

INDEPENDENT AUDITOR'S REPORT

To the Members of GMR Vemagiri Power Generation Limited

Report on the Ind AS financial statements

We have audited the accompanying Ind AS financial statements of GMR Vemagiri Power Generation 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 significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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 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, of the state of affairs of the Company as at March 31, 2017, its loss and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 36 to the accompanying Ind AS financial statements for the year ended March 31, 2017 regarding the losses incurred by the Company and the consequent erosion of net worth resulting from the unavailability of adequate supply of natural gas. Significant uncertainty exists as to the availability of adequate supply of natural gas which is necessary to conduct operations at varying levels of capacity in the future and the appropriateness of the going concern assumption is dependent on the Company's ability to establish consistent profitable operations as well as raising adequate finance to meet its short term and long term obligations. The accompanying Ind AS financial statements of the Company do not include any adjustments that might result from the outcome of this significant uncertainty for reasons explained in the said note. Our opinion is not qualified in respect of this matter.

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 1 a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent as applicable.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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, 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 Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016;
 - (e) The going concern matter described in the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
 - (f) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;

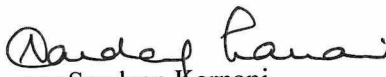


S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (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 dated May 3, 2017 in "Annexure 2" to this report;
- (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, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 31 to the Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in Note 10 to these standalone Ind AS financial statements as to the holding of Specified Bank Notes (SBNs) on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on management representations, except for the segregation between SBNs and other denominations as more fully described in Note 10 to these standalone Ind AS financial statements upon which we are unable to comment on in the absence of necessary details, we report that the amounts disclosed in the said note is in accordance with the books of account maintained by the Company and produced to us for verification.

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


per Sandeep Karnani
Partner
Membership Number: 061207



Place: Bengaluru
Date: May 03, 2017

Annexure I referred to in clause 1 of paragraph on the report on other legal and regulatory requirements of our report of even date

Re: GMR Vemagiri Power Generation Limited

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) Fixed assets have not been physically verified by the management during the year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us by the management, the title deeds (including the title deeds of the immovable property mortgaged with the lenders as security for the borrowings and confirmed by the lenders) of immovable properties included in fixed assets are held in the name of the Company.
- ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans/advances, making investments and providing guarantees and securities, as applicable.
- v) The Company has not accepted any deposits from the public.
- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to generation of hydro-electricity and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- vii) a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues as applicable to the Company, have generally been regularly deposited with the appropriate authorities.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, service tax, sales tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.



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

Name of the statute	Nature of dues	Amount (Rs. In lakhs)	Period for which amounts relates to	Forum where dispute is pending
The Customs Act, 1962	Customs duty	5,910.57	January 2004 to September 2006	Supreme Court of India
Andhra Pradesh Electricity Duty Act & Rules, 1939	Electricity Duty	4,821.39	September 2006 to November 2011	Chief Electrical Inspectorate, Government of Andhra Pradesh

- viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.



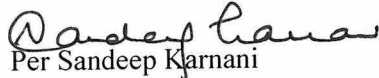
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xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Companies Act, 2013.

xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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


Per Sandeep Karnani
Partner
Membership number: 061207



Place: Bengaluru
Date: May 03, 2017

Annexure II to the Independent auditor's report of even date on the Ind AS financial statements of GMR Vemagiri Power Generation Limited

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

We have audited the internal financial controls over financial reporting of GMR Vemagiri Power Generation Limited ('the Company') as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's 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 and the Standards on Auditing as specified 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 judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

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



Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls 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 issued by the ICAI.

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



per Sandeep Karnani
Partner

Membership Number: 061207



Place: Bengaluru
Date: May 03, 2017

GMR Vemagiri Power Generation Limited
Corporate Identity Number (CIN): U23201KA1997PLC032964
Balance Sheet as at March 31, 2017

Notes	As at			
	March 31, 2017 Rs. in Lakhs	March 31, 2016 Rs. in Lakhs	April 01, 2015 Rs. in Lakhs	
Assets				
Non-current assets				
Property, plant and equipment	3	284.76	270.24	278.08
Investment property	4	253.49	253.49	253.49
Intangible assets	5	55,908.31	60,824.25	66,775.83
Financial assets				
(i) Other financial assets	7	23.88	23.88	23.87
Non-current tax assets (net)		22.57	134.43	110.73
		56,493.01	61,506.29	67,442.00
Current assets				
Inventories	12	75.51	70.66	16.74
Financial assets				
(i) Trade receivables	8	-	4,704.00	1,097.80
(ii) Cash and cash equivalents	9	61.85	26.90	93.53
(iii) Bank balances other than (ii) above	10	25.19	25.85	5,956.00
(iv) Loans	6	162.30	3,794.55	-
(v) Other financial assets	7	483.38	426.84	51.56
Other current assets	11	150.46	119.46	108.42
		958.69	9,168.26	7,324.05
Total Assets		57,451.70	70,674.55	74,766.05
Equity and liabilities				
Equity				
Equity share capital	13	27,450.01	27,450.01	27,450.01
Other equity				
(i) Equity component of cumulative redeemable preference shares ("CRPS")	14	23,939.64	23,939.64	23,939.64
(ii) Securities premium	14	199.99	199.99	199.99
(iii) Retained earnings	14	(35,333.08)	(24,114.96)	(17,590.51)
Total equity		16,256.56	27,474.68	33,999.13
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	15	25,177.21	22,126.03	19,437.74
(ii) Trade payables	16	-	1,940.68	1,274.96
Net employee defined benefit liabilities	19(a)	3.06	3.30	-
Government grant	20	2,945.93	3,202.68	3,459.43
		28,126.20	27,272.69	24,172.13
Current liabilities				
Financial liabilities				
(i) Borrowings	15	1,216.52	4,612.56	6,556.20
(ii) Trade payables	16	2,741.88	3,352.72	2,289.25
(iii) Others financial liabilities	17	4,763.43	3,419.23	1,772.44
Government grant	20	256.75	256.75	257.45
Other current liabilities	18	2,842.00	3,092.12	4,653.21
Net employee defined benefit liabilities	19(a)	229.47	156.92	86.40
Provisions	19(b)	1,008.55	1,026.54	969.50
Liabilities for current tax (net)		10.34	10.34	10.34
		13,068.94	15,927.18	16,594.79
Total Liabilities		41,195.14	43,199.87	40,766.92
Total equity and liabilities		57,451.70	70,674.55	74,766.05

Summary of significant accounting policies 22

The accompanying notes are an integral part of the financial statements


As per our report of even date

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

per Sandeep Karnani
 Partner
 Membership number: 061207

Place: Bengaluru
 Date: May 03, 2017

For and on behalf of the Board of directors of
 GMR Vemagiri Power Generation Limited


 Sanjay Narayan Barde
 Director
 DIN: 03140784


 Ashish Jain
 Chief Financial Officer


 Arunendu Saha
 Director
 DIN: 06776423


 Nidhi Chandok
 Company Secretary

Place: New Delhi
 Date: May 03, 2017

GMR Vemagiri Power Generation Limited
Corporate Identity Number (CIN): U23201KA1997PLC032964
Statement of Profit and Loss for the year ended March 31, 2017

	Notes	March 31, 2017	March 31, 2016
		Rs. in Lakhs	Rs. in Lakhs
Income			
Revenue from operations	21	12,881.36	38,311.12
Other income	22	3,590.92	1,719.80
Total income (I)		16,472.28	40,030.92
Expenses			
Cost of fuel consumed		10,292.37	33,091.27
Sub-contracting expenses		471.41	1,175.29
Consumption of stores and spares		93.41	58.19
Employee benefit expenses	23	1,097.76	679.59
Finance costs	25	7,102.43	4,054.69
Depreciation and amortisation expenses	24	4,921.98	5,703.84
Other expenses	26	3,701.77	1,792.08
Total expenses (II)		27,681.13	46,554.95
(Loss) / profit before tax (III = I-II)		(11,208.85)	(6,524.03)
Tax expense (IV)			
- Current Tax		-	-
- Deferred Tax		-	-
(Loss) / profit for the year (after tax) (V = III-IV)		(11,208.85)	(6,524.03)
Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss			
- Re-measurement (losses) / gains on defined benefit plans		(9.27)	(0.42)
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Other comprehensive (loss) / income for the year, net of tax (VI)		(9.27)	(0.42)
Total comprehensive (loss) / income for the year (VII = V+VI) (Comprising loss for the year and other comprehensive income for the year)		(11,218.12)	(6,524.45)
Earnings per equity share (nominal value of share Rs. 10 each):	28		
Basic and diluted (Rs.)		(4.51)	(2.93)

Summary of significant accounting policies 2.2

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


As per our report of even date

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

per Sandeep Karnani
Partner
Membership number: 061207

Place: Bengaluru
Date: May 03, 2017


For and on behalf of the Board of directors of
GMR Vemagiri Power Generation Limited


Sanjay Narayan Barde
Director
DIN: 03140784


Ashish Jain
Chief Financial Officer

Place: New Delhi
Date: May 03, 2017


Arunendu Saha
Director
DIN: 06776423


Nidhi Chandok
Company Secretary



GMR Vemagiri Power Generation Limited
Corporate Identity Number (CIN): U23201KA1997PLC032964
Statement of Changes in Equity for the year ended March 31, 2017

(A) Equity Share Capital:

Equity shares of Rs. 10 each issued, subscribed and fully paid
As at April 01, 2015
As at March 31, 2016
As at March 31, 2017

	Number	Rs. in Lakhs
As at April 01, 2015	274,500,140	27,450.01
As at March 31, 2016	274,500,140	27,450.01
As at March 31, 2017	274,500,140	27,450.01

(B) Other Equity

For the year ended March 31, 2017:

As at April 01, 2016
(Loss) / profit for the year
Other comprehensive income for the year
As at April 01, 2017

Equity component of CRPS	Securities premium	Retained earnings	Total	
Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	
As at April 01, 2016	23,939.64	199.99	(21,114.96)	24.67
(Loss) / profit for the year	-	-	(11,208.85)	(11,208.85)
Other comprehensive income for the year	-	-	(9.27)	(9.27)
As at April 01, 2017	23,939.64	199.99	(35,333.08)	(11,193.45)

For the year ended March 31, 2016:

