INDEPENDENT AUDITOR'S REPORT

To Members of Madhya Bharat Power Corporation Limited

Report on the Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Madhya Bharat Power Corporation Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

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

Auditor's Responsibility

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

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

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

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

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

Opinion

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

Emphasis of Matter

We draw attention to the following matters in the Notes to the financial statements:

a. Note 32 to the financial statements which, describesuncertainty related to the outcome of the lawsuits filed against the Company by some parties.
b. Note 8.1 to the financial statements which describes the amounts recognized as loss allowances in respect of financial instruments and other assets.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors as on 01st April 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

g) The matter described in sub-paragraph (a) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;

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

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

For M.M. Jain & Associates
Chartered Accountants
FRN 112538W

Suraj Khandelwal
Partner
Membership No. 158941

RAIPUR
DATED: 05.06.2017

INDEPENDENT AUDITOR'S REPORT

To Board of Directors of Madhya Bharat Power Corporation Limited

Report on the Comparative Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying special purpose Ind AS financial statements of Madhya Bharat Power Corporation Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016 and the Opening Balance Sheet as at 1st April, 2015, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year ended 31st March, 2016, and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Comparative standalone Ind AS Financial Statements").

Management's Responsibility for the Comparative Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Comparative Standalone Ind AS Financial Statements in accordance with the basis of accounting described in Note 2.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Comparative Standalone Ind AS Financial Statements.

Auditor's Responsibility

Our responsibility is to express an opinion on these Comparative Standalone Ind AS Financial Statements based on our audit. We conducted our audit of the Comparative Standalone Ind AS Financial Statements in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal financial controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Comparative Standalone Ind AS Financial Statements for the year ended 31st March 2016 (including opening balance sheet as at 1st April 2015), are prepared, in all material respects, in accordance with the basis of accounting described in Note 2 to these financial statements.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to these Comparative Ind AS Financial Statements, which describes the basis of accounting. The financial

statements are prepared to assist Madhya Bharat Power Corporation Limited to meet the requirements of preparation of first set of complete Ind AS financial statements. As a result, the financial statements may not be suitable for another purpose.

Emphasis of Matter

We draw attention to Note 2 to the Comparative Ind AS Financial Statements, which describes the basis of accounting and further states that the comparative financial information has not been included in these financial statements. Only a complete set of financial statements together with comparative financial information can provide a fair presentation of the Company's state of affairs (financial position), loss (financial performance including other comprehensive income), cash flows and the changes in equity.

Our opinion is not modified in respect of this matter.

Other Matter

The financial information for the year ended 31st March 2016 and the transition date opening balance sheet as at 1st April 2015 included in these special purpose standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 whose reports expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS.

The Company has prepared a separate set of financial statements for the year ended March 31, 2016 and March 31, 2015 in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 on which we issued a separate auditor's report to the shareholders of the Company. Our opinion is not modified in respect of this matter.

For M.M. Jain & Associates
Chartered Accountants
FRN 112538W

Suraj Khandelwal
Partner
Membership No. 158941

RAIPUR
DATED: 05.06.2017

Annexure "A" to the Auditor's Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2017, we report that:

i) a) The Company has maintained proper records in electronic mode showing full particulars, including quantitative details and situation of Fixed Assets.

b) The Company's programme of physical verification of all its major fixed assets, except certain low value items of Furniture, Fixtures and Office Equipmentis in our opinion, reasonable having regard to the size of the company and the nature of its assets. Accordingly, the fixed assets have been physically verified by the management during the year. As explained to us, no material discrepancies have been noticed on such verification.

c) We have inspected the original title deeds of immovable properties of the company held as fixed assets which are in the custody of the company. Based on our audit procedures and the information and explanation received by us, we report that all title deeds of immovable properties of the company are held in the name of the company. However, we express no opinion on the validity of the title of the company to these properties.

ii) As explained to us, inventories of materials issued as free of cost materials to construction contractors were physically verified during the year by the management. In our opinion and according to the information and explanations given tous, the inventories have been verified by the management atreasonable intervals in relation to size of the Company andnature of business and no material discrepancies were noticedon physical verification which were not adjusted in the books of accounts.

iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence the question of reporting whether the terms and conditions of such loans are prejudicial to the interests of the company, whether reasonable steps for recovery of overdues of such loans are taken does not arise.

iv) In our opinion and according to the information and explanations given to us, theCompany has compiled with the provisions of Section 186 of the Companies Act,2013 in respect of the loans and investment made, and guarantees and securityprovided by it. The Company has not granted and loans and made any investments,or provided any guarantees or security to the parties covered under Section 185 ofthe Companies Act, 2013.

v) In our opinion and according to the information and explanations provided by the management, the Company has not accepted any loans or deposits which are 'deposits' within the meaning of Rule 2(b) of the Companies (Acceptance of Deposits) Rules 2014.

vi) The Central Government has prescribed Companies (Cost Accounting Records) Rules, 2014for the maintenance of cost records under Section 148(1) of the Companies Act,2013 for the Company's proposed activities. However, this clause is presently not applicable, as the Company's project is under implementation stage.

vii) a) In our opinion and according to the information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund,Employees' State Insurance, Income Tax, Sales Tax,Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amount payable in respect of the aforesaid dues were outstanding as at March 31, 2017 for a period of more than six months from the date of becoming payable.

b) According to information and explanations given to us, there are no dues of Income Tax or Sales Tax or Service Tax or duty of Excise or Value Added Tax which have not been deposited on account of any dispute.

viii) Based on our audit procedures and according to the information and explanations given to us, the Company has delayed in repayment of borrowing to bank and financial institutions the details of which are as under:

Lender	Amount of interest	Amount of principal	Due date of repayment	Actual date of repayment	Period
IDBI	6,345,356		01/01/2016	02/01/2016	1 day
IDBI	6,117,788		01/09/2016	06/09/2016	5 days
IDBI	6,117,788		01/11/2016	11/11/2016	10 days
IDBI	5,946,252		01/12/2016	03/12/2016	2 days
IDBI		23,809,524	15/01/2016	04/02/2016	20 days
IDBI		23,809,524	15/10/2015	19/10/2015	4 days
IDBI		23,809,524	15/07/2015	15/09/2015	62 days
IDBI		23,809,524	15/04/2015	25/08/2015	132 days
PFC		34,272,003	15/04/2015	14/07/2015	90 days

ix) On the basis of review of utilization of funds pertaining to term loans on overall basis and according to the related information and explanation given to us, moneys raised by way of term loans taken by the company have been applied for the purposes for which they were obtained, except funds which have been temporarily deployed pending utilization in the project.

x) Based upon the information and explanations given to us, no material fraud on the Company by its officers or employees nor any fraud by the companyhas been noticed or reported during the year, that causes the financial statements to be materially misstated.

xi) On the basis of information and explanation given to us, managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

xii) In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the company is not a nidhi, hence, in our opinion, the requirements of Clause 3(xii) of the Order do not apply to the company.

xiii) In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the Company has entered into transactions with related parties in compliance withthe provisions of Section 177 and 188 of the Act. The details of related partytransactions have been disclosed in the financial statements as required underIndian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.

xiv) The company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.Therefore, the provisions of clause (xv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.

xv) In our opinion and according to the information and explanations given to us the Company has not entered into any non-cash transactions with its directors orpersons connected with him. Therefore, the provisions of clause (xv) of theCompanies (Auditor's Report) Order, 2016 are not applicable to the company.

xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the provisions of clause (xvi) of the Companies(Auditor's Report) Order, 2016 are not applicable to the company.

For M.M.Jain & Associates
Chartered Accountants
FRN 112538W

Suraj Khandelwal
Partner
Membership No. 158941

RAIPUR
DATED: 05.06.2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Madhya Bharat Power Corporation Limited

We have audited the internal financial controls over financial reporting of Madhya Bharat Power Corporation Limited ("the Company"), in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financialcontrols system over financial reporting and such internal financial controls over financialreporting were operating effectively as at March 31, 20X7, based on theinternal control over financial reporting criteria established by the Company considering theessential components of internal control stated in the Guidance Note on Audit of InternalFinancial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M.M. Jain & Associates
Chartered Accountants
FRN 112538W

Suraj Khandelwal
Partner
Membership No. 158941

RAIPUR
DATED: 05.06.2017

MADHYA BHARAT POWER CORPORATION LIMITED

Balance Sheet as at 31 March 2017

	Notes	31 March 2017	31 March 2016	01 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	11	16,656,241	22,436,884	21,958,041
Property, plant and equipment under Construction	11.3	5,810,928,758	4,515,317,717	3,494,810,845
Other intangibles assets	12	70,619,884	37,941,995	37,941,995
Financial assets				
Long Term Loans and Advances	13	-	-	-
Deferred Tax Assets (net)	14	-	-	-
Other Tax Assets	14	21,273,128	17,050,495	1,527,408
Other Non-Current Assets	15	161,494,204	445,982,659	446,697,056
Total non-current assets		**6,080,972,215**	**5,038,729,750**	**4,002,935,345**
Current assets				
Financial assets				
Investments	16	-	185,236,571	-
Short term loans and advances	17	10,200	59,000	38,429
Cash and cash equivalents	18	6,064,866	33,866,681	9,784,244
Other Financial assets	18	105,000	105,000	105,000
Other current assets	19	5,172,307	5,964,811	2,511,649
Total current assets		**11,352,373**	**225,232,063**	**12,439,322**
Total assets		**6,092,324,588**	**5,263,961,813**	**4,015,374,666**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	20	1,025,620,000	843,300,000	605,300,000
Other equity	21			
Securities Premium	21	1,440,930,001	1,167,450,000	810,450,000
Retained Earnings	21	(234,533,693)	(63,687,891)	(13,992,161)
Items of OCI	21			
Remeasurements of Defined Benefit Plan		2,736,595	2,409,500	515,383
Share application money to the extent not refundable	21	63,500,000	-	45,300,000
Total Equity		**2,298,252,903**	**1,949,471,609**	**1,447,573,222**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Borrowings	22	3,545,574,887	3,034,475,217	2,453,260,146
Other financial liabilities	23	102,755,197	49,294,438	7,081,732
Non Current Provisions	24	37,400,000	-	-
Net Employee Benefit Liabilities	25	2,218,222	2,149,352	5,390,773
Deferred tax liabilities	14	-	68,606	-
Total non-current liabilities		**3,687,948,307**	**3,085,987,612**	**2,465,732,651**
Current liabilities				
Financial liabilities				
Other financial liabilities	26	76,833,659	195,810,928	96,104,387
Other current liabilities	27	9,087,029	8,971,309	5,339,655
Net Employee Benefit Liabilities	28	817,691	588,656	624,752
Current tax liabilities	29	19,385,000	23,131,700	-
Total current liabilities		**106,123,379**	**228,502,593**	**102,068,794**
Total liabilities		**3,794,071,686**	**3,314,490,205**	**2,567,801,445**
Total equity and liabilities		**6,092,324,589**	**5,263,961,814**	**4,015,374,667**

