INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HIMTAL HYDROPOWER COMPANY PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying IND AS financial statements of Himtal Hydropower Company Private Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss including 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 Financial Statements

The Accompanying Statements have been prepared by the management, based on the audited financial statements of the company for the financial year ended 31st March,2017 prepared in accordance with the corporate laws of Nepal, after making adjustments as were necessary under Ind - AS and the Companies Act,2013.

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 and presentation 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 change in equity of the Company in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards (IND AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and -presentation of the IND AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these IND AS financials statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit of the standalone IND AS Financials Statements in accordance with the Standards on Auditing, issued by The Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Our audit involves performing procedures and applying our judgement as were necessary to obtain assurance that the financial statements referred above area free from material misstatement and converted form corporate laws of Nepal to INS AS correctly. We believe that the procedure we performed are sufficient and appropriate to provide a basis for our audit opinion.

High Point IV 45, Palace Road, Bangalore - 1.

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

Basis for Qualified Opinion

The underlying financial statements of the company for the financial year ended 31st March 2017 prepared in accordance with the applicable corporate law of Nepal, have not been audited by us. We have relied upon upon such audited financial statements and statutory auditor report for the year 31st March 2017 provided to us by the management, for the purpose of expressing our audit opinion and have not performed detailed verification of the underlying transactions which have been covered by statutory auditor in course of their audit.

Qualified Opinion

In our opinion and to the best of our information and according the explanations given to us except for the effects if matters prescribe in the basis for qualified opinion paragraph, the financial statement give a true and fair view in conformity with accounting principles generally accepted in India.

a) In the case of the Balance sheet, of the state of the affair of the company as at March 31, 2017.
b) In case of the statement of the Profit and Loss, of the loss for the year ended on that date and
c) In the case of the cash flow statement, of the cash flow for the year ended on that date.

PLACE: Bangalore

DATE: 8th May 2017

FOR GIRISH MURTHY & KUMAR
Chartered Accountants

A. V. Satish Kumar

A V Satish Kumar
Partner.
Membership No: 26526
FRN No.000934S

Himtal Hydro Power Company Private Limited
Balance sheet as at 31st March, 2017

(Amount in Rs.)

Particulars	Notes	31 March 2017	31 March 2016	1 April 2015
Assets				
Non-current assets				
Property, Plant & Equipment	3	44,398,497	44,938,307	45,478,118
Capital work-in-progress	4	306,229,718	295,275,431	277,706,391
		350,628,215	**340,213,737**	**323,184,508**
Current assets				
Financial Assets				
Cash and cash equivalents	5	417,617	803,424	1,121,057
Loans	6	589,323	575,583	624,720
Current Tax Assets (Net)	7	1,602	2,576	486
Other current assets	8	95	436	6,849
		1,008,637	**1,382,020**	**1,753,111**
Total Assets		**351,636,852**	**341,595,758**	**324,937,620**
Equity and liabilities				
Equity				
Equity Share Capital	9	125,000,000	125,000,000	125,000,000
Other Equity	10	160,337,230	160,512,485	160,950,395
		285,337,230	**285,512,485**	**285,950,395**
Liabilities				
Non-current liabilities				
Financial Liabilities				
Borrowings	11	59,062,500	43,750,000	-
Provisions	12	265,537	226,991	268,876
		59,328,037	**43,976,991**	**268,876**
Current liabilities				
Financial Liabilties				
Other financial liabilties	13	6,870,467	11,920,613	38,557,797
Other current liabilities	14	101,119	185,669	160,552
		6,971,586	**12,106,282**	**38,718,349**
Total Equity and liabilities		**351,636,852**	**341,595,758**	**324,937,620**

Summary of significant accounting policies 2
The accompanying notes form an integral part of the financial statements.

As per our report of even date

For Girish Murthy & Kumar
Chartered Accountants
Firm Reg Number: 000934S

A. V. Satish

A.V.Satish Kumar
Partner
Membership no.: 26526

Place: Bangalore
Date: 8th May 2017

For and on behalf of the Board of directors

Harvinder Manocha
Director
DIN:03272052

VK Sharma
Director
DIN:02879206

Place: New Delhi
Date: 28th April 2017

Himtal Hydro Power Company Private Limited
Statement of profit and loss for the year ended 31st March 2017

(Amount in Rs.)

Particulars	Notes	31-Mar-17	31-Mar-16
Expenses			
Other expenses	15	175,210	436,421
Total Expenses		**175,210**	**436,421**
Profit/(loss) before exceptional items and tax		**(175,210)**	**(436,421)**
Exceptional item			-
Profit / (Loss) before tax		**(175,210)**	**(436,421)**
Tax expenses			
Current tax		46	1,488
Deferred tax		-	-
Profit/(loss) for the period from continuing operations		**(175,256)**	**(437,909)**
Other comprehensive income		-	-
Total comprehensive income for the period		**(175,256)**	**(437,909)**
Earnings per equity share (For continuing operations)			
Basic		**(0.09)**	**(0.22)**
Diluted		**(0.09)**	**(0.22)**

Summary of significant accounting policies 2
The accompanying notes form an integral part of the financial statements.
This is the statement of profit & Loss referred to our report of even date

For Girish Murthy & Kumar
Chartered Accountants
Firm Registration Number: 000934S

A.V. Satish

A.V.Satish Kumar
Partner
Membership no.: 26526

Place: Bangalore
Date: 8th May 2017

For and on behalf of the Board of directors

Harvinder Manocha
Director
DIN:03272052

VK Sharma
Director
DIN:02879206

Place: New Delhi
Date: 28th April 2017

Himtal Hydro Power Company Private Limited
Cash Flow Statement for the year ended 31st March, 2017

(Amount in Rs.)

