or impaired. The Company's dues under power purchase agreement with Discoms are treated good and recoverable inspite of being past due being dues from government organisation.

Aging analysis of the trade receivables has been considered from the date it is due

Particulars	Rupees in Million		
	March 31, 2017	March 31, 2016	April 1, 2015
Upto 3 months	3,831.47	6,204.77	2,102.12
3 to 6 months	804.24	14.86	-
More than 6 months	2,054.26	64.94	58.50
Total	6,499.97	6,284.57	2,160.62

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units for a specified time period.

The carrying values of the financial assets approximate its fair values. The above financial assets are not impaired as at the reporting date. Other financial assets are neither past due nor impaired at reporting date. The cash and cash equivalents are maintained with reputed banks. Hence the Group believes no impairment is necessary in respect of the above financial instruments.



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Notes to the financial statements

30 Financial Instruments

31.03 Liquidity risk

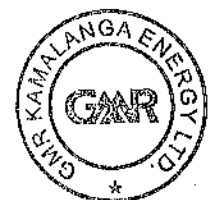
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity reserve (comprises undrawn borrowing facility, cash and cash equivalents and funding from parent company) on the basis of expected cash flow. This is generally carried out at by the Company in accordance with practice and limits set by the Company. In addition, the Company's liquidity management policy involves projecting cashflows in major currencies and considering the level of liquid assets necessary to meet these; monitoring balance sheet liquidity ratios against internal and external regulatory requirements; and maintaining debt financing plans. The Company also issues preference shares to the parent company from time to time to ensure a liquidity balance.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they become due without incurring unacceptable losses or risking damage to the Company's reputation. The Company also issues preference shares from time to time to ensure a liquidity balance.

The following are the contractual maturities of non-derivative financial liabilities, including the estimated interest payment.

Particulars	Carrying Amount	Repayable on demand	Due within 1 year	Rupees In Million	
				Due between 1 to 5 years	Due after 5 years
As at March 31, 2017					
Non-derivative financial liabilities					
Borrowings from banks and others	42,079.76	-	989.09	9,514.40	31,576.27
External commercial borrowings	3,518.97	-	3,518.97	-	-
Promoter sub-ordinated debt from holding company	447.95	-	-	-	447.95
Cash credit	1,583.76	1,583.76	-	-	-
Security deposits	13.00	-	13.00	-	-
Loan from related party	3,221.26	3,221.26	-	-	-
Trade payable	4,213.84	1,773.37	4,213.84	-	(1,773.37)
Other financial liabilities	6,884.93	6,743.41	6,884.93	-	(6,743.41)
Total	61,963.47	13,321.80	15,619.83	9,514.40	23,507.44
Derivative financial liabilities					
Interest rate swaps and cross currency swaps	-	-	-	-	-
Total	-	-	-	-	-
As at March 31, 2016					
Non-derivative financial liabilities					
Borrowings from banks and others	41,841.39	-	-	7,841.43	34,199.96
External commercial borrowings	3,607.54	-	25.80	3,581.74	-
Promoter sub-ordinated debt from holding company	383.65	-	-	-	383.65
Cash credit	1,110.99	1,110.99	-	-	-
Security deposits	19.00	-	19.00	-	-
Loan from related party	2,923.61	-	2,923.61	-	-
Trade payable	3,812.25	1,032.74	2,779.51	-	-
Other financial liabilities	7,584.98	7,438.47	146.49	-	-
Total	61,283.39	9,582.20	5,894.41	11,223.17	34,583.61
Derivative financial liabilities					
Interest rate swaps and cross currency swaps	-	-	-	-	-
Total	-	-	-	-	-
As at March 31, 2015					
Non-derivative financial liabilities					
Borrowings from banks and others	38,585.06	-	2,787.51	11,684.44	24,113.11
External commercial borrowings	3,431.91	-	24.82	3,407.09	-
Promoter sub-ordinated debt from holding company	726.07	-	-	-	726.07
Cash credit	601.67	601.67	-	-	-
Security deposits	23.50	-	23.50	-	-
Loan from related party	2,597.51	-	-	2,597.51	-
Trade payable	3,944.76	1,181.85	2,762.91	-	-
Other financial liabilities	7,334.20	7,193.36	140.84	-	-
Total	57,244.68	8,976.88	5,739.58	17,689.04	24,839.18
Derivative financial liabilities					
Interest rate swaps and cross currency swaps	58.65	-	58.65	-	-
Total	58.65	-	58.65	-	-



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Notes to the financial statements

30 - Financial Instruments

31.04 Capital management

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the Company to which the company belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company or the Company. The results of the Directors' review of the company's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared.

