INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GMR POWER CORPORATION LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **GMR POWER CORPORATION 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 Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 standalone 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 standalone 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 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 standalone 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 standalone 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 standalone 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 standalone 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 standalone 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.

Emphasis of Matter

We draw attention to the following matters in the notes to the accompanying standalone Ind AS financial statements for the year ended March 31, 2017:

a. Note No.5(3) to the standalone Ind AS financial statements, regarding the loss incurred on sale of investment in preference shares of GMR Vemagiri Power Generation Limited (GVPGL) at a price less than the book value which is more fully described in the notes.

b. Note No. 17 (a) & (b) to the standalone Ind AS financial statements which describe uncertainty in the entire matter relating to claim /counter claim filed by the Company and Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) being sub-judice before the Honorable Supreme Court and not attaining finality.

c. Note No.33 to the standalone Ind AS financial statement, regarding the expiry of Power purchase agreement (PPA) with Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO), and cessation of operation due to non-renewal of PPA. Based on the future business plans and valuation assessment by independent valuer on the assets, the management is of the view that the going concern assumption and carrying value of the fixed assets are appropriate and does not require any adjustment that might result from the outcome of this uncertainty

Our opinion is not qualified in respect of the aforesaid matters.

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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 standalone 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, as amended;

    e) The sub-judice matter as described under the Emphasis of Matter paragraph (b) above, in our opinion, may have an adverse effect on the functioning of the Company.

    f) on the basis of the written representations received from the directors as on March 31, 2017 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;

    g) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and

    h) with respect to the other matters to be included in the Auditor's Report in accordance with 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:

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a. the Company has disclosed the impact of pending litigations on its financial position to the extent quantifiable in its standalone Ind AS financial statements – Refer Note No. 32 to the standalone Ind AS financial statements;

b. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note No. 34 to the standalone Ind AS financial statements; and

c. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

d. The Company has provided requisite disclosures in the standalone 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. Based on the audit procedures and relying on the management representation we report that the disclosures are in accordance with 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 27, 2017

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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

In terms of the Annexure "A" referred to in our report to the members of the Company on the standalone 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 fixed assets.

b) The Company has a regular program of physical verification of its fixed assets by which fixed assets are verified over a period of three years. In accordance with this program, considerable amount of fixed assets were verified during the previous years and no material discrepancies were noticed on such verification.

c) There are no immovable properties in the name of the Company and accordingly Paragraph 3(i)(c) of the Order is not applicable to the Company.

ii) The inventory has been physically verified by the management at the year end 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 or other parties listed in the register maintained under Section 189 of the Act. Consequently requirements of paragraph 3(iii)(a) and (b) of the order are not applicable to the Company.

iv) As per the information and explanation given to us, the Company has not given any loans, investments, guarantees, security to the parties covered under section 185. Further, the Company is an infrastructure Company and accordingly section 186 is not applicable. Consequently a requirement of paragraph 3(iv) of the order is not applicable to the Company.

v) In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from public. Accordingly, provision of paragraph 3(v) of the Order is not applicable to the Company. There are no orders from Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

vi) There was no sale of electricity energy during the year and in the immediately preceding year. Consequently a requirement of paragraph 3(vi) of the order is not applicable to the Company.

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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.

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 (Rupees)	Forum where dispute is pending
Income-tax Act, 1961	Short deduction Tax deducted at source	AY 2008-09 AY 2009-10 AY 2012-13	7,930 14,960 1,700	Justification report to be filed with Assessing officer.
-do-	Delay in filing of e-TDS statement	AY 2015-16	1,040	Justification report to be filed with Assessing officer.

viii) According to the information and explanation given to us and records of the Company, the Company has not defaulted in repayment of loans or borrowing to financial institutions and banks.

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 explanation 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) and has not availed terms loans during the year.

Contd... 3

x) During the course of 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 on or by the Company, noticed or reported during the year, nor have been informed of such case by the Management.

xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the adequate approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone 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

xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi) In our opinion and according to the information provided to us, on perusal of the criteria of financial assets and financial income as per the last audited financial statements the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. The Company has not obtained registration in this regard.

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

Chandan Lala
Partner
Membership Number: 35671

Place: Mumbai
Date: April 27, 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 Power Corporation Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone 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 27, 2017

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GMR Power Corporation Limited
CIN : U40105KA1995PLC016942
Balance sheet as at March 31, 2017

Rupees in Millions

Particulars	Notes	March 31, 2017	March 31, 2016	April 1, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	352.24	764.35	1,185.01
Intangible assets	4	-	0.88	2.52
Financial assets				
Investments	5	5.40	2,218.00	1,949.17
Loans	6	14.85	16.21	18.09
Other non-current assets	8	-	-	0.02
Income tax asset (net)	19	47.07	86.78	24.00
		419.56	3,086.22	3,178.81
Current assets				
Inventories	9	18.98	18.93	148.25
Financial assets				
Investments	5	22.80	-	-
Trade receivables	10	1,141.23	1,322.46	3,208.39
Cash and cash equivalents	11	2.50	10.22	24.57
Bank balances other than above	11	-	0.31	2,852.23
Loans	6	5,590.91	6,643.15	6,971.33
Other financial assets	7	1,355.97	1,171.52	657.56
Other current assets	8	66.13	66.72	84.55
		8,198.52	9,233.31	13,946.88
Total Assets		8,618.08	12,319.53	17,125.69
EQUITY AND LIABILITIES				
Equity				
Equity share capital	12	2,475.00	2,475.00	2,475.00
Other equity	13	216.27	3,878.29	3,627.38
Total equity		2,691.27	6,353.29	6,102.38
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Borrowings	14	-	-	612.71
Deferred tax liabilities (Net)	19	-	78.31	-
Provisions	18	-	1.08	63.37
		-	79.39	676.08
Current liabilities				
Financial Liabilities				
Borrowings	14	8.00	8.00	934.45
Other financial liabilities	15	32.51	34.46	1,565.76
Trade Payable	16	163.07	123.63	2,158.98
Other current liabilities	17	5,644.09	5,644.34	5,642.84
Provisions	18	79.14	76.42	45.20
		5,926.81	5,886.85	10,347.23
Total liabilities		5,926.81	5,966.24	11,023.31
TOTAL EQUITY AND LIABILITIES		8,618.08	12,319.53	17,125.69
Significant accounting policies	1			

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

As per our report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Registration Number : 101720W

Chandan Lala
Partner
Membership No.: 35671

Place: Mumbai
Date: April 27, 2017

For and on behalf of the Board of Directors

Santhana Raman Vaidyanathan
Director
DIN: 00212334

Meena Lochani Raghunathan
Director
DIN: 07145001

Atul Aggarwal
Chief Financial Officer
Membership No.: 500466

Subash Mittal
Company Secretary
Membership No.: FCS 8650

Place: New Delhi
Date: April 27, 2017

GMR POWER CORPORATION LTD.

GMR Power Corporation Limited

CIN : U40105KA1995PLC016942

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

Rupees in Millions

Particulars	Notes	Year ended March 31, 2017	Year ended March 31, 2016
INCOME			
Revenue from operations	20	-	-
Other income	21	704.78	1,139.89
Total Income		**704.78**	**1,139.89**
EXPENSES			
Cost of materials consumed	22	-	6.23
Employee benefit expenses	23	38.45	34.13
Depreciation and amortisation expenses	24	412.72	422.30
Finance costs	25	5.94	298.74
Other expenses	26	3,570.80	236.50
Total Expenses		**4,027.91**	**997.90**
Profit/(loss) before exceptional items and tax		**(3,323.13)**	**141.99**
Exceptional items	27	424.17	(141.88)
Profit/(loss) before tax		**(3,747.30)**	**283.87**
Current tax	19	-	6.47
Deferred tax	19	(78.23)	77.69
Income tax expense		**(78.23)**	**84.16**
Profit/(loss) for the year		**(3,669.07)**	**199.71**
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit plans		(0.24)	1.86
Income tax effect		0.08	(0.62)
Other comprehensive income for the year (net of tax)		**(0.16)**	**1.24**
Total comprehensive income for the year		**(3,669.23)**	**200.95**
Earnings per equity share			
(Face value of equity shares of Rs.10 each)			
(1) Basic		(14.82)	0.81
(2) Diluted		(14.82)	0.81
Significant accounting policies	1		

The accompanying notes form an integral part of the financial statements

As per our report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Registration Number : 101720W

Chandan Lala
Partner
Membership No.: 35671

Place: Mumbai
Date: April 27, 2017

For and on behalf of the Board of Directors

Santhana Raman Vaidyanathan
Director
DIN: 00212334

Meena Lochani Raghunathan
Director
DIN: 07145001

Atul Aggarwal
Chief Financial Officer
Membership No.: 500466

Subash Mittal
Company Secretary
Membership No.: FCS 8650

Place: New Delhi
Date: April 27, 2017

GMR Power Corporation Limited
CIN : U40105KA1995PLC016942
Cash flow Statement for the year ended March 31, 2017

Rupees in Millions

	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
A	**CASH FLOW FROM OPERATIONS**		
	Profit before Tax	(3,747.30)	283.87
	Adjustments for Non-Cash items		
	Interest & Finance Charges	5.89	298.66
	Depreciation and amortisation	412.72	422.30
	Loss/ (profit) on sale of property, plant and equipment	-	(0.05)
	Interest income	(682.93)	(1,134.99)
	Loss/ (Profit) on sale of Investments in mutual funds	(0.64)	(0.50)
	Provision no longer required written back	(7.93)	160.03
	Advances no longer recoverable written off	1.50	0.50
	Loss/ (Profit) on sale of Investments in preference shares	424.17	-
	Write off of Inventory	-	22.12
	Write off of property, plant and equipment	0.31	-
	Loss/ (Profit) on sale of inventory	-	22.35
	Provision for Diminution in Value of ICDs & Accrued Interest	3,438.41	-
	Remeasurement of defined benefit	(0.24)	1.86
	Cash Flow before changes in working capital	**(156.04)**	**76.15**
	Adjustment for changes in working capital :		
	Increase/ (Decrease) in trade payables and others	41.58	(2,227.32)
	Decrease / (increase) in trade receivables and others	192.61	2,079.07
	Decrease/ (Increase) in Inventories	(0.05)	84.85
	Cash generated from operations	**78.10**	**12.75**
	Less: Taxes paid	50.92	(19.71)
	Net cash from / (used in) operating activities	**129.02**	**(6.96)**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of property, plant and equipment	(0.05)	(0.02)
	Capital advances paid	-	0.02
	Proceeds from sale of property, plant and equipment	-	0.09
	Proceeds from sale of Mutual fund units	(21.80)	0.50
	Proceeds from sale of Investments	1,960.00	-
	Inter Corporate Deposit/Loans to other company	(2,164.23)	313.81
	Decrease / (Increase) in Margin money and deposits	0.31	2,851.92
	Interest received	89.10	178.43
	Net Cash from/ (used in) investing activities	**(136.67)**	**3,344.75**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from / (Repayment) of short term borrowings	-	(934.45)
	Short term borrowings from Group Company	-	8.00
	Proceeds from / (Repayment) of long term borrowings	-	(1,874.66)
	Interest and finance charges paid	(0.07)	(551.03)
	Net Cash flow from / (used in) financing activities	**(0.07)**	**(3,352.14)**

GMR POWER CORPORATION LTD.