Particulars	31-Mar-17	31-Mar-16
Cash flow from operating activities		
Profit before tax from continuing operations	(175,256)	(437,909)
Profit before tax from discontinuing operations	-	-
Profit before tax	(175,256)	(437,909)
Advance Tax paid	974	(2,090)
Operating profit before working capital changes	**(174,282)**	**(439,999)**
Increase/ (decrease) in other current liabilities	(84,550)	25,117
(Increase)/ decrease in other current assets	342	6,412
Net cash flow from/ (used in) operating activities (A)	**(258,490)**	**(408,471)**
Cash flows from investing activities		
Purchase/ Sale of FA, including CWIP and capital advances	(10,414,478)	(17,029,229)
Decrease / (Increase) short term loans and advances	(13,740)	49,136
Increase / (Decrease) in long term provisions	38,546	(41,885)
Proceeds from current other financial liabilities	(5,050,146)	(26,637,184)
Net cash flow from/ (used in) investing activities (B)	**(15,439,818)**	**(43,659,162)**
Cash flows from financing activities		
Proceeds from long term borrowings	15,312,500	43,750,000
Net cash flow from/ (used in) in financing activities (C)	15,312,500	43,750,000
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**(385,808)**	**(317,633)**
Cash and cash equivalents at the beginning of the period	803,424	1,121,057
Cash and cash equivalents at the end of the period	**417,617**	**803,424**
Components of cash and cash equivalents		
With banks- on current account	411,653	802,346
Cash in Hand	5,964	1,078
Total cash and cash equivalents (note 5)	**417,617**	**803,424**

Notes:
1. The above cash flow statement has been complied from and is based on the Balance Sheet as at 31st March 2017 and the related statements of profit and loss for the period ended on that date.
2. Previous period figures have been regrouped and reclassified to conform to those of the current period.
3. The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS) 7 – Statement of cash flows

As per our report of even date

For Girish Murthy & Kumar
Chartered Accountants
Firm Registration Number: 000934S

A.V.Satish Kumar
Partner
Membership no.: 26526
Place: Bangalore
Date: 8th May 2017

For and on behalf of the Board of directors

Harvinder Manocha
Director
DIN:03272052

VK Sharma
Director
DIN:02879206

Place: New Delhi
Date: 28th April 2017

Himtal Hydro Power Company Private Limited
Statement of standalone assets and liabilities

Amount in Rs

	Particulars	As at March 31, 2017 (Audited)	As at March 31, 2016 (Audited)
1	**ASSETS**		
a)	**Non-current assets**		
	Property, plant and equipment	44,398,497	44,938,307
	Capital work in progress	306,229,718	295,275,431
	Deferred tax assets (net)		
	Other non-current assets		
		350,628,215	**340,213,737**
b)	**Current assets**		
	Financial assets		
	Loans and advances	589,323	575,583
	Cash and cash equivalents	417,617	803,424
	Current tax assets (net)	1,602	2,576
	Other current assets	95	436
		1,008,637	**1,382,020**
	TOTAL ASSETS (a+b)	**351,636,852**	**341,595,758**
2	**EQUITY AND LIABILITIES**		
a)	**Equity**		
	Equity share capital	125,000,000	125,000,000
	Other equity	160,337,230	160,512,485
	Total equity	**285,337,230**	**285,512,485**
b)	**Non-current liabilities**		
	Financial liabilities		
	Borrowings	59,062,500	43,750,000
	Provisions	265,537	226,991
	Other non-current liabilities		
		59,328,037	**43,976,991**
c)	**Current liabilities**		
	Financial liabilities		
	Other financial liabilities	6,870,467	11,920,613
	Other current liabilities	101,119	185,669
		6,971,586	**12,106,282**
	TOTAL EQUITY AND LIABILITIES (a+b+c)	**351,636,852**	**341,595,758**

For Girish Murthy & Kumar
Chartered Accountants
Firm Reg Number: 000934S

A.V. Satish

A.V.Satish Kumar
Partner
Membership no.: 26526

Place: Bangalore
Date: 8th May 2017

For and on behalf of the Board of directors

Harvinder Manocha
Director
DIN:03272052

VK Sharma
Director
DIN:02879206

Place: New Delhi
Date: 28th April 2017

Amount in Rs

	Himtal Hydro Power Company Private Limited		
	Statement of Standalone Unaudited / Audited Fiancial Results for theYear Ended 31/03/2017		
	Particulars	Year ended	
		3/31/2017	3/31/2016
	(Refer Notes Below)	Audited	Audited
1	**Income from operations**		
	(a) Sales/income from operations		
	(b) Other operating income		
	Total income from operations		
2	**Expenses**		
	(g) Other expenses	175210	436421
	Total expenses	175210	436421
3	**Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)**	-175210	-436421
4	Other income		
5	**Profit / (Loss) from ordinary activities before finance costs and exceptional items (3 ± 4)**	-175210	-436421
6	Finance costs		
7	**Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5 ± 6)**	-175210	-436421
8	Exceptional items		
9	**Profit / (Loss) from ordinary activities before tax (7 ± 8)**	-175210	-436421
10	Tax expense / (credit)	46	1488
11	**Net Profit / (Loss) from ordinary activities after tax (9 ± 10)**	-175256	-437909

For Girish Murthy & Kumar
Chartered Accountants
Firm Reg Number: 000934S

A.V.Satish Kumar
Partner
Membership no.: 26526

Place: Bangalore
Date: 8th May 2017

For and on behalf of the Board of directors

Harvinder Manocha
Director
DIN:03272052

VK Sharma
Director
DIN:02879206

Place: New Delhi
Date: 28th April 2017

Himtal Hydro Power Company Private Limited

3 **Property, Plant & Equipment**

(Amount in Rupees)