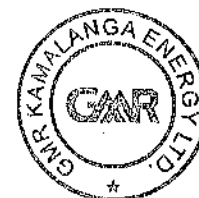
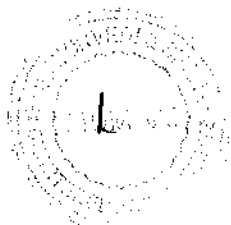
For the purpose of the Company's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is debt divided by total capital plus debt.

Particulars	Rupees in Million		
	March 31, 2017	March 31, 2016	April 1, 2015
Total Debt / borrowings	50,864.70	49,886.18	45,965.72
Capital Components			
Equity Share Capital	21,487.34	21,487.34	21,487.34
Reserves and Surplus	(15,213.02)	(12,289.70)	(10,328.73)
Total Capital	6,274.32	9,197.64	11,158.61
Capital and debt	57,139.02	59,083.82	57,124.33
Gearing ratio (%)	89.02%	84.43%	80.47%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2017 and March 31, 2016.



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Notes to the financial statements

32 Calculation of Earning per share (EPS):

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year. There is no dilutive potential ordinary shares as at March 31, 2017, March 31, 2016 and April 1, 2015. Thus, diluted EPS equals basic EPS.

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

Particulars	March 31, 2017	March 31, 2016
a. Nominal value of Equity shares (in Rupees per share)	10	10
b. Weighted average number of Equity shares at the year end (In Nos)	2,148,734,052	2,148,734,052
c. Profit attributable to equity holders of the Company for basic earnings (Rupees in Million)	(2,980.73)	(2,242.06)
d. Basic/Diluted Earning per share of Rs 10/- each (In Rs.) [(c)/(b)]	(1.39)	(1.04)

33 Contingent liabilities, contingent assets and commitments

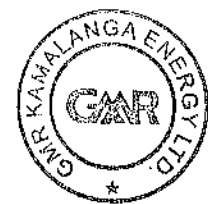
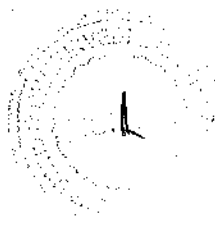
Particulars	March 31, 2017	March 31, 2016	Rupees in Million
			April 1, 2015
i. Contingent Liabilities			
a. Letter of credit	244.57	290.65	940.41
b. Claims against the company not acknowledged as debt [refer note (a) below]	2,096.40	2,022.80	1,871.10
c. Disputed Income tax liabilities from Ays 2010-11, 2011-12 & 2013-14 [refer note (b) below]	11.05	11.05	11.05
d. Disputed tax deducted at source including Interest	10.86	10.99	10.96

Notes:

- a) Includes entry tax & Penalty demand of Rs.1,840.74 Million [March 31, 2016 : Rs.1,767.14 Million] raised by the Additional Commissioner Cuttack, for non payment of entry tax on imported plant and machineries from outside India as per Orissa Entry Tax Act, 1999. In the opinion of the management the demand of entry tax is not tenable under law in view of various legal jurisprudences and hence does not foresee any financial impact on the company. The Company has already deposited Rs.279.96 Million [March 31, 2016 : Rs.267.69 Million] under protest and has filed appeal before the appellate authorities and special leave petition before Hon'ble Supreme Court.
- b) Search under Section 132 of the Income Tax Act, 1961 was carried out at the premises of the Company by the Income Tax Authorities on October 11, 2012, followed by search closure visits on various dates to check the compliance with the provisions of the Income Tax Act, 1961. The Company pursuant to the same has received the Income tax Assessment Orders passed under section 143(3) r.w.s 153A of the Income tax Act, 1961 for the Assessment Years AY 2008-09 to AY 2013-14 and order u/s 143(3) for AY 2014-15. The Assessing Officer in the said orders has considered certain revenue expenditure claimed by the company as not deductible and has also considered certain items in capital work in progress as not eligible for capitalisation. The said adjustments have resulted in additional tax demand of Rs.28.15 Million and initiation of penalty proceedings. The department after adjusting the refunds due raised a demand of Rs.11.05 Million. The Company has preferred appeals before appellate authorities and hopeful of getting favourable order and does not foresee any financial implication on financial statements.