As at April 01, 2015
(Loss) / profit for the year
Other comprehensive income for the year
As at April 01, 2016

Equity component of CRPS	Securities premium	Retained earnings	Total	
Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	
As at April 01, 2015	23,939.64	199.99	(17,590.51)	6,549.12
(Loss) / profit for the year	-	-	(6,524.03)	(6,524.03)
Other comprehensive income for the year	-	-	(0.42)	(0.42)
As at April 01, 2016	23,939.64	199.99	(24,114.96)	24.67

Summary of significant accounting policies

2.2

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

As per our report of even date

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

per Sandeep Karnani
Partner
Membership number: 061207

Place: Bengaluru
Date: May 03, 2017



For and on behalf of the Board of directors of
GMR Vemagiri Power Generation Limited


Sanjay Narayan Banle
Director
DIN: 03140781

Ashish Jain
Chief Financial Officer

Place: New Delhi
Date: May 03, 2017


Arunendu Saha
Director
DIN: 06776423

Indhi Chandok
Company Secretary

GMR Vemagiri Power Generation Limited
Corporate Identity Number (CIN): U23201KA1997PLC032964
Cash flow statement for the year ended March 31, 2017

Particulars	Rs. in Lakhs	
	March 31, 2017	March 31, 2016
A. CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES		
(Loss) / profit before tax	(11,208.85)	(6,524.03)
Non-cash adjustments to reconcile profit/(loss) before tax to net cash flows:		
Add: Depreciation and amortisation expenses	4,921.98	5,703.84
Add: Exchange differences (net)	4.60	182.40
Add: Loss on disposal of tangible assets	-	157.72
Less: Provision no longer required written back	(1,809.20)	(958.05)
Less: Income from Government grants	(256.75)	(257.45)
Add: Finance costs	7,102.43	4,054.69
Less: Interest income	(1,472.23)	(499.42)
Less: Net gain on sale of current investments	-	(1.14)
Operating (loss) / profit before working capital changes	(2,718.02)	1,858.56
Working capital adjustments:		
(Decrease) / increase in trade payables	(798.61)	2,359.06
Increase / (decrease) in provisions	63.04	73.40
(Decrease) / increase in other liabilities	(250.12)	(1,561.09)
Increase / (decrease) in other financial liabilities	3,415.11	58.75
Decrease / (increase) in trade receivables	4,704.00	(3,606.20)
(Increase) / decrease in other assets	(31.00)	(11.04)
(Increase) / decrease in other financial assets	(110.92)	(62.63)
(Increase) / decrease in inventories	(4.85)	(53.92)
Decrease / (increase) in loans and advances	0.15	(0.15)
Cash generated from / (used in) operations	4,268.78	(945.26)
Direct taxes paid (net of refunds)	111.86	(23.70)
Net cash flow from / (used in) operating activities	4,380.64	(968.96)
B. CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		
Purchase of fixed assets including intangible assets	(20.56)	-
Purchase of current investments	-	(400.00)
Proceeds from sale of current investments	-	401.14
Maturity of / (investments in) of deposits for a period exceeding three months (net)	0.66	5,930.15
Interest received on bank deposit / others	1,526.61	186.76
Loans given to Holding Company	(1,940.00)	(5,978.00)
Loans repaid by Holding Company	5,572.10	2,183.60
Net cash flow from / (used in) investing activities	5,138.81	2,323.65
C. CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		
Proceeds from long term borrowings	-	3,180.00
Repayment of long term borrowings	(1,817.14)	(1,362.86)
Proceeds from short term borrowings	983.49	2,077.66
Repayment of short term borrowings	(4,379.53)	(4,021.30)
Finance costs paid	(4,271.32)	(1,294.82)
Net cash flow (used in) / from financing activities	(9,484.50)	(1,421.32)
Net increase / (decrease) in cash and cash equivalents	34.95	(66.63)
Cash and cash equivalents at the beginning of the year	26.90	93.53
Cash and cash equivalents at the end of the year (Refer note 9)	61.85	26.90

Summary of significant accounting policies

2.2

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


As per our report of even date

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


per Sandeep Karnani
Partner
Membership number: 061207

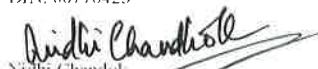
Place: Bengaluru
Date: May 03, 2017

For and on behalf of the Board of directors of
GMR Vemagiri Power Generation Limited


Sanjay Narayan Barde
Director
DIN: 03140784


Ashish Jain
Chief Financial Officer


Arunendu Saha
Director
DIN: 06776423


Nidhi Chandok
Company Secretary

Place: New Delhi
Date: May 03, 2017

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

1. Corporate information

GMR Vemagiri Power Generation Limited ("GVPGL" or "the Company") is a public limited Company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at Number 25/1, Skip House, Museum Road, Bangalore, India.

The Company is engaged in the business of generation and sale of power.

The financial statements were approved by the Board of Directors and authorised for issue in accordance with a resolution of the directors on May 03, 2017.

2. Significant accounting policies

The significant accounting policies applied by the Company in the preparation of its financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements and in preparing the opening Ind AS Balance Sheet as at April 01, 2015 for the purpose of transition to Ind AS, unless otherwise indicated.

2.1. Statement of Compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) amendment Rules 2016, as amended with effect from April 01, 2016. The financial statements of the Company, have been prepared and presented in accordance with Ind AS. Comparative numbers in the financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2016 and April 01, 2015 and of the total comprehensive income for the year ended March 31, 2016 (refer note 39 for reconciliations and effect of transitions).

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (refer accounting policy regarding financial instruments) which have been measured at fair value.

The functional and presentation currency of the Company is Indian Rupee ("Rs") which is the currency of the primary economic environment in which the Company operates.

2.2. Summary of significant accounting policies

a. Current versus non-current classification

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

- i. Expected to be realised or intended to be sold or consumed in normal operating cycle.
- ii. Held primarily for the purpose of trading.



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

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

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

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

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

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

c. Revenue recognition

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

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

Revenue from sale of energy

Revenue from sale of energy is recognised on an accrual basis in accordance with the provisions of the PPA and includes unbilled revenue upto the end of the accounting year. Revenue earned in excess of billings has been disclosed under 'Other assets' as unbilled revenue and billing in excess of revenue has been disclosed under 'Other liabilities' as unearned revenue.

Claims for delayed payment charges, liquidated damages, penal interest and any other claims, which the Company is entitled to under the PPA, are accounted for in the year of acceptance.

Revenue from certified emission reductions is recognised as per the terms and conditions agreed with the customers on sale of the certified emission reduction units, when the risks and rewards are passed on to the customers.

Revenue and cost of improvements to concession assets

The Company has entered into PPA with APDISCOMS and TSDISCOMS (collectively 'the grantors') for a capacity of 370 MW for a period of 23 years. The Company based on its internal assessment is of the view that the grantor controls or regulates to whom the Company should provide the services with its power plant, the grantor controls or regulates the price at which the Company has to provide the electricity to the grantor and the grantor controls the residual interest in the plant at the end of the arrangement's term as per the terms of the said PPA.



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

Further, as per the terms of the PPA, Company is eligible to receive capacity charges under the PPA upto a PLF of 80% and is eligible for energy charges for the actual supply of electricity. The Company is also eligible for incentives if the plant operates more than 80% of its capacity and is liable for disincentives if the operation is less than 80% of the capacity. The operation of the power plant is dependent on the availability of the fuel which is the responsibility of the Company. Accordingly, the Company has the right charge the grantors for the electricity supplied and do not have the unconditional right to receive cash or other financial assets from the grantors. The Company believes that the Concession Agreement is within the scope of Appendix A of Ind AS -11 'Service Concession Arrangement' and shall be accounted for using the intangible asset model, wherein the service concession asset is recognized as an intangible asset in accordance with Ind AS 38 - Intangible Assets. The intangible asset is amortized using the straight-line method over the life of the Concession Agreement as management believes that straight-line method best reflects the pattern of consumption of the concession asset.

Income from land lease rental

Income from land lease rental is recognised as per the terms of the agreement on the basis of services rendered.

Interest income

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

d. Taxes on income

Current income tax

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

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

Deferred income tax



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

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

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

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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

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

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

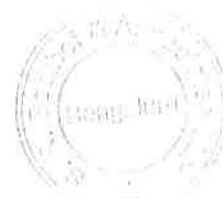
Deferred tax assets include Minimum Alternative Tax ("MAT") paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

e. Property, plant and equipment

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment ("PPE") recognised as at March 31, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on April 01, 2015.

Freehold land is carried at historical cost and is not depreciated. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

PPE under installation or under construction as at balance sheet are shown as capital work-in-progress and the related advances are shown as capital advances.



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

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.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

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

Category of asset*	Estimated useful life
Office equipment's (including computer equipment's)	3 to 10 years
Furniture and fixtures	10 years
Vehicles	8 – 10 years

Leasehold improvements are depreciated over the period of lease or estimated useful life, whichever is lower, on straight line basis.

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

Further, the management has estimated the useful lives of asset individually costing Rs. 5,000 or less to be less than one year, whichever is lower than those indicated in Schedule II. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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.

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.

f. Investment property

The Company has elected to continue with the carrying value for all of its investment property as recognised in its previous GAAP financial statements as deemed cost at the transition date, viz., April 01, 2015.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.



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

Depreciation is recognised using straight line method so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in the case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life / residual value is accounted on prospective basis. Freehold land and properties under construction are not depreciated.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

g. Intangible assets

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 with the affect of any change in the estimate being accounted for on a prospective basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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

The Company has accounted the following under Intangible assets:

The intangible asset is amortised over the shorter of the estimated period of future economic benefits which the intangible assets are expected to generate or the concession period, from the date they are available for use.

An asset carried under concession arrangements is derecognised on disposal or when no future economic benefits are expected from its future use or disposal.

Other Intangible assets consist of computer software acquired separately and is measured on initial recognition at cost. Following initial recognition, it is carried at cost less any accumulated amortisation and accumulated impairment losses, if any.



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

h. Borrowing cost

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

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

i. 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.

A lease is classified at the inception date as a finance lease or an operating lease.

For arrangements entered into prior to April 01, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

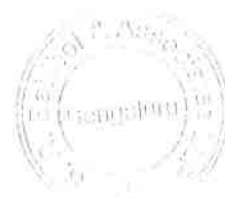
A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

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.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased asset or, at the present value of the minimum lease payments at the inception of the lease, whichever is lower. 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.