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
THE ACCOMPANYING NOTES ARE FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

AS PER OUR REPORT OF EVEN DATE ATTACHED
For M.M. Jain & Associates
Chartered Accountants
FRN 112538W

Suraj Khandelwal
Partner
Mem No. 158941

RAIPUR
DATED : 05/06/2017

FOR AND ON BEHALF OF THE BOARD

K.K. Sarda
Chairman
DIN: 00008170

P. S. Duttagupta
Director
DIN: 06639931

Shilpa Rathod
CFO

Manish Sethi
Company Secretary

RAIPUR
DATED : 05/06/2017

MADHYA BHARAT POWER CORPORATION LIMITED

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

	Particulars	Notes	Year ended 31 March 2017	Year ended 31 March 2016
	Continuing Operations*			
	Revenue from operations		-	-
	Other income	4	23,209	236,571
	Total income		**23,209**	**236,571**
	Expenses			
	Employee benefit expense	5	7,109,934	8,205,058
	Finance costs	6	767,711	3,021,666
	Other expenses	8	10,730,017	9,648,613
	Total expenses		**18,607,662**	**20,875,337**
	Loss fom continuing operations before expceptional item and income tax		**(18,584,453)**	**(20,638,766)**
	Exceptional items	8	(153,826,655)	(5,968,471)
	Loss fom continuing operations before income tax		**(172,411,108)**	**(26,607,237)**
	Current tax	9	-	-
	Deferred tax	9	68,606	(68,606)
	Related to prior periods	9	-	-
	Income tax expense		**68,606**	**(68,606)**
	Loss for the period from continuing operations		**(172,342,502)**	**(26,675,843)**
	Other Comprehensive income			
	Items that will not be subsequently reclassified to profit or loss			
	Remeasurement of defined benefit liability for gratuity		327,095	1,894,117
	Deferred Tax on Re measurement of Gratuity as per Actuarial Valuation		-	-
	Net other comprehensive income not to be reclassified subsequently to profit or loss		**327,095**	**1,894,117**
	Items that will be reclassified subsequently to profit or loss			
	Debt instruments through other comprehensive income - net change in fair value		**-**	**-**
	Net other comprehensive income to be reclassified subsequently to profit or loss		-	-
	Other comprehensive income for the year, net of income tax		**327,095**	**1,894,117**
	Total comprehensive income for the year		**(172,015,407)**	**(24,781,726)**
	Earnings per share - continuing operations	10		
	Basic earnings per share (INR)		(1.899)	(0.374)
	Diluted earnings per share (INR)		(1.899)	(0.374)

*The Company is in Project Construction phase and has not commenced Commercial operations as on the reporting date.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

THE ACCOMPANYING NOTES ARE FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

AS PER OUR REPORT OF EVEN DATE ATTACHED
For M.M. Jain & Associates
Chartered Accountants
FRN 112538W

FOR AND ON BEHALF OF THE BOARD

Suraj Khandelwal
Partner
Mem No. 158941

K.K. Sarda
Chairman
DIN: 00008170

P. S. Duttagupta
Director
DIN: 06639931

Shilpa Rathod
CFO

Manish Sethi
Company Secretary

RAIPUR
DATED : 05/06/2017

RAIPUR
DATED : 05/06/2017

Statement of Changes in Equity

A. Share Capital

Particulars		Note	Amount
Equity Share Capital			
Balance as at 01 April 2015			**605,300,000**
Changes in Equity Share Capital during 2015-16		19	238,000,000
Balance as at 31 March 2016			**843,300,000**
Changes in Equity Share Capital during 2016-17		19	182,320,000
Balance as at 31 March 2017			**1,025,620,000**

B. Other Equity

For 1st April 2015

Particulars	Note	Share application money to the extent not refundable	Reserves and Surplus				Items of Other Comprehensive Income		Total other equity
			Securities Premium	Others	General Reserve	Retained Earnings	Debt instruments through Other Comprehensive Income	Remeasurements of the Post employment benefits (defined benefit plans)	
Balance at April 1, 2015 as per GAAP		45,300,000	804,275,000	-	-	(1,620,501)	-	-	**847,954,499**
Retrospective Restatement									
Due to prior period items									
Transfer of income from PPE under construction						473,818			**473,818**
Expenses as on 01.04.2015 transferred to RE						(4,129,793)			**(4,129,793)**
Unamortized Expenses Written off as existing on the transition date						(178,401)			**(178,401)**
Authorized Capital increase fees derecognized from Securities Premium and charged to Retained Earnings			6,175,000			(6,175,000)			**-**
Leave liability recognized for the first time as per actuarial valuation on the transition date						(1,899,056)			**(1,899,056)**
Additional Gratuity Liability recognized to match with Actuarial Certificate						(463,228)			**(463,228)**
Retrospective Application									
Due to change in accounting policy									
Actuarial Gains on Re measurement of Gratuity as per Actuarial Valuation		-	-		-	-	-	515,383	**515,383**
Total adjustments other than tax adjustments		**-**	**6,175,000**	**-**	**-**	**(12,371,660)**	**-**	**515,383**	**(5,681,277)**
Tax adjustments									
Net of Tax Adjustments		**-**	**6,175,000**	**-**	**-**	**(12,371,660)**	**-**	**515,383**	**(5,681,277)**
Amounts as per Ind AS on 1 April 2015		**45,300,000**	**810,450,000**	**-**	**-**	**(13,992,161)**	**-**	**515,383**	**842,273,222**

Other Equity (Continued)
For 2015-16

Particulars	Note	Share application money to the extent not refundable	Reserves and Surplus				Items of Other Comprehensive Income		Total other equity
			Securities Premium	Others	General Reserve	Retained Earnings	Debt instruments through Other Comprehensive Income	Remeasurements of the Post employment benefits (defined benefit plans)	
Balance at April 1, 2015		**45,300,000**	**810,450,000**	**-**	**-**	**(13,992,161)**	**-**	**515,383**	**842,273,222**
Total comprehensive income for the year ended 31 March 2016									
Profit or loss						(26,675,843)			(26,675,843)
Retrospective Application									
Due to change in accounting policy									
Actuarial Gains on Re measurement of Gratuity as per Actuarial Valuation								1,894,117	1,894,117
Retrospective Restatement									
Due to prior period items									
Gratuity Liability reduced to reconcile with Actuarial Certificate						109,730			109,730
Transfer of income to RE						2,083			
Current Tax related to prior periods						(23,131,700)			(23,131,700)
Tax adjustments for Current year									
Deferred Tax on Re measurement of Gratuity as per Actuarial Valuation								-	-
Total comprehensive income		**-**	**-**	**-**	**-**	**(49,695,730)**	**-**	**1,894,117**	**(47,801,613)**
Transactions with owners recorded directly in Equity		-						-	**-**
Securities premium on issue of shares during the year			357,000,000						**357,000,000**
Adjusted due to issue of Share out of Share application Money		(45,300,000)							(45,300,000)
Total transactions with owners		**(45,300,000)**	**357,000,000**	**-**	**-**	**-**	**-**	**-**	**311,700,000**
Total Adjustments		(45,300,000)	357,000,000	-	-	(49,695,730)	-	1,894,117	263,898,387
Balance as of March 31, 2016		**-**	**1,167,450,000**	**-**	**-**	**(63,687,891)**	**-**	**2,409,500**	**1,106,171,609**

Other Equity (Continued)
For 2016-17

Particulars	Note	Share application money to the extent not refundable	Reserves and Surplus				Items of Other Comprehensive Income		Total other equity
			Securities Premium	Others	General Reserve	Retained Earnings	Debt instruments through Other Comprehensive Income	Remeasurements of the Post employment benefits (defined benefit plans)	
Balance at April 1, 2016		**-**	**1,167,450,000**	**-**	**-**	**(63,687,891)**	**-**	**2,409,500**	**1,106,171,609**
Total comprehensive income for the year ended 31 March 2017									**-**
Profit or loss						(172,342,502)			**(172,342,502)**
Transaction costs related to issue of financial instruments charged to RE as per Ind AS 32						(2,250,000)			**(2,250,000)**
Retrospective Application									
Due to change in accounting policy									
Actuarial Gains on Re measurement of Gratuity as per Actuarial Valuation								327,095	**327,095**
Due to prior period items									
Current Tax related to prior periods						3,746,700			
Tax adjustments									
Deferred Tax on Re measurement of Gratuity as per Actuarial Valuation								-	**-**
Total comprehensive income		**-**	**-**	**-**	**-**	**(170,845,802)**	**-**	**327,095**	**(170,518,707)**
Transactions with owners recorded directly in Equity		-	-	-	-	-	-	-	**-**
Share Application money received during the year		539,300,000							**539,300,000**
Adjusted due to issue of Share out of Share application Money		(475,800,000)							**(475,800,000)**
Issue of equity shares for cash			273,480,001						**273,480,001**
Net transactions with owners		**63,500,000**	**273,480,001**	**-**	**-**	**-**	**-**	**-**	**336,980,001**
Balance as of March 31, 2017		**63,500,000**	**1,440,930,001**	**-**	**-**	**(234,533,693)**	**-**	**2,736,595**	**1,272,632,903**

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
THE ACCOMPANYING NOTES ARE FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

AS PER OUR REPORT OF EVEN DATE ATTACHED
For M.M. Jain & Associates
Chartered Accountants
FRN 112538W

Suraj Khandelwal
Partner
Mem No. 158941

RAIPUR
DATED : 05/06/2017

FOR AND ON BEHALF OF THE BOARD

K.K. Sarda
Chairman
DIN: 00008170

P. S. Duttagupta
Director
DIN: 06639931

Shilpa Rathod
CFO

Manish Sethi
Company Secretary

RAIPUR
DATED : 05/06/2017

MADHYA BHARAT POWER CORPORATION LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