ii. Capital and other Commitments

Particulars	March 31, 2017	March 31, 2016	Rupees in Million
			April 1, 2015
a. Other commitments	260.00	270.00	280.00



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- 34 The Company has been made a party to various litigations with relation to land acquired by Orissa Industrial Infrastructure Development Corporation (IDCO) for its power project. The compensation award has already been deposited with the Government and the possession of all these lands have already been handed over to Company. In all these matters, as of now, there is no adverse interim order. The cost of land involved in the litigations out of the total project area is not significant. In view of the above status, the Management of the Company has been legally advised that the petitions filed against company are not tenable and it does not foresee any adverse financial impact arising from these litigations on the financial statements of the Company.
- 35 In respect of the CERC Orders referred to in Note No.21 above, the Company has preferred appeal against the order for disallowing its claim for delay and additional cost incurred during construction period before Appellate Tribunal for Electricity (APTEL). Further, the Company has also filed review petition before CERC for mistakes apparent on record. The matters has been admitted and pending for hearing. GRIDCO has also preferred an appeal against the CERC tariff order 77/GT/2013 before APTEL. The management is of the opinion that the claim of GRIDCO is not tenable and no adverse financial implications are expected.
- 36 The Management of the Company is of the opinion that no provision is required to be made in its books of account other than those already provided if any, with respect to any material foreseeable losses under the applicable laws, accounting standards or long term contracts including derivative contracts.

37 Employee Benefits

a) Defined Contribution Plans :

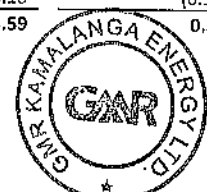
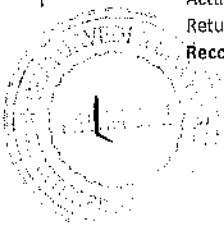
The Company's Contribution to Provident and Pension Fund and Superannuation Fund charged to Statement of Profit and Loss are as follows :

Particulars	Rupees in Million	
	March 31, 2017	March 31, 2016
Provident and pension fund	16.89	17.70
Superannuation fund	9.25	9.99
Total	26.14	27.69

b) Gratuity

The following tables set out the funded status of the gratuity plans and the amounts recognised in the Company's financial statements as at March 31, 2017 and March 31, 2016:

Particulars	Rupees in Million	
	March 31, 2017	March 31, 2016
i) Change in defined benefit obligation		
Defined benefit at the beginning	17.78	12.00
Current Service Cost	4.11	3.28
Interest expenses	1.19	0.86
Acquisition Cost/(Credit)	(0.22)	3.00
Remeasurements - Actuarial loss / (gain)	4.49	0.70
Benefits paid	(4.93)	(2.06)
Defined benefit at the end	22.42	17.78
ii) Change in fair value of plan assets:		
Fair value of Plan Assets at the beginning	19.47	12.54
Expected return on plan assets	1.43	1.04
Acquisition Adjustment	-	4.18
Actuarial gains/ (losses)	(0.10)	0.18
Contributions by employer	2.78	3.59
Benefits paid	(4.93)	(2.06)
Fair value of plan assets at the end	18.65	19.47
iii) Amount Recognized in the Balance Sheet		
Present Value of Obligation as at year end	22.42	17.78
Fair Value of plan assets at year end	(18.65)	(19.47)
Net (asset) / liability recognised	3.77	(1.69)
iv) Amount recognized in the Statement of Profit and Loss under employee benefit expenses.		
Current Service Cost	4.11	3.28
Net interest on net defined benefit liability / (asset)	(0.24)	(0.18)
Total expense	3.87	3.10
v) Recognised in other comprehensive income for the year		
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumption	1.29	0.70
Actuarial changes arising from changes in experience adjustments	3.20	-
Return on plan assets excluding interest income	0.10	(0.18)
Recognised in other comprehensive income	4.59	0.52



GMR Kamalanga Energy Limited

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Notes to the financial statements

Particulars	Rupees in Million	
	March 31, 2017	March 31, 2016
<i>vi) Quantitative sensitivity analysis for significant assumptions is as below:</i>		
Increase / decrease on present value of defined benefit obligation as at year end		
(i) one percentage point increase in discount rate	(1.80)	(1.43)
(ii) one percentage point decrease in discount rate	2.11	1.68
(iii) one percentage point increase in salary escalation rate	1.80	1.43
(iv) one percentage point decrease in salary escalation rate	(1.63)	(1.29)
(v) one percentage point increase in employee turnover rate	0.15	0.12
(vi) one percentage point decrease in employee turnover rate	(0.19)	(0.15)

Sensitivity Analysis Method

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by percentage, keeping all the other actuarial assumptions constant.