GMR Power Corporation Limited
CIN : U40105KA1995PLC016942
Cash flow Statement for the year ended March 31, 2017

Rupees in Millions

	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
D	**Net Increase/(Decrease) in Cash and Cash Equivalents [A+B+C]**	**(7.72)**	**(14.35)**
	Add: Cash and Cash Equivalents at the beginning of the year	10.22	24.57
	Cash and Cash Equivalents as at the end of the year	**2.50**	**10.22**

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

Notes:

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

2 The previous year figures have been regrouped, rearranged and reclassified wherever necessary.

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

Chandan Lala
Partner
Membership No.: 35671

Place: Mumbai
Date: April 27, 2017

For and on behalf of the Board of Directors

Santhana Raman Vaidyanathan
Director
DIN: 00212334

Meena Lochani Raghunathan
Director
DIN: 07145001

Atul Aggarwal
Chief Financial Officer
Membership No.: 500466

Subash Mittal
Company Secretary
Membership No.: FCS 8650

Place: New Delhi
Date: April 27, 2017

GMR Power Corporation Limited

CIN : U40105KA1995PLC016942

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

Rupees in Millions

Particulars	Equity Share Capital	Other equity: General Reserve	Other equity: Major Maintenance Reserve	Other equity: Retained Earnings	Total equity
Balance as at April 1, 2015	2,475.00	217.97	200.00	3,209.41	6,102.38
Changes in equity for the year ended March 31, 2016					
Increase in issue of share capital	-	-	-	-	-
Profit / (Loss) for the year	-	-	-	199.71	199.71
Other comprehensive income					
Re-measurement gains/(loss) on defined benefit plans	-	-	-	1.24	1.24
Excess provision of Income tax provision of earlier period	-	-	-	49.96	49.96
Balance as at March 31, 2016	**2,475.00**	**217.97**	**200.00**	**3,460.32**	**6,353.29**
Changes in equity for the year ended March 31, 2017					
Increase in issue of share capital	-	-	-	-	-
Profit / (Loss) for the year	-	-	-	(3,669.07)	(3,669.07)
Other comprehensive income					
Re-measurement gains/(loss) on defined benefit plans	-	-	-	(0.16)	(0.16)
Recognition of Financial Guarantee issued to fellow subsidiary	-	-	-	(4.00)	(4.00)
Excess provision of Income tax provision of earlier period	-	-	-	11.21	11.21
Balance as at March 31, 2017	**2,475.00**	**217.97**	**200.00**	**(201.70)**	**2,691.27**

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

As per our report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Registration Number : 101720W

Chandan Lala
Partner
Membership No.: 35671

Place: Mumbai
Date: April 27, 2017

For and on behalf of the Board of Directors

Santhana Raman Vaidyanathan
Director
DIN: 00212334

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DIN: 07145001

Atul Aggarwal
Chief Financial Officer
Membership No.: 500466

Subash Mittal
Company Secretary
Membership No.: FCS 8650

Place: New Delhi
Date: April 27, 2017

GMR Power Corporation Limited
CIN : U40105KA1995PLC016942

1 Company Overview and Significant Accounting Policies:

1.1 Company overview:

GMR Power Corporation Limited ('GPCL' or 'the Company') is engaged in business of generation and sale of power. The Company had entered into a power purchase agreement (PPA) with Tamilnadu Generation and Distribution Corporation Limited (TANGEDCO) (formerly known as Tamil Nadu Electricity Board) for supply of power from its 200 MW plant situated at Basin Bridge, Chennai, India which expired on February 14, 2014. PPA has been extended for a period of one year which also expired on February 14, 2015. The company is under discussion with TANGEDCO for further extension of PPA and is also exploring the various other ways to sell the power through merchant basis and other modes.

Information on other related party relationships of the Company is provided in Note no. 39

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 April 27, 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:

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

All other assets are classified as non-current.

A liability is treated as current when:

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

All other liabilities 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.

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III) **Property, Plant & Equipments:**

All other items of property, plant and equipment are stated at historical cost including goverment grants, if any 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.

Recognition:

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 as per Ind AS Transition Facilitation Group (ITFG) Clarification Bulletin 5 (Revised).

Depreciation and amortisation

Depreciation on tangible assets are provided using straight line method over the useful life of the assets as technically estimated by the Management in terms of Schedule II to the Companies Act, 2013, except for diesel engine based power plant wherein life is taken as 19 years which is less than as specified in Schedule II to the Companies Act.

Buildings on lease hold land are depreciated over the tenure of the lease.
Leasehold assets are amortized at rates based on the tenure of the lease or the rates specified in Schedule II of the Companies Act,2013 whichever is higher.

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 capitalized as Property, Plant & Equipments.

Spare parts are capitalized when they meet the definition of PPE, i.e., when the company intends to use these during more than a period of 12 months and having a value of more than 5 lakhs.

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.

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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:

a. 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

b. 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:

a. 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

b. 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.

1 **Company Overview and Significant Accounting Policies:**

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

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

Lands obtained on leases, where there is 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.

CHATURVEDI & SHAH CHARTERED ACCOUNTANTS MUMBAI

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1 **Company Overview and Significant Accounting Policies:**

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.

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

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

a. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

b. Net interest expense or income

1 **Company Overview and Significant Accounting Policies:**

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

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the 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.

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Derecognition:

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

a. The rights to receive cash flows from the asset have expired, or

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

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

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

Impairment of financial assets

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

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

b) Financial assets that are debt instruments and are measured as at FVTOCI

c) Lease receivables under Ind AS 17

d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

e) Loan commitments which are not measured as at FVTPL

f) Financial guarantee contracts which are not measured as at FVTPL

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

a) Trade receivables or contract revenue receivables; and

b) All lease receivables resulting from transactions within the scope of Ind AS 17

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

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

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

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

a) All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

b) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

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

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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.

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.

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1 **Company Overview and Significant Accounting Policies:**

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 though 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.

Convertible preference shares

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

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

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

GMR POWER CORPORATION LTD.

1 **Company Overview and Significant Accounting Policies:**

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 includes unbilled revenue accrued up to the end of the accounting year.

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

b) 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.

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

d) 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.

e) 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.

CHATURVEDI & SHAH LLP CHARTERED ACCOUNTANTS MUMBAI

GMR POWER CORPORATION LTD

1 **Company Overview and Significant Accounting Policies:**

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.

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

b) Contingent consideration

c) Quantitative disclosures of fair value measurement hierarchy

d) Investment in unquoted equity shares (discontinued operations)

e) Property, plant and equipment under revaluation model

f) Investment properties

g) Financial instruments (including those carried at amortised cost)

h) Non-cash distribution

GMR POWER CORPORATION LTD.

1 Company Overview and Significant Accounting Policies:

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.

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 re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax 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.

GMR POWER CORPORATION LTD.

1 **Company Overview and Significant Accounting Policies:**

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.

CHARTERED ACCOUNTANTS

GMR POWER CORPORATION LTD.

Notes to the financial statements for the year ended March 31, 2017

2 First Time Adoption of Ind AS

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, 2015, 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 <u>Mandatory exceptions:</u>

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**

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

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).

<u>Optional exemptions:</u>

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.

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 Power Corporation Limited

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Notes to the financial statements for the year ended March 31, 2017

Balance sheet as at April 1, 2015 - Ind AS

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

Rupees in Millions

Particulars	Note No.	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	A	1,182.33	2.68	1,185.01	762.63	1.72	764.35
Intangible assets		2.52	-	2.52	0.88	-	0.88
Financial assets:							
Investments	B	5,005.40	(3,056.23)	1,949.17	5,005.40	(2,787.40)	2,218.00
Loans		18.09	-	18.09	16.21	-	16.21
Other non-current assets		0.02	-	0.02	-	-	-
Non-current tax assets (net)	C	24.00	-	24.00	86.78	-	86.78
Total Non Current Assets		**6,232.36**	**(3,053.55)**	**3,178.81**	**5,871.90**	**(2,785.68)**	**3,086.22**
Current assets							
Inventories		148.25	-	148.25	18.93	-	18.93
Financial assets :							
Investments		-	-	-	-	-	
Trade Receivables		3,208.39	-	3,208.39	1,322.46	-	1,322.46
Cash and cash equivalents		24.57	-	24.57	10.22	-	10.22
Bank balances other than above		2,852.23	-	2,852.23	0.31	-	0.31
Loans		6,971.33	-	6,971.33	6,643.15	-	6,643.15
Other financial assets		657.56	-	657.56	1,171.52	-	1,171.52
Other current assets		84.55	-	84.55	66.72	-	66.72
Total Current Assets		**13,946.88**	**-**	**13,946.88**	**9,233.31**	**-**	**9,233.31**
TOTAL ASSETS		**20,179.24**	**(3,053.55)**	**17,125.69**	**15,105.21**	**(2,785.68)**	**12,319.53**
EQUITY AND LIABILITIES							
Equity							
Equity share capital		2,475.00	-	2,475.00	2,475.00	-	2,475.00
Other equity		6,737.70	(3,110.32)	3,627.38	6,702.01	(2,823.72)	3,878.29
Total equity		**9,212.70**	**(3,110.32)**	**6,102.38**	**9,177.01**	**(2,823.72)**	**6,353.29**
Non-current liabilities							
Financial Liabilities :							
Borrowings		628.14	(15.43)	612.71	-	-	-
Provisions	D	1.93	61.44	63.37	1.08	-	1.08
Deferred tax liabilities (Net)	C	-	-	-	110.49	(32.18)	78.31
Total Non Current Liabilities		**630.07**	**46.01**	**676.08**	**111.57**	**(32.18)**	**79.39**
Current liabilities							
Financial Liabilities:							
Borrowings		934.45	-	934.45	8.00	-	8.00
Other financial liabilities		1,555.00	10.76	1,565.76	30.49	3.97	34.46
Trade payables		2,158.98	-	2,158.98	123.63	-	123.63
Other current liabilities		5,642.84	-	5,642.84	5,644.34	-	5,644.34
Provisions	D	45.20	-	45.20	10.17	66.25	76.42
Total Current liabilities		**10,336.47**	**10.76**	**10,347.23**	**5,816.63**	**70.22**	**5,886.85**
TOTAL EQUITY AND LIABILITIES		**20,179.24**	**(3,053.55)**	**17,125.69**	**15,105.21**	**(2,785.68)**	**12,319.53**