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.



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

Company as a lessor

Operating lease -- Rental income from operating leases is recognised in the statement of profit and loss on a straight line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying value of the leased asset and recognised on a straight line basis over the lease term.

j. Inventories

Components and stores and spares are valued at lower of cost and net realisable value. Cost of components and stores and spares is determined on a weighted average basis.

Self-generated certified emission reductions are recognised on grant of credit by United Nations Framework Convention on Climate Change ('UNFCCC') and are measured at lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

k. Impairment of non-financial assets

As at the end of each accounting year, the company reviews the carrying amounts of its PPE, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

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

(i) in the case of an individual asset, at the higher of the net selling price and the value in use; and

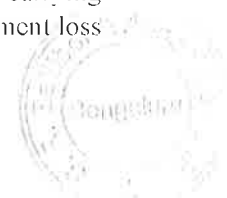
(ii) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the company suitably adjusted for risks specified to the estimated cash flows of the asset).

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

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss



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

is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss

l. Provisions and contingent liabilities

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

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

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

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

Provisions and contingent liability are reviewed at each balance sheet.

m. Retirement and other employee benefits

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

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



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

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

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

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

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

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

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

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

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

n. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction cost and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss. In case of interest free or concession loans/debentures/preference shares given to subsidiaries, associates and joint ventures, the excess of the actual amount of the loan over initial measure at fair value is accounted as an equity investment.

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.



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

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

Effective interest method

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

(a) Financial assets

Financial assets at amortised cost

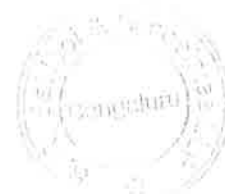
Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are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

Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company in respect of equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument by instrument basis at the time of initial recognition of such equity investments.

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

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



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

Impairment of financial assets

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

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

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

De-recognition of financial assets

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

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

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

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

(b) Financial liabilities and equity instruments

Classification as debt or equity

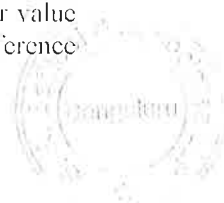
Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments

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

Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference



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

between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

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

a. Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

b. De-recognition

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

Off-setting of financial instruments

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

o. 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.

p. Cash dividend

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

q. Foreign currencies

In preparing the financial statements, transactions in the currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the date of transaction. At the end of each



GMR Vemagiri Power Generation Limited

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

reporting period, monetary items denominated in the foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items are measured in terms of historical cost in a foreign currency are not retranslated.

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

Exchange differences arising on the retranslation or settlement of other monetary items are included in the statement of profit and loss for the period.

r. Corporate social responsibility ('CSR') expenditure

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

s. Government grants

Government grants related to expenditure on property, plant and equipment are credited to the statement of profit and loss over the useful lives of qualifying assets or other systematic basis representative of the pattern of fulfilment of obligations associated with the grant received. Total grants received less the amounts credited to the statement of profit and loss at the balance sheet date are included in the balance sheet.

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3 Property, plant and equipment

Rs. in Lakhs					
Particulars	Land	Office equipments	Furniture and fixtures	Vehicles	Total
Cost					
Deemed cost as at April 01, 2015 (refer note (i) below)	256.01	11.90	1.04	9.13	278.08
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
As at March 31, 2016	256.01	11.90	1.04	9.13	278.08
Additions	-	1.40	0.31	18.65	20.36
Disposals	-	-	-	-	-
As at March 31, 2017	256.01	13.30	1.35	27.78	298.44
Depreciation					
As at April 01, 2015	-	-	-	-	-
Charge for the year	-	2.81	1.02	4.01	7.84
Disposals	-	-	-	-	-
As at March 31, 2016	-	2.81	1.02	4.01	7.84
Charge for the year	-	1.49	0.02	4.33	5.84
Disposals	-	-	-	-	-
As at March 31, 2017	-	4.30	1.04	8.34	13.68
Net book value					
As at March 31, 2017	256.01	9.00	0.31	19.44	284.76
As at March 31, 2016	256.01	9.09	0.02	5.12	270.24
As at April 01, 2015	256.01	11.90	1.04	9.13	278.08

Notes :

(a) **Ind AS 101 exemption:** The Company has availed the exemption available under Ind AS 101, wherein the carrying value of Property, plant and equipments, Investment property and Intangible assets under the previous GAAP has been carried forward at the amounts determined under the previous GAAP.

Information regarding the gross block of assets, accumulated depreciation has been disclosed by the Company separately as follows:

Rs. in Lakhs			
Particulars	Gross block as at April 01, 2015	Accumulated depreciation as at April 01, 2015	Net block / net book value as at April 01, 2015
Land (refer note (c) below)	256.01	-	256.01
Office equipments	153.79	141.89	11.90
Furniture and fixtures	25.55	24.51	1.04
Vehicles	41.14	32.01	9.13
Total	476.49	198.41	278.08

(b) As at March 31, 2016, Property, plant and equipments, Investment Property and Intangible Assets were pledged in connection with the issue of non-convertible debentures by GMR Energy Limited ('GEL') and GMR Infrastructure Limited ('GIL') to ICICI Bank Limited. During the year ended March 31, 2017, the aforesaid pledge has been discharged. Further, during the current year, these assets are pledged against the borrowings availed by GMR Warora Energy Limited ('GWEL'), a fellow subsidiary. Refer note 38

(c) The Company has given 80 acres of land on an operating lease to GMR Rajahmundry Energy Limited ('GREL'). The gross and net block of land given on operating lease as at April 01, 2015 as per the previous GAAP was Rs. 253.49 Lakhs and the same has been disclosed under 'Investment Property' (refer note 4) and balance Rs. 256.01 Lakhs has been considered above as 'Land'.



4 Investment property

		Rs. in Lakhs
Particulars		Investment property
Cost or valuation		
Deemed cost as at April 01, 2015 (refer note 3(a) and 3(c))		253.49
Additions		-
Disposals		-
As at March 31, 2016		253.49
Additions		-
Disposals		-
As at March 31, 2017		253.49
Depreciation		
As at April 01, 2015		-
Charge for the year		-
Disposals		-
As at March 31, 2016		-
Charge for the year		-
Disposals		-
As at March 31, 2017		-
Net book value		
As at March 31, 2017		253.49
As at March 31, 2016		253.49
As at April 01, 2015		253.49

Notes :

(a) For investment property existing as at April 01, 2015, (i.e. its date of transition to Ind AS), the Company has considered the carrying amount as per the previous GAAP as deemed cost.

(b) Refer note 3(b).

(c) Information regarding income and expenditure of Investment property:

		Rs. in Lakhs	
Particulars		March 31, 2017	March 31, 2016
Rental income derived from investment property		37.80	37.80
Direct operating expenses (including repairs and maintenance) generating rental income		-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income		-	-
Profit / (loss) arising from investment properties before depreciation and indirect expenses		37.80	37.80
Less: Depreciation for the year		-	-
Profit / (loss) arising from investment properties before indirect expenses		37.80	37.80

(d) The Company has given 80 acres of land on an operating lease to GREL. The gross and net block of land given on operating lease as at April 01, 2015 as per the previous GAAP was Rs. 253.49 Lakhs.

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Fair value hierarchy disclosures for investment properties have been provided in Note 34.

(e) Reconciliation of fair values of Investment Property:

Particulars		Land
As at April 01, 2015		14,400.00
Fair value difference		1,600.00
Purchases		-
As at March 31, 2016		16,000.00
Fair value difference		-
Purchases		-
As at March 31, 2017		16,000.00

Description of valuation techniques used and key inputs to valuation on investment properties as per the valuation report:

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Classification of land	Industrial land	Industrial land	Industrial land
Government value of land	5,824.80	5,824.80	5,824.80
Total extent of the plot	80 Acres	80 Acres	80 Acres
Prevailing market rate per acre	200.00	200.00	180.00
Fair value of the investment property	16,000.00	16,000.00	14,400.00
Name of valuer	M. V. V. Ramanyam	M. V. V. Ramanyam	M. V. V. Ramanyam



5 Intangible assets

Rs. in Lakhs			
Particulars	Computer software	Concession assets	Total
Cost or valuation			
Deemed cost as at April 01, 2015 (refer note 5(a))	23.90	66,751.93	66,775.83
Additions	-	-	-
Disposals	-	165.46	165.46
Other adjustments (refer note 5(c))	-	97.85	97.85
As at March 31, 2016	23.90	66,488.62	66,512.52
Additions	-	0.20	0.20
Disposals	-	-	-
As at March 31, 2017	23.90	66,488.82	66,512.72
Amortisation			
As at April 01, 2015	-	-	-
Charge for the year	10.35	5,685.65	5,696.00
Disposals	-	7.73	7.73
As at March 31, 2016	10.35	5,677.92	5,688.27
Charge for the year	9.35	4,906.79	4,916.14
Disposals	-	-	-
As at March 31, 2017	19.70	10,584.71	10,604.41
Net book value			
As at March 31, 2017	4.20	55,904.11	55,908.31
As at March 31, 2016	13.55	60,810.70	60,824.25
As at April 01, 2015	23.90	66,751.93	66,775.83

Notes:

(a) The Company has availed the exemption available under Ind AS 101 as regards intangible assets and exemption available under para D22 of Ind AS 101 as regards concession assets. Refer note 3(a) for details:

Rs. in Lakhs			
Particulars	Gross block as at April 01, 2015	Accumulated depreciation / amortisation as at April 01, 2015	Net block / net book value as at April 01, 2015
Buildings	11,692.27	3,801.04	7,891.23
Plant and machinery	96,423.71	41,279.89	55,143.82
Add: Government grant received (refer note 5(d) below)	5,910.57	2,193.69	3,716.88
Total - Concession assets	114,026.55	47,274.62	66,751.93
Computer Software	74.61	50.71	23.90
Total	114,101.16	47,325.33	66,775.83

(b) Refer note 3(b).

(c) During the year ended March 31, 2016, the Company had written back Retention money of Rs. 97.85 Lakhs payable in relation to the Concession Assets and had adjusted the same in the Gross Block of Concession Assets. The related amortisation expense of Rs. 45.68 Lakhs, charged since the date of capitalisation was adjusted with the amortisation expense for the year ended March 31, 2016.