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

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

viii) The weighted average assumptions used to determine net periodic benefit cost for the year ended March 31, 2017, March 31, 2016 and April 1, 2015 are set out below:

	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate (p.a.)	7.10%	7.80%	7.80%
Weighted average rate of increase in compensation levels	6.00%	6.00%	6.00%
Weighted average duration of defined benefit obligation	10 Years	10 Years	10 Years

As of March 31, 2017, every percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately Rs.2.11 Million.

As of March 31, 2017, every percentage point increase / decrease in weighted average rate of increase in compensation levels will affect our gratuity benefit obligation by approximately Rs.1.80 Million.

The Company contributes all ascertained liabilities towards gratuity to the Life Insurance Corporation of India (LIC). As of March 31, 2017, March 31, 2016 and April 1, 2015, the plan assets have been invested in insurer managed funds.

The Company expects to contribute Rs.2.78 Million to the gratuity fund during FY 2017-18.

Notes:

i. The estimates of future salary increases, considered in actuarial valuation, take into consideration for inflation, seniority, promotion and other relevant factors.

ii. The expected return on plan assets is determined considering several applicable factors such as the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Group's policy for plan asset management. Assumed rate of return on assets is expected to vary from year to year reflecting the returns on matching Government bonds.

c) Leave Encashment

Liability towards Leave Encashment based on Actuarial valuation amounts to Rs. 47.98 Million as at March 31, 2017 [March 31, 2016: Rs. 39.35 Million; April 1, 2015 : Rs.29.65 Million].

38 Other Disclosures

a) Raw materials, spare parts and components consumed

Particulars	March 31, 2017		March 31, 2016	
	Rupees in Million	Percentage	Rupees in Million	Percentage
Fuel				
- Indigenous	7,344.48	81.43%	6,802.86	69.20%
- Imported	1,674.36	18.57%	3,027.16	30.80%
Total	9,018.84	100.00%	9,830.02	100.00%
Stores and Spare Parts				
- Indigenous	266.77	90.48%	103.17	100.00%
- Imported	28.07	9.52%	-	0.00%
Total	294.84	100.00%	103.17	100.00%



GMR Kamalanga Energy Limited

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Notes to the financial statements

b) Value of imports calculated on CIF Basis:

Particulars	Rupees in Million	
	March 31, 2017	March 31, 2016
Capital Goods, Spares and Inventory (including material in transit)	1,093.30	2,289.05

c) Expenditure incurred / Payment made in Foreign Currency (Accrued)

Particulars	Rupees in Million	
	March 31, 2017	March 31, 2016
Professional and consultancy charges	58.00	28.11
Demurrage charges	-	3.72
Interest and bank charges	236.17	220.11
Travelling and communication expenses	0.46	0.23
Others	2.54	2.63

39 Operating Lease

The Company has entered into certain cancellable operating lease agreements mainly for office premises, space of car parking and furniture hire. Under these agreements refundable interest-free deposits have been given.

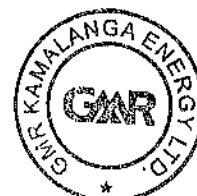
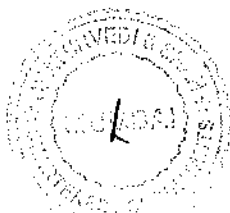
Particulars	Rupees in Million	
	March 31, 2017	March 31, 2016
Lease rentals under cancellable lease	25.92	12.59