GMR Power Corporation Limited
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Notes to the financial statements for the year ended March 31, 2017

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

Rupees in Millions

Particulars	Year ended March 31, 2016		
	IGAAP	Effects of transition to Ind AS	Ind As
Particulars			
Revenue from operations	-	-	-
Other income	864.27	275.62	1,139.89
Total income	**864.27**	**275.62**	**1,139.89**
Expenses			
Cost of materials consumed	6.23	-	6.23
Employee benefit expenses	32.27	1.86	34.13
Depreciation and amortisation expenses	421.34	0.96	422.30
Finance costs	278.50	20.24	298.74
Other expenses	236.50	-	236.50
Total Expenses	**974.84**	**23.06**	**997.90**
Profit / (loss) before exceptional items and tax	**(110.57)**	**252.56**	**141.99**
Exceptional items	141.88	-	141.88
Profit / (loss) before tax	**31.31**	**252.56**	**283.87**
Tax Expense			
Current tax	6.47	-	6.47
Adjustment of tax relating to earlier periods	(49.96)	49.96	-
Deferred tax	110.49	(32.80)	77.69
Profit / (Loss) for the year	**(35.69)**	**235.40**	**199.71**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurement gains (losses) on defined benefit plans	-	1.86	1.86
Income tax effect	-	(0.62)	(0.62)
Total Other Comprehensive Income for the year (net of tax)	-	**1.24**	**1.24**
Total Comprehensive Income for the year	**(35.69)**	**236.64**	**200.95**

GMR Power Corporation Limited

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Notes to the financial statements for the year ended March 31, 2017

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 Millions
Opening Retained earnings as on March 31, 2015 (as per Previous GAAP)			**6,319.73**
Ind AS Adjustments as on April 1, 2015 (transition date):			
Adjustment to upfront fees on borrowings using EIR Method net of amortisation		15.43	
Impact on fair valuation of investment in preference shares		(3,056.22)	
Impact on valuation of financial guarantees		(10.76)	
Notional interest on decommissioning liability (net)		(58.77)	(3,110.32)
Retained Earnings as on April 1, 2015 as per Ind AS			**3,209.41**
Opening Retained Earnings as on April 1, 2015 as per Ind AS			**3,209.41**
Loss for the year ended March 31, 2016 (as per Previous GAAP)		(35.69)	
Ind AS adjustments for the year ended March 31, 2016			
Income on unwinding of financial instruments	268.83		
Fair value gain on financial instruments at fair value	6.79		
Transfer of remeasurement differences on Defined benefit plan to OCI	(1.86)		
Notional interest on decommissioning liabilities	(4.81)		
Depreciation on decommissioning liability	(0.96)		
Amortisation of upfront fee	(15.43)		
		252.56	
Loss before tax as per Ind AS		**216.87**	
Tax expense			
Current Tax	-		
Deferred Tax	(32.80)	(32.80)	
Profit / (Loss) after tax as per Ind AS			**249.67**
Retained Earnings as on March 31, 2016 as per Ind AS			**3,459.08**

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Notes to the financial statements for the year ended March 31, 2017

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

A Property, plant and equipment

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 as per Ind AS Transition Facilitation Group (ITFG) Clarification Bulletin 5 (Revised).

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. 66.25 Millions (April 1, 2015 : Rs. 61.44 Millions) and carrying value of plant and machinery has increased by Rs. 1.72 Millions as at March 31, 2016 (April 1, 2015 : Rs. 2.67 Millions) on account of capitalisation of asset retirement obligation net of depreciation. Total equity decreased by Rs. 58.77 Millions as on April 1, 2015. The loss for the year is increased and total equity is decreased as at March 31, 2016 by Rs. 0.96 Millions due to charge of additional depreciation on asset retirement obligation capitalised and Rs. 4.81 Millions for notional interest on account of time value of money on provision for decommissioning liability.

B 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 or 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 income for the year ended March 31, 2017. This increased the other income by INR Nil as at March 31, 2016 [April 1, 2015: INR Nil].

Under the previous GAAP, investment in preference shares were classified as long-term investments based on the intended holding period and realisability and were carried at cost less provision for other than temporary decline in the value of such investments. Under Ind AS, these investments are required to be measured at fair value. The resulting unwinding of these investments subsequent to April 1, 2015 have been recognised in other income. This increased the other income by Rs. 268.83 Millions as at March 31, 2016 and Fair Value Change effected decrease in other equity by Rs. 3,056.23 Millions as at April 1, 2015.

C 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 of Rs. Nil. As on March 31, 2016, company has recognized deferred tax liability for Rs. 78.31 Millions.

D 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 statement of profit and loss. Under Ind AS, re-measurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus, the employee benefit cost is reduced by Rs. 1.25 Millions (net of taxes) as on March 31, 2016 and re-measurement gains/ losses on defined benefit plans has been recognized in the OCI net of tax.

E Other comprehensive income

Under Indian GAAP, the Group has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or 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.

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Notes to the financial statements for the year ended March 31, 2017

3 Property, plant and Equipment

Rupees in Millions

Particulars	Office Equipments	Plant and Equipment's (owned)	Plant and Equipment's (On lease)	Building (on leasehold land)	Furniture and Fixtures	Vehicles	Total
Gross block (at cost)							
As at April 1, 2015	19.04	8,352.67	24.62	1,095.13	16.09	7.11	**9,514.66**
Additions	0.02	-	-	-	-	-	**0.02**
Disposals	0.08	-	-	-	-	0.69	**0.77**
Ind AS adjustment entry	-	-	-	-	-	-	**-**
As at March 31, 2016	**18.98**	**8,352.67**	**24.62**	**1,095.13**	**16.09**	**6.42**	**9,513.91**
Additions	0.05	-	-	-	-	-	**0.05**
Disposals	0.97	1.24	-	-	-	-	**2.21**
Ind AS adjustment entry	-	-	-	-	-	-	**-**
As at March 31, 2017	**18.06**	**8,351.43**	**24.62**	**1,095.13**	**16.09**	**6.42**	**9,511.75**
Depreciation							
As at April 1, 2015	11.68	7,337.76	24.62	935.61	14.77	5.21	**8,329.65**
Charge for the year	5.69	331.67	-	80.93	0.27	1.14	**419.70**
Disposals	0.06	-	-	-	-	0.69	**0.75**
Ind AS adjustment entry	-	0.96	-	-	-	-	**0.96**
As at March 31, 2016	**17.31**	**7,670.39**	**24.62**	**1,016.54**	**15.04**	**5.66**	**8,749.56**
Charge for the year	0.61	331.50	-	78.32	0.23	0.22	**410.88**
Deductions	0.96	0.93	-	-	-	-	**1.89**
Ind AS adjustment entry	-	0.96	-	-	-	-	**0.96**
As at March 31, 2017	**16.96**	**8,001.92**	**24.62**	**1,094.86**	**15.27**	**5.88**	**9,159.51**
Net block							
As at April 1, 2015	**7.36**	**1,014.91**	-	**159.52**	**1.32**	**1.90**	**1,185.01**
As at March 31, 2016	**1.67**	**682.28**	-	**78.59**	**1.05**	**0.76**	**764.35**
As at March 31, 2017	**1.10**	**349.51**	-	**0.27**	**0.82**	**0.54**	**352.24**

Note:

a. The Company has got the power plant assets valued from a approved valuer who has valued the realisable value of plant over and above the carrying value. The company is under discussion with TANGEDCO for options for renewing the PPA and also exploring the various other ways to sell the power through merchant basis and other modes including disposal of the Power Plant.

b. Assets are owned and are used for own use, unless otherwise mentioned.

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

GMR POWER CORPORATION LTD. GMR

GMR Power Corporation Limited

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Notes to the financial statements for the year ended March 31, 2017

4 **Intangible assets**

Rupees in Millions

Partculars	Computer Software	Total
Gross block (at cost)		
As at April 1, 2015	8.02	8.02
Additions	-	-
Disposals	-	-
As at March 31, 2016	8.02	8.02
Additions	-	-
Disposals	-	-
As at March 31, 2017	**8.02**	**8.02**
Depreciation		
As at April 1, 2015	5.50	5.50
Charge for the year	1.64	1.64
Disposals	-	-
As at March 31, 2016	7.14	7.14
Charge for the year	0.88	0.88
Disposals	-	-
As at March 31, 2017	**8.02**	**8.02**
Net block		
As at April 1, 2015	**2.52**	**2.52**
As at March 31, 2016	**0.88**	**0.88**
As at March 31, 2017	-	-

CHARTERED ACCOUNTANTS

GMR POWER CORPORATION LTD.