Particulars	Freehold Land	Buildings	Office Equipments	Computer Equipments	Plant and Equipments	Furniture and Fixtures	Vehicles	Total
Cost or Valuation								
As at 1st April 2015	34,178,455	8,040,621	2,336,353	1,097,316	929,829	2,030,772	4,063	48,617,409
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Exchange Differences	-	-	-	-	-	-	-	-
As at 31st March 2016	34,178,455	8,040,621	2,336,353	1,097,316	929,829	2,030,772	4,063	48,617,409
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Exchange Differences	-	-	-	-	-	-	-	-
As at 31st March 2017	34,178,455	8,040,621	2,336,353	1,097,316	929,829	2,030,772	4,063	48,617,409
Depreciation and impairment								
As at 1st April 2015	-	405,948	613,756	836,943	654,570	625,506	2,568	3,139,292
Depreciation for the year	-	131,062	111,042	66,435	102,337	128,548	386	539,811
Impairment	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Exchange Differences	-	-	-	-	-	-	-	-
As at 31st March 2016	-	537,010	724,798	903,378	756,907	754,054	2,954	3,679,102
Depreciation for the year	-	131,062	111,041	66,435	102,337	128,548	386	539,810
Impairment	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Exchange Differences	-	-	-	-	-	-	-	-
As at 31st March 2017	-	668,072	835,840	969,814	859,245	882,602	3,340	4,218,912
Net Book Value								
As at 1st April 2015	34,178,455	7,634,673	1,722,597	260,372	275,259	1,405,266	1,494	45,478,118
As at 31st March 2016	34,178,455	7,503,611	1,611,555	193,937	172,922	1,276,718	1,108	44,938,307
As at 31st March 2017	34,178,455	7,372,549	1,500,514	127,502	70,585	1,148,170	722	44,398,497

Ind AS 101 Exemption : The Company has availed the exemption available under Ind AS 101, whereas the carrying value of PPE has been carried forwarded at the amount as determined under the previous GAAP. Considering the FAQ issued by the ICAI, regarding application of Deemed cost, the company has dislcosed the Cost as at 1 April 2015 net of accumulated depreciation. However, information regarding gross block of assets, accumulated depreciation has been disclosed by the Company seperately as follows :Disclosure of previous GAAP values cosidered as deemed cost in Ind AS financial statements on transition date.

(Amount in Rs.)

4	Capital Work In Progress	31-Mar-17	31-Mar-16	1-Apr-15
	CWIP	34,661,158	34,661,158	34,275,894
	CWIP Salaries	40,044,418	38,153,956	35,274,139
	CWIP - Contribution to PF	1,676,442	1,547,060	1,300,963
	CWIP Staff Welfare	4,671,577	4,588,767	4,353,239
	CWIP-Travelling	7,834,768	6,907,067	5,778,081
	CWIP-Advertisements	7,815,625	7,815,625	7,815,625
	CWIP- Bank Charges	576,014	524,872	190,330
	CWIP - Bidding Exp	5,605,567	5,583,128	5,218,117
	CWIP- Books & Periodicals	154,199,080	153,558,695	149,008,430
	CWIP - Communication	1,453,417	1,387,571	1,228,261
	CWIP - Community Development	576,910	570,846	564,378
	CWIP - Consultancy & Professional fees	19,262,595	19,245,508	18,420,292
	CWIP -Depreciation	4,026,164	3,835,343	3,423,615
	CWIP Finance Charges	857,967	736,081	614,194
	CWIP Rent & Hire Charges	4,218,911	3,679,102	3,139,291
	CWIP Insurance	892,576	889,451	877,020
	CWIP Interest Fixed period loan	1,249,499	1,232,881	1,135,933
	CWIP Interest	10,000	10,000	10,000
	CWIP Meeting and Seminars	469,938	421,500	384,813
	CWIP Miscellaneous Expenses	15,012,996	13,311,659	10,747,520
	CWIP Office & Guest House Maintenance	291,113	291,113	291,113
	CWIP Electric charges	238,917	238,917	238,917
	CWIP- Membership & Subscription	(175,073)	(174,284)	(168,331)
	CWIP Printing and Stationery	1,509,170	(2,990,554)	(5,583,054)
	CWIP Rates & Taxes	(750,031)	(750,031)	(832,387)
		306,229,718	295,275,431	277,706,391

(Amount in Rs.)

5	Cash and cash equivalents	Current		
		31-Mar-17	31-Mar-16	1-Apr-15
	Cash in Hand	5,964	1,078	8,055
	Balances with bank in current accounts	411,653	802,346	1,113,002
		417,617	803,424	1,121,057

	Financial Assets	Non Current			Current		
6	Loans	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15
	Advance recoverable				589,323	575,583	624,720
		-	-	-	589,323	575,583	624,720

(Amount in Rs.)

7	Current Tax Assets (Net)	31-Mar-17	31-Mar-16	1-Apr-15
	Advance income tax (net of provision for taxation)	1,601.84	2,575.98	486.26
		1,601.84	2,575.98	486.26

(Amount in Rs.)

8	Other Current Assets	31-Mar-17	31-Mar-16	1-Apr-15
	Advances recoverable in cash or kind	-	436	-
	Interest accrued on call account	95	-	6,849
		95	436	6,849

9 **Share capital**

	Equity Shares	
	No.s	INR
Authorised Share Capital		
Equity shares, face value of Rs.62.50 each		
As at 1st April 2015	16,500,000	1,031,250,000
Increase/(decrease)during the year	-	-
As at 31st March 2016	16,500,000	1,031,250,000
Increase/(decrease)during the year	-	-
As at 31st March 2017	16,500,000	1,031,250,000

	Preference Shares	
	No.s	INR
Authorised Share Capital		
Equity shares, face value of Rs.62.50 each		
As at 1st April 2015	2,500,000	156,250,000
Increase/(decrease)during the year	-	-
As at 31st March 2016	2,500,000	156,250,000
Increase/(decrease)during the year	-	-
As at 31st March 2017	2,500,000	156,250,000
Total Authorised Share Capital		1,187,500,000