	As at 31 March 2017	As at 31 March 2016
Cash flow from operating activities		
Profit for the period	(172,411,108)	(26,607,237)
Adjustments for :		
Advances written off	15,300,000	5,968,471
Expected loss allowance	138,526,655	-
WDV of disposed items of PPE	-	381,554
Finance costs	767,711	3,021,666
Advance to Siddharth Communication written off	-	80,320
Adjustments as per Actuarial Valuation Certificate	(625,000)	707,989
Net gain on financial assets designated at fair value through P&L	-	(236,571)
Net cash (used in)/ provided by operating activities before taxes	**(18,441,742)**	**(16,683,808)**
Income taxes paid	(4,222,633)	(23,131,700)
Net cash (used in)/ provided by operating activities	***(22,664,375)***	***(39,815,508)***
Cash flow from investing activities		
Short term loans and advances	48,800	(20,571)
Non Current Financial Liabilities	53,460,759	42,212,706
Other assets	131,454,304	(2,738,765)
Current Financial Liabilities	(118,977,269)	4,468,445
Other current liabilities	115,720	3,631,654
Non Current Provisions	68,870	(3,241,421)
Provisions	229,035	(36,096)
Purchase of property, plant and equipment (Net of Ind AS effects)	(1,285,061,478)	(1,022,107,607)
Purchase of Intangible Assets	(32,677,889)	-
Purchase of financial instruments	-	-
Proceeds from sale of investment in mutual funds	185,000,000	(185,000,000)
Net cash (used in)/ provided by investing activities	***(1,066,339,148)***	***(1,162,831,655)***
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	519,300,001	549,700,000
Finance costs paid	(767,711)	(3,021,666)
Increase in Loans and Borrowings	542,669,418	584,813,170
Current Maturity of Long Term Debt	-	95,238,096
Net cash (used in)/ provided by financing activities	***1,061,201,708***	***1,226,729,600***
Net increase/(decrease) in cash and cash equivalents	**(27,801,815)**	**24,082,436**
Cash and cash equivalents at the beginning of the period	33,866,681	9,784,244
Cash and cash equivalents at the end of the period	6,064,866	33,866,681
Net increase/(decrease) in cash and cash equivalents	**(27,801,815)**	**24,082,436**

a) Cash and Cash equivalents include the following		
Cash in hand	67,074	94,754
Balances with banks	5,997,792	33,771,927

b) Previous year figures have been recast/restated wherever necessary.

c) Figures in brackets represent outflows.

AS PER OUR REPORT OF EVEN DATE ATTACHED
For M.M. Jain & Associates
Chartered Accountants
FRN 112538W

Suraj Khandelwal
Partner
M no. 158941

K.K. Sarda
Chairman
DIN: 00008170

P.S. Dutta Gupta
Director
DIN: 06639931

Shilpa Rathod
CFO

Manish Sethi
Company Secretary

RAIPUR
DATED : 05/06/2017

RAIPUR
DATED : 05/06/2017

Significant Accounting Policies and Notes to Accounts

1 Reporting Entity

The financial statements comprise financial statements of Madhya Bharat Power Corporation Limited (the company) for the year ended 31 March 2017. The company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the company is located at E-585, Greater Kailash-II Ground Floor, New Delhi-110048, the project office is at D.D. Sharma's Building (2nd Floor) Near State Bank of India, Duragaon, Tadong, Gangtok (East Sikkim) 737102. The Company is engaged in the business of generation of electricity from hydro power plant of MW Capacity at Rongnichu River in East District of Sikkim, and is currently is is the project construction stage. The Company is a subsidiary of Sarda Energy and Minerals Limited.

2 Basis of preparation

A. **Statement of Compliance**

The financial statements of the Company have been prepared in accordance with 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 accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2006 (Indian GAAP). The date of transition to Ind AS is 1 April 2015.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Group is provided in Note 37.

The financial statements were authorised for issue by the Company's Board of Directors on 05.06.2017.
Details of the Company's accounting policies are included in Note 3.

B. **Functional and Presentation Currency**

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been presented in absolute figures, unless otherwise indicated.

C. **Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following items (in accordance with respective Ind AS). Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Items	**Measurement basis**
Investments	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations
Borrowings	Amortised Cost
Financial Liabilities	Fair value

D. **Use of Judgments and Estimates**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

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.

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

The areas involving critical estimates or judgements are:

Estimation of current tax expense and payable

Estimated useful life of intangible asset

Estimation of fair values of contingent liabilities

Estimatation of whether an arrangement contains a lease and its classification

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in future is included in the following notes

i. Impairment test of non-financial assets: key assumptions underlying recoverable amounts

ii. Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

iii. Measurement of defined benefit obligations: key actuarial assumptions;

iv. Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

v. Uncertain Tax Positions under dispute

vi. Claims against the Company not acknowledged as debt

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

The preparation of the Company's financial statements requires management to make judgements, 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.

E. **Measurement of fair values**

A number of the Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's audit committee.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3 **Summary of significant accounting policies**

a. **Current versus non-current classification**

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

► Expected to be realized or intended to be sold or consumed in normal operating cycle

► Held primarily for the purpose of trading

► Expected to be realized within twelve months after the reporting period, or

► Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies 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 realization in cash and cash equivalents.

b. **Foreign currencies**

The Company's financial statements are presented in INR, which is also the parent company's functional currency. For each material transaction, the Company determines the functional currency and items included in the financial statements are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company's 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 recognized in profit or loss except for the following:

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 recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

c. **Property, plant and equipment**

c.1 Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

c.2 Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognized as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

c.3 Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

c.4 Property, Plant and Equipment under Construction and Capitalization

Capital work-in-progress is carried at cost and is capitalized when it is ready to be put to use. There are a few assets which are commissioned during the construction period itself such as administrative assets like furniture, computers etc. These are capitalized as and when these assets are ready to use. However assets which cannot be used in isolation without other assets/ completion of the project shall not be capitalized even if they are fully constructed. Such assets shall be capitalized only on completion of the other assets/ project. (e.g. powerhouse/ barrage/ tunnel, etc. are capitalized on commissioning of the project while individually they may be complete prior to commissioning of the project).

c.4.1 Transition to Ind AS

Administrative & general overhead and other expenditure attributable to construction of the project are accumulated and are subsequently allocated on systematic basis over major immovable assets, other than land and infrastructural facilities, on commissioning of the project.

c.5 Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognized in the statement of profit and loss. The usefule life of assets used during the construction period of the Project which are different from those specified in Part C of Shedule II of Companies Act, 2013 are disclosed below.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

Depreciation on Property, Plant and Equipment used by the Company during the project under construction is charged to Capital work in progress and forms part of Preoperative Expenses which would be allocated on systematic basis over major immovable assets on commissioning of the project. This is being done in view of the opinion of EAC of Institute of Chartered Accountants of India. Though this issue has not been specifically dealt with by Ind AS on Property, Plant and Equipment, but as per analogy, this policy is continued.

Disclosure of useful lives:

Class of assets	**Estimated Life**	**Depreciation Method**	**Measurement basis**
Furniture and Fixtures	5-10 years	SLM	Historical Cost
Civil structures meant for Project construction period	1-5 years	SLM	Historical Cost
Office Equipments	5-10 years	SLM	Historical Cost
Mobile phones	5 years	SLM	Historical Cost
Plant and Machinery used during project construction period	5-10 years	SLM	Historical Cost

Land-Right to use will be amortized over a period of 35 years from the date of commercial operation of the project in line with CERC Tariff Regulations notified for tariff fixation.

d. **Intangible assets**

d.1 Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

d.2 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

d.3 Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

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

d.4 Amortization

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates.

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

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 recognized in the statement of profit or loss when the asset is derecognized.

d.5 *Service Concession Agreement*

The Company has entered into Implementation Agreement with Government of Sikkim for development of Rongnichu Hydro Electric Power Project with installed capacity of 96MW. It has not entered into Power Purchase Agreement (PPA) as on the reporting date of Financial Statements. In view of the Terms and conditions of the Implementation Agreement, and Appendix C to Ind-AS 115, the Company has not entered into a Service Concession Agreement and therefore the cost of project is recognized and measured as Property, Plant and Equipment and not as Intangible Asset or Financial Asset.

***e.* Free of Cost Materials issued to the Contractor**

Materials for the purpose of being used in the project are recognized at purchase cost by the Company. Since they are to be used in the project construction, they are immediately issued at cost to Contractor. Therefore no materials stock is separately disclosed in the Financial statements on the reporting date, as their cost forms part of the carrying value of Capital Work in Progress as soon as they are procured and issued. Materials issued to the Contractor and lying with it are reconciled periodically and differences identified, if any, are recovered from the Contractor or recognized appropriately according to the nature of difference and as per contractual obligations.

***f.* Impairment**

f.1 <u>Impairment of financial assets</u>

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 amortized cost e.g., loans, debt securities, deposits, trade
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 Ind AS 109

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit‑impaired. A financial asset is 'credit‑impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit‑impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 90 days or more;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:
- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For recognition of impairment loss on 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 recognizing impairment loss allowance based on 12-month ECL. 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).
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. In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward‑looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.
The Company considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is 90 days or more past due.
The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to 'investment grade' e.g. BBB or higher as per rating agency [S&P and/ or CRISIL].

Measurement of expected credit losses
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. In other words, Expected credit losses are a probability‑weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). When estimating the cash flows, an entity is required to consider:
► 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.
► Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms Ind AS 109.

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:
► *Financial assets measured as at amortized 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.
► *Loan commitments and financial guarantee contracts* : ECL is presented as a provision in the balance sheet, i.e. as a liability.

► *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.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write‑off. However, financial assets that are written off could still be subject to enforcement activities to comply with the Company's procedures for recovery of amounts due.

f.2 ***Impairment of non-financial assets***
As the Company is under Project Construction phase, there are no identifiable operating Cash Generating Units (CGU's), the cash flows for which can be estimated. Furthermore, the individual assets are not of the nature that are whose independent cash flows can be estimated. The Company has carried out a Techno Economic Viability test during the year which considered among other parameters, Rainfall Data, Discharge Data, Water Availability Studies, Dependability studies, Power Potential Study and risks associated with the Project. The impairment assessment is primarily based on the methodlogy adopted in the said test and its outcome.
Where the work on a Property, Plant and Equipment under Construction has been suspended for a prolonged period of time and is not expected to re-commence; or it is technically and physically obsolete and its economic benefits to the Company is uncertain; an impairment loss is recognized for the shortfall of the recoverable amount of the PPE under Construction below its carrying amount.

g. Leases

g.1 Determining whether an arrangment contains a lease

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

For arrangements entered prior to 1 April 2015, the Company has determined whether the arrangement contain lease based on facts and circumstances existing on the date of transition.

g.2 Assets held under leases

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets. Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company’s general policy on the borrowing costs. Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's Balance Sheet.