GMR Power Corporation Limited
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Notes to the financial statements for the year ended March 31, 2017

5 Investments

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Non-current investments			
Investment in equity instruments of Associates	5.40	5.40	5.40
Investment in preference shares of Associates	-	2,212.60	1,943.77
	5.40	2,218.00	1,949.17
Current investments (Unquoted)			
Liquid mutual fund units	22.80	-	-
	22.80	-	-
Total carrying value	28.20	2,218.00	1,949.17

Details of Investments

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Unquoted			
Investments carried at cost			
Investment in equity instruments of Associates			
270,000 (March 31, 2016: 270,000, April 1, 2015: 270,000) equity shares of Rs.10 each fully paid-up in GMR Tambaram Tindivanam Expressways Ltd[1]	2.70	2.70	2.70
270,000 (March 31, 2016: 270,000, April 1, 2015: 270,000) equity shares of Rs.10 each fully paid-up in GMR Tuni Anakapalli Expressways Ltd[1]	2.70	2.70	2.70
	5.40	5.40	5.40
Investments carried at amortised cost[2]			
Investment in preference shares of associates			
GMR Vemagiri Power Generation Limited[3] - [March 31, 2016: 50,000, April 1, 2015: 50,000 cumulative redeemable preference shares of Rs.100,000 each/- fully paid, Dividend rate 7%]	-	2,212.60	1,943.77
	-	2,212.60	1,943.77
Total non-current investments (A)	5.40	2,218.00	1,949.17
Aggregate value of unquoted investments	5.40	2,218.00	1,949.17
Current investments			
Unquoted			
Investments carried at fair value through profit or loss			
ICICI Prudential Liquid Regular Plan -Growth			
94,942.071 (March 31, 2016 : Nil, April 1, 2015: Nil) units of ICICI Prudential Liquid Regular plan- Growth (@ Rs. 240.1565/- each)	22.80	-	-
Total current investments (B)	22.80	-	-
Aggregate value of unquoted investments	22.80	-	-
Total Investments (A+B)	28.20	2,218.00	1,949.17

1 - 250,000 Equity shares of Rs. 10 each fully paid up, held in GMR Tambaram Tindivanam Expressways Private Limited and GMR Tuni Anakapalli Expressways Private Limited included above, are pledged as security towards loan facilities availed by the respective investee companies.

2 -These amounts relate to initial recognition of related party transactions at fair value. These represent the fair value at inception after considering the fair value gain/loss that were charged to retained earnings.

3 - The Company had invested Rs. 5,341.37 Millions (including inter corporate deposit of Rs. 300.99 Millions and interest accrued thereon of Rs. 40.38 Millions) in GMR Vemagiri Power Generation Company Limited (GVPGL) which is engaged in the business of generation and sale of electrical energy. Due to unavailability of adequate supply of natural gas, GVPGL has incurred losses in the FY 2014-15 and FY 2015-16. With the announcement of E-RLNG gas scheme, the plant has operated from August 12, 2015 to September 30, 2015 under phase-I and from October 2015 to March 2016 under phase II and April 2016 to September 2016 under phase-III.

Further in accordance with share purchase agreement signed by the company with GMR Energy Limited (GEL) on October 28, 2016, the company has sold the said cumulative redeemable preference shares costing Rs. 5,000.00 Millions fair valued in the books of account at Rs. 2,384.17 Millions as on the date of sale for a consideration of Rs. 1,960.00 Millions based on the valuation done by an Expert to GMR Energy Limited Limited in terms of internal restructuring, which is less than the book value. This has resulted in a loss of Rs. 424.17 Millions to the Company. The investments were carried at a fair value in the books.

GMR POWER CORPORATION LTD.

6 Loans

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Non-current			
Unsecured considered good			
Security deposit			
related parties	4.82	4.82	4.82
other	10.03	11.39	13.27
Total non-current balance loans (A)	**14.85**	**16.21**	**18.09**
Current			
Unsecured considered good			
Security deposit	5.48	14.08	14.08
Loan to related parties			
Inter Corporate deposit*	3,477.71	4,498.48	4,812.29
Inter Corporate loan	2,106.81	2,128.20	2,128.20
Loans to employees**	0.91	2.39	16.76
	5,590.91	**6,643.15**	**6,971.33**
Unsecured, considered doubtful* **			
Inter Corporate deposit	2,883.20	-	-
Inter Corporate loan	323.19	-	-
	3,206.39	-	-
Less: Provision for diminution in value	(3,206.39)	-	-
	-	-	-
Total current balance loans (B)	**5,590.91**	**6,643.15**	**6,971.33**
Total loans (A+B)	**5,605.76**	**6,659.36**	**6,989.42**

* - Includes an amount of Rs. 1,960.00 Millions receivable on account of sale of Investments as referred to in Note No. 5(3) converted in deposit / loan from Holding Company in terms of the tripartite agreeement among the Company, GMR Energy Limited and GMR Generation Assets Limited during the internal restructuring, which carries interest of 12.25% p.a.

** - Advance as at April 1, 2015 includes Rs. 8.08 Millions recoverable from managing director which represents excess remuneration paid in excess of the limits prescribed under section 197 of the Companies Act, 2013 and have been recovered during the year ended March 31, 2016.

*** - During the year, the Company has provided for credit loss on inter corporate deposit / loan granted to fellow subsidiaries in view of the enterprise valuation obtained from an expert which had fair valued these deposits/loans at a lower value than the transaction value [Refer Note No. 39(k)].

7 Other financial assets

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Non-current			
Total non-current balance of other financial assets (A)	-	-	-
Current			
Unsecured considered good			
Interest accrued but not due on Fixed Deposits	-	0.01	167.20
Other receivables from Group company	0.37	0.21	-
Other advances & recoverable	0.88	1.88	1.88
Interest accrued on Inter corporate loans / deposits	1,354.72	1,169.42	488.48
	1,355.97	**1,171.52**	**657.56**
Unsecured, considered doubtful *			
Interest accrued on Inter corporate loans / deposits	232.02	-	-
Less : Provision for interest accrued	(232.02)	-	-
	-	-	-
Total current balance of other financial assets (B)	**1,355.97**	**1,171.52**	**657.56**
Total other financial assets (A+B)	**1,355.97**	**1,171.52**	**657.56**

* - During the year, the Company has considered these interest receivable on inter corporate deposit / loan granted to fellow subsidiary doubtful in view of the enterprise valuation obtained from an expert [Refer Note No. 39(r)]. Further, the Company on prudence has not accounted for any interest on the inter corporate deposit granted.

GMR POWER CORPORATION LTD.

8 Other assets

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Non-current			
Deposits			
Capital Advances	-	-	0.02
with government authorities	-	-	-
others	-	-	-
Total non-current balance of other assets (A)	-	-	0.02
Current			
Advances recoverable in cash or kind	64.67	65.25	70.79
Prepaid expenses	0.71	1.47	13.76
Prepaid gratuity [refer note no. 36(b)]	0.75	-	-
Total current balance of other assets (B)	66.13	66.72	84.55
Total other assets (A+B)	66.13	66.72	84.57

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

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Valued at lower of cost and net realizable value			
Raw Materials	-	-	129.89
Stores and spares	18.98	18.93	18.36
Total	18.98	18.93	148.25

10 Trade receivables

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Unsecured considered good			
others	1,141.23	1,322.46	3,208.39
Total	1,141.23	1,322.46	3,208.39

Note: No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. There are no trade or other recelvable that are due from firms or private companies respectively in which any director is a partner, a director or a member.

11 Cash and cash equivalents

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Cash on hand	-	0.04	0.04
Balances with banks:			
in current accounts	2.50	10.18	24.53
Total	2.50	10.22	24.57
Other bank balances			
Margin money deposit	-	0.31	30.23
Deposit pledged towards loan	-	-	2,822.00
Total	-	0.31	2,852.23

GMR POWER CORPORATION LTD.

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Notes to the financial statements for the year ended March 31, 2017

Break up of financial assets

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Financial asset carried at cost			
Investment in equity Instruments of Associates	5.40	5.40	5.40
Financial asset carried at amortised cost			
Investment in preference shares of Associates	-	2,212.60	1,943.77
Trade receivables	1,141.23	1,322.46	3,208.39
Cash and cash equivalents	2.50	10.22	24.57
Other bank balances	-	0.31	2,852.23
Loans	5,605.76	6,659.36	6,989.42
Other financial assets	1,355.97	1,171.52	657.56
Financial assets carried at fair value through profit or loss			
Liquid mutual fund units	22.80	-	-
Total	8,133.66	11,381.87	15,681.34

12 Share capital

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
			Rupees in Millions
Authorised			
250,000,000 (March 31, 2016: 250,000,000; April 1, 2015: 250,000,000) Equity Shares of Rs 10/- each	2,500.00	2,500.00	2,500.00
Issued, Subscribed and Paid up			
247,500,000 (March 31, 2016: 247,500,000; April 1, 2015: 247,500,000) Equity Shares of Rs 10/- each	2,475.00	2,475.00	2,475.00
Total	**2,475.00**	**2,475.00**	**2,475.00**

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

Particulars	March 31, 2017		March 31, 2016	
	Numbers	Rupees in Millions	Numbers	Rupees in Millions
Balance at the beginning of the year	247,500,000.00	2,475.00	247,500,000.00	2,475.00
Shares issued during the year	-	-	-	-
Balance at the end of the year	247,500,000.00	2,475.00	247,500,000.00	2,475.00

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, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts if any. However no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Restrictions on the distribution of dividends :

The Board shall 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 and/or their subsidiaries/associates.

Out of Equity shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

Particulars	March 31, 2017		March 31, 2016	
	Numbers	Rupees in Millions	Numbers	Rupees in Millions
GMR Generation Assets Limited	126,225,000	1,262.25	-	-
GMR Energy Limited	-	-	126,225,000	1,262.25

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

Particulars	March 31, 2017		March 31, 2016	
	Numbers	% Holding	Numbers	% Holding
GMR Generation Assets Limited	126,225,000	51.00%	-	0.00%
GMR Energy Limited	-	0.00%	126,225,000	51.00%
Odeon Limited, Mauritius	121,274,300	49.00%	121,274,300	49.00%

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

13 Other equity

Rupees in Millions

	Particulars	March 31, 2017	March 31, 2016	April 1, 2015
a)	General Reserve	217.97	217.97	217.97
b)	Major Maintenance Reserve*	200.00	200.00	200.00
c)	Surplus in the statement of profit and loss			
	Balance at the beginning of the year	3,460.32	3,209.41	3,184.92
	Adjustment to retained earnings			
	Excess provision of income tax provision of earlier period	11.21	49.96	-
	Recognition of Financial Guarantee issued to fellow subsidiary	(4.00)	-	-
	Profit / (Loss) for the year	(3,669.07)	199.71	24.49
	Items of other comprehensive income recognised directly in retained earning			
	Re-measurement gains (losses) on defined benefit plans (net of taxes)	(0.16)	1.24	-
	Balance at the end of the year	**(201.70)**	**3,460.32**	**3,209.41**
	Total	**216.27**	**3,878.29**	**3,627.38**

* - Major Maintenance Reserve was created by the Company to provide for overhauling and maintenance expenses of the Power Plant.