GMR Vemagiri Power Generation Limited

Corporate Identity Number (CIN): U23201KA1997PLC032964

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

(d) During the year ended March 31, 2010, the Company was granted a refund of customs duty of Rs.6,909,58 Lakhs which was paid earlier towards the import of plant and machinery. Subsequently, the Company received a refund of Rs. 5,910,57 Lakhs.

During the year ended March 31, 2011, the Company received an intimation from the Office of the Joint Director General of Foreign Trade ("DGFT") for cancellation of duty drawback refund order received in 2009-10 to the extent of the unpaid amount of Rs. 999,01 Lakhs.

During the year ended March 31, 2012, the Company received a further intimation from DGFT for cancellation of duty drawback refund order of Rs. 5,910,57 Lakhs received in 2009-10, thereby seeking refund of the amount the Company received earlier. Based on an expert's opinion the management is confident that the duty drawback refund granted earlier was appropriate and that the cancellation of the duty drawback refund is not tenable. Accordingly, no adjustment has been made with regard to the refund of Rs. 5,910,57 Lakhs already received by the Company in the financial statements of the Company.

The Company has filed a writ petition with the Hon'ble High Court of Delhi in November 2011. During the year ended March 31, 2015, the matter has been transferred to Hon'ble Supreme Court of India and will be concluded along with other similar cases and is pending finalization as at March 31, 2017.

The Company considers Rs. 5,910,57 Lakhs as government grant received as per Ind AS 20 - 'Accounting for Government Grants and Disclosure of Government Assistance' and recognises the same as income on a straight line basis in the Statement of profit and loss over the concession period.

e) Service Concession Arrangements

i) The Company has entered into a PPA with APDISCOMS and TDSICOMS (collectively called 'DISCOMS') for supply of power from its 387 MW plant situated at Vemagiri East Godavari District, Andhra Pradesh, India for a capacity of 370 MW for a period of 23 years, which is considered as concession arrangement as per Appendix A of "Service Concession Arrangements" under Ind AS 11 "Construction Contracts". During the term of the PPA, the Company is eligible for capacity charges and energy charges at an agreed price for the energy units produced and supplied by the Company subject to a minimum availability declaration by the Company. Accordingly, the Company accounts for its concession arrangement under the intangible asset model as risk of fuel availability for generation is with the Company.

ii. The duration of the agreement is 23 years which may be renewed for such further period and on such terms and conditions as may be mutually agreed upon between the parties. Further, upon the expiry of the initial term of the PPA, DISCOMS shall have the first option to purchase the power plant at an agreed price.



6 Loans

Loan to related party (Unsecured, considered good) (refer note 32)
 - Represents Inter Corporate Deposit (ICD) provided to GEL, which carries an interest rate of 9% p.a. ICD has a tenor of one year or as mutually agreed between the parties.
 Loans to employees

Rs. in Lakhs					
March 31, 2017	Non current		March 31, 2017	Current	
	March 31, 2016	April 01, 2015		March 31, 2016	April 01, 2015
-	-	-	162.30	3,794.40	-
-	-	-	-	0.15	-
Total	-	-	162.30	3,794.55	-

7 Other financial assets

Interest accrued on fixed deposits
 Interest accrued on loan to related party (refer note 32)
 Security deposits
 Receivables from related party (refer note 32)

Rs. in Lakhs					
March 31, 2017	Non current		March 31, 2017	Current	
	March 31, 2016	April 01, 2015		March 31, 2016	April 01, 2015
-	-	-	0.04	0.27	12.81
-	-	-	271.05	325.20	-
23.88	23.88	23.87	-	-	-
-	-	-	212.29	101.37	38.75
Total	23.88	23.88	483.38	426.84	51.56

8 Trade receivables

Unsecured, considered good
 Unsecured, considered doubtful
 Provision for doubtful receivables

Rs. in Lakhs					
March 31, 2017	Non current		March 31, 2017	Current	
	March 31, 2016	April 01, 2015		March 31, 2016	April 01, 2015
-	-	-	-	4,704.00	1,097.80
-	-	-	155.59	155.59	155.59
-	-	-	155.59	4,859.59	1,253.39
-	-	-	(155.59)	(155.59)	(155.59)
Total	-	-	-	4,704.00	1,097.80

Notes:

1. No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
2. No trade or other receivable are due from related parties.
3. Trade receivables are non-interest bearing and are generally on terms of 5 to 30 days.

9 Cash and cash equivalents

Balances with banks:
 - On current accounts
 Cash on hand

Rs. in Lakhs					
March 31, 2017	Non current		March 31, 2017	Current	
	March 31, 2016	April 01, 2015		March 31, 2016	April 01, 2015
-	-	-	60.09	23.68	91.03
-	-	-	1.76	3.22	2.50
Total	-	-	61.85	26.90	93.53



10 Bank balances other than cash and cash equivalents

	Non current			Current			Rs. in Lakhs
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015	
Deposits with remaining maturity of more than three months but less than 12 months*	-	-	-	-	-	-	5,900.00
Restricted balances with banks*	-	-	-	25.19	25.85	-	56.00
Total	-	-	-	25.19	25.85	-	5,956.00

Notes:

(a) Refer note 38.

(b) As at March 31, 2017, fixed deposits of Rs. Nil (March 31, 2016: Rs. Nil; April 01, 2015: Rs. 5,900.00 Lakhs) of the Company have been pledged as security in relation to the borrowings of GEL from banks.

(c) As at March 31, 2017, margin money deposit of Rs. 25.19 Lakhs (March 31, 2016: Rs. 25.85 Lakhs, April 01, 2015: 56.00 Lakhs) of the Company have been pledged towards the Letter of Credit facility availed by the Company from a bank for the purpose of working capital requirements of the Company.

(d) During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017. The details of Specified Bank Notes ("SBNs") held and transacted during the period from November 08, 2016 to December 30, 2016, denomination wise SBNS and other notes as per the notifications is given below:

	SBNS*	Other denomination notes	Total	Rs. in Lakhs
Closing cash in hand as on November 08, 2016	3.29	1.61	4.93	
(+) Permitted receipts	-	4.13	4.13	
(-) Permitted payments	-	0.41	0.41	
(-) Amount deposited in Banks	3.29	-	3.29	
Closing cash in hand as on December 30, 2016	-	5.36	5.36	

* For the purposes of this clause, the term SBNS 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 November 08, 2016.

11 Other assets

	Non current			Current			Rs. in Lakhs
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015	
Unsecured, considered good unless stated otherwise							
Advances against material and services (refer note 32)	-	-	-	107.20	33.96	-	257.75
Advances to employees	-	-	-	9.07	-	-	-
Prepaid expenses	-	-	-	34.19	85.50	-	82.67
Unsecured, considered doubtful							
Balance with statutory/government authorities (unsecured)	163.29	163.29	163.29	-	-	-	-
Less: Provision for doubtful advances	(163.29)	(163.29)	(163.29)	-	-	-	-
Total	-	-	-	150.46	119.46	-	108.42

12 Inventories

	Current			Rs. in Lakhs
	March 31, 2017	March 31, 2016	April 01, 2015	
Stores, spares and components (at lower of cost and net realisable value)	75.51	70.66	16.74	
Total	75.51	70.66	16.74	



13 Share capital

a) Authorised share capital

At April 01, 2015
 Increase / (decrease) during the year
 At March 31, 2016
 Increase / (decrease) during the year
 At March 31, 2017

Equity shares		Preference shares	
Number	Rs. in Lakhs	Number	Rs. in Lakhs
300,000,000	30,000.00	50,000	50,000.00
300,000,000	30,000.00	50,000	50,000.00
300,000,000	30,000.00	50,000	50,000.00

b) Issued equity capital:

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

At April 01, 2015
 Changes during the year
 At March 31, 2016
 Changes during the year
 At March 31, 2017

Number in Lakhs	Rs. in Lakhs
274,500,134	27,450.01
274,500,134	27,450.01
274,500,134	27,450.01

c) Issued preference share capital

At April 01, 2015
 Changes during the year
 At March 31, 2016
 Changes during the year
 At March 31, 2017

CRPS		Equity component of CRPS	
Number	Rs. in Lakhs	Rs. in Lakhs	
50,000	50,000	23,939.64	
50,000	50,000	23,939.64	
50,000	50,000	23,939.64	

d) Terms / rights attached to equity shares

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

In the event of the liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

e) Terms / rights attached to CRPS

CRPS are for a tenure of ten years and carry a dividend at 7.00% per annum (p.a.). CRPS are redeemable at par prior to the end of the tenure at any time after one year from the date of allotment, at the option of subscriber, either partially or wholly, with a three months prior notice to the Company. Refer note 31.

As per section 47 of the Act, where the dividend in respect of a class of preference shares has not been paid for a period of two years or more, such preference shareholders shall have a right on all the resolutions placed before the Company. The Company has not paid preference dividend since the date of issue of CRPS i.e. during the year ended March 31, 2013 till March 31, 2017. Refer note 31. As at March 31, 2017, CRPS are held by GMR Energy Limited (GEL), the Holding Company.

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

Out of shares issued by the Company, shares held by its Holding Company, Ultimate Holding Company and their subsidiaries/ associates are as below:

GEL, the Holding Company*
 274,500,134 (March 31, 2016: 274,500,134; April 01, 2015: 274,500,134) equity shares of Rs.10 each fully paid

GEL, the Holding Company
 50,000 (March 31, 2016: Nil; April 01, 2015: Nil) CRPS of Rs. 100,000 each fully paid**

GMR Power Corporation Limited (GPCL)
 Nil (March 31, 2016: 50,000; April 01, 2015: 50,000) CRPS of Rs. 100,000 each fully paid**

* Further 6 shares are held by GEL jointly with other shareholders.