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

g.3 Lease payments

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor’s expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

h. **Provisions (other than for employee benefits)**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

h.1 Onerous contracts

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

***i.* Borrowings**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains/(losses).

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment because of the breach.

***j.* Taxes**

j.1 Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

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 in the country where the Company operates i.e India and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized 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.

***j.2* Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

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

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

k. Borrowing costs

Eligible Borrowing costs as per Ind AS 23 are interest and other costs that are incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

l. Retirement and other employee benefits

l.1 Short-term obligations

Liabilities for wages and salaries, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are measured on an undiscounted basis and presented as current employee benefit obligations in the balance sheet to the extent it can be measured reliably.

l.2 Other long term employee benefit obligations

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Post-employment obligations

The Company operates the following post-employment schemes:

(a) defined benefit plans such as gratuity; and

(b) defined contribution plans such as provident fund.

l.3 Gratuity obligations

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

l.4 ***Defined Contribution Plans***

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

l.5 ***Termination benefits***

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

m. **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

m.1 **Recognition and initial measurement**

Receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

m.2 ***Classification and Subsequent measurement***

On initial recognition, a financial asset is classified as measured at:

► Debt instruments at amortized cost
► Debt instruments at fair value through other comprehensive income (FVTOCI)
► Debt instruments and equity instruments at fair value through profit or loss (FVTPL)
► Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Financial assets are not reclassified after their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Debt instruments at amortized cost

A ‘debt instrument’ is measured at the amortized 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.
After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized 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 Solely Payment of Principal and Interest (SPPI).
Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

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

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

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

Equity investments

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

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

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

Financial assets: Business model assessment

The Company assesses the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

− the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining an interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

– how the performance of the portfolio is evaluated and reported to the Company's management;

– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

– how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

– the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

− contingent events that would change the amount or timing of cash flows;

− terms that may adjust the contractual coupon rate, including variable interest rate features;

− prepayment and extension features; and

− terms that limit the Company's claim to cash flows from specified assets (e.g. non‑recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. However, see Note 3(c)(v) for derivatives designated as hedging instruments.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss.

m.3 Derecognition

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

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

► 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 recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes 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.

Financial liabilities

m.4 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 recognized 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 and financial guarantee contracts.

m.5 Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized 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 recognized 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 amortized cost using the EIR method.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 2.2 (n).

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

m.6 Derecognition

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

m.7 Reclassification of financial assets

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

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in OCI. No change in EIR due to reclassification.
FVTOCI	Amortized cost	Fair value at reclassification date becomes its new amortized cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortized cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

m.8 Offsetting of financial instruments

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

n. **Investments and other financial assets**

n.1 Classification

The Company classifies its financial assets in the following measurement categories:

· those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

· those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

n.2 Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow

· Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

· Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

· Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognized in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

o. **Trade and Other Payables (including liabilities for expenses and works)**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within the due dates after recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

p. **Contributed Equity**

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

q. **Earnings per share (EPS)**

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. Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares. The weighted average number of shares considers the weighted average effect of changes in treasury share transactions during the year.

r. **Cash and cash equivalents**

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

4 Other income

	For 2016-17	For 2015-16
Interest Income		
From Bank		-
On IT Refund	23,209	-
Interest Income from FVM	-	-
Financial assets at FVTPL-net change in fair value	-	-
Mandatorily measured at FVTPL - Others (refer Note i below)	-	236,571
Total	**23,209**	**236,571**

Note:

i. Rs. 47,90,682 earned by the Company as realized surplus from Sale of Financial Instruments measured at fair value through Profit or Loss which were in the nature of temporary investment is credited to PPE under Construction in accordance with Para 12 of Ind AS 23.

ii Rs. 36,28,032 earned as interest on Mobilization advance is credited to PPE under Construction.

iii. Rs. 19,44,392 earned from realization of value of scrap is credited to PPE under Construction.

5 Employee benefit expenses

See accounting policy in Note 3(l)

See Actuarial Valuation Table in Note 38

	For 2016-17	For 2015-16
Salaries, incentives and allowances	5,814,379	6,279,720
Staff Welfare	350,455	549,921
Director's Remuneration, Sitting Fees and Other Expenses	320,100	667,428
Expenses related to post-employment defined benefit plans	607,366	1,894,117
Expenses related to earned leave	187,053	250,987
Remeasurement of other long term employee benefits (Earned Leave)	(169,419)	(1,437,115)
Total	**7,109,934**	**8,205,058**

6 Finance costs

See accounting policy in Note 3(k)

	For 2016-17	For 2015-16
Interest expense	-	-
Other borrowing costs		
Bank Charges	3,150	5,157
Liquidated Damages Charges	-	1,131,157
Loan Reschedulement fees	-	570,000
Penal Charges	-	1,315,352
Fees for Credit Rating	764,561	-
Total	**767,711**	**3,021,666**

7 Depreciation and amortization expense

See accounting policy in Note 3(c.5)

	For 2016-17	For 2015-16
Depreciation of property, plant and equipment	2,134,214	2,012,167
Depreciation due to revised life estimates	8,465,220	-
Total	**10,599,434**	**2,012,167**

Note:

Depreciation has been included in PPE under Construction.

8 Other expenses

	For 2016-17	For 2015-16
Repairs & Manitenance		
Building		
Plant & Machinery		-
Others	12,420	-
Rent	1,013,039	1,628,292
Rates and taxes	-	20,000
Filing Fees and expenses	35,240	41,824
Legal & Professional Expenses	2,160,888	2,724,412
Administrative and Other Expenses	801,501	831,223
Project Area Development Expenses	6,310,758	3,536,940
Payment to Auditors (See Note (i) below)	345,000	347,190
WDV of disposed items of PPE transferred to P&L (as per transition to revised useful lives given in Schedule II)	-	381,554
Local Conveyance	51,172	56,858
Site photography		80,320
Total	**10,730,017**	**9,648,613**

Note:

i. *Payments to Auditors*

	For 2016-17	For 2015-16
As auditor		
Statutory audit	345,000	347,190
Tax audit	-	-
Certification	27,600	47,880
In other capacity	-	-
Taxation matters	-	-
Company law matters	-	-
Reimbursement of expenses	64,462	25,000
Total	**437,062**	**420,070**

8.1 **Exceptional Item**

	For 2016-17	For 2015-16
Amounts written off due to non recoverability in respect of Hydro Mechanical Contractor (See Note i below)	15,300,000	-
Amounts written off due to non recoverability in respect of erstwhile Civil Contractor (See Note i below)	-	5,968,471
Expected Losses on financial instruments recognized in respect of LHPS and VPS works Contractor (Refer Note (ii) below)	13,688,295	-
Expected Losses on financial instruments recognized in respect of Electro Mechanical Contractor (Refer Note (iii) below)	124,838,360	-
Total	**153,826,655**	**5,968,471**

Notes:

i The amounts have been written off due to non recoverability of advances on foreclosure of contracts entered with the Contractors. The Company does not reasonably expect further costs to arise due to such foreclosures.

ii The amounts were paid to the Contractor as mobilization advances to initate the work, but the work could not be performed due to several factors attributable to the Contractor. The advance could not be adjusted from running bills and became due from the Contractor. Considering the facts that the Contract was mutually closed and uncertainties related to recovery of the said amount, expected losses have been recognized in the financial statements.

iii The amounts were paid to the Electro Mechanical Contractor as advances to initiate work as per the Contract. But the contract was suspended by the Contractor and the amounts paid as advance became due as receivable. The Contractor has raised claims for losses incurred against the Company (Refer Note 32.A.(i)) and expected losses have been recognized by the Company to the extent of amounts receivable (i.e. initial amount given as advance) from the said party. The matter is presently under arbitration and the Company is pursuing for its recovery.

9 Income tax expense

A. **Income tax recognised in profit or loss**

Current tax expense	**March 31, 2017**	**March 31, 2016**
Current year	-	-
Adjustment for prior periods	-	-
Deferred tax expense		
Attributable to		
Revaluation of current investments	(68,606)	68,606
Tax losses carried forward	-	-
Total income tax expense	**(68,606)**	**68,606**

B. **Income tax recognised in OCI**

	March 31, 2017	**March 31, 2016**	**1-Apr-15**
Deferred Tax on Difference in Tax Base of Fixed Assets on transition date			-
Deferred Tax on Remeasurement of Employee benefits (Leave)	-	-	-
Total income tax expense charged to OCI	-	-	-

C. **Reconciliation of tax expense and accounting profit**

	March 31, 2017		**March 31, 2016**	
Accounting profit before tax		**(172,411,108)**		**-26607237.24**
Current Tax adjustments				
Tax using the Company's domestic tax rate	25.00%	(43,102,777)	29.00%	(7,716,099)
Interest on IT Refund				
Expense not allowed for tax purpose	-22.31%	38,456,664	-6.51%	1730856.59
Deferred Tax adjustments				
Current year losses for which no deferred tax asset was recognised	-2.69%	4,646,113	-22.49%	5985242.21
Revaluation gain on financial instruments (FVTPL)			-0.26%	68605.59
Reversal of deferred tax on disposal of financial instruments on which revaluation gain was recognized (FVTPL)	0.04%	(68,606)		
Effective income tax rate	0.04%	(68,606)	-0.26%	68605.59

D. **Amounts recognised directly in equity**

	March 31, 2017	**March 31, 2016**
Current tax for prior periods	(3,746,700)	23,131,700
Deferred tax	-	-
Total	**(3,746,700)**	**23,131,700**

E. **Deferred tax assets and liabilities**

Deferred tax relates to the following:

	March 31, 2017	**March 31, 2016**	**1-Apr-15**
Finance lease			
Provision for loss allowance			
Expenses allowed on payment basis			
Unused tax losses/ depreciation		-	-
Other items giving rise to temporary differences			
Total	-	-	-

F. **Reconciliation of deferred tax assets/ Liabilities**

	March 31, 2017	March 31, 2016	1-Apr-15
Opening balance as at 1 April	**68,606**	**-**	**-**
Tax income/expense during the period recognised in profit or loss	(68,606)	-	-
Tax income/expense during the period recognised in Retained Earnings	-	68,606	-
Closing balance	**0.00**	**68,606**	**-**

G. **Explanation of change in applicable tax rate compared to previous perioc**

The tax rate applicable to the Company for calculation of current tax and deferred tax was changed due to changed in provisions of applicable laws.

I. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom:

	March 31, 2017	March 31, 2016	1-Apr-15
Deductible temporary differences	-	-	-
Tax losses	(18,584,453)	(5,731,900)	-
	(18,584,453)	**(5,731,900)**	**-**

Note:

The tax losses expire in 2024-25. The deductible temporary differences do not expire under current tax legislation.

10 **Earnings per share (EPS)**

A. **Basic Earnings Per Share**

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic earnings per share calculation are as follows:

i. *Profit & Loss attributable to Equity Shareholders*

Particulars	**As at**	**As at**
	March 31, 2017	**March 31, 2016**
Net Profit after tax as per Statement of Profit & Loss attributable to Equity Shareholders	(172,342,502)	(26,675,843)
Nominal Value of Equity Shares	10	10

ii. *Weighted average number of equity shares (basic)*

	March 31, 2017	March 31, 2016
Opening balance	84,330,000	60,530,000
Effect of fresh issue of shares for cash	6,401,973	10,793,863
Weighted average number of equity shares for the year	**90,731,973**	**71,323,863**

B. **Diluted Earnings Per Share**

The calculation of diluted earnings per share is based on profit attributable to equity shareholders and weighted average number of equity shares outstanding, after adjustment for the effects of all dilutive potential equity shares. No potential ordinary shares have been identified which were dilutive as on the reporting date or during the year.

For the year ended 31 March 2017, 132,982,993 potential shares due to convertible borrowings (31 March 2016: 106,969,750) were excluded from the calculation of diluted weighted average number of equity shares as their effect would have been anti-dilutive.

11.1 Property, Plant and Equipment and capital work-in-progress

See accounting policies in Note 3(c)

A. Reconciliation of carrying amount

For 2015-16	Carrying cost as on 01.04.2015	Transition Ind AS, GAAP and other Adjustments	Cost as at 01.04.2015 as per Ind AS	Addition	Depreciation on Disposals/Other Adjustments	Ind AS Adjustments for the year	Cost as on 31.03.2016	Depreciation for the year	Carrying Amount as on 31.03.2016
Leasehold Land	98,115,777	(98,115,777)	-	403,635	-	(403,635)	-		-
Plant and Equipment	16,168,260		16,168,260	175,170	(51,159)		16,292,271	(1,211,618)	**15,080,653**
Furniture and Fixtures	2,140,699		2,140,699	-	169,337		2,310,036	(408,393)	**1,901,643**
Vehicles	1,141,366		1,141,366	-	75,527		1,216,893	(189,862)	**1,027,031**
Office equipment	1,281,120		1,281,120	-	-		1,281,120	(107,341)	**1,173,779**
Computer and Peripherals	22,324		22,324	-	69,864		92,188	(58,723)	**33,465**
Building (Constructed over leasehold land)	1,204,272		1,204,272	2,052,270	-		3,256,542	(36,230)	**3,220,312**
Total	**120,073,818**	**(98,115,777)**	**21,958,041**	**2,631,075**	**263,569**	**(403,635)**	24,449,050	**(2,012,167)**	**22,436,883**
PPE under construction	3,533,230,712	(38,419,868)	3,494,810,845	1,045,230,332	-	(24,723,460)	4,515,317,717		**4,515,317,717**

Ind AS Adjustments as on 01.04.2015	PPE under construction	Leasehold Land
Transfer of interest income to RE	473,818	
Expenses as on 01.04.2015 transferred to RE	(4,129,793)	
Prepaid SA Fees	410,591	
Measurement of Long Term Financial Instruments (Borrowings) at amortised cost as at transition date (Component to be recognized in Retained Earnings)	1,943,184	
Amortised Cost related to Long Term Financial Instruments (Borrowings) recognized as at transition date reduced from PPE under Construction	(26,247,595)	
Transferred to Advance Rent as per Ind AS	(10,870,072)	(98,115,777)
Total	**(38,419,868)**	**(98,115,777)**

Ind AS Adjustments for 2015-16	PPE under construction	Leasehold Land
Prepaid SA Fees	11,396	
Transfer of income to RE	2,083	
WDV of disposed items of PPE transferred to P&L (as per revised useful lives given in Schedule II)	(381,554)	
Amounts to be recognized in Statement of profit and loss reduced from PPE under Construction	(16,274,794)	
Other Borrowing related costs not eligible for amortization expensed in the current year	(3,021,666)	
Borrowing costs incurred during the year eligible for amortization reduced from PPE under Construction and presented appropriately	(4,673,570)	
Current portion of amortised cost capitalized in accordance with Ind AS	1,124,672	
Transferred to Advance Rent as per Ind AS	(1,510,026)	(403,635)
Total	**(24,723,460)**	**(403,635)**

11.2 Property, Plant and Equipment and PPE under Construction

See accounting policies in Note 3(c)

A. Reconciliation of carrying amount

For 2016-17	Cost as on 01.04.2016	Addition/Transfer from other heads	Cost as on 31.03.2017	Accumulated Depreciation as on 01.04.2016	Depreciation for the year	Accumulated depreciation as on 31.03.2017	Ind AS Adjustments for the year	Carrying Amount as on 31.03.2017
Plant and Equipment	16,292,271	2,681,691	18,973,962	(1,211,618)	(3,405,781)	(4,617,399)		14,356,563
Furniture and Fixtures	2,310,036	-	2,310,036	(408,393)	(1,616,666)	(2,025,059)		284,977
Vehicles	1,216,893	-	1,216,893	(189,862)	(189,862)	(379,724)		837,169
Office equipment	1,281,120	96,239	1,377,359	(107,341)	(303,067)	(410,408)		966,951
Computer and Peripherals	92,188	-	92,188	(58,723)	-	(58,723)		33,465
Building (Constructed over leasehold land)	3,256,542	2,040,861	5,297,403	(36,230)	(5,084,058)	(5,120,288)		177,115
Total	**24,449,050**	**4,818,791**	**29,267,841**	**(2,012,167)**	**(10,599,434)**	**(12,611,601)**	**-**	**16,656,240**
PPE under construction	4,515,317,717	1,309,364,879	5,824,682,596	-	-	-	(13,753,838)	5,810,928,758

B. Security

As at 31 March 2017 and comparitive periods, Property, Plant and Equipments with carrying amounts as appearing above are subject to first charge to secure bank loans. (see Note 22).

C. **Borrowing Costs Capitalized:**

During the year ended 31 March 2017 the Company has acquired and is in the process of constructing assets for setting up a hydro power plant. The Company continued construction of the the plant. Costs incurred up to the reporting date is as mentioned above. Such amounts include capitalised borrowing and other costs.

Notes:

1. Following elements are included as part of the Carrying Value of PPE under Construction

	As on			**For the year**	
	31.03.2017	**31.03.2016**	**01.04.2015**	**2016-17**	**2015-16**
Cumulative Borrowing Costs as at the reporting date	1,694,687,092	1,208,690,018	839,335,975	-	-
Interest capitalised during the year as per GAAP	-	-	-	449,445,279	357,963,635
Other Borrowing Costs capitalised as per GAAP	-	-	-	36,551,795	11,390,408
Interest and other income reduced from borrowing costs	(77,716,149)	(73,789,082)	(73,362,907)	(3,927,067)	(899,993)
Borrowing Costs trfd to P&L as per Ind AS	(3,789,377)	(3,021,666)	-	(767,711)	(3,021,666)
Finance fees transferred from Project Consultancy			27,012,719		
Prepaid SA Fees recognized during the same year	848,212	421,987	410,591	426,225	845,691
Borrowing Costs recognized as amortised cost as per Ind AS	(59,766,997)	(27,853,310)	(24,304,411)	(31,913,687)	(3,548,898)
Borrowing Costs as at the reporting date as per Ind AS	1,554,262,781	1,104,447,947	769,091,966	449,814,834	362,729,177

2. For the purpose of calculation of borrowing costs for capitalization, the Capitalisation rate is not required, because the qualifying assets are not funded from a pool of general borrowings, but from borrowings made for specific purpose of acquisition of project assets.

D. **Site Restoration and Environment Management Costs**

The Company has carried out an Environment Impact Analysis and has developed a detailed Environment Management Plan under which costs related to environment management has been estimated out of which Rs. 7,202,000 and Rs. 57,826,000 have already been paid by the Company. The cost of such activities is provided and included in the cost of PPE under Construction. Details for estimated costs are as under:

Biodiversity Conservation Management Plan	7,202,000
Action Plan for Catchment Area Treatment	57,826,000
Fisheries Development	2,779,000
Public Health Delivery System	6,610,000
Solid Waste Management	1,838,000
Provision for Fuelwood/ LPG Depots and Energy Conservation Measures	2,500,000
Relocation and Rehabilitation of Dumping Sites	5,493,000
Landscaping and Restoration of Construction Areas	2,800,000
Creation of Green Belt around Reservoir	860,000
Resettlement and Rehabilitation Plan	12,520,000
Environmental Monitoring Programme	2,000,000
Total	**102,428,000**

12.1 Intangible Assets

See accounting policies in Note 3(d)

	Intangible Assets	
Finite Useful Lives	**35 years from COD**	**As on 31.03.2016**
For 2015-16	**Right to use Forest Land**	**Total**
Cost or Deemed Cost (Gross carrying amount)	**INR**	**INR**
Balance as at 01.04.2015	**37,941,995**	**37,941,995**
WDV as on 01.04.2015	**37,941,995**	**37,941,995**
GAAP Adjustments	**-**	**-**
Balance at 01.04.2015 after GAAP adj	**37,941,995**	**37,941,995**
Ind AS Adjustments		-
Total Ind AS Adjustments		
WDV as at 01.04.2015 as per Ind AS	**37,941,995**	**37,941,995**
Cost or Deemed Cost (Gross carrying amount) as at 01.04.2015 as per Ind AS	**37,941,995**	**37,941,995**
Addition	-	-
Disposals	-	-
Gross carrying amount as at 31.03.2016	**37,941,995**	**37,941,995**
Depreciation on addition	-	-
Depreciation on disposal	-	-
Accumulated Depreciation as on 31.03.2016	**-**	**-**
GAAP Adjustments		-
Total GAAP Adjustments	**-**	**-**
Balance as on 31.03.2016 after GAAP adj	**37,941,995**	**37,941,995**
Ind AS Adjustments	**-**	**-**
Total Ind AS Adjustments for 2015-16	**-**	**-**
Balance as at 31.03.2016 as per Ind AS	**37,941,995**	**37,941,995**
Carrying amounts (net)		-
At 31.03.2016 as per Ind AS	**37,941,995**	**37,941,995**
At 01.04.2015 as per Ind AS	**37,941,995**	**37,941,995**