14 Borrowings

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Long-term			
Secured			
Other financial liabilities at amortised cost			
Rupee Term Loan from Bank [refer note (a) below]	-	-	609.57
Unsecured			
Other financial liabilities at amortised cost			
Finance Lease Obligation [refer note (c) below]	-	-	3.14
Total long-term borrowings (A)	**-**	**-**	**612.71**
Short-term			
Secured			
Bank overdraft [refer note (b) below]	-	-	934.45
Unsecured			
Inter Corporate Loan from related party [refer note (d) below and 39 (j)]	8.00	8.00	-
Total short-term borrowings (B)	**8.00**	**8.00**	**934.45**
Total borrowings (A+B)	**8.00**	**8.00**	**1,547.16**

Nature of security and terms of Repayment:

(a) Rupee Term Loan

Rupee term loan availed from ICICI bank as per sanction was secured by second charge over all current assets (inventory, book debts, bank accounts and investments) and exclusive charge over Debt Service Reserve Account of the company subject to no objection from the existing working capital lenders. The Company had treated the same as unsecured loan pending NOC from Working Capital Lenders.

Rupee term loan availed from ICICI bank was repayable in 8 equal quarterly instalments commencing from the end of 15 months from the date of first disbursement i.e. July 25, 2013 and carried interest rate of 14.60% p.a. During FY 2015-16 the entire loan has been repaid.

(b) Working Capital facilities:

Working Capital facilities were secured by way of first charge on current Assets [Inventory and Book Debts] and second charge on movable assets (other than current assets) of the company. The beneficial interest in the security shall rank pari passu among rupee lender and lenders participating the bank borrowings for the working capital requirements. The Overdraft facility is repayable on demand and is carrying interest ranging from 13.00% to 15.50%. During FY 2015-16, the entire working capital facility has been repaid.

(c) Finance lease:

Leasehold assets represent steam turbine generator obtained under Finance lease which is secured against Plant & Equipment leased under the Finance Lease arrangement. The Lease amount shall be repaid in 5 equal annual instalments of Rs. 34.40 Lakh over a period of 5 years at an interest rate of 10%. The lease term is 5 years after which the legal title is passed to the lessee. There is no escalation clause in the lease agreement. There are no restrictions imposed by the lease agreements. There are no sub leases.

(d) Inter Corporate Deposit

The intercorporate loan is repayable at the end of the agreement period not later than March 31, 2017. Applicable rate of interest on principle amount for the year is 9%.

15 Other Financial Liabilities

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Non-current other financial liabilities			
Total non-current other financial liabilities	-	-	-
Current financial liabilities			
Other financial liabilities at amortised cost			
Financial guarantee contracts	3.38	3.97	10.76
Current Maturities of long term borrowings 14(a) above]	-	-	1,250.00
Current Maturities of finance lease obligations 14(c) above]	6.61	6.61	3.13
Interest Accrued but not due on borrowings	1.15	0.50	0.75
Interest payable to vendor on delayed payment	16.97	16.97	297.17
Salaries, Bonus and other Payables to Employees	0.02	1.94	3.95
Other Payables	4.38	4.47	-
Total current other financial liabilities	**32.51**	**34.46**	**1,565.76**
Total other financial liabilities	**32.51**	**34.46**	**1,565.76**

16 Trade Payables

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Non-Current			
Total non-current trade payables	-	-	-
Current Trade Payable			
Micro, Small and Medium Enterprises*	-	-	-
Related parties	34.62	34.71	64.16
Others [Refer note (a) below]	128.45	88.92	1,472.55
Acceptances [Refer note (b) below]	-	-	622.27
Total current trade payables	**163.07**	**123.63**	**2,158.98**

* There are no micro and small enterprises to which the Company owes dues or with which the Company had transactions during the year, based on the information available with the Company, which has been relied upon by the auditors.

Note:

(a) The Company has entered into a settlement agreement with one of the suppliers and agreed for settling the liability at reduced value as against the identified liability in the books. In terms of the same, excess liability amounting to Rs. Nil (March 31, 2016: Rs. 164.00 Millions, April 1, 2015: Rs. NIL) has been written back in the books.

(b) Acceptances represents Letter of Credit accepted by the Company which are discounted. Acceptances are part of the working capital facility sanctioned by the Banks and are secured as given in Note No. 14(b) above.

Terms and conditions of the above financial liabilities:

For explanation on the Company's credit risk management processes, refer note no. 30

Break up of financial liabilities

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Financial asset carried at amortised cost			
Borrowings	8.00	8.00	1,547.16
Other financial liabilities	32.51	34.46	1,565.76
Trade Payable	163.07	123.63	2,158.98
Total	**203.58**	**166.09**	**5,271.90**

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

GMR POWER CORPORATION LTD

17 Other liabilities

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Non-Current			
Total other non-current liabilities	-	-	-
Other current liabilities			
Advance received against claim [refer note (a) & (b) below]	5,370.02	5,370.03	5,370.02
Advance received from customer [refer note (b)(iii) below]	272.67	272.67	262.76
Advance received from other customers	0.06	0.06	0.20
Statutory dues	1.34	1.58	9.86
Total other current liabilities	5,644.09	5,644.34	5,642.84

(a) Claims/counterclaims arising out of the Power Purchase Agreement (PPA) in respect of the dues recoverable from Tamilnadu Generation and Distribution Corporation Limited (TANGEDCO) (formerly known as Tamil Nadu Electricity Board) on account of Sale of Energy including reimbursement towards Interest on Working Capital, Minimum Alternate Tax, Rebate, Start/Stop charges and payment of land lease rentals to TANGEDCO respectively were pending settlement / reconciliation with TANGEDCO. In this regard, the Company had approached Tamilnadu Electricity Regulatory Commission (TNERC) to resolve the aforementioned claims/counterclaims. A favourable Order was received from TNERC on April 16, 2010 (hereinafter referred to as " the order") and in pursuance of the Order, the Company had filed its claim on April 30, 2010 amounting to Rs. 4,816.78 Millions.

TANGEDCO had filed a petition against TNERC Order in Appellate Tribunal for Electricity (APTEL). In terms of an interim Order on November 19, 2010 from APTEL , TANGEDCO made deposit of Rs. 5,370.02 Millions [March 31, 2016: Rs. 5,370.02 Millions, April 1, 2015: Rs. 5,370.02 Millions] including interest on delayed payment of claim amount.

APTEL vide its Order dated February 28, 2012, upheld the claim of the Company and further directed the Company to verify and pay counter claims of TANGEDCO in respect of the benefits earned if any by the Company with regard to delayed payment towards fuel supply that are not in terms with Fuel Supply Agreement(FSA). The Company has appealed to the Honourable Supreme Court in Civil Appeals seeking certain interim relief with respect to the benefits pointed out by the Honourable APTEL on credit period of Fuel Supplies by HPCL. Supreme Court vide its Order dated April 24,2014 has referred the dispute to TNERC for examining the contesting claim of the parties in so far as the quantum of amount is concerned. Both the parties have filed their respective petitions before Hon'ble TNERC in the month of August 2014 where TANGEDCO has raised claim of Rs. 2,850 Millions which the Company has refuted and raised counter claims. The matter has been finally heard by Hon'ble TNERC and reserved for order.

Further TANGEDCO has filed petition in the Supreme Court against APTEL Order , which is pending before Supreme Court.

(b) In accordance with the Company's accounting policy, pending acceptance of claims by TANGEDCO, pending adjudication of petition before the Supreme court, the Company has not recognized the following as income in the books of account:

i) the claims aggregating to Rs. 4,021.28 Millions and interest on delayed payment of claim aggregating to Rs. 553.24 Millions.

ii) Claim towards Supplementary Invoices submitted subsequent to April 30, 2010 with regard Start and Stop Charges of Rs. 164.42 Millions [March 31, 2016: 164.42 Millions] and interest on delayed payment of tariff invoices/supplementary bills of Rs. 2,177.76 Millions [March 31, 2016: Rs. 2,059.22 Millions]

iii) Land Lease rentals (LLR) amounting to Rs. 284.82 Millions [March 31, 2016: Rs. 284.82 Millions] subsequent to the Order Date included in Tariff invoices was not recognized by the Company. The Company has received Rs. 272.67 Millions [March 31, 2016: Rs. 262.76 Millions] which was shown under Advance from Customers.

Accordingly, the amount received towards Claim amount and Claim towards LLR after the date of Order is shown as advance in the books of accounts pending adjudication of petition before the Supreme Court. The company on the basis that substantial amount has been received though under protest, has offered the said claims up to March 31, 2014 as income in its tax returns under normal provisions of Income Tax Act, 1961 and has claimed the deduction as available under section 80 IA of the Income Tax Act, 1961, in view of the expert opinion received.

Further the Company has been legally advised that in view of appeal filed by TANGEDCO against the Order of APTEL in Honourable Supreme Court , the entire matter of claim is under sub judice and has not attained the finality.

CHATURVEDI & SHAH CHARTERED ACCOUNTANTS MUMBAI

GMR POWER CORPORATION LTD. GMR

18 Provisions

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Non-current Provisions			
Provision for gratuity	-	1.08	1.93
Provision for decommissioning liability [refer note (a) below)]	-	-	61.44
Total non-current provisions	-	1.08	63.37
Current Provisions			
Provision for leave benefits	4.85	4.69	23.73
Provision for employee benefits	2.87	5.48	21.47
Provision for decommissioning liability [refer note (a) below)]	71.42	66.25	-
Total current provisions	79.14	76.42	45.20
Total provisions	79.14	77.50	108.57

Note:

(a) Movement for provision in Asset Retirement Obligation:

Particulars	March 31, 2017	March 31, 2016
Balance at the beginning of the year	66.25	61.44
Add: Notional interest accounted on unwinding of liability	5.17	4.81
Balance at the year end	71.42	66.25

GMR POWER CORPORATION LTD.