** During the year ended March 31, 2017, GPCL has sold the CRPS of the Company to GEL.

March 31, 2017	March 31, 2016	April 01, 2015
Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
27,450.01	27,450.01	27,450.01
50,000.00	-	-
-	50,000.00	50,000.00

g) Details of shareholders holding more than 5% equity shares in the Company

Equity shares of Rs. 10 each fully paid

GEL¹

Equity component of CRPS of Rs. 100,000 each issued and fully paid²

GEL

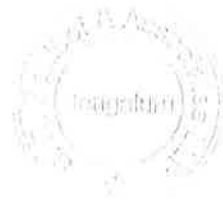
GPCL

March 31, 2017 ¹		March 31, 2016		April 01, 2015	
Number	% holding	Number	% holding	Number	% holding
274,500,134	99.99%	274,500,134	99.99%	274,500,134	99.99%
50,000	100%	50,000	100%	50,000	100%

As per records of the Company, including its register of shareholders + members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

1. Further 6 shares are held by GEL jointly with other shareholders.

2. These notes covers the equity component of the issued CRPS. The liability component is reflected in financial liabilities + borrowings (note 15).



14 Other equity

	Rs. in Lakhs	
	March 31, 2017	March 31, 2016
Capital contribution from parent / related parties (Equity component of CRPS)		
Balance at the beginning and end of the year (refer note 13 (e))	23,939.64	23,939.64
Share premium		
Balance at the beginning and end of the year	199.99	199.99
Retained earnings		
Balance at the beginning of the year	(24,114.96)	(17,590.51)
Less: Re-measurement (losses) / gains on defined benefit plans	(9.27)	(0.42)
Less: (Loss) / profit for the year	(11,208.85)	(6,524.03)
Balance at the end of the year	(35,333.08)	(24,114.96)
Total	(11,193.45)	24.67

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15. Borrowings

Rs. in Lakhs

	Non current			Current		
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
Liability component of compound financial instruments:						
CRPS:						
7.00% CRPS (unsecured) ¹ (refer note 13(c) and 13(e))	25,177.21	22,126.03	19,437.74	-	-	-
Term loan (unsecured) from Bank:						
Indian rupee term loan from bank (unsecured) ²	-	-	-	-	1,817.14	-
Total non current borrowings	25,177.21	22,126.03	19,437.74	-	1,817.14	-
The above amount includes						
Aggregate Unsecured borrowings	25,177.21	22,126.03	19,437.74	-	1,817.14	-
Less: Amount clubbed under 'Other financial liabilities'	-	-	-	-	(1,817.14)	-
Net amount	25,177.21	22,126.03	19,437.74	-	-	-
Bills discounted (secured) ³	-	-	-	-	1,097.66	-
Other loans (unsecured) (refer note 32)						
Loan from the Holding Company ⁴	-	-	-	-	-	3,179.00
Loans from GMR Power Corporation Limited (GPCL) ⁵	-	-	-	219.18	3,014.90	3,377.20
Loans from GMR Generation Asset Limited (GGAL) ⁶	-	-	-	967.34	500.00	-
Aggregate Secured borrowings	-	-	-	1,216.52	4,612.56	6,556.20
Aggregate Unsecured borrowings	-	-	-	1,216.52	3,514.90	6,556.20

1. CRPS:

At March 31, 2017, March 31, 2016 and April 01, 2015, the Company has issued 50,000 cumulative redeemable preference shares of Rs. 100,000 each fully paid up. Refer note 13(c) for the terms of issue of CRPS. The presentation of the liability and equity portions of these CRPS is explained in the summary of significant accounting policy.

2. Term loan from bank:

Indian rupee term loan from a bank amounting to Rs. Nil (March 31, 2016: Rs. 1,817.14 Lakhs; April 01, 2015: Rs. Nil) was secured by way of fixed deposits and corporate guarantee of GGAL (formerly known as GMR Renewable Energy Limited (GRENLE)). The loan was repayable in seven equal quarterly installments from the end of 3 months from the date of first disbursement of the facility and carried an interest rate of bank's base rate plus spread of 1.25% p.a. During the year ended March 31, 2017, the Company has repaid the loan in full.

3. Bills discounted (secured):

Secured by the first charge over the current assets of the Company and corporate guarantee from GPCL, an erstwhile fellow subsidiary and carries an interest rate of 9.95% p.a.

4. Loan from the Holding Company:

Represents Inter Corporate Deposit (ICD) provided by GEL, carried an interest rate of 12.00% p.a. During the year ended March 31, 2016, the Company had repaid ICD in full.

5. Loans from GPCL:

Represents ICD provided by GPCL, carries an interest rate of 9.00% p.a. ICD is repayable on demand.

6. Loans from GGAL:

Represents ICD carrying an interest rate of 12.50% p.a. ICD is repayable within one year or such other time as may be mutually agreed between the parties.



16 Trade payables

	Rs. in Lakhs					
	Non current			Current		
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
Trade payables	-	1,940.68	1,274.96	2,572.28	2,762.23	1,996.14
Trade payables to related parties (refer note 32)	-	-	-	169.60	590.18	292.81
Total	-	1,940.68	1,274.96	2,741.88	3,352.42	2,289.25

1. Based on information available with the Company, there are no suppliers which are registered as micro, small or medium enterprises under 'The Micro, Small and Medium Enterprises Development Act, 2006' as at March 31, 2017, March 31, 2016 and April 01, 2015.

2. Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing

- For explanations on the Company's credit risk management processes, refer note 34 (c)

- The dues to related parties are unsecured.

17 Other financial liabilities

	Rs. in Lakhs					
	Non current			Current		
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
Current maturity of long term loans (note 15)	-	-	-	-	1,817.14	-
Interest accrued and due on borrowings (refer note 32)	-	-	-	-	267.20	-
Interest accrued but not due on borrowings (refer note 32)	-	-	-	28.11	14.18	113.13
Retention money	-	-	-	-	-	97.85
Non trade payable (refer note 32)	-	-	-	1,378.32	1,320.21	1,261.46
Other payable	-	-	-	3,357.00	-	-
Total	-	-	-	4,763.43	3,419.23	1,772.44

18 Other liabilities

	Rs. in Lakhs		
	March 31, 2017	March 31, 2016	April 01, 2015
	Unearned revenue	2,750.63	2,963.13
Statutory liabilities	91.37	128.29	48.26
Total	2,842.00	3,092.12	4,653.21

19(a) Net employee defined benefit liabilities

	Rs. in Lakhs					
	Non current			Current		
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
Provision for employee benefits	-	-	-	113.99	72.09	24.51
Provision for compensated absences (refer note 30)	-	-	-	5.06	5.14	3.10
Provision for gratuity (refer note 30)	3.06	3.30	-	-	-	-
Provision for other employee benefits	-	-	-	110.42	77.69	58.79
Total	3.06	3.30	-	229.47	156.92	86.40

19(b) Provisions

	Rs. in Lakhs					
	Non current			Current		
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
Provision for operation and maintenance (refer note 36)	-	-	-	1,008.55	1,026.54	969.50
Total	-	-	-	1,008.55	1,026.54	969.50

20 Government grants

	Rs. in Lakhs					
	Non current			Current		
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
Government grants (refer note 5(d))	2,945.93	3,202.68	3,459.43	256.75	256.75	257.45
Total	2,945.93	3,202.68	3,459.43	256.75	256.75	257.45

Government grants

	Rs. in Lakhs		
	March 31, 2017	March 31, 2016	April 01, 2015
	As at April 01,	3,459.43	3,716.88
Received during the year	-	-	-
Released to the statement of profit and loss	(256.75)	(257.45)	-
As at March 31,	3,202.68	3,459.43	3,716.88



21 Revenue from operations

	Rs. in Lakhs	
	March 31, 2017	March 31, 2016
Sale of products		
Income from sale of electrical energy	13,060.41	38,909.24
Less: Prompt payment rebate	(279.85)	(698.92)
Other operating revenue:		
Land lease rental	37.80	37.80
Income from facility services	63.00	63.00
Total	12,881.36	38,311.12

22 Other income

	Rs. in Lakhs	
	March 31, 2017	March 31, 2016
Provision no longer required written back	1,809.20	958.05
Government grants (refer note 20)	256.75	257.45
Miscellaneous income (net of expenses directly attributable to such income of Rs. Nil (March 31, 2016: Rs. Nil))	52.74	3.74
Net gain on sale of current investments	-	1.14
Interest income on		
- Loans to related parties (refer note 32)	271.05	325.20
- Bank deposits	6.51	173.05
- Others	1,194.67	1.17
Total	3,590.92	1,719.80

23 Employee benefit expenses

	Rs. in Lakhs	
	March 31, 2017	March 31, 2016
Salaries, wages and bonus	1,014.23	611.51
Contribution to provident and other funds (refer note 30)	64.24	37.99
Gratuity expenses (refer note 30)	0.71	14.07
Staff welfare expenses	18.58	16.02
Total	1,097.76	679.59

24 Depreciation and amortisation expenses

	Rs. in Lakhs	
	March 31, 2017	March 31, 2016
Depreciation of property, plant and equipment (refer note 3)	5.84	7.84
Amortisation of intangible assets (refer note 5)	4,916.14	5,696.00
Total	4,921.98	5,703.84

25 Finance costs

	Rs. in Lakhs	
	March 31, 2017	March 31, 2016
Interest expenses	3,782.17	783.18
Interest on borrowings measured at amortised cost	3,084.88	2,891.12
Bank charges	235.38	380.39
Total	7,102.43	4,054.69



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26 Other expenses

	Rs. in Lakhs	
	March 31, 2017	March 31, 2016
Electricity and water charges	303.85	326.66
Rent	100.72	38.48
Rates and taxes	149.18	55.72
Insurance	156.59	148.63
Repairs and maintenance	338.95	132.41
Security expenses	126.23	62.07
Travelling and conveyance	113.97	105.11
Communication costs	9.11	9.88
Legal and professional fees	612.81	483.53
Directors' sitting fees	3.45	5.66
Payment to auditors (refer details below)	18.35	19.37
Donation	3.15	19.29
Exchange differences (net)	7.37	185.90
Logo fees	0.01	0.01
Loss on disposal of tangible assets	-	157.72
Claims from customer	1,684.82	-
Miscellaneous expenses	73.21	41.64
Total	3,701.77	1,792.08

Payment to auditors (including service tax)

	Rs. in Lakhs	
	March 31, 2017	March 31, 2016
As auditor :		
Audit fees	17.25	17.17
Other services (certification fees)	-	1.12
Reimbursement of expenses	1.10	1.08
Total	18.35	19.37

27 Income Tax

The Company has no taxable income for the financial year ended March 31, 2017 and accordingly, no current tax expense has been recorded.