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

a) Parties where control exists :	
Holding Company	GMR Energy Limited [GEL]
Enterprises having control over the Company	GMR Enterprises Private Limited [GEPL] (formerly known as GMR Holdings Private Limited)
	GMR Infrastructure Limited [GIL]
	GMR Generation Assets Limited [GGAL] (formerly known as GMR Renewable Energy Limited)
Fellow Subsidiary	GMR Consulting Services Private Limited [GCSPCL]
	GMR Power Corporation Limited [GPCL]
	GMR Warora Energy Limited [GWEL] (formerly known as EMCO Energy Limited)
	GMR Aviation Private Limited [GAPL]
	GMR Corporate Affairs Private Limited [GCAPL]
	GMR Airport Developers Limited [GADL]
	RAXA Security Services Limited [RSSL]
	GMR Energy Trading Limited [GETL]
	GMR Coal Resource PTE Ltd [GCRPL]
	Delhi International Airport Private Limited [DIAPL]
	GMR Chhattisgarh Energy Limited [GMRCEL]
	GMR Bajoll Hill Hydropower Private Limited [GBHHPL]
	GMR Infrastructure (Singapore) Pte Limited [GISPL]
	GMR Mining and Energy Private Limited [GMEPL]
	GMR Hyderabad International Airport Pvt Ltd
	GMR Goa International Airport Limited
Other entities	GMR Varalakshmi Foundation [GVF]
	GMR Varalakshmi DAV Public School [GVDPS]
	GMR Family Fund Trust [GFFT]
Key Management Personnel	Sri. B V N Rao (Executive Chairman) up to August 31, 2016
	Sri. R Raveendranathan Nair (Whole Time Director) up to November 18, 2016
	Sri. Ramesh R Pai (Whole-time Director) w.e.f., November 18, 2016
	Sri. Ranganathan Venkata Sheshan (Managing Director) up to July 14, 2015

Details of the transactions are as follows : *

Particulars	Rupees in Million	
	March 31, 2017	March 31, 2016
a. Sale of Energy		
GMR Energy Trading Limited [GETL]	1,339.05	4,471.33
b. Purchase of Coal		
GMR Coal Resource PTE Ltd [GCRPL]	-	1,036.68
GMR Infrastructure (Singapore) Pte Ltd.	966.08	925.67
c. Purchase of Power		
GMR Energy Trading Limited [GETL]	1,207.65	156.37



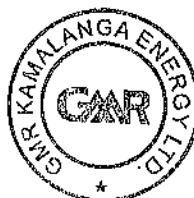
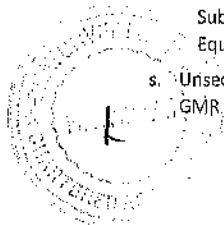
GMR Kamalanga Energy Limited

CIN: U40101KA2007PLC044809

Notes to the financial statements

Details of the transactions are as follows : *

Particulars	Rupees in Million	
	March 31, 2017	March 31, 2016
d. Remuneration paid to Key Management Personnel		
Sri. B V N Rao [up to August 31, 2016]	10.11	25.18
Sri. R Raveendranathan Nair [up to November 18, 2016]	7.59	9.83
Sri. Ramesh Pal [w.e.f., November 18, 2016]	3.20	-
Sri. Ranganathan Venkata Sheshan [up to July 14, 2015]	-	4.10
e. Staff Welfare Expenses		
GMR Varalakshmi DAV Public School [GVDPS]	9.33	7.22
GMR Infrastructure Limited	0.08	-
f. Rebate on Sale of Energy		
GMR Energy Trading Limited [GETL]	10.56	25.78
g. Rent & Hire Charges		
Delhi International Airport Private Limited [DIAPL]	8.82	0.43
GMR Corporate Affairs Private Limited [GCAPL]	0.41	-
GMR Family Fund Trust [GFFT]	-	-
h. Technical consultancy services paid to:		
RAXA Security Services Limited [RSSL]	-	-
GMR Infrastructure Limited [GIL]	98.70	164.43
i. Annual Maintenance Charges paid to:		
GMR Corporate Affairs Private Limited [GCAPL]	24.84	13.58
j. Airtime sharing charges paid to:		
GMR Aviation Private Limited [GAPL]	-	7.62
k. Security charges Paid to:		
RAXA Security Services Limited [RSSL]	84.92	85.09
l. Logo fees paid to		
GMR Enterprises Private Limited [GEPL]	-	-
m. Interest and Finance Charges Payable / Paid to:		
GMR Power Corporation Limited [GPCL]	330.72	331.63
n. Other Charges paid to:		
GMR Enterprises Private Limited [GEPL]	-	0.09
o. Sale of Investments		
GMR Generation Assets Limited [GGAL] (formerly known as GMR Renewable Energy Limited)	0.20	-
p. Purchase of fixed assets		
GMR Warora Energy Limited [GWEL] (formerly known as EMCO Energy Limited)	3.10	-
q. Equity Share Capital held by:		
GMR Energy Limited [GEL]		
Opening Balance	18,476.71	18,476.71
Add: Transferred during the year	307.69	-
Closing Balance	18,784.40	18,476.71
r. Unsecured Subordinated debt / equity component from:		
GMR Energy Limited [GEL]		
Opening balance as per previous GAAP	3,808.43	3,776.73
Add: Received during the year	100.73	31.70
Closing balance as per previous GAAP	3,909.16	3,808.43
Less: Amount transferred to equity components, net of taxes	(3,683.93)	(3,593.58)
Add: Notional Interest on debt component	222.72	168.80
Subordinated debt closing balance as per Ind AS	447.95	383.65
Equity components of Subordinated debt, net of taxes as per Ind AS	2,465.92	2,405.44
s. Unsecured Inter-Corporate Loan and Interest payable thereon from:		
GMR Power Corporation Limited [GPCL]	3,221.26	2,923.61