12.2 **Intangible Assets**

See accounting policy in Note 3(d)

Finite Useful Lives	**35 years from COD**	**35 years from COD**	**As on 31.03.2017**
For 2016-17	**Right to use Forest Land**	**Transmission Line - Right of Way**	**Total**
Cost or Deemed Cost (Gross carrying amount)			
Balance as at 01.04.2016	**37,941,995**	**-**	**37,941,995**
Additions		32,677,889	32,677,889
Disposals	-		-
Balance as at 31.03.2017	**37,941,995**	**32,677,889**	**70,619,884**
GAAP Adjustments			
Balance as on 31.03.2017 after GAAP adjustments	**37,941,995**	**32,677,889**	**70,619,884**
Ind AS Adjustments			
	-	-	-
Balance as at 31.03.2017 as per Ind AS	**37,941,995**	**32,677,889**	**70,619,884**
Accumulated amortization as on 31.03.2016	**-**		
Amortization	-		
Disposals	-		
Accumulated Amortization as on 31.03.2017	-		
At 31.03.2017 as per Ind AS	**37,941,995**	**32,677,889**	**70,619,884**
At 31.03.2016 as per Ind AS	**37,941,995**	**-**	**37,941,995**
At 01.04.2015 as per Ind AS	**37,941,995**	**-**	**37,941,995**

Note:

i. **Restrictions on title of Rights:**

A letter of comfort from the Government has been granted, that in the event of enforcement of any Security Interest by the Lenders, the GOS or the GOI, as the case may be, shall allow the transfer of the right to use of the Forest Land to the successor

Non current assets

13 Financial Assets

Long Term Loans and Advances

	31 March 2017	31 March 2016	01 April 2015
Others			
Amount receivable from Electro Mechanical Contractor	127,042,157	-	-
(Refer Note 32)	-	-	-
Less: Payable for Electro Mechanical work	1,224,329		
Less: Payable for other Electro Mechanical work	979,468		
Net Amount receivable from Electro Mechanical Contractor	**124,838,360**		
Amount receivable from LHPS and VPS Works Contractor	13,688,295	-	-
Less: Expected Losses on financial instruments recognized (Refer Note 8.1(ii) and (iii))	(138,526,655)	-	-
Total	**-**	**-**	**-**

14 Deferred Tax Assets/(Liabilities)

See accounting policy in Note 3(j.2)

	31 March 2017	31 March 2016	01 April 2015
Deferred Tax Assets			
Deffered tax assets at the beginning of the year	(68,606)	-	-
Deffered tax assets during the year on account of timing difference	-	-	-
Deffered tax liabilities during the year on account of timing difference	68,606	(68,606)	-
Total	**-**	**(68,606)**	**-**

14.1 Other Tax Assets

See accounting policy in Note 3(j.1)

	31 March 2017	31 March 2016	01 April 2015
Others			
Tax Deducted at source receivable	1,888,128	2,050,495	1,527,408
Income Tax paid during assessment proceedings (including interest)	19,385,000	15,000,000	-
	21,273,128	**17,050,495**	**1,527,408**

15 Other Non-Current Assets

	31 March 2017	31 March 2016	01 April 2015
Capital Advances			
Security deposits and Mobilzation advances (non-financial nature)			
Advance to Government Authority- Geology Deptt	310,000	-	2,205,120
Advance to erstwhile Civil Contractor	-	5,968,471	3,468,471
Advance for Project related services	1,254,150	1,254,150	280,900
Mobilization Advance for Civil Work	-	130,349,417	127,658,831
Advance to Electro Mechanical Contractor	-	127,042,157	127,042,157
Advance to LHPS and VPS Works Contractor	-	13,688,295	13,688,295
Advance for Penstock Works (Refer Note ii below)	46,000,000	46,000,000	46,000,000
Advance for Hydro Mechanical Works	15,300,000	15,300,000	15,300,000
Less: Amounts written off due to non recoverability (Refer Note 8.1(i))	(15,300,000)	(5,968,471)	-
	47,564,150	**333,634,019**	**335,643,774**
Advances other than capital advances			
Prepaid Lease Rent	724,040	1,206,700	1,744,683
Security Deposit for Water Connection	1,100	1,100	1,100
Deposit with Hughes communication	3,000	3,000	3,000
Receivable from Eastern Carriers	238,330	238,330	238,330
Other Advances	-	-	80,320
Others			
Prepaid Rent for Operating Lease of Land (Refer Note i below)	112,963,584	110,899,510	108,985,849
	161,494,204	**445,982,659**	**446,697,056**

Note:

i Prepaid rent for Operating lease of Land Comprises of Advance lease rental paid for land acquired for the purpose of project. Leasehold land is acquired from the Government as well as private parties. Even though the legal period of some leasehold rights is 99 years, it is not considered to be more than the economic life of the right to use the leasehold land for the Company, which shall not be more than the period for which the Company is expected to operate the Project. IT also comprises of additional compensation paid for the acquisition of leasehold land.

ii. Out of advance paid of Rs. 46,000,000, Rs. 38,216,857 is secured by way of bank gurantee expiring on 30.06.2017.

16 Current investments

See accounting policy in Note 3(n)

	31 March 2017	31 March 2016	01 April 2015
Investments in Equity Instruments			
Quoted			
Investments in Mutual Funds			
114094.154 units (PY : NIL Units) of IDBI Liquid Fund - Direct Plan - Growth	-	185,000,000	-
Add: increase due to Fair Valuation Through Profit or Loss (FVTPL) (Refer Note i below)	-	236,571	-
Total	**-**	**185,236,571**	**-**

	3/31/2017	3/31/2016	4/1/2015
Aggregate amount of quoted investments and market value thereof;	-	185,236,571	-
Aggregate amount of unquoted investments	-	-	-
Aggregate amount of impairment in value of investments	-	-	-

17 Short term loans and advances

See accounting policy in Note 3(m)

	31 March 2017	31 March 2016	01 April 2015
Other loans			
Unsecured, considered good			
Staff Loans	10,200	59,000	8,429
Security Deposits			
Unsecured, considered good			
Security Deposit for leased premises	-	-	30,000
Total	**10,200**	**59,000**	**38,429**

Note:

Loans granted to staff is interest free and has been given in accordance with the loan policy of the Company.

18 Cash and cash equivalents

See accounting policy in Note 3(r)

	31 March 2017	31 March 2016	01 April 2015
Balances with banks			
- In current accounts (Refer Note i below)	5,997,792	33,771,927	9,617,223
Cash on hand			
Head Office	52,547	9,920	23,925
Project Site	14,527	84,834	143,096
Total	**6,064,866**	**33,866,681**	**9,784,244**

	31 March 2017	31 March 2016	01 April 2015
Amounts of undrawn fund based committed borrowing facilities as on the reporting date subject to fulfilment of terms and conditions of sanction	3,995,727,000	4,443,258,257	1,331,409,524
Balances in the bank accounts are pledged as against borrowings of the Company	5,997,792	33,771,927	9,617,223

Note

i. The Company has opened a Trust and Retention Agreement Account as a designated account in pursuance of terms of Facility agreement, and as per terms of the agreement all the project expenses whether direct or indirect shall be routed through Trust and Retention Account and further proceeds from invetsments and reinvestments shall be credited to that account only.

18.1 **Other Financial Assets**

See accounting policy in Note 3(n)

	31 March 2017	31 March 2016	01 April 2015
Bank Deposit with more than 12 months maturity			
Fixed Deposit with VAT/Sales Tax Authorities (Refer Note i below)	105,000	105,000	105,000
	105,000	**105,000**	**105,000**

Note

i. The fixed deposit in IDBI Bank has been pledged with VAT/Sales tax department and interest accrued has not been recognized as income in Statement of profit and loss by the Company, as it is not reasonably certain as to whether the cash inflows from interest will accrue to the Company. Refer Note 30.C1 for Fair Value Disclosures.

19 **Other current assets**

	31 March 2017	31 March 2016	01 April 2015
Advances other than capital advances			
Advances to Staff and Others	171,396	421,569	791,700
Advances to Vendors	3,732,092	4,618,363	745,868
Others			
Prepaid expenses - Current Upfront Cost of Long Term Borrowings	1,268,819	924,879	974,081
Total	**5,172,307**	**5,964,811**	**2,511,649**

MADHYA BHARAT POWER CORPORATION LIMITED
Significant accounting policies and notes to the accounts
For financial year ended 31 March 2017

20 Equity share capital

A.

Particulars	**As at March 31, 2017**	**As at March 31, 2016**	**As at April 1, 2015**
Authorised	1,250,000,000	1,000,000,000	1,000,000,000
Face value of per share is Rs. 10			
Issued, subscribed and paid-up capital	1,025,620,000	843,300,000	605,300,000
Total	**1,025,620,000**	**843,300,000**	**605,300,000**

B. **Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period are as given below:**

Particulars	**As at March 31, 2017**		**As at March 31, 2016**		**As at April 1, 2015**	
	No of shares	**Rs**	**No of shares**	**Rs**	**No of shares**	**Rs**
Number of shares outstanding at the beginning of the period	84,330,000	843,300,000	60,530,000	605,300,000	60,530,000	605,300,000
Add:	18,232,000	182,320,000	23,800,000	238,000,000	-	-
Less:	-	-	-	-	-	-
Number of shares outstanding at the end of the period	102,562,000	1,025,620,000	84,330,000	843,300,000	60,530,000	605,300,000

C. **Rights, preferences and restrictions attached to equity shares**

i The company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets on winding up. The equity shares are entitled to receive dividend as declared from time to time, subject to preferential right of preference shareholders to payment of dividend. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to his/its share of the paid-up equity share capital of the company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable has not been paid. Failure to pay any amount called up on shares may lead to their forfeiture. On winding up of the company, the holders of equity shares will be entitled to receive the residual assets of the company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

ii The Company cannot distribute dividend before the start of repayment of the loan.

iii Pledge of Promoters' Equity Interest representing at least 60% (Sixty percent) of the Project Equity Capital (including the additional Equity for First Cost Overrun) in favor of the Security Agent (acting for the benefit of the Lenders), at all times, until the Final Settlement Date, increased from the initial 51% (Fifty-One percent) pledged vide the Existing Financing Documents, as and by way of a collateral security.