GMR Power Corporation Limited

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Notes to the financial statements for the year ended March 31, 2017

20 Revenue from operations

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016
Sale of Electrical Energy	-	-
Total	-	-

21 Other income

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016
Interest income:		
On bank deposits	0.01	82.77
On Inter Corporate Loans and Deposits	506.41	776.60
On unwinding of financial instruments (Investment in preference shares)	171.56	268.83
On Income Tax Refund	13.08	-
Net gain /(loss) on sale of investments	0.64	0.50
Profit on the sale of Asset	-	0.05
Fair value gain on financial instruments at fair value through profit or loss	4.95	6.79
Foreign Exchange Gain	0.20	-
Non operating Income	-	0.38
Provision no longer payable written back	7.93	3.97
Total	**704.78**	**1,139.89**

Note:

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

Unwinding of investment in preference shares classified at amortised cost	171.56	268.83

22 Cost of Materials Consumed

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016
Cost of materials consumed*		
Inventory at the beginning of the year	-	242.12
Add: Purchases	-	(235.89)
Less : Inventory at the end of the year	-	-
Cost of materials consumed	-	6.23
Details of material consumed		
Low Sulphur Heavy Stock & Low Sulphur Furnace Oil	-	4.91
Low Sulphur Furnace Oil	-	0.49
Lubricants	-	0.83
Total	-	**6.23**

* - Represents material consumed for the maintenance of power plant to keep the plant in operational stage.

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Notes to the financial statements for the year ended March 31, 2017

23 Employee benefit expenses

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016
Salaries, wages and bonus	34.23	24.40
Contribution to provident and other funds [refer note no.36]	2.47	6.23
Staff welfare expenses	1.75	3.50
Total	**38.45**	**34.13**

24 Depreciation and amortisation expenses

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016
Depreciation of tangible assets	411.84	420.66
Amortisation of intangible assets	0.88	1.64
Total	**412.72**	**422.30**

25 Finance costs

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016
Interest expense		
On inter corporate deposit	0.72	250.97
On unwinding on decommissioning liabilities (net of reversal)	5.17	4.81
Other interest		
Vendor	-	35.06
Others	-	0.42
Other borrowing costs	-	7.40
Bank and other finance charges	0.05	0.08
Total	**5.94**	**298.74**

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

Nil	-	-

CHATURVEDI & SHAH CHARTERED ACCOUNTANTS MUMBAI

GMR POWER CORPORATION LTD. GMR

26 **Other expenses** — Rupees in Millions

Particulars	March 31, 2017	March 31, 2016
Rent and hire charges	54.74	60.16
Stores & Consumables	0.05	1.71
Consumption of tools	0.08	2.90
Rates and taxes	0.38	0.29
Insurance	4.03	6.29
Repairs and maintenance	-	-
Plant and Machinery	0.65	1.53
Buildings	0.19	1.02
Others	5.14	4.95
Electricity, Fuel and water charges	3.88	3.34
Advertising and sales promotion	0.82	0.93
Foreign Exchange Loss	-	0.26
Logo Charges	-	2.84
Communication costs	0.80	3.69
Green Belt Maintenance	0.10	1.56
Advances no longer recoverable written off	1.50	0.50
Legal and Professional charges	17.94	21.01
Travelling and conveyance	2.34	16.70
Payment to auditors		
Statutory Audit	0.88	0.86
Tax Audit	0.50	-
Directors' sitting fees	0.50	0.77
Security expenses	2.60	6.64
Loss on disposal of Inventory*	-	22.35
Contribution towards CSR [refer note no. 35]	8.76	16.19
Donation	23.50	55.88
Write off of PPE	0.31	-
Provision for Diminution in Value of ICDs & Accrued Interest	3,438.41	-
Miscellaneous expenses	2.70	4.13
Total	**3,570.80**	**236.50**

* - As the plant was not operational, the main raw material - LSHS lying with Company has been re-sold to fuel supplier - Hindustan Petroleum Corporation Limited

27 **Exceptional items (net)** — Rupees in Millions

Particulars	March 31, 2017	March 31, 2016
Loss on Sale of Investment in preference shares [refer note no. 5(3)]	424.17	-
Provision no longer required written back	-	(164.00)
Write off of Inventory	-	22.12
Total	**424.17**	**(141.88)**

28 **The disaggregation of changes to OCI by each type of reserve in equity is shown below:** — Rupees in Millions

Particulars	March 31, 2017	March 31, 2016
Re-measurement gains (losses) on defined benefit plans	(0.24)	1.86
Income tax effect	0.08	(0.62)
Total	**(0.16)**	**1.24**

29 Financial Instruments

29.01 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 Millions

Particulars	Refer note no.	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets:						
Cash and cash equivalents	11	2.50	-	-	2.50	2.50
Other bank balances	11	-	-	-	-	-
Investments:						
in equity instruments of Associates	5	5.40	-	-	5.40	5.40
in preference shares of Associates	5	-	-	-	-	-
In Mutual Funds	5	-	22.80	-	22.80	22.80
Trade Receivables	10	1,141.23	-	-	1,141.23	1,141.23
Loans	6	5,605.76	-	-	5,605.76	5,605.76
Other financial assets	7	1,355.97	-	-	1,355.97	1,355.97
Total		8,110.86	22.80	-	8,133.66	8,133.66
Financial liabilities						
Borrowings	14	8.00	-	-	8.00	8.00
Trade payables	16	163.07	-	-	163.07	163.07
Other financial liabilities	15	32.51	-	-	32.51	32.51
Total		203.58	-	-	203.58	203.58

b) The carrying value and fair value of financial instruments by categories as of March 31, 2016 were as follows: Rupees in Millions

Particulars	Refer note no.	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets:						
Cash and cash equivalents	11	10.22	-	-	10.22	10.22
Other bank balances	11	0.31	-	-	0.31	0.31
Investments:						
In equity instruments of Associates	5	5.40	-	-	5.40	5.40
In preference shares of Associates	5	2,212.60	-	-	2,212.60	2,212.60
In Mutual Funds	5	-	-	-	-	-
Trade Receivables	10	1,322.46	-	-	1,322.46	1,322.46
Loans	6	6,659.36	-	-	6,659.36	6,659.36
Other financial assets	7	1,171.52	-	-	1,171.52	1,171.52
Total		11,381.87	-	-	11,381.87	11,381.87
Financial liabilities						
Borrowings	14	8.00	-	-	8.00	8.00
Trade payables	16	123.63	-	-	123.63	123.63
Other financial liabilities	15	34.46	-	-	34.46	34.46
Total		166.09	-	-	166.09	166.09

c) The carrying value and fair value of financial instruments by categories as of April 1, 2015 were as follows: Rupees in Millions

Particulars	Refer note no.	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets:						
Cash and cash equivalents	11	24.57	-	-	24.57	24.57
Other bank balances	11	2,852.23	-	-	2,852.23	2,852.23
Investments:						
in equity instruments of Associates	5	5.40	-	-	5.40	5.40
in preference shares of Associates	5	1,943.77	-	-	1,943.77	1,943.77
in Mutual Funds	5	-	-	-	-	-
Trade Receivables	10	3,208.39	-	-	3,208.39	3,208.39
Loans	6	6,989.42	-	-	6,989.42	6,989.42
Other financial assets	7	657.56	-	-	657.56	657.56
Total		15,681.34	-	-	15,681.34	15,681.34
Financial liabilities						
Borrowings	14	1,547.16	-	-	1,547.16	1,547.16
Trade payables	16	2,158.98	-	-	2,158.98	2,158.98
Other financial liabilities	15	1,565.76	-	-	1,565.76	1,565.76
Total		5,271.90	-	-	5,271.90	5,271.90

GMR POWER CORPORATION LTD.

29 Financial Instruments

29.02 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:

Rupees in Millions

Particulars	Total	Level 1	Level 2	Level 3
Assets measured at fair value through profit or loss:				
Investments:				
In Mutual Funds	22.80	22.80	-	-
Liabilities measured at fair value through profit or loss:				

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

Rupees in Millions

Particulars	Total	Level 1	Level 2	Level 3
Assets measured at fair value through profit or loss:				
Investments:				
In Mutual Funds	-	-	-	-
Liabilities measured at fair value through profit or loss:				

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:

Rupees in Millions

Particulars	Total	Level 1	Level 2	Level 3
Assets measured at fair value through profit or loss:				
Investments:				
In Mutual Funds	-	-	-	-
Liabilities measured at fair value through profit or loss:				

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.

30 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.

30.01 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.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when expense is denominated in a foreign currency). Company's foreign currency exposure mainly relates to payment to supplier and it is paid at spot rate applicable on date of transaction.

29 Financial Instruments

(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 borrowings are at fixed rate, which do not expose it to significant interest rate risk.

30.02 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

Rupees in Millions

Particualrs	March 31, 2017	March 31, 2016	April 1, 2015
Upto 3 months	-	-	-
3 to 6 months	-	-	-
More than 6 months	1,141.23	1,322.46	3,208.39
Total	1,141.23	1,322.46	3,208.39

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.

30.03 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:

Rupees in Millions

Particulars	Carrying Amount	Repayable on demand	Due within 1 year	Due between 1 to 5 years	Due after 5 years
As at March 31, 2017					
Non-derivative financial liabilities					
Loan from related party	8.00	-	8.00	-	-
Trade payable	163.07	-	163.07	-	-
Other financial liabilities	32.51	-	32.51	-	-
Total	**203.58**	**-**	**203.58**	**-**	**-**

Rupees in Millions

Particulars	Carrying Amount	Repayable on demand	Due within 1 year	Due between 1 to 5 years	Due after 5 years
As at March 31, 2016					
Non-derivative financial liabilities					
Loan from related party	8.00	-	8.00	-	-
Trade payable	123.63	-	123.63	-	-
Other financial liabilities	34.46	-	34.46	-	-
Total	**166.09**		**166.09**	**-**	**-**

Rupees in Millions

Particulars	Carrying Amount	Repayable on demand	Due within 1 year	Due between 1 to 5 years	Due after 5 years
As at April 1, 2015					
Non-derivative financial liabilities					
Borrowings from banks and others	612.71	-	612.71		
Cash credit / Book overdraft	934.45	-	934.45		
Loan from related party	-	-	-	-	-
Trade payable	2,158.98	-	2,158.98	-	-
Other financial liabilities	1,565.76	-	1,565.76	-	-
Total	**5,271.90**	**-**	**5,271.90**	**-**	**-**

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Notes to the financial statements for the year ended March 31, 2017
29 Financial Instruments

30.04 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.