GMR Kamalanga Energy Limited

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Notes to the financial statements

Details of the transactions are as follows : *

Particulars	Rupees in Million	
	March 31, 2017	March 31, 2016
t. Refundable security deposit receivable from: GMR Family Fund Trust [GFFT]	31.44	31.44
u. Other advance paid to: GMR Varalakshmi DAV Public School [GVDPs]	-	4.13
v. Capital advance paid towards civil works: GMR Infrastructure Limited [GIL]	87.35	144.94
w. Investment in Joint Venture : GMR Mining and Energy Private Limited [GMEPL]	-	0.20
x. Reimbursement of expenses on behalf of company: GMR Airport Developers Limited [GADL] - Internal Audit Expenditure	-	0.05
GMR Bajoli Holi Hydropower Pvt Ltd - Guest House & Other Expenditure	1.68	1.00
GMR Hyderabad International Airport Pvt Ltd - Relocation Expenses	0.01	-
GMR Energy Trading Limited [GETL] - Transmission Charges	296.79	319.05
GMR Varalakshmi Foundation [GVF] - Community Development Expenses	9.03	7.65
y. Amount due from: GMR Warora Energy Limited [GWEL] formerly known as EMCO Energy Limited)	-	1.19
GMR Energy Trading Limited [GETL]	-	244.59
GMR Chhattisgarh Energy Ltd	9.67	-
GMR Goa International Airport Limited	8.69	-
GMR Generation Assets Limited [GGAL] (formerly known as GMR Renewable Energy Limited)	0.20	-
z. Amount due to: GMR Power Corporation Limited [GPCL]	1.04	0.88
GMR Holdings Private Limited [GHPL]	3.73	3.73
GMR Warora Energy Limited [GWEL] formerly known as EMCO Energy Limited)	2.56	-
GMR Hyderabad International Airport Private Limited	0.01	-
GMR Infrastructure Limited [GIL]	192.50	155.66
GMR Consulting Services Private Limited [GCSPL]	-	0.21
RAXA Security Services Limited [RSSL]	9.21	1.47
Delhi International Airport Private Limited [DIAPL]	2.38	0.46
GMR Varalakshmi Foundation [GVF]	2.85	2.59
GMR Chhattisgarh Energy Limited [GMRCEL]	-	0.34
GMR Coal Resource PTE Ltd [GCRPL]	3.10	3.15
GMR Bajoli Holi Hydropower Pvt Ltd [GBHHPL]	1.55	0.92
GMR Infrastructure (Singapore) Pte Ltd [GISPL]	-	117.31
GMR Energy Ltd [GEL]	-	100.61
GMR Energy Trading Limited [GETL]	830.88	-
GMR Corporate Affairs Private Limited [GCAPL]	20.57	14.42

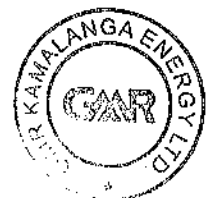
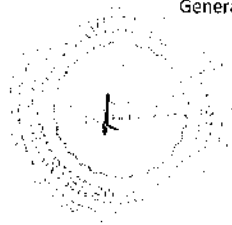
* - Related Party Transactions given above are as identified by the Management.

Compensation of key management personnel of the company

Particulars	Rupees in Million	
	March 31, 2017	March 31, 2016
a. Short-term employee benefits	1.61	0.84
b. Post-employment benefits (provident fund)	2.71	5.85
c. Termination benefits	-	-
d. Any other payment/benefit given to KMPs	16.57	32.42
Total	20.89	39.11

Note:

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel. Generally, the non-executive directors do not receive gratuity entitlements from the Company.