The Company has significant carry forward unused tax losses. Since it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised, no deferred tax asset has been recognised in the financials for the unused carry forward tax losses and the taxable losses for the year.



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28 Earnings Per Share ('EPS')

Basic EPS amounts are calculated by dividing the profit/ loss for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders (after adjusting for interest on the convertible securities) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

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

Particulars	March 31, 2017	March 31, 2016
Face value per share (Rs. Per share)	10	10
Weighted Average number of equity shares used for computing EPS (Basic and Diluted)	274,500,140	274,500,140
(Loss) / profit for the year (after tax) (Rs. in Lakhs)	(11,208.85)	(6,524.03)
Less: Dividend on CRPS (Rs. in Lakhs) including dividend distribution taxes thereon (refer note 31 (II) (A) (e)) (net of finance costs)	1,161.35	1,525.25
(Loss) / profit attributable to equity share holders (Rs. in Lakhs)	(12,370.20)	(8,049.28)
EPS - Basic and diluted (Rs. per share)	(4.51)	(2.93)



29. Significant accounting judgements, estimates and assumptions

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

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

Significant judgements and the estimates relating to the carrying values of assets and liabilities include provision for employee benefits and others provisions, commitments and contingencies and determination of carrying value of intangible assets including assets accounted under service concession arrangement.

A. Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Service concession arrangements

The Company has considered the PPA entered into by it as concession arrangement as per Appendix A of "Service Concession Arrangements" under Ind AS 11. For details, refer note 5(c).

B. Estimates and assumptions

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

C. Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal and contractual claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events. In respect of financial guarantees provided by the Company to third parties, the Company considers that it is more likely than not that such an amount will not be payable under the guarantees provided. Refer note 31 for further disclosure.

Defined benefit plans (gratuity benefits)

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

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

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Refer note 30 for further disclosures.

Discounting rate

The Company has considered incremental borrowing rate of 13.79% as at transition date and for the year ended March 31, 2017 and March 31, 2016 for measuring financial assets and financial liabilities at amortised cost.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 34 for further disclosures.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. In calculating 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. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.



30. Gratuity and other post-employment benefit plans

a) Defined contribution plan

Contribution to provident and other funds included under employee benefit expense (note 23) are as below:

Particulars	Rs. in Lakhs	
	March 31, 2017	March 31, 2016
Provident and pension fund	44.72	26.50
Superannuation fund	19.52	11.49
Total	64.24	37.99

b) Defined benefit plan

The Company has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, every employee who has completed five years or more of service gets gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The level of benefits provided depends on the member's length of service and salary at retirement age. The scheme is funded with Life Insurance Corporation of India in the form of a qualifying insurance policy.

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

i. Net employee benefit expenses (recognised as "Employee benefit expenses" (note 23)):

Particulars	Rs. in Lakhs	
	March 31, 2017	March 31, 2016
Current service cost	16.98	35.11
Net interest cost on defined benefit obligations (assets)	(16.27)	(21.04)
Cost recognised in the statement of profit or loss	0.71	14.07

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

Particulars	Rs. in Lakhs	
	March 31, 2017	March 31, 2016
Actuarial (gain)/ loss on obligations due to defined benefit obligations experience	3.16	0.78
Actuarial (gain)/ loss on obligations due to defined benefit obligations assumption changes	5.05	-
Actuarial loss / (gain) arising during the year	8.21	0.78
Return on plan assets (lessor) greater than discount rate	(1.06)	0.36
Actuarial loss / (gain) recognised in OCI	9.27	0.42

Balance sheet

iii. Net defined benefit asset/ (liability):

Particulars	Rs. in Lakhs		
	March 31, 2017	March 31, 2016	April 01, 2015
Defined benefit obligation	84.32	59.58	21.98
Fair value of plan assets	76.20	49.14	18.88
Plan asset/ (liability)	(8.12)	(10.44)	(3.10)

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

Particulars	Rs. in Lakhs	
	March 31, 2017	March 31, 2016
Opening defined benefit obligation	59.58	21.98
Interest cost	4.46	1.71
Current service cost	16.98	35.11
Actuarial (gain)/ loss on obligations due to defined benefit obligations experience	3.16	0.78
Actuarial (gain)/ loss on obligations due to defined benefit obligations assumption changes	5.05	-
Benefits paid	(4.91)	-
Closing defined benefit obligation	84.32	59.58

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

Particulars	Rs. in Lakhs	
	March 31, 2017	March 31, 2016
Opening fair value of plan assets	49.14	18.88
Expected return on plan asset	20.73	22.75
Contribution to the fund	12.30	7.15
Actuarial gain / (loss) on plan assets	-	-
Return on plan assets (lessor) greater than discount rate	(1.06)	0.36
Benefits paid	(4.91)	-
Closing fair value of plan assets	76.20	49.14



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The Company expects to contribute Rs. 5.06 Lakhs (March 31, 2016: Rs 7.14 Lakhs, April 01, 2015: Rs 3.10 Lakhs) towards gratuity fund during the year April 01, 2017 to March 31, 2018.

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

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Investments with insurer	100%	100%	100%

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

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Discount rate (in %)	7.10%	7.80%	7.80%
Salary Escalation (in %)	6.00%	6.00%	6.00%
Attrition rate (in %)	5.00%	5.00%	5.00%
Mortality rate	Indian Assured Lives Mortality (2006-08) (modified) Ult	Indian Assured Lives Mortality (2006-08) (modified) Ult	Indian Assured Lives Mortality (2006-08) (modified) Ult

Notes:

- Plan assets are fully represented by balance with the Life Insurance Corporation of India.
- The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.
- The estimates of future salary increase in compensation levels, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

viii. A quantitative sensitivity analysis for significant assumption as at March 31, 2017 and March 31, 2016 are as shown below:

Particulars	Rs. in Lakhs	
	March 31, 2017	March 31, 2016
Discount rate		
Impact on defined benefit obligation due to 1% increase in discount rate	(4.69)	(7.07)
Impact on defined benefit obligation due to 1% decrease in discount rate	5.41	8.18
Attrition rate		
Impact on defined benefit obligation due to 1% increase in attrition rate	4.28	5.82
Impact on defined benefit obligation due to 1% decrease in attrition rate	(3.98)	(5.42)
Salary escalation rate		
Impact on defined benefit obligation due to 1% increase in salary escalation rate	0.82	1.00
Impact on defined benefit obligation due to 1% decrease in salary escalation rate	(0.94)	(1.15)

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

ix. The following payments are expected contributions to the defined benefit plan in future years:

Particulars	Rs. in Lakhs
	March 31, 2017
March 31, 2018	5.06
March 31, 2019	5.73
March 31, 2020	8.39
March 31, 2021	10.47
March 31, 2022	9.37
March 31, 2023 to March 31, 2027	70.23

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (March 31, 2016: 10 years and April 01, 2015: 10 years).



31 Commitments and Contingencies

I Leases

Operating lease commitments : Company as lessee

Certain premises are obtained on operating lease. The lease rent paid during the year ended March 31, 2017 is Rs. 100.72 Lakhs (March 31, 2016: Rs. 38.48 Lakhs). The lease term is for a period of eleven months and renewable as mutually agreed between the parties. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

II Contingencies

A. Contingent Liabilities

a) Refer note 5(d) with regards to matter related to Custom Duty.

b) During the year ended March 31, 2012, the Company had received a demand of Rs. 4,821.39 Lakhs for the period September 2006 to November 2011 from the Chief Electrical Inspectorate, Government of Andhra Pradesh ("GoAP"), whereby GoAP has imposed electricity duty on generation and sale of electrical energy calculated at the rate of six paise for each electricity unit generated by the Company since commencement of commercial operations. Based on an internal assessment and an expert opinion, the management is confident that the provisions of Electricity Duty Act and Rules, 1939 in respect of payment of electricity duty are not applicable to the Company. Accordingly, electricity duty liability of Rs. 6,364.54 (March 31, 2016: Rs. 6,182.24 Lakhs, April 01, 2015: Rs. 5,830.01 Lakhs) for the period September 2006 to March 2017 has been considered as a contingent liability.

c) The arrears of cumulative dividend (net of finance costs) on preference share capital (including applicable dividend distribution taxes under the IT Act) held by GEL, w.e.f October 28, 2016 (previously by GPCIL) of Rs. 8,313.77 Lakhs (March 31, 2016: Rs. 7,152.42 Lakhs, April 01, 2015: Rs. 5,627.17 Lakhs).

d) Bank Guarantee outstanding as at March 31, 2017 Rs. 1,993.95 Lakhs.

B. Litigation provided for

a) The management of the Company has created a provision of Rs. 163.29 Lakhs (March 31, 2016: Rs. 163.29 Lakhs, April 01, 2015: Rs. 163.29 Lakhs), against service tax refund being disputed by the service tax authorities.

b) The management of the Company has created a provision of Rs. 14.80 Lakhs (March 31, 2016: Rs. 14.80 Lakhs, April 01, 2015: Rs. 14.80 Lakhs), against dispute towards utilisation of duty entitlement pass book scrips for customs duty payment on certain import procurements.

III A search under Section 132 of the IT Act was carried out at the premises of the Company by the Income Tax Authorities on October 11, 2012, subsequently followed by search closure visits on various dates, to check the compliance with the provisions of the IT Act. The Income Tax Department has subsequently sought certain information/clarifications. The Company has not received any show cause notice/demand from the Income Tax Authorities. The management of the Company believes that it has complied with all the applicable provisions of the IT Act with respect to its operations.

IV Capital and other commitments

Sl. No.	Type of agreement	Period of agreement	Details of commitments
1	Power Purchase Agreement and subsequent amendments thereto	23 years from Commercial Operation Date ("COD") (i.e. September 16, 2006).	The Company has committed to sell and the DISCOMS have committed to purchase all available capacity of the project limited to the installed capacity of 370 MW. The Company has committed to provide availability declaration of at least 80% Plant Load Factor ("PLF") over a period of tariff year, as defined in the PPA, to DISCOMS. Failure by the Company to make the plant available for the committed PLF will reduce the consideration for the sale of energy as well as attract disincentives.
2	Long Term Assured Parts Supply Agreement and amendments thereto	41 years from date of agreement, i.e. December 29, 2003 or 120,000 factored fired hours whichever is earlier	The Company has committed to pay variable charges on a quarterly milestone basis, based on the actual fired hours of the plant.
3	Long Term Maintenance Agreement and amendments thereto	41 years from date of agreement, i.e. December 29, 2003 or 120,000 factored fired hours whichever is earlier	The Company has committed to pay fixed quarterly charges in addition to variable quarterly charges, which are based on the actual fired hours of the plant. Further, the Company has committed to pay incentives on attainment of certain parameters by the sub-contractor.