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Total Debt / borrowings	8.00	8.00	1,547.16
Capital Components			
Equity Share Capital	2,475.00	2,475.00	2,475.00
Reserves & Surplus	(201.70)	3,460.32	3,209.41
General Reserve	217.97	217.97	217.97
Major Maintenance Reserve	200.00	200.00	200.00
Total Capital	**2,691.27**	**6,353.29**	**6,102.38**
Capital and total debt	**2,699.27**	**6,361.29**	**7,649.54**
Gearing ratio (%)	**0.30%**	**0.13%**	**20.23%**

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.

CHATURVEDI & SHAH CHARTERED ACCOUNTANTS MUMBAI

GMR POWER CORPORATION LTD. GMR

31 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.)	247,500,000	247,500,000
c. Profit attributable to equity holders of the Company for basic earnings (Rupees in Millions)	(3,669.07)	199.71
d. Basic/Diluted Earning per share of Rs 10/- each (in Rs.) [(c)/(b)]	(14.82)	0.81

32 Contingent liabilities and commitments

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Contingent Liabilities			
a. Claim of TANGEDCO for interest on delay in passing on duty draw back refund	15.60	15.60	15.60
b. Corporate Guarantees on behalf of GMR Chhattisgarh Energy Limited	-	2,000.00	2,000.00
c. Corporate Guarantees on behalf of GMR Vemagiri Power Generation Limited	1,750.00	1,500.00	1,500.00
d. Debit note received from Hindustan Petroleum Corporation Limited for differential rate on furnace oil.	12.70	12.70	12.70
e. Income Tax related matter (refer note j below)	-	-	11.70
f. Loan availed by GMR Energy Trading Limited by pledging Fixed Deposit of the Company	-	-	1,482.00
g. Loan availed by GEL by pledging Fixed Deposit of the Company	-	-	1,340.00

h. In terms of the APTEL Order as discussed in Note no. 17, there has been no demand from TANGEDCO in respect of counter claims of TANGEDCO for benefits derived if any on delayed payment of fuel supply. The said subject matter had been challenged by the Company in the Honourable Supreme Court of India. Supreme Court vide its Order dated April 24, 2014 has referred the dispute to TNERC for examining the contesting claim of the parties in so far as the quantum of amount is concerned. Both the parties have filed their respective petitions before Hon'ble TNERC in the month of August 2014 where TANGEDCO has raised claim of Rs. 28,500 Lakh which the Company has refuted and raised counter claims. The matter has been finally heard by Hon'ble TNERC and reserved for order.

i. During the year ended March 31, 2011, the Company had received a refund of customs duty of Rs. 295.70 Millions which was paid earlier towards the import of the plant and machinery and was passed on to TANGEDCO as a pass through as per the terms of the PPA. During the year ended March 31, 2012, the Company has received an intimation for cancellation of the duty draw back refund received earlier. The Company does not foresee any liability in respect of the same demand as the liability, if any, is to be recovered from TANGEDCO, the ultimate beneficiary of the refund received earlier.

j. In respect of Assessment year (AY) 2009-10, demand of Rs. 11.70 Millions has been raised on account of disallowance of interest expenses u/s 57 of Income Tax Act 1961 and 14A disallowances. The Company has contested the same by filing an appeal with Income Tax Appellate Tribunal (ITAT). The ITAT vide its Order dated December 29, 2015, upheld company's contention of claiming interest expenses u/s 57 of the Income tax Act and effect of the same has been passed on to the Comapny by JCIT vide its order dated May 4, 2016.

k. In respect of the above contingent liabilities the company does not foresee any cash outflows in future.

Capital and other Commitments

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
a. Capital and other Commitments	-	-	-

33 The Company had entered into Power Purchase Agreement (PPA) with Tamil Nadu Distribution and Generation Corporation Limited- TANGEDCO (Formerly The Tamil Nadu Electricity Board - TNEB) for 15 years which got expired on February 14, 2014 and was further extended for one more year which also got expired on February 14, 2015. There has been no further renewals as on the date of balance sheet. The going concern aspect of the Company is significantly dependent on PPA arrangements of the Company, achievement of business plans, continued availability of funds, outcome of discussion going with TANGEDCO for supply of power as well as profitable operation etc. The Company has further got the power plant assets valued from a approved valuer who has valued the realisable value of plant over and above the carrying value. In this connection, the Company is confident of inter-alia further tie-up of PPA either with TANGEDCO for supply of power and obtaining further financial assistance from holding Company, if required, to meet the financial commitments. Accordingly, these financial statements have been prepared on the going concern assumption.

34 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.

35 **Corporate Social Responsibility (CSR)**

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief and rural development projects. A CSR committee has been formed by the company as per the Act. The funds were primarily allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016
a. Gross amount required to be spent by the Company during the year	8.76	16.19
b. Amount spent by the Company during the year:		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	8.76	16.19

36 **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

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016
Provident and pension fund	1.62	2.38
Superannuation fund	1.07	1.58
Total	2.69	3.96

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:

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016
i) Change in defined benefit obligation		
Defined benefit at the beginning	4.42	16.95
Current Service Cost	0.51	2.27
Interest expenses	0.31	1.21
Acquisition Cost/(Credit)	(0.80)	(11.04)
Re-measurement - Actuarial loss / (gain)	0.25	(2.16)
Benefits paid	(0.78)	(2.81)
Defined benefit at the end	**3.91**	**4.42**

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Notes to the financial statements for the year ended March 31, 2017

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016
ii) Change in fair value of plan assets:		
Fair value of Plan Assets at the beginning	3.34	15.02
Expected return on plan assets	0.30	1.20
Acquisition Adjustment	(0.05)	(13.43)
Actuarial gains/ (losses)	0.00	(0.29)
Contributions by employer	1.85	3.65
Benefits paid	(0.78)	(2.81)
Fair value of plan assets at the end	**4.66**	**3.34**
iii) Amount Recognized in the Balance Sheet		
Present Value of Obligation as at year end	3.91	4.42
Fair Value of plan assets at year end	4.66	3.34
Net (asset) / liability recognised	**(0.75)**	**1.08**
iv) Amount recognized in the Statement of Profit and Loss under employee benefit expenses.		
Current Service Cost	0.51	2.27
Net interest on net defined benefit liability / (asset)	0.01	0.01
Total expense	**0.52**	**2.28**
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	0.20	-
Actuarial changes arising from changes in experience adjustments	0.05	(2.16)
Return on plan assets excluding interest income	(0.00)	0.29
Recognised in other comprehensive income	**0.25**	**(1.87)**
vi) Maturity profile of defined benefit obligation		
Within the next 12 months (next annual reporting period)	0.45	
Between 2 and 5 years	1.44	
Between 5 and 10 years	3.41	
vii) Quantitative sensitivity analysis for significant assumptions is as below:		
Increase / decrease on present value of defined benefit obligation as at year end		
(i) one percentage point increase in discount rate	(0.28)	(0.26)
(ii) one percentage point decrease in discount rate	0.31	0.29
(i) one percentage point increase in salary escalation rate	0.29	0.28
(ii) one percentage point decrease in salary escalation rate	(0.27)	(0.27)
(i) one percentage point increase in employee turnover rate	0.02	0.03
(ii) one percentage point decrease in employee turnover rate	(0.02)	(0.03)

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 in percentage, keeping all the other actuarial assumptions constant.

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
viii) 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%	100%
ix) Actuarial Assumptions			
Discount rate (p.a.)	7.10%	7.80%	7.80%
Salary escalation	6.00%	6.00%	6.00%
Weighted average duration of defined benefit obligation	10 Years	10 Years	10 Years
Mortality rate during employment	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.
Rate of employee turnover	5.00%	5.00%	5.00%

GMR POWER CORPORATION LTD.

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. 1.85 Millions 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. 4.85 Millions as at March 31, 2017 [March 31, 2016: Rs. 4.69 Millions; April 1, 2015 : Rs. 23.73 Millions].

37 Other Disclosures

a) Raw materials, spare parts and components consumed

Particulars	March 31, 2017		March 31, 2016	
	Rupees in Millions	Percentage	Rupees in Millions	Percentage
Fuel				
- Indigenous	-	0.00%	6.23	100.00%
- Imported	-	0.00%	-	0.00%
	-	**0.00%**	**6.23**	**100.00%**
Stores and Spare Parts				
- Indigenous	-	0.00%	3.89	84.20%
- Imported	-	0.00%	0.73	15.80%
	-	**0.00%**	**4.62**	**100.00%**

b) Value of imports calculated on CIF Basis: Rupees in Millions

Particulars	March 31, 2017	March 31, 2016
Fuel	-	-
Operation & Maintenance spares	-	0.73

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

Particulars	March 31, 2017	March 31, 2016
Travelling and communication expenses	0.34	0.05
Director's sitting Fees	0.08	0.06
Total	0.42	0.11

38 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:

Rupees in Millions

Particulars	March 31, 2017	March 31, 2016
Lease rentals under cancellable lease	54.74	60.16

GMR POWER CORPORATION LTD.

Notes to the financial statements for the year ended March 31, 2017

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

i.	Parties where control exists : Holding Company	GMR Generations Assets Limited [GGAL] w.e.f. October 20, 2016 [formerly known as GMR Renewable Energy Limited] GMR Energy Limited [GEL] up to October 20, 2016
ii.	Enterprises having control over the Company	GMR Enterprises Private Limited [GEPL] (formerly known as GMR Holdings Private Limited) GMR Infrastructure Limited [GIL]
iii.	Fellow Subsidiary	GMR Energy Limited [GEL] w.e.f. October 20, 2016 GMR Consulting Services Private Limited [GCSPL] GMR Warora Energy Limited [GWEL] (formerly known as EMCO Energy Limited) GMR Corporate Affairs Private Limited [GCAPL] RAXA Security Services Limited [RSSL] GMR Energy Trading Limited [GETL] GMR Chhattisgarh Energy Limited [GMRCEL] GMR Vemagiri Power Generation Limited [GVPGL] Dhruvi securities Private Limited [DSPL] GMR Badrinath Hydro Generation Private Limited[GBHPL] GMR Kamalanga Energy Limited [GKEL] SJK Powerjen Limited [SJKPL] GMR Londa Hydropower Private Limited [GLHPL] GMR Rajahmundry Energy Limited(GREL) GMR Krishnagiri SEZ Limited [GKSL]
iv.	Enterprises where significant influence exists	GMR Tuni-Anakapalli Expressways Private Limited [GTAEPL] GMR Tambaram - Tindivanam Expressways Private Limited [GTTEPL]
v.	Other entities	GMR Varalakshmi Foundation [GVF] GMR Family Fund Trust [GFFT]
vi.	Key Management Personnel	Sri Rakesh Kohli [Manager]