	No.s	INR
Issued Equity Capital		
Equity shares of Rs.62.50 each issued, subscribed & fully paid		
As at 1st April 2015	2,000,000	125,000,000
Increase/(decrease)during the year	-	-
As at 31st March 2016	2,000,000	125,000,000
Increase/(decrease)during the year	-	-
As at 31st March 2017	2,000,000	125,000,000

	No.s	INR
Paid-up shares		
Fully paid up		
2,000,000 (March 2016: 2,000,000) Equity Shares of INR 62.50 each	2,000,000	125,000,000
-1,640,000 Equity shares of INR 62.5 each are held by GMR Energy Ltd and		
-72,000 Equity shares of INR 62.5 each are held by Mr Madhusudan Man Pradhanang		
-288,000 Equity shares of INR 62.5 each are held by Mr Brindaban Man Pradhanang		
	2,000,000	125,000,000

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

Equity Shares	31-Mar-17		31-Mar-16		1-Apr-15	
	No.	Amounts in INR	No.	Amounts in INR	No.	Amounts in INR
At the beginning of the year	2,000,000	125,000,000	2,000,000	125,000,000	2,000,000	125,000,000
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	2,000,000	125,000,000	2,000,000	125,000,000	2,000,000	125,000,000

b) Terms/ rights attached to equity shares

The company has only one class of shares having a par value of Rs 62.5 per share. Each holder of equity is entitled to one vote per share. In the event of liquidation of the company the holder of equity shares would be entitled to receive remaining assets of the company after distribution of all preferrential amounts.

C) shares held by holding/ultimate holding company and/ or their subsidiaries/associates

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

Particulars	31-Mar-17	31-Mar-16	1-Apr-15
Fully Paid up Equity shares			
GMR Energy Limited (along with its nominees), the immediate holding company	102,500,000	102,500,000	102,500,000
16,40000 (March 31, 2016: 1640000) equity shares of Rs.62.5 each fully paid up			
Mr Brindaban Man Pradhanang	18,000,000	18,000,000	18,000,000
288000 (March 31, 2016: 288000) equity shares of Rs.62.5 each fully paid up			

d) Details of shareholders holding more than 5% shares in the company

Particulars	31-Mar-17		31-Mar-16		1-Apr-15	
	No	% holding in	No	% holding in	No	% holding in
GMR Energy Limited (along with its nominees), the immediate holding company	1640000	82%	1640000	82%	1640000	82%
Mr Brindaban Man Pradhanang	288000	14%	288000	14%	288000	14%

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.

10 Other Equity

	Reserves & Surplus		Total
	Share Application Money	Retained Earning	
As at 1st April 2015	172,243,250	(11,292,855)	160,950,395
Profit/(loss for the period)	-	(437,909)	(437,909)
As at 31st March 2016	172,243,250	(11,730,765)	160,512,485
Profit/(loss for the period)	-	(175,256)	(175,256)
As at 31st March 2017	**172,243,250**	**(11,906,020)**	**160,337,230**

11 Borrowings

(Amount In Rs.)

	31-Mar-17	31-Mar-16	1-Apr-15
Nepal rupee term loan from banks (secured)	59,062,500	43,750,000	-
	59,062,500	43,750,000	-

12 Provisions

	Non Current			Current		
	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15
Provision for gratuity	265,537	226,991	268,876	-	-	-
Provision for other employee benefits	-	-	-	-	-	-
	265,537	226,991	268,876	-	-	-

Financial Liabilities

13 Other financial liabilities

(Amount In Rs.)

	31-Mar-17	31-Mar-16	1-Apr-15
Retention Money	144,862	144,862	599,093
Non trade payables-Group Companies	5,000,000	10,562,500	20,187,500
Non trade payables Others	1,725,605	1,213,251	17,771,204
	6,870,467	11,920,613	38,557,797

14 Other current liabilities

(Amount In Rs.)

	31-Mar-17	31-Mar-16	1-Apr-15
Others	92,261	75,499	104,172
TDS Payable	8,857	110,170	56,381
	101,119	185,669	160,552

Himtal Hydro Power Company Private Limited
Notes to Statement of profit and loss for the year ended 31st March 2017

(Amount in Rs.)

15 Other expenses	31-Mar-17	31-Mar-16
Donation	-	117,888
Business promotion	4,109	137,631
Audit Fees	171,101	131,857
Advertisment	-	9,375
Rates & Taxes	-	39,671
Miscellaneous Expenses	-	-
	175,210	**436,421**

Payment to auditor

	31-Mar-17	31-Mar-16
As auditor:		
Audit Fee	70,625	54,381
Other services	77,476	77,476
Audit fees for Laision office	23,000	-
	171,101	**131,857**

Himtal Hydro Power Company Private Limited
Statement of change in equity

(Rs. In IINR)

	Attributable to the equity holders of the parent				
			Reserves and surplus		
	Equity share capital	Share application money	Retained earnings	Total	Total equity
As at 1 April 2015	125,000,000	172,243,250	- 11,292,855	160,950,395	285,950,395
Profit for the period	-	-	- 437,909	- 437,909	- 437,909
At 31 March 2016	125,000,000	172,243,250	- 11,730,765	160,512,485	285,512,485
Profit for the period	-	-	- 175,256	- 175,256	- 175,256
At 31 March 2017	**125,000,000**	**172,243,250**	**- 11,906,020**	**160,337,230**	**285,337,230**

Himtal Hydropower Company Private Limited
Notes to financial statements for the year ended 31st March 2017

1. Corporate Information:

Himtal Hydropower Co. Private Limited, incorporated in Nepal on April 13, 2001 under Nepal Companies Act 2063, is promoted by GMR Energy Limited (incorporated in India) from Jan 2, 2008, the holding company, to develop and operate 600MW Hydro based power project in Marshyandi River, Lamjung and Manang District. The registered address of the company is P O Box: 148, Chakupat-10, Lalitpur, Nepal. The company is in the process of setting up of the project. The company has applied for the Generation license on 10.10.2011. The Company has executed Joint Development Agreement with IFC Infra ventures (World Bank Group) on 22nd December 2014.
The financial statements were approved for issue in accordance with a resolution of the directors on 28th April 2017.