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32. Related Party transactions

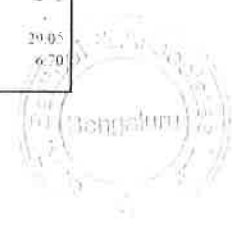
a) Names of related parties and description of relationship:

Sl. No.	Description of relationship	Name of the related parties
(i)	Enterprises that control the Company	GMR Energy Limited ("GEL"), the Holding Company
(ii)	The enterprises that jointly control the Holding Company and its subsidiaries and joint ventures / associates	GMR Generation Asset Limited ("GGAL") (formerly known as GMR Renewable Energy Limited) GMR Infrastructure Limited ("GIL") GMR Enterprises Private Limited ("GEPL") (formerly known as GMR Holdings Private Limited) GMR Power Corporation Limited ("GPCPL") Rasa Security Services Limited ("RSSL") GMR Rajahmundry Energy Limited ("GREL") GMR Corporate Affairs Private Limited ("GCAPL") GMR Aviation Private Limited ("GAPL") Delhi International Airport Limited ("DIAL") GMR Chhattisgarh Energy Limited ("GCEL")
(iii)	Fellow subsidiaries where transactions have taken place during the year	GMR Warora Energy Limited ("GWEL") (formerly known as EMCO Energy Limited)
(iii)	Key managerial personnel and their relatives	Mr. Mathews P – Manager Mr. Ashish Jain – Chief Financial Officer Mr. Uday M Chitale - Independent Director Mr N.V. Varadarajulu - Independent Director Mr K Parmeshwara Rao - Independent Director Mr. Subodh Kumar Goel - Independent Director Mr. G.B.S. Raju Mrs. B Ramadevi

b) Summary of transactions with the above related parties is as follows

Particulars	Year ended	
	March 31, 2017	March 31, 2016
i. Short term borrowings - Unsecured		
a) Transaction with GEL		
- ICD from GEL	-	-
- ICD repaid to GEL	-	3,179.00
- Interest on ICD	-	47.89
b) Transaction with GGAL		
- ICD from GGAL	967.34	500.00
- ICD repaid to GGAL	500.00	-
- Interest on ICD	40.06	15.75
c) Transaction with GPCL		
- ICD from GPCL	16.15	5.00
- ICD repaid to GPCL	2,781.87	367.30
- Interest on ICD	193.85	279.49
ii. Long term borrowings - Unsecured		
- Interest on liability component of CRPS from GPCL (refer note vi below)	1,715.62	2,688.29
- Interest on liability component of CRPS from GEL (refer note vi below)	1,335.56	-
iii. Loans and advances given to		
- ICD given to GEL	1,940.00	5,078.00
- ICD received from GEL	5,572.10	2,183.60
- Interest on ICD	271.05	325.20
iv. Land lease rental		
- GREL	37.80	37.80
v. Income from facility services		
- GREL	63.00	63.00
vi. Repairs and maintenance - others		
- RSSL	-	1.27
vii. Rent paid		
- GCAPL	276	273
- DIAL	81.81	-
- Mr. G.B.S. Raju	-	29.95
- Mrs. B Ramadevi	16.12	6.70

Rs. in Lakhs



Rs. in Lakhs

Particulars	Year ended	
	March 31, 2017	March 31, 2016
viii. Logo fees paid		
- GEPL	0.01	0.01
ix. Legal and professional fees (cross charges)		
- GHL	115.24	200.10
x. Travelling and conveyance		
- GAPI	25.00	40.13
xi. Security charges		
- RSSL	121.10	62.07
xii. Electricity and water charges		
- DIAL	18.09	-
xiii. Pledge of fixed deposit given on behalf of the company		
- Fixed deposit given - GGAL	-	3,000.00
- Fixed deposit extinguished- GGAL	2,000.00	1,000.00

xvi. Outstanding balance at the year end	March 31, 2017	March 31, 2016	April 01, 2015
a) Short term borrowings - Unsecured			
- GEL	-	-	3,172.00
- GGAL	967.34	500.00	-
- GPCL	249.18	3,014.90	3,377.20
b) Liability component of CRPS			
- GPCL (refer note vi below)	-	22,126.03	19,437.71
- GEL (refer note vi below)	25,177.21	-	-
c) Equity component of CRPS			
- GPCL (refer note vi below)	-	23,939.64	23,939.64
- GEL (refer note vi below)	23,939.64	-	-
d) Non-trade payable - Current			
- GREL	1,261.40	1,261.40	1,261.40
e) Trade payable - Current			
- GEPL	0.03	0.02	0.02
- GHL	-	179.28	288.28
- GEL	-	0.17	0.50
- GGAPI	6.30	3.79	1.12
- GAPI	-	15.71	-
- RSSL	54.81	65.01	2.90
- GPCL	0.14	0.11	-
- DIAL	105.52	-	-
- GREL	1.61	-	-
- Mr. G.B.S. Raju	-	23.61	-
- Mrs. B. Ramadevi	1.19	2.45	-
f) Other financial asset - Current			
- GREL	212.28	101.37	38.75
g) Advances against material and services - Current			
- GEPL	17.60	-	-
- GHL	40.24	-	-
h) Interest accrued but not due on borrowings			
- GEL	-	-	312.95
- GPCL	5.78	-	160.18
- GGAL	22.33	14.18	-
i) Interest accrued and due on borrowings			
- GPCL	-	207.70	-
l) Loans and advances - Unsecured			
- GEL	162.30	3,794.40	-
l) Interest accrued on loan			
- GEL	271.05	325.19	-
l) Outstanding pledge of fixed deposit given by			
- GGAL	-	2,000.00	-



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Remuneration paid to Key Managerial Personnel

Details of Key Managerial Personnel	Year ended March 31, 2017		Year ended March 31, 2016	
	Short term Employee benefits	Sitting fees	Short term Employee benefits	Sitting fees
a) Mr. Mathews P – Manager	31.56	-	33.12	-
b) Mr. Ashish Jain – Chief Financial Officer	17.88	*	11.98	-

Notes:

- (i) Refer note 38 with respect to creation of first ranking pari passu charge on the fixed assets and on the excess cash flows of the Company.
- (ii) Refer note 4 for the details of land given on operating lease to certain related parties.
- (iii) Refer note 10 (b) on pledge of fixed deposits of the Company to secure the borrowings of GEL.
- (iv) The remuneration to the key managerial personnel does not include the provisions for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.
- (v) During the year ended March 31, 2017, CRPS has been assigned to GEL from GPCL.
- (vi) The above information has been determined to the extent such parties have been identified on the basis of information provided by the Company.

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33. Segment Information

The Company has only one reportable business segment, which is generation and supply of power and operates only in India. There are no customers / assets that are located outside India.

The entire revenue amounting to Rs. 12,780.56 Lakhs (March 31, 2016: Rs. 38,210.32 Million) are from two customers.

34. Disclosures on Financial Instruments

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

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

(a) Financial assets and liabilities

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2017, March 31, 2016 and April 1, 2015.

Particulars	Carrying Value			Fair Value		
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
Financial assets						
At Amortised cost						
Trade receivables	-	4,704.00	1,097.80	-	4,704.00	1,097.80
Cash and cash equivalents	61.85	26.90	93.53	61.85	26.90	93.53
Bank balances other than cash and cash equivalent	25.19	25.85	5,956.00	25.19	25.85	5,956.00
Loans	162.30	3,794.55	-	162.30	3,794.55	-
Other financial assets	507.26	450.72	75.43	507.26	450.72	75.43
Total	756.60	9,002.02	7,222.76	756.60	9,002.02	7,222.76
Financial liabilities						
At Amortised cost						
Borrowings	26,393.73	28,555.73	25,993.94	26,393.73	28,555.73	25,993.94
Trade payables	2,741.88	5,293.40	3,564.21	2,741.88	5,293.40	3,564.21
Others financial liabilities	4,763.43	1,602.09	1,772.44	4,763.43	1,602.09	1,772.44
Total	33,899.04	35,451.22	31,330.59	33,899.04	35,451.22	31,330.59

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(b) Fair value hierarchy

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

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

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

The Company do not have any Level 1 and Level 2 financial assets / liabilities as at March 31, 2017, March 31, 2016 and April 01, 2015. Further, there have been no transfers between Level 1, Level 2 and Level 3 during the period.

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(c) Financial risk management objectives and policies

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

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

Market risk

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

(a) Market risk- Interest rate risk

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

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Interest rate sensitivity:

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

	Rs. in Lakhs	
	Increase/decrease in basis points	Effect on profit before tax
March 31, 2017		
INR	+50	-
INR	-50	-
March 31, 2016		
INR	+50	(9.09)
INR	-50	9.09

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

(b) Market risk- Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities.

Foreign currency sensitivity:

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

	Rs. in Lakhs	
Particulars	Change in USD rate	Effect on profit before tax
March 31, 2017		
	5%	(119.54)
	-5%	119.54
March 31, 2016		
	5%	(207.94)
	-5%	207.94

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments that are subject to credit risk and concentration thereof principally consist of trade receivables, loans receivables and cash and cash equivalents provided by the Company.



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The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was Rs. 756.60 lakhs, Rs. 9,002.02 lakhs, Rs. 7,222.76 crore, as at March 31, 2017, March 31, 2016 and April 1, 2015 respectively, being the total carrying value of trade receivables, balances with bank, bank deposits, loans and other financial assets.

Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date. The Company does not hold collateral as security. Further, the 2 customers of the Company contributes to 100% of the receivables during the year ended March 31, 2017, March 31, 2016 and April 1, 2015.