D. **Shares held by holding company and/or their subsidiaries/associates**

	As at March 31, 2017		**As at March 31, 2016**		**As at April 1, 2015**	
Name of the shareholder	**Number of shares**	**%**	**Number of shares**	**%**	**Number of shares**	**%**
Sarda Energy and Minerals Limited	64,006,000	62.41%	53,586,000	63.54%	40,914,000	67.59%
Sarda Energy Limited	18,940,000	18.47%	11,128,000	13.20%	-	
Chhattisgarh Investments Limited	19,316,000	18.83%	19,316,000	22.91%	19,316,000	31.91%
Sarda Agriculture and Properties Private Limited	10,000	0.01%	10,000	0.01%	10,000	0.02%

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

	As at March 31, 2017		**As at March 31, 2016**		**As at April 1, 2015**	
Name of the shareholder	**Number of shares**	**%**	**Number of shares**	**%**	**Number of shares**	**%**
Sarda Energy and Minerals Limited	64,006,000	62.41%	53,586,000	63.54%	40,914,000	67.59%
Sarda Energy Limited	18,940,000	18.47%	11,128,000	13.20%	-	
Chhattisgarh Investments Limited	19,316,000	18.83%	19,316,000	22.91%	19,316,000	31.91%

F. In the period of five years immediately preceding 31 March 2017, the Company has neither issued bonus shares, bought back any equity shares nor has not allotted any equity shares as fully paid up without payment being received in cash.

_21_ Other Equity

A.

	31 March 2017	31 March 2016	01 April 2015
Securities Premium Account			
Balance as per last financial statements	1,167,450,000	810,450,000	804,275,000
Addition on account of shares issued	273,480,001	357,000,000	
Fees for increasing authorized capital derecognized and transferred to P&L	-	-	6,175,000
Closing Balance	**1,440,930,001**	**1,167,450,000**	**810,450,000**
Reserves representing unrealized gains and			
Balance as per last financial statements	2,409,500	515,383	-
Equity instruments through Other Comprehensive Income	-	-	-
Remeasurements of the net defined benefit	327,095	1,894,117	515,383
Closing Balance	**2,736,595**	**2,409,500**	**515,383**
Retained Earnings			
Balance as per last financial statements	(40,668,004)	(13,992,161)	(1,620,501)
Transition GAAP adjustments	-	-	(8,715,685)
Transition Ind AS adjustments	-	-	(3,655,975)
Profit or loss for the year	(172,342,502)	(26,675,843)	-
Closing Balance	**(213,010,506)**	**(40,668,004)**	**(13,992,161)**
Total	**1,230,656,090**	**1,129,191,496**	**796,973,222**

Note:

i. ***Securities premium***

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

ii. ***Remeasurements of defined benefit liability (asset)***

Remeasurements of defined benefit liability (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).

B. **Capital management**

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

ii. The Company's main objectives when managing capital are to:
· ensure ongoing access to funding to develop, maintain and expand
- ensure sufficient liquidity is available (either through cash and cash equivalents, investments or committed credit facilities) to meet the needs of the business;
· ensure compliance with covenants related to its credit facilities; and
· minimize finance costs while taking into consideration current and future industry, market and economic risks and conditions.
· safeguard its ability to continue as a going concern
· to maintain an efficient mix of debt and equity funding thus achieving an optimal capital structure and cost of capital.

iii. The Board of Directors has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management of deployed funds and leveraging opportunities in financial markets so as to maintain investor, creditor and market confidence and to sustain future development of the business.

iv. The Company also uses Debt Service Coverage Ratio or DSCR for the purpose of its Capital Management. As per lending agreement DSCR for the previous 12 months shall not be less than 1.2 times when tested on the Interest Payment Dates, assuming the Debt Equity Ratio to be 64:36. DSCR shall mean, on any date, in respect of any period, the ratio of (i) is to (ii) below:

(i) the aggregate of: (a) profit after tax (excluding non-cash adjustments, if any) for that period; (b) depreciation for such period (c) Interest payable under this Agreement for such period; (d) financing costs payable under this Agreement for such period; and (e) deferred income tax liability; and

(ii) an amount equal to the sum of Interest and financing costs payable and the Repayment Instalment to be paid for that period.

v. The Company monitors capital using a ratio of 'Gross debt (unamortised cost)' to 'adjusted equity'. For this purpose, Gross debt (unamortised cost) is defined as total liabilities, comprising interest-bearing loans and borrowings. Adjusted equity comprises of Equity share Capital and Securities Premium. 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 issue new shares. Debt Equity Ratio as per Lending Agreement shall be 64:36.

Gross Debt (unamortised cost)/Adjusted Equity Ratio:

	31-Mar-17	31-Mar-16	1-Apr-15
	INR	INR	INR
Total Liabilities	3,604,073,065	3,061,403,647	2,476,590,477
Equity	2,530,050,001	2,010,750,000	1,461,050,000
Adjusted net debt to equity ratio	0.59	0.60	0.63

NON CURRENT LIABILITIES

22 Financial liabilities

Non current Borrowings

See accounting policy in Note 3(i),(m.4,5,6,7)

	Maturity Date	Nominal Interest Rate	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Term loans					
Rupee Term loans					
From banks					
Secured Loans	Refer Note 22.B.i				
IDBI Bank		IDBI's one year MCLR plus 405 bps	840,652,380	442,314,284	632,790,476
From Financial Institutions					
Secured Loans					
Power Finance Corporation	Refer Note 22.B.i	PFC Policy as per Project Rating	2,151,331,650	2,088,378,247	1,428,800,001
PTC India Financial Services Limited	Refer Note 22.B.i	PFSRR - 1.5% with annual resets after COD	612,089,035	530,711,116	415,000,000
Borrowings at Carrying Value			**3,604,073,065**	**3,061,403,647**	**2,476,590,477**
Less: Amortisation of costs due to Ind AS			(58,498,178)	(26,928,430)	(23,330,331)
Amortised Cost of Borrowings			**3,545,574,887**	**3,034,475,217**	**2,453,260,146**

Note:

i Information about the Company's exposure to interest rate, foreign currency and liquidity risks is included in Note 32(C).

ii The Company has entered into a Revised and Amended Facility Agreement during the year through which the terms of facilities have been revised pursuant to which the several covenants of the facilities from different lenders have been converged.

A. **Nature of security (Common Covenants for all lenders) :**

i.	Mortgage and charge of all the immovable properties, both present and future, including the Project Site (excluding Forest Land).
ii.	hypothecation and charge, of all the moveable Project Assets, including the moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other moveable assets, intangible, goodwill, uncalled capital etc. present and future pertaining to the Project, all the rights title, interest, benefits, claims and demands, whatsoever of the Borrower in any letter of credit, guarantee, all Insurance Contracts and Insurance Proceeds;
iii	charge on the operating cash flows, book debts, receivables, all current assets, commissions and revenues of whatsoever nature and wherever arising, both present and future pertaining to the Project;
iv.	assignment of and creation of a charge, on the following, relating to the Project: (i) all the rights, titles, interests, benefits, claims and demands whatsoever in the Project Documents, duly acknowledged and consented to by the relevant Counterparties to such Project Documents, all as amended, varied or supplemented from time to time; (ii) all the rights, titles, interests, benefits, claims and demands whatsoever of the Borrower in the Clearances; (iii) all the rights, titles, interests, licenses, benefits, claims and demands whatsoever of the Borrower in any letter of credit, guarantee, performance bond provided by any of the parties to the Project Documents; and (iv) all Insurance Contracts and Insurance Proceeds.
v.	charge on all the letter of credits and any other bank account, reserves, relating to the Project, wherever maintained; and
vi.	charge on the Trust & Retention Accounts (including DSRA), all the cash flows of the Project, including balance Equity, CER Proceeds, including any other Project related revenue/receipts flowing through the TRA, both present and future.
vii.	Pledge of Promoters' Equity Interest representing at least 60% (Sixty percent) of the Project Equity Capital (including the additional Equity for First Cost Overrun) in favor of the Security Agent (acting for the benefit of the Lenders), at all times, until the Final Settlement Date, increased from the initial 51% (Fifty-One percent) pledged vide the Existing Financing Documents, as and by way of a collateral security.
viii.	Personal Guarantee of Individual Guarantor (promoter, director and chairman and managing director of the company) which shall be released on satisfactory debt-service for two years after COD out of the operating cash flows of the Project, as and by way of a collateral security;
ix.	Debt Service Reserve Amount being atleast 2 (two) quarters principal and interest amount, as and by way of a collateral security.

B. **Repayment Covenants:**

	No. of Installments	Amount of installment	Interest payment dates
Power Finance Corporation			
Existing Facility	42	51,809,524	15th after every quarter
Additional Facility	60	Variable	15th after every quarter
PTC Financial Services India Limited			
Existing Facility	42	15,047,620	15th of each month
Additional Facility	60	Variable	15th of each month
IDBI Bank Limited			
Existing Facility	37	23,809,524	First of each month
Additional Facility	60	Variable	First of each month

Note:

i Moratorium Period for the loan is:
(a) the period of 12 (twelve) months from SCOD for Additional Facilities; and
(b) the period of 6 (six) months from SCOD for Existing Facilities.

ii There is no Moratorium Period for interest.