2. Summary of Significant Accounting Policies

a. Basis of Preparation:

The financial statements of the Company have been prepared in accordance with Nepal Accounting Standard and the converged to Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2017 are the first the Company has prepared in accordance with Ind AS. Refer note no 31 for information on how the Company adopted Ind AS.

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

The stand-alone financial statements are presented in INR and all values are rounded to the nearest Rupees (INR 0.00), except when otherwise indicated.

Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:
a) Expected to be realised or intended to be sold or consumed in normal operating cycle
b) Held primarily for the purpose of trading
c) Expected to be realised within twelve months after the reporting period, or

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
All other assets are classified as non-current.

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

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

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

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 as at 31 March 2015, measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on 1 April 2015.

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

Recognition:
The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:
(a) it is probable that future economic benefits associated with the item will flow to the entity; and
(b) the cost of the item can be measured reliably.

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

Gains or losses arising from de–recognition of tangible assets are measured as the difference between the net disposable proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

Further, When each major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied.
Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is derecognized.

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

Spare parts are capitalized when they meet the definition of PPE, i.e., when the company intends to use these during more than a period of 12 months.
Assets under installation or under construction as at the balance sheet date are shown as Capital Work in Progress and the related advances are shown as Loans and advances.

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

Intangible assets

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

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

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

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

Depreciation

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

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

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

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

Foreign currency translation

Functional and presentation currency

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

Transaction and balances

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

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

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

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

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

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

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

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

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

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

Forward Exchange Contracts not intended for trading or speculations purposes

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

Borrowing cost

Impairment of non-financial assets

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

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

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

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

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

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

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

Provisions, Contingent liabilities, Contingent assets, and Commitments

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

Contingent liability is disclosed in the case of:

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

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

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

Retirement and other Employee Benefits

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

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

ii) The date that the Company recognises related restructuring costs

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

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

ii) Net interest expense or income.

Short term employee benefits

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

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

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

Defined benefit plans

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

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

Past service costs are recognised in profit or loss on the earlier of:
a. The date of the plan amendment or curtailment, and
b. The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:
a. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
b. Net interest expense or income

Long term employee benefits

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

Financial Instruments

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
a. Debt instruments at amortised cost
b. Debt instruments at fair value through other comprehensive income (FVTOCI)
c. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
d. Equity instruments measured at fair value through other comprehensive income (FVTOCI)
Debt instruments at amortised cost: A 'debt instrument' is measured at the amortised cost if both the following conditions are met:
a. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

Debt instrument at FVTOCI: A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

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

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

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The group has not designated any debt instrument as at FVTPL.

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

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

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

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

Derecognition

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

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

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

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

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

Impairment of financial assets

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

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

The company follows 'simplified approach' for recognition of impairment loss allowance on;
a) Trade receivables or contract revenue receivables; and
b) All lease receivables resulting from transactions within the scope of Ind AS 17

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

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

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.
ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

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

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

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:
a) Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.
b) Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
c) Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

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

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

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

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

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

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

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

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

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

Reclassification of financial assets

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

Offsetting of financial instruments

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

Derivative financial instruments

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

Cash and Cash Equivalent

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

Foreign currencies

The financial statements are presented in INR, which is the company's Presentation currency. Exchange rate is fixed 1INR = 1.6NPR for all accounting periods.

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

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

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

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

► Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.

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

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

Fair value measurement

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

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

a) In the principal market for the asset or liability, or

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.
The Company's Valuation Committee determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations. The Valuation Committee comprises of the head of the investment properties segment, heads of the Company's internal mergers and acquisitions team, the head of the risk management department, financial controllers and chief finance officer.

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

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

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

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

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

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.
a) Disclosures for valuation methods, significant estimates and assumptions
b) Contingent consideration
c) Quantitative disclosures of fair value measurement hierarchy
d) Investment in unquoted equity shares (discontinued operations)

Revenue recognition

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

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

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

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

Interest income:

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

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

Taxes on income

Current income tax

Tax expense comprises current and deferred tax.

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

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

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

Deferred tax

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

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

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

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

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

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

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

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

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

Sales/ value added taxes paid on acquisition of assets or on incurring expenses
Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- ► When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ► When receivables and payables are stated with the amount of tax included

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

Minimum Alternate Tax (MAT)is not applicable in Nepal.

Earning per share

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

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

Significant accounting judgments, estimates and assumptions:

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

Estimates and assumptions

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

Taxes

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

Contingencies

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

Fair value measurement of financial instruments

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

16. Contingent Liability-

Particulars	31st March, 2017	31st March, 2016	31st March, 2015
Contingent Liability	Nil	Nil	Nil

17. Capital commitments/ Other commitments:

Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances is INR 446,031(March 2016: INR 600,000/-, March 2015: INR 10,237,014).

18. Employee Benefits:

The company has determined the liability for gratuity and long term compensated absences in accordance with revised AS 15.