Credit risk from balances with bank and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Liquidity risk

The Company monitors its risk of a shortage of funds on a regular basis. The Company's objective is to maintain a balance between continuity of funding and flexibility. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments

	Due within 1 year	Due between 1 to 5 years	Due after 5 years	Total
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Year ended				
March 31, 2017				
Borrowings (other than CRPS)	1,216.52	-	-	1,216.52
CRPS	-	-	25,177.21	25,177.21
Other financial liabilities	4,763.43	-	-	4,763.43
Trade and other payables	2,783.72	-	-	2,783.72
	8,763.67	-	25,177.21	33,940.88
Year ended				
March 31, 2016				
Borrowings (other than CRPS)	6,429.70	-	-	6,429.70
CRPS	-	-	22,126.03	22,126.03
Other financial liabilities	1,602.09	-	-	1,602.09
Trade and other payables	3,352.72	2,515.63	-	5,868.35
	11,384.51	2,515.63	22,126.03	36,026.17
Year ended				
April 01, 2015				
Borrowings (other than CRPS)	6,556.20	-	-	6,556.20
CRPS	-	-	19,437.74	19,437.74
Other financial liabilities	1,772.44	-	-	1,772.44
Trade and other payables	2,289.25	1,880.12	-	4,169.37
	10,617.89	1,880.12	19,437.74	31,935.75

Excessive risk concentration

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

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.



35. Capital management

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

The Company determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic investment and expansion plans. The funding needs are met through equity, cash generated from operations, long term and short term bank borrowings.

For the purpose of the Company's capital management, capital includes issued equity capital, equity component of CRPS, securities premium and all other equity reserves attributable to the equity holders of the Company.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt. The Company's policy is to keep the gearing ratio at an optimum level to ensure that the debt related covenant are complied with.

Rs. in Lakhs

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Borrowings	26,393.73	28,555.73	25,993.94
Total debt (i)	26,393.73	28,555.73	25,993.94
Capital Component			
Equity share capital	27,450.01	27,450.01	27,450.01
Equity component of CRPS	23,939.64	23,939.64	23,939.64
Securities premium	199.99	199.99	199.99
Retained earnings	(35,333.08)	(24,114.96)	(17,590.51)
Total Capital (ii)	16,256.56	27,474.68	33,999.13
Capital and borrowing (iii = i + ii)	42,650.29	56,030.41	59,993.07
Gearing ratio % (i / iii)	62%	51%	43%

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 material breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

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



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36. In view of lower supplies / availability of natural gas to the power generating companies in India, the Company is facing shortage of natural gas supply and delays in securing gas linkages. As a result, the Company had not generated and sold electrical energy since May 2013 till March 31, 2015. The Company has emerged as a successful bidder in the auction process organised by the Ministry of Power and operated on an intermittent basis from August 2015 till September 2016. The Company has been incurring losses including cash losses on account of the aforesaid shortage of natural gas supply.

The management of the Company and the Association of Power Producers continue to monitor the macro situation and are evaluating various approaches / alternatives to deal with the situation and the management of the Company is confident that Govt would take further necessary steps / initiatives in this regard to improve the situation regarding availability of natural gas from alternate sources in the foreseeable future. The management of the Company has carried out a valuation assessment which includes certain assumptions relating to availability and pricing of domestic and imported gas, future tariff and other operating parameters which it believes, reasonably reflect the future expectations from the project. The management of the Company will monitor these aspects closely and take actions as are considered appropriate and is confident that it will be able to generate sufficient profits in future years and meet its financial obligations as they arise. Based on the aforementioned reasons, business plans and a valuation assessment carried out by an external expert, the management of the Company considers that the going concern assumption and the carrying value of the net assets as at March 31, 2017 are appropriate and accordingly the financial statements of the Company do not include any adjustment that might result from the outcome of this uncertainty. In the meantime, GIEL has committed to provide necessary support to the Company as may be required for the continuance of its normal business operations.

37. Provisions

Provision for incentives for operation and maintenance contract

Particulars	Rs. in Lakhs		
	March 31, 2017	March 31, 2016	April 01, 2015
Opening balance	1,026.54	969.50	929.99
Additions during the year (inclusive of exchange differences)	(17.99)	57.04	39.51
Write back during the year	-	-	-
Closing balance *	1,008.55	1,026.54	969.50

* Includes Rs. 212.50 Lakhs (March 31, 2016), Rs. 216.30 Lakhs, April 01, 2015; Rs. 204.28 Lakhs) for which commercial invoices have been received by the Company from the service provider.

38. At at March 31, 2016, GEL and GIL had entered into Subscription Agreements for the issue of non-convertible debentures to ICICI Bank Limited cumulatively aggregating to Rs. 180,000.00 Lakhs for the purpose of refinancing/ repayment of existing loans availed by GEL, or for lending to its Infrastructure subsidiaries in the energy sector as defined in the Subscription Agreements. GEL and GIL had created first ranking pari passu charge on the fixed assets and on the excess cash flows of the Company as security towards the issue of such non-convertible debentures. During the year ended March 31, 2017, these charges were discharged. Subsequently, GWEL, a fellow subsidiary has availed borrowings from ICICI Bank Limited, pursuant to which a first ranking pari passu charge on the fixed assets and on the excess cash flows of the Company has been created.



39. First Time Adoption of Ind AS

These financial statements, for the year ended March 31, 2017, are the first, the Company has prepared in accordance with Ind AS. For periods up to March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Amendment thereof ('Indian GAAP' or previous GAAP).

Accordingly, the Company 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 end 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 01, 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 01, 2015 and the financial statements as at and for the year ended March 31, 2016.

Exemptions applied

Ind AS 101 allows first time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

i) Estimates

The estimates at April 01, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with the previous GAAP (after adjustments to reflect any differences in accounting policies).

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

ii) De-recognition of financial assets and liabilities

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

iii) 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.

v) Deemed cost-Previous GAAP carrying amount: (PPE, Intangible Assets and Investment property) (Ind AS 101.D7AA)

The Company has elected to avail exemption under Ind AS 101 to use India GAAP carrying value as deemed cost at the date of transition for all items of property, plant and equipment and intangible assets as per the balance sheet prepared in accordance with previous GAAP.

vi) Service concession (Ind AS 101.D22)

Ind AS 101 provides an option that when it is impracticable to apply Appendix A to Ind AS 11 retrospectively, a first-time adopter may use previous carrying amounts of financial and intangible assets, after testing for impairment, as their carrying amount of Intangible Asset at the date of transition.

The Company has recognised intangible assets as per Appendix A to Ind AS 101 on service concession arrangements, based on the previous GAAP carrying amounts as at the date of transition.

vii) Fair value measurement of financial assets or financial liabilities (Ind AS 101.D20)

In accordance with paragraph D20 of Ind AS 101, the Company has applied day one gain or loss provisions prospectively to transactions occurring on or after the date of transition to Ind AS.

Reconciliation of total equity between previous GAAP and Ind AS.

Particulars	Notes	Rs. in Lakhs	
		March 31, 2016	April 01, 2015
Equity as reported under previous GAAP		49,646.99	52,832.40
Impact on account of preference share accounted as financial liability	39(4)	(22,126.03)	(19,437.74)
Others		(46.28)	604.47
Equity as per Ind AS		27,474.68	33,999.13



Total Comprehensive Income / (Loss) reconciliation for the year ended March 31, 2016

Particulars	Notes	Rs. in Lakhs
		March 31, 2016
Profit / (loss) after tax under previous GAAP		(3,185.41)
Add / (Less) - Ind AS adjustments		
Impact on account of preference shares accounted as financial liability	39(4)	(2,688.29)
Impact on depreciation and amortisation expense on account of SCA	39(1)	(620.54)
Others		(29.79)
Profit/ (loss) after tax for the year as per Ind AS		(6,524.03)
Other comprehensive income / (expenses) (net of tax)	39(7)	(0.42)
Total Comprehensive Income / (Loss) for the year under Ind AS		(6,524.45)

Notes to the reconciliations between previous GAAP and Ind AS

1 SCA

The Company has a 387MW gas based power plant situated at Vemagiri and has entered into 23 years PPA with State DISCOMS for a capacity of 370MW on a long term basis. The arrangement has been classified as SCA. Under previous GAAP, the Company had capitalised the cost under fixed assets. However, under Ind AS the Company has reclassified the cost pertaining to the plant at the existing carrying value from PPE to the Intangible assets.

Further, on account of applicability of SCA, the depreciation and amortisation expenses has been amortised over 23 years, considering the PPA period.

2 Recognition of Investment property

The Company has given 80 acres of land on operating lease to GREI. The land has been classified as Investment Property and has been reclassified from Property plant and equipment.

3 Government grant

In accordance with Ind AS 20 "Government Grants", customs duty drawback refund received has been treated as a Government grant.

The benefit has been grossed up with the cost of the related asset and has been recognised as a government grant. The Company recognises the same as income on a straight line basis in the Statement of profit and loss over the concession period.

4 Cumulative redeemable preference shares

Under Ind AS, cumulative redeemable preference shares are separated into liability and equity components based on the terms of the contract. Interest on liability component is recognised using the effective interest method.

5 Trade payables

The Company has certain long term trade payables that are payable after attainment of certain milestone hours as per the agreements entered into by the Company. Such trade payable are recorded at amortised costs under Ind AS.

6 Prompt payment rebate

Under the previous GAAP, prompt payment rebate was recognised as a part of other expense which has been adjusted against the revenue under Ind AS during the year ended March 31, 2016.

7 Other comprehensive income

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

8 Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

9 Previous year figures have been regrouped

The figures of the previous periods have been regrouped/reclassified, where necessary, to conform with the current year's classification.



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40. Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. The amendments are applicable to the Company from 1 April 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the standalone financial statements.

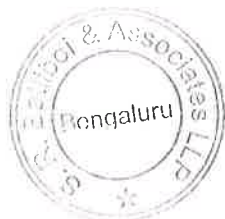
41. Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in the financial statements have been rounded off or truncated as deemed appropriate by the management of the Company.
42. The comparatives given in the financial statements have been compiled after making necessary Ind AS adjustments to the respective audited financial statements under previous GAAP to give a true and fair view in accordance with Ind AS.

As per our report of even date

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



For and on behalf of the Board of directors of
GMR Vemagiri Power Generation Limited

per Sandeep Kamani
Partner




Sanjay Narayan Barde
Director
DIN: 03140784

Ashish Jain
Chief Financial Officer


Arunendu Saha
Director
DIN: 06776423

Nidhi Chandok
Company Secretary

Place: Bengaluru
Date: May 03, 2017

Place: New Delhi
Date: May 03, 2017