GMR Kamalanga Energy Limited

CIN: U40101KA2007PLC044809

Notes to the financial statements

41 a) Details of derivative instruments outstanding as on balance sheet date:

Particulars	Type of Currency	March 31, 2017		March 31, 2016	
		Amount in Foreign Currency	Rupees in Million	Amount in Foreign Currency	Rupees in Million
Cross currency Swap against External Commercial Borrowing	USD	53,760,000	3,526.66	54,320,000	3,626.95
Interest rate Swap against External Commercial Borrowing *	USD	280,638	18.41	342,509	22.87

* - The Company has taken interest rate swap on ECB w.e.f., October 1, 2014 for USD 53.76 Million [March 31, 2016: USD 54.32 Million] for the balance period of the loan.

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

Particulars	Type of Currency	March 31, 2017		March 31, 2016	
		Amount in Foreign Currency	Rupees in Million	Amount in Foreign Currency	Rupees in Million
Acceptances / Buyers' Credit for fuel supplies	USD	8,629,061	566.07	11,619,392	775.83
Retention Money Payable	USD*	46,281,116	3,036.04	47,339,073	3,160.83
Payables towards capital goods #	USD*	19,390,820	1,272.04	21,490,619	1,434.93
Payables towards fuel supplies and others	USD	219,873	14.42	1,548,058	103.36
	EUR	280	0.02	-	-
	SGD	50,000	2.36	-	-
Interest accrued but not due :					
- External Commercial Borrowing (ECB)	USD	1,336,988	87.71	1,125,392	75.14
- Acceptance / Buyers' Credit	USD	11,846	0.78	27,735	1.85

* - Includes amount payable as per books of account in CNY, however the payment will be made in equivalent USD.

- represents advance of USD 16,491,550 (March 31, 2016 : USD 21,443,405) netted off with liability.

42 Disclosure on Specified Bank Notes (SBNs)

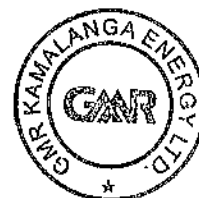
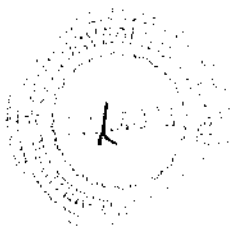
During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	Amount in Rupees		
	SBNs *	Other denomination notes	Total
Opening cash in hand as on November 9, 2016	450,000.00	5,825.00	455,825.00
Add: Withdrawn from Banks	-	142,000.00	142,000.00
Add: Permitted receipts **	2,381,000.00	56,871.00	2,437,871.00
Less: Amount deposited in Banks	(2,800,000.00)	-	(2,800,000.00)
Less: Permitted payments **	(31,000.00)	(139,074.00)	(170,074.00)
Closing cash in hand as on December 30, 2016	-	65,622.00	65,622.00

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

** Amount disclosed under permitted receipts/payments for SBN includes cash advances given to employees for day to day operation which are returned by the employees. The Company considers the same as permitted receipts as they form the imprest advance which has been returned by the employees.

43 The Company is engaged primarily in the business of generation and supply of power. As the basic nature of the activities is governed by the same set of risk and returns these have been grouped as a single business segment. Accordingly separate primary and secondary segment reporting disclosures as envisaged in Ind AS 108 on 'Operating Segments' Issued by the ICAI are not applicable to the present activities of the company.




GMR Kamalanga Energy Limited

CIN: U40101KA2007PLC044809

Notes to the financial statements

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

As per our report of even date attached
For Chaturvedi & Shah
Chartered Accountants
Firm Registration Number : 101720W


Chandan Lala
Partner
Membership No.: 35671



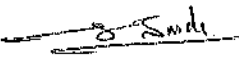
Place: Mumbai
Date: April 26, 2017

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

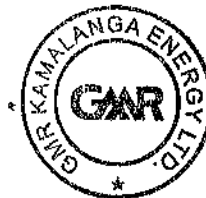

Ramesh Patel
Director
DIN: 07657400


Akshaya Kumar Dash
Chief Financial Officer
Membership No.: 58048

Place : New Delhi
Date: April 26, 2017


S N Barde
Director
DIN: 03140784


Manisha Tripathi
Company Secretary
Membership No.: A-47334



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