Disclosures as envisaged in revised AS 15in respect of Gratuity and leave encashment are given below:

Gratuity and Leave Encashment:
Defined Benefit Plan - As per Actuarial Valuation as at 31 March2017- NA
Liability towards Leave Encashment based - NA

19. Earnings Per Share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Particulars	31st March 2017	31st March 2016
Nominal value of Equity Shares(INR Per share)	INR 62.5	INR 62.5
Total No. of Equity Shares outstanding at the beginning of the Period/Year	2,000,000	2,000,000
Total No. of Equity Shares outstanding at the end of the Period/Year	2,000,000	2,000,000
Weighted average No. of Equity shares for Basic earnings per Share	2,000,000	2,000,000
Profit as per Profit and loss Account	(175,256)	(437,909)
Less: Dividend on Preference shares (including tax thereon)	-	-
Profit/ (Loss) for Earning per share	(175,256)	(437,909)
Earnings per Share (EPS)	(0.09)	(0.22)

20. Related Party Disclosures

Names of related parties and related party relationship

GMR Upper Karnali Hydropower Limited - Related Parties as on 31 March2017		
(i)	Enterprises that control the Company	GMR Enterprises Limited GMR Infrastructure Limited GMR Energy Limited
(ii)	Ultimate Holding Company	GMR Enterprises Limited
(iii)	Fellow Subsidiary Companies	GMR Sports Private Limited GMR League Games Private Limited GMR Infratech Private Limited Cadence Enterprises Private Limited PHL Infrastructure Finance Company Private Limited Vijay Nivas Real Estates Private Limited Fabcity Properties Private Limited Kondampeta Properties Private Limited Hyderabad Jabilli Properties Private Limited Leora Real Estates Private Limited Pashupati Artex Agencies Private Limited Ravivarma Realty Private Limited GMR Solar Energy Private Limited Rajam Enterprises Private Limited Grandhi Enterprises Private Limited Ideaspace Solutions Private Limited National SEZ Infra Services Private Limited Kakinada Refinery and Petrochemicals Private Limited Corporate Infrastructure Services Private Limited GMR Bannerghatta Properties Private Limited Kirthi Timbers Private Limited AMG Healthcare Destination Private Limited GMR Holding (Malta) Limited GMR Infrastructure (Malta) Limited GMR Holdings (Overseas) Limited GMR Holdings (Mauritius) Limited Crossridge Investments Limited Interzone Capital Limited GMR Holdings Overseas (Singapore) Pte Limited GMR Business & Consultancy LLP GMR Energy Limited (GEL) GMR Power Corporation Limited (GPCL) GMR Vemagiri Power Generation Limited (GVPGL) GMR (Badrinath) Hydro Power Generation Private Limited (GBHPL)

		GMR Mining & Energy Private Limited (GMEL) GMR Kamalanga Energy Limited (GKEL) Himtal Hydro Power Company Private Limited (HHPPL) GMR Energy (Mauritius) Limited (GEML) GMR Lion Energy Limited (GLEL) GMR Upper Karnali Hydropower Limited (GUKPL) GMR Energy Trading Limited (GETL) GMR Consulting Services Private Limited (GCSPL) GMR Coastal Energy Private Limited (GCEPL) GMR Bajoli Holi Hydropower Private Limited (GBHHPL) GMR Londa Hydropower Private Limited (GLHPPL) GMR Kakinada Energy Private Limited (GKEPL) GMR Energy (Cyprus) Limited (GECL) GMR Energy (Netherlands) B.V. (GENBV) PT Dwikarya Sejati Utma (PTDSU) PT Duta Sarana Internusa (PTDSI) PT Barasentosa Lestari (PTBSL) SJK Powergen Limited (SJK) PT Unsoco (PT) GMR Warora Energy Limited (Formerly EMCO Energy Limited) Indo Tausch Trading DMCC (ITTD) GMR Maharashtra Energy Limited (GMAEL) GMR Bundelkhand Energy Private Limited (GBEPL) GMR Rajam Solar Power Private Limited (formerly known as GMR Uttar Pradesh Energy Private Limited (GUPEPL) GMR Hosur Energy Limited (GHOEL) GMR Gujarat Solar Power Private Limited (GGSPPL) Karnali Transmission Company Private Limited (KTCPL) Marsyangdi Transmission Company Private Limited (MTCPL) GMR Indo-Nepal Energy Links Limited (GINELL) GMR Indo-Nepal Power Corridors Limited (GINPCL) GMR Generation Assets Limited (formerly known as GMR Renewable Energy Limited (GREEL)) GMR Energy Projects (Mauritius) Limited (GEPML) GMR Infrastructure (Singapore) Pte Limited (GISPL) GMR Coal Resources Pte Limited (GCRPL) GMR Power Infra Limited (GPIL) GMR Highways Limited (GMRHL) GMR Tambaram Tindivanam Expressways Limited (GTTEPL) GMR Tuni Anakapalli Expressways Limited (GTAEPL) GMR Ambala Chandigarh Expressways Private Limited (GACEPL) GMR Pochanpalli Expressways Limited (GPEPL) GMR Hyderabad Vijayawada Expressways Private Limited (GHVEPL) GMR Chennai Outer Ring Road Private Limited (GCORRPL) GMR Kishangarh Udaipur Ahmedabad Expressways Limited (GKUAEL) GMR Highways Projects Private Limited (GHPPL) GMR Hyderabad International Airport Limited (GHIAL)