Details of the transactions are as follows : *

Rupees in Millions

	Particulars	**March 31, 2017**	**March 31, 2016**
a.	Logo fees paid to		
	GMR Enterprises Private Limited [GEPL]	-	2.84
b.	Contribution towards Corporate Social Responsibility & Donations		
	GMR Varalakshmi Foundation (GVF)	8.76	70.00
c.	Security charges Paid to		
	RAXA Security Services Limited [RSSL]	2.08	5.98
d.	Rent & Hire Charges		
	GMR Corporate Affairs Private Limited [GCAPL]	0.28	0.27
	GMR Family Fund Trust [GFFT]	8.61	1.43
e.	Technical consultancy services paid to:		
	GMR Infrastructure Limited [GIL]	2.50	2.19
f.	Interest and finance charges expenses:		
	GMR Consulting Services Private Limited [GCSPL]	0.72	0.55
	GMR Energy Limited [GEL]	-	3.00

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Details of the transactions are as follows : *

Rupees in Millions

	Particulars	March 31, 2017	March 31, 2016
g.	Interest income on Inter Corporate deposits:		
	GMR Vemagiri Power Generation Limited [GVPGL]	19.39	27.92
	Dhruvi securities Private Limited [DSPL]	8.71	0.70
	GMR Badrinath Hydro Generation Private Limited[GBHPL]	7.51	-
	GMR Kamalanga Energy Limited [GKEL]	292.87	331.63
	SJK Powerjen Limited [SJKPL]	-	310.97
	GMR Londa Hydropower Private Limited [GLHPL]	4.50	0.18
	GMR Energy Limited [GEL]	33.95	105.20
	GMR Generations Assets Limited [GGAL]	139.49	-
h.	Remuneration paid to Key Management Personnel		
	Sri Rakesh Kohli	3.58	0.83
i.	Inter corporate deposit / loan		
	GMR Vemagiri Power Generation Limited [GVPGL]		
	Opening Balance	301.49	337.72
	Add: Granted during the year	1.62	0.50
	Less: Refunded / repaid during the year	278.19	36.73
	Closing balance	24.92	301.49
	GMR Energy Limited [GEL]		
	Opening Balance	674.27	-
	Add: Granted during the year	20.00	2,481.14
	Less: Refunded / repaid during the year	694.27	1,806.87
	Closing balance	-	674.27
	GMR Generations Assets Limited [GGAL]		
	Opening Balance	-	-
	Add: Granted during the year	2,650.27	-
	Less: Refunded / repaid during the year	-	-
	Closing balance	2,650.27	-
	GMR Badrinath Hydro Generation Private Limited[GBHPL]		
	Opening Balance	-	-
	Add: Granted during the year	163.00	-
	Less: Refunded / repaid during the year	-	-
	Closing balance	163.00	-
	SJK Powerjen Limited [SJKPL]		
	Opening Balance	3,472.72	4,474.57
	Add: Granted during the year	-	12.15
	Less: Refunded / repaid during the year	-	1,014.00
	Closing balance	3,472.72	3,472.72
	GMR Londa Hydropower Private Limited [GLHPL]		
	Opening Balance	50.00	-
	Add: Granted during the year	-	50.00
	Less: Refunded / repaid during the year	-	-
	Closing balance	50.00	50.00

GMR POWER CORPORATION LTD.

GMR Power Corporation Limited

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Notes to the financial statements for the year ended March 31, 2017

Details of the transactions are as follows : *

Rupees In Millions

Particulars	March 31, 2017	March 31, 2016
Dhruvi securities Private Limited [DSPL]		
Opening Balance	8.20	8.20
Add: Granted during the year	310.00	-
Less: Refunded / repaid during the year	8.20	-
Closing balance	310.00	8.20
GMR Kamalanga Energy Limited [GKEL]		
Opening Balance	2,120.00	2,120.00
Add: Granted during the year	-	-
Less: Refunded / repaid during the year	-	-
Closing balance	2,120.00	2,120.00
j. Inter corporate deposit / loan received / refunded		
GMR Energy Limited [GEL]		
Opening Balance	-	-
Received during the year	-	341.90
Repaid during the year	-	341.90
Closing balance	-	-
GMR Consulting Services Private Limited [GCSPL]		
Opening Balance	8.00	-
Received during the year	-	8.00
Repaid during the year	-	-
Closing balance	8.00	8.00
k. Provision for diminution in value of inter corporate deposit / loan		
SJK Powerjen Limited [SJKPL]	2,883.20	-
GMR Kamalanga Energy Limited [GKEL]	323.19	-
l. Pledge of deposit for loan taken/ refunded by related party		
GMR Energy Trading Limited [GETL]	-	1,482.00
GMR Energy Limited [GEL]	-	1,340.00
m. Sale of investment in preference share of GMR Vemagiri Power Generation Limited		
GMR Energy Limited [GEL]	1,960.00	-
n. Loss on sale of investment in preference share		
GMR Vemagiri Power Generation Limited [GVPGL]	424.17	-
o. Investments held		
In equity instruments		
GMR Tuni-Anakapalli Expressways Private Limited [GTAEPL]	2.70	2.70
GMR Tambaram - Tindivanam Expressways Private Limited [GTTEPL]	2.70	2.70
In preference instruments		
GMR Vemagiri Power Generation Limited [GVPGL]		
Opening Balance	2,212.60	1,943.77
Add: Interest income on unwinding of investments	171.56	268.83
Less: De-recognition of investment on sale	2,384.16	0.00
Closing Balance	-	2,212.60
p. Refundable security deposit receivable from:		
GMR Family Fund Trust [GFFT]	5.48	14.08
RAXA Security Services Limited [RSSL]	4.82	4.82

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Notes to the financial statements for the year ended March 31, 2017

Details of the transactions are as follows :*

	Particulars	March 31, 2017 ₹	March 31, 2016 ₹
			₹ Rupees in Millions
q.	Interest receivable on Inter Corporate deposit / loans		
	GMR Vemagiri Power Generation Limited [GVPGL]	0.58	26.77
	Dhruvi securities Private Limited [DSPL]	8.23	1.65
	GMR Badrinath Hydro Generation Private Limited [GBHPL]	7.12	-
	GMR Kamalanga Energy Limited [GKEL]	1,066.22	803.61
	SJK Powerjen Limited [SJKPL]	232.02	232.02
	GMR Londa Hydropower Private Limited [GLHPL]	4.67	0.17
	GMR Generations Assets Limited [GGAL]	267.91	-
	GMR Energy Limited [GEL]	-	105.20
r.	Provision for interest receivables		
	SJK Powerjen Limited [SJKPL]	232.02	-
s.	Interest payable on Inter Corporate deposit / loans		
	GMR Consulting Services Private Limited [GCSPL]	1.15	0.50
t.	Equity Share Capital held by:		
	GMR Energy Limited [GEL]		
	Opening Balance	1,262.25	1,262.25
	Add: Allotted during the year	-	-
	Less: Transferred during the year	1,262.25	-
	Closing Balance	-	1,262.25
	GMR Generations Assets Limited [GGAL]		
	Opening Balance	-	-
	Add: Acquired during the year	1,262.25	-
	Closing Balance	1,262.25	-
u.	Other amount due from:		
	GMR Kamalanga Energy Limited [GKEL]	1.04	0.88
	RAXA Security Services Limited [RSSL]	-	1.00
	GMR Vemagiri Power Generation Limited [GVPGL]	0.05	0.01
	GMR Krishnagiri SEZ Limited [GKSL]	-	0.04
	GMR Warora Energy Limited [GWEL]formerly known as EMCO Energy Limited)	0.16	0.12
	GMR Family Fund Trust [GFFT]	-	0.04
v.	Other amount due to:		
	GMR Enterprises Private Limited [GEPL]	2.57	2.57
	RAXA Security Services Limited [RSSL]	6.39	4.32
	GMR Corporate Affairs Private Limited [GCAPL]	17.96	17.69
	GMR Rajahmundry Energy Limited(GREL)	0.68	0.68
	GMR Chhattisgarh Energy Limited [GMRCEL]	0.07	0.07
	GMR Infrastructure Limited [GIL]	0.28	6.64
	GMR Badrinath Hydro Generation Private Limited[GBHPL]	1.82	-

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

40 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 Millions	Amount in Foreign Currency	Rupees in Millions
Payables towards goods and services	USD	7,609.14	0.50	7,609.14	0.51
	EUR	34,620.46	2.44	34,620.46	2.31

41 **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:

Amount in Rupees

Particulars	SBNs *	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	2,000.00	5,840.00	7,840.00
Add: Withdrawn from Banks	-	222,000.00	222,000.00
Add: Permitted receipts	-	-	-
Less: Amount deposited in Banks	-	-	-
Less: Permitted payments	(2,000.00)	(112,085.00)	(114,085.00)
Closing cash in hand as on December 30, 2016	-	**115,755.00**	**115,755.00**

* 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.

42 The Company had entered into a power purchase agreement (PPA) with Tamilnadu Generation and Distribution Corporation Limited (TANGEDCO) (formerly known as Tamil Nadu Electricity Board) for supply of power from its 200 MW plant situated at Basin Bridge, Chennai, India which expired on February 14, 2014. PPA has been extended for a period of one year which is expired on February 14, 2015. The company is under Discussion with TANGEDCO and is also exploring the various other ways to sell the power through merchant basis and other modes.During the year company has not earned any revenue from sale of power, however Financial income earned during the period are temporary in nature and does not constitute "Principal Business" of the Company. As the principal nature i.e Generation and sale of power 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 Indian Accounting Standard (Ind AS) - 108 on Operating Segments issued by the ICAI are not applicable to the present activities of the company.

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Notes to the financial statements for the year ended March 31, 2017

43 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
For Chaturvedi & Shah
Chartered Accountants
Firm Registration Number : 101720W

Chandan Lala
Partner
Membership No.: 35671

Place: Mumbai
Date: April 27, 2017

For and on behalf of the Board of Directors

Santhana Raman Vaidyanathan
Director
DIN: 00212334

Meena Lochani Raghunathan
Director
DIN: 07145001

Atul Aggarwal
Chief Financial Officer
Membership No.: 500466

Subash Mittal
Company Secretary
Membership No.: FCS 8650

Place: New Delhi
Date: April 27, 2017