			Gateways for India Airports Private Limited (GFIAL) Hyderabad Airport Security Services Limited (HASSL) GMR Hyderabad Airport Resource Management Limited (GHARML) GMR Hyderabad Aerotropolis Limited (HAPL) GMR Hyderabad Aviation SEZ Limited (GHASL) GMR Aerospace Engineering Limited (GAEL) (formerly known as MAS GMR Aerospace Engineering Company Limited) GMR Aero Technic Limited (GATL) (formerly known as MAS GMR Aero Technic Limited (MGATL)) Hyderabad Duty Free Retail Limited (HDFRL) GMR Airport Developers Limited (GADL) GADL International Limited (GADLIL) GADL (Mauritius) Limited (GADLML) GMR Hotels and Resorts Limited (GHRL) GMR Hyderabad Airport Power Distribution Limited (GHAPDL) Delhi International Airport Private Limited (DIAL) Delhi Aerotropolis Private Limited (DAPL) Delhi Duty Free Services Private Limited (DDFS) Delhi Airport Parking Services Private Limited (DAPSL) GMR Airports Limited (GAL) GMR Airport Global Limited (GAGL) GMR Airports (Mauritius) Limited (GALM) GMR Aviation Private Limited (GAPL) Raxa Security Services Limited (Raxa) GMR Krishnagiri SEZ Limited (GKSEZ) Advika Properties Private Limited (APPL) Aklima Properties Private Limited (AKPPL) Amartya Properties Private Limited (AMPPL) Baruni Properties Private Limited (BPPL) Bougainvillea Properties Private Limited (BOPPL) Camelia Properties Private Limited (CPPL) Deepesh Properties Private Limited (DPPL) Eila Properties Private Limited (EPPL) Gerbera Properties Private Limited (GPL) Lakshmi Priya Properties Private Limited (LPPPL) Honeysuckle Properties Private Limited (HPPL) Idika Properties Private Limited (IPPL) Krishnapriya Properties Private Limited (KPPL) Larkspur Properties Private Limited (LAPPL) Nadira Properties Private Limited (NPPL) Padmapriya Properties Private Limited (PAPPL) Prakalpa Properties Private Limited (PPPL) Purnachandra Properties Private Limited (PUPPL) Shreyadita Properties Private Limited (SPPL) Pranesh Properties Private Limited (PRPPL) Sreepa Properties Private Limited (SRPPL) Radhapriya Properties Private Limited (RPPL) Asteria Real Estates Private Limited (AREPL) GMR Hosur Industrial City Private Limited (GHICL)

		Namitha Real Estates Private Limited (NREPL) Honey Flower Estates Private Limited (HFEPL) GMR Hosur EMC Limited (GHEMCL) GMR SEZ and Port Holdings Limited (GSPHL) East Godavari Power Distribution Company Private Limited (EGPDCPL) Suzone Properties Private Limited (SUPPL) GMR Utilities Private Limited (GUPL) Lilliam Properties Private Limited (LPPL) GMR Corporate Affairs Private Limited (GCAPL) Dhruvi Securities Private Limited (DSPL) Kakinada SEZ Limited (KSL) GMR Business Process and Services Private Limited (GBPSPL) GMR Infrastructure (Mauritius) Limited (GIML) GMR Infrastructure (Cyprus) Limited (GICL) GMR Infrastructure Overseas Limited (GIOL) GMR Infrastructure (UK) Limited (GIUL) GMR Infrastructure (Global) Limited (GIGL) GMR Energy (Global) Limited (GEGL) Kakinada Gateway Port Limited (KGPL) GMR Goa International Airport Limited (GGIAL) GMR SEZ Infra Services Limited (GSISL) GMR Infrastructure (Overseas) Limited (GIOL) GMR Infra Developers Limited (GIDL)
(iv)	Enterprises where significant influence exists	Nil
(v)	Enterprises where key management personnel and their relative exercise significant influence	None
(vi)	Key Management Personnel	Mr. G. Subba Rao – Director Mr. Harvinder Manocha - Director Mr. Vindo Kumar Sharma - Director Mr. Ashis Basu -Director Mr. Brindaban Man Pradhanang - Director

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year and the closing balance as on 31st March 2017.

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

Particulars	31 March 2017	31 March 2016
Loan Repaid to MTCPL	312,500	68,75,000
Loan Repaid to KTCPL	5,250,000	27,50,000

b) Closing balances with the above related parties is :

Amount in Rupees

Name of the company	31 March 2017	31 March 2016	31 March 2015
i) Share Capital - Equity Share capital Enterprises that control the company-GEL	102,500,000	102,500,000	102,500,000
ii) Share Application money received Enterprises that control the company-GEL	172,243,250	172,243,250	172,243,250
iv) Other financial Liabilities			
a) Fellow Subsidiary Companies – GUKPL	4,375,000	4,375,000	4,375,000
b) Fellow Subsidiary Companies – MTCPL	Nil	312,500	7,187,500
c) Fellow Subsidiary Companies – KTCPL	625,000	5,875,000	8,625,000

No compensation has been provided to key management personnel.

21. Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool.
The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans. The Company 's policy is that not more than 0% of borrowings should mature in the next 12-month period.

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

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	INR	INR	INR	INR	INR	INR
Year Ended on 31/3/2017						
Borrowings				59,062,500		59,062,500
Other financial liabilities		6870467				6,870,467
						65,932,967
Year Ended on 31/3/2016						
Borrowings				43,750,000		43,750,000
Other financial liabilities		11,920,613				11,920,613
						55,670,613
Year Ended on 1/4/2015						
Borrowings						-
Other financial liabilities		38,557,797				38,557,797
						38,557,797

22. The Company has entered into certain cancelable operating lease agreements mainly for office premises. The lease rentals considered under Capital Work In Progress for the period as per the agreement are as follows:

Particulars	For year ended 31st March 2017	For year ended 31st March 2016
Lease Rentals under cancelable leases	9,27,700	11,28,986
Lease Rentals under non-cancelable leases	-	-

23. Expenditure in Foreign Currency – Nil

24. Deferred Tax Assets and Deferred Tax Liability have not been recognized in financials as there is no timing difference.

25. Pending Litigations: The Company does not have any pending litigations which would impact its financial position.

26. Foreseeable losses: The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses

27. There are no micro and small enterprises to which the company owes dues which are outstanding for more than 45 days as at 31st March 2017 and 31st March 2016. This information as required to be disclosed under the Micro Small and Medium Enterprises Development Act 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

28. Segment Reporting

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

29. Fair Value

The carrying amount of all financial assets and liabilities (except for those instruments carried at fair value) appearing in the financial statements is reasonable approximation of fair value.

30. Capital Management

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is toal debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 58% and 57%. The Company includes within total debt borrowings.

	At 31 March 2017	At 31 March 2016	At 1 April 2015
Borrowings	59,062,500	43,750,000	-
Less: Cash and cash equivalents	417,617	803,424	1,121,057
Total debts	**58,644,883**	**42,946,576**	**-**
Capital Components			
share Capital	125,000,000	125,000,000	125,000,000
Equity	160,337,230	160,512,485	160,950,395
Total Capital	**285,337,230**	**285,512,485**	**285,950,395**
Capital and net debt	**343,982,113**	**328,459,061**	**284,829,338**
Gearing ratio (%)	**17%**	**13%**	**0%**

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

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

31. First Time Adoption of Ind As

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

Accordingly, the company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 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 1 April 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 1 April 2015 and the financial statements as at and for the year ended 31 March 2016 and 31 March 2017.

Exemptions applied:-

Mandatory exceptions:

The estimates at 01 April 2015 and as at 31st March'2016 are consistent with those made for the same dates inaccordance with Indian GAAP (after adjustments to reflect any differences in the accounting policies) apart from the following items where application of Indian GAAP did not require estimation.

- Impairment of financial assets based on expected credit loss in the model

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

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

Classification and measurement of financial assets

The Company has clarified the financial assets in accordance with IND as 109 on the basis of the facts and circumstances that exist at the date of transition to IND As.

Impairment of financial assets (Trade Receivables and other financial assets)

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

Optional Exemption

Deemed Cost- previous GAAP carrying amount (PPE and Intangible Assets)

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

Investment in Associates

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

Provision for decommissioning liability

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

Long term Foreign Currency Monetary Items: (Long term foreign currency borrowings)

The company has elected to continue policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognized in financial statements for period ending immediately before beginning of first IND as financial reporting period as per previous GAAP i.e. 01st April'2016

32. Disclosure on Specified Bank Notes (SBN'S)*:-

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is not applicable as this is a foreign company.

Particulars	SBN'S	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in banks	-	-	-
Closing cash in hand as on December 30, 2016	-	-	-

Himtal Hydro Power Company Private Limited

Ind AS Opening Balance Sheet as at April 1, 2015

Amount in Rs.

	Notes	IGAAP	Ind AS adjustments	Ind AS
ASSETS				
Non-current assets				
Property, Plant and Equipment	3	45,478,118	-	45,478,118
Capital work-in-progress	4	277,706,391	-	277,706,391
		323,184,508	-	**323,184,508**
Current assets				-
Financial Assets				-
Cash and cash equivalents	5	1,121,057	-	1,121,057
Loans	6	625,206	-486	624,720
Current Tax Assets (Net)	7		486	486
Other current assets	8	6,849		6,849
		1,753,111	-	**1,753,111**
Total Assets		**324,937,620**	-	**324,937,620**
EQUITY AND LIABILITIES				
Equity				
Equity Share capital	9	125,000,000		125,000,000
Other Equity	10	160,950,395	-	160,950,395
Total equity		**285,950,395**	**-**	**285,950,395**
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Borrowing	11			
Provisions	12	268,876	-	268,876
		268,876	-	**268,876**
Current liabilities				-
Financial Liabilities				-
Other financial liabilities	13	-	38,557,797	38,557,797
Other current liabilities	14	38,718,349	-38,557,797	160,552
		38,718,349	-	**38,718,349**
Total Equity and Liabilities		**324,937,620**	-	**324,937,620**

Himtal Hydro Power Company Private Limited

Draft Ind AS Balance Sheet as at March 31, 2016 — Amount in Rs.

	Notes	IGAAP	Ind AS adjustments	Ind AS
ASSETS				
Non-current assets				
Property, Plant and Equipment	3	44,938,307	-	44,938,307
Capital work-in-progress	4	295,275,431	-	295,275,431
		340,213,737	-	**340,213,737**
Current assets				-
Financial Assets				-
Cash and cash equivalents	5	803,424	-	803,424
loans	6	578,159	-2,576	575,583
Current Tax Assets (Net)	7		2,576	2,576
Other current assets	8	436		436
		1,382,020	-	**1,382,020**
Total Assets		**341,595,758**	-	**341,595,758**
EQUITY AND LIABILITIES				
Equity				
Equity Share capital	9	125,000,000		125,000,000
Other Equity	10	160,512,485		160,512,485
Total equity		**285,512,485**	-	**285,512,485**
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Borrowings	11	43,750,000		43,750,000
Provisions	12	226,991	-	226,991
		43,976,991	-	**43,976,991**
Current liabilities				-
Financial Liabilities				-
Other financial liabilities	13	-	11,920,613	11,920,613
Other current liabilities	14	12,106,282	-11,920,613	185,669
		12,106,282	-	**12,106,282**
Total Equity and Liabilities		**341,595,758**	-	**341,595,758**

Himtal Hydro Power Company Private Limited

Statement of Profit & Loss for the period ended 31st March 2016

Particulars	Notes	31st March 2016 IGAAP	Ind AS Adj	31st March 2016 Ind AS
Expenses				
Other Expenses	13	436,421		436,421
Total		**436,421**		**436,421**
Profit/(Loss) before tax		(436,421)		(436,421)
Tax expenses				
Current Tax		1,488		1,488
Profit/(Loss) After Tax		**(437,909)**		**(437,909)**
Earning per equity share (Nominal value per share NR 100)	1			
Earning Per Share Basic and Diluted	2	- 0.22	-	0.22

33. The Previous year's figures have been re-grouped and reclassified, wherever necessary, to confirm to those of current year.

For Girish Murthy & Kumar
Chartered Accountants

A.V.Satish Kumar
Partner
Membership no.: 26526
Firm Registration Number: 000934S
Place: Bangalore
Date:

For and on behalf of the Board of directors

Harvinder Manocha
Director
DIN:03272052

VK Sharma
Director
DIN:02879206

Place: New Delhi
Date: 28th April 2017