C. **Breach of Loan Covenants**

The company has delayed the repayment of borrowings to lenders, the details of which are:

Lender	Amount of Principal	Amount of Interest	Due date of repayment	Actual date of repayment	Period (days)	Status as on respective Reporting Date
IDBI Bank	23,809,524	-	4/15/2015	8/25/2015	132	Remedied
Power Finance Corporation	34,272,003	-	4/15/2015	7/14/2015	90	Renegotiated
PTC India Financial Services Limited		4,221,061	5/15/2015	Converted	-	Renegotiated
PTC India Financial Services Limited		4,361,764	6/15/2015	Converted	-	Renegotiated
IDBI Bank	23,809,524	-	7/15/2015	9/15/2015	62	Remedied
PTC India Financial Services Limited		4,221,061	7/15/2015	Converted	-	Renegotiated
PTC India Financial Services Limited		4,462,569	8/15/2015	Converted	-	Renegotiated
PTC India Financial Services Limited		4,462,569	9/15/2015	Converted	-	Renegotiated
IDBI Bank	-	-	10/15/2015	10/19/2015	4	Remedied
PTC India Financial Services Limited		4,710,716	10/15/2015	Converted	-	Renegotiated
PTC India Financial Services Limited		5,272,911	11/15/2015	Converted	-	Renegotiated
PTC India Financial Services Limited		5,102,817	12/15/2015	Converted	-	Renegotiated
IDBI Bank		6,345,356	1/1/2016	1/2/2016	1	Remedied
IDBI Bank	23,809,524	-	1/15/2016	2/4/2016	20	Remedied
PTC India Financial Services Limited		5,359,656	1/15/2016	Converted	-	Renegotiated
PTC India Financial Services Limited		5,469,402	2/15/2016	Converted	-	Renegotiated
PTC India Financial Services Limited		5,167,247	3/15/2016	Converted	-	Renegotiated
IDBI Bank		6,117,788	9/1/2016	9/6/2016	5	Remedied
IDBI Bank		6,117,788	11/1/2016	11/11/2016	10	Remedied
IDBI Bank		5,946,252	12/1/2016	12/3/2016	2	Remedied

Notes:

i The Company had applied to lenders for sanction of revised project cost and COD. As its application was under process and lenders had not disbursed full amount of loan, the Company had not paid the amounts due to lenders. Amount of interest payable to PTC during the year 2015-16 was converted into loan due to renegotiation.

ii. The financial assistance was revalidated and restructured during the year and terms and condtitions were under renegotiation as at 31st March 2017. 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 lenders to accelerate repayment of borrowings as per condtions mentioned in Lending Agreement.

E. Other Breaches:

		Compliance Due Date	Reporting Date		
			31 March 2017	31 March 2016	01 April 2015
i	Contract for evacuation and associated facilities	31.12.2015	Not Complied	Not Complied	N.A.
ii	Renewal of Insurance Policies related to Project works were due for renewal as on 31 March 2016 and 31 March 2017		Not Complied	Not Complied	N.A.
iii	Right of way for Transmission Lines were not acquired till 31 March 2016			Not Complied	N.A.
iv.	Contract related to Electro Mechanical Work and major packages was due for revalidation as		Not Complied	Not Complied	N.A.
v.	Bank Guarantee of some contractors were expired as on 31 March 2016 and 31 March 2017.		Not Complied	Not Complied	N.A.
vi	Change in scope/modification of HRT and Penstock should be approved by Sikkim Government.				
vii	Power Purchase Agreement to be entered within 12 months prior to SCOD		N.A.	N.A.	N.A.
viii.	Creation of Securities/Pledge		Complied	Complied	Complied
ix.	Alteration of MoA and AoA.				
x.	Renewal of Consent to Establish before disbursal of cost overrun debt				
xi.	TRA Account related defaults - Bank of India Account has been opened and Rs. 10 Crore worth transactions have been done through it.		Not Complied	Not Complied	Not Complied
xii.	Debt Equity Ratio				
xiii.	Approval from MoEF before end of Dec 16 for extension of validity of environment clearance to a date later than 30th June 2018.	31.12.2016	Not Complied	N.A.	N.A.

23 Other financial liabilities

See accounting policy in Note 3(m.4,5,6)

	31 March 2017	31 March 2016	01 April 2015
Others			
Retention money from contractors	102,755,197	49,294,438	7,081,732
	102,755,197	**49,294,438**	**7,081,732**

Note:

Refer Note 30.C.2 for Fair Value Disclosures

24 Non Current Provisions

See accounting policy in Note 3(h)

	31 March 2017	31 March 2016	01 April 2015
Other provisions			
Provision for site restoration and Environment costs	37,400,000	-	-
	37,400,000	**-**	**-**

25 Net Employee Benefit Liabilities

See accounting policy in Note 3(l)

See actuarial valuation table in Note 38

	31 March 2017	31 March 2016	01 April 2015
Provision for employee benefits			
Provision for Leave encashment	316,536	505,902	1,543,365
Provision for Gratuity	1,901,686	1,643,450	3,847,408
	2,218,222	**2,149,352**	**5,390,773**

26 Other financial liabilities

See accounting policy in Note 3(m.4,5,6)

	31 March 2017	31 March 2016	01 April 2015
Current maturities of long term debt (See Note i below)	-	95,238,096	-
Interest accrued but not due on borrowings	62,863,715	61,350,599	49,861,656
Others			
Expenses payable	3,611,247	8,786,854	7,824,598
Payable for Civil work	(658,419)	17,309,799	23,778,774
Payable for Approach Road work	8,506,000	8,506,000	8,506,000
Payable for Electro Mechanical work	-	1,224,329	1,224,329
Retention money for EM work	-	979,468	979,468
Salary & reimbursements	1,744,216	1,693,883	3,126,662
Short Term deposits	766,900	721,900	802,900

Total	**76,833,659**	**195,810,928**	**96,104,387**	

Note:

i All of the three lenders have sanctioned the revised Project Cost, except IDBI Bank Limited had sanctioned the revised project cost till last reporting date. Therefore, the term loan installments due to IDBI Bank Limited payable within one year were classified as current liability for 31 March 2016.

27 Other current liabilities

	31 March 2017	31 March 2016	01 April 2015
Others		-	-
Indirect Taxes Payable	5,122,120	5,334,685	3,255,204
TDS and TCS Payable	3,964,909	3,636,624	2,084,451
Total	**9,087,029**	**8,971,309**	**5,339,655**

28 Net Employee Benefit Liabilities

See accounting policy in Note 3(l)

See actuarial valuation table in Note 38

	31 March 2017	31 March 2016	01 April 2015
Provision for employee benefits			
Provision for gratuity	403,664	381,629	269,061
Provision for Leave	414,027	207,027	355,691
Total	**817,691**	**588,656**	**624,752**

29 Current Tax Liabilities

See accounting policy in Note 3(j.1)

	31 March 2017	31 March 2016	01 April 2015
Provision for Income Tax	19,385,000	23,131,700	-
(See Note: 32.iii)	-		
	19,385,000	**23,131,700**	**-**

30 Financial instruments - Fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Carrying amount					Fair value			
March 31, 2017 INR	**FVTPL**	**FVTOCI**	**Other Financial Assets - Amotised Cost***	**Other Financial Liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets									
Cash and cash equivalents	-	-	6,064,866	-	6,064,866	-	-	-	-
Other financial assets (Refer Note C.1 below)	-	-	105,000	-	105,000	-	158,693	-	158,693
Short term loans and advances	-	-	10,200	-	10,200	-	-	10,200	10,200
Long term loans and advances	-	-	138,526,655	-	138,526,655	-	-	-	-
	-	**-**	**144,706,721**	**-**	**144,706,721**	**-**	**158,693**	**10,200**	**168,893**
Financial liabilities									
Long term borrowings	-	-	-	3,545,574,887	3,545,574,887	-	3,545,574,887	-	3,545,574,887
Other Non-Current financial liabilities (Refer Note C.2 below)	-	-	-	102,755,197	102,755,197	-	-	102,755,197	102,755,197
Other Current financial liabilities			-	76,833,659	76,833,659	-	-	-	-
	-	**-**	**3,725,163,743**	**4,007,507,796**	**4,007,507,796**	**-**	**3,545,574,887**	**102,755,197**	**3,648,330,084**

	Carrying amount					Fair value			
March 31, 2016 INR	**FVTPL**	**FVTOCI**	**Other Financial Assets - Amotised Cost***	**Other Financial Liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets									
Cash and cash equivalents	-	-	33,866,681	-	33,866,681	-	-		-
Other financial assets (Refer Note C.1 below)	-	-	105,000	-	105,000	-	135,060	-	135,060
Quoted Mutual Funds	185,236,571	-	-	-	185,236,571	185,236,571	-	-	185,236,571
Short term loans and advances	-	-	59,000	-	59,000	-	-	59,000	59,000
Long term loans and advances	-	-	-	-	-	-	-	-	-
	185,236,571	**-**	**34,030,681**	**-**	**219,267,252**	**185,236,571**	**135,060**	**59,000**	**185,430,631**
Financial liabilities									
Long term borrowings	-	-	-	3,034,475,217	3,034,475,217	-	3,034,475,217	-	3,034,475,217
Other Non-Current financial liabilities (Refer Note C.2 below)	-	-	-	49,294,438	49,294,438	-	-	49,294,438	49,294,438
Other Current financial liabilities	-	-	-	195,810,928	195,810,928	-	-	-	-
	-	**-**	**-**	**3,328,875,020**	**3,328,875,020**	**-**	**3,034,475,217**	**49,294,438**	**3,083,769,655**

	Carrying amount					Fair value			
April 1, 2015 INR	**FVTPL**	**FVTOCI**	**Other Financial Assets - Amotised Cost***	**Other Financial Liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets									
Cash and cash equivalents	-	-	9,784,244	-	9,784,244	-	-	-	-
Other financial assets (Refer Note C.1 below)	-	-	105,000	-	105,000	-	111,363	-	111,363
Short term loans and advances	-	-	38,429	-	38,429	-	-	38,429	38,429
Long term loans and advances	-	-	-	-	-	-	-	-	-
	-	**-**	**9,927,673**	**-**	**9,927,673**	**-**	**111,363**	**38,429**	**149,792**
Financial liabilities									
Long term borrowings	-	-	-	2,453,260,146	2,453,260,146	-	2,453,260,146	-	2,453,260,146
Other Non-Current financial liabilities (Refer Note C.2 below)	-	-	-	7,081,732	7,081,732	-	-	7,081,732	7,081,732
Other Current financial liabilities	-	-	-	96,104,387	96,104,387	-	-	-	-
	-	**-**	**-**	**2,556,446,265**	**2,556,446,265**	**-**	**2,453,260,146**	**7,081,732**	**2,460,341,878**

** The carrying value and the fair value approximates.*

B. **Measurement of fair values**

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.

The table shown below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined below:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

C. **Valuation techniques**

The following methods and assumptions were used to estimate the fair values

1) Fair value of the cash and short term deposits, current loans and advances and other current financial liabilities, short term borrowing from banks and other financial institutions and other similar items approximate their carrying value largely due to short term maturities of these instruments.

2) Long-term eceivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual credit worthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

3)The fair values of the quoted mutual funds are based on price quotations at the reporting date.

C.1 The Financial Instrument i.e the Fixed Deposit in IDBI Bank has been valued at carrying cost at the reporting date due to the reason that it has been pledged with VAT/Sales tax department and it is not reasonably certain as to whether the fair value of the asset will be realized and cash inflows from interest will accrue to the Company. Therefore it is considered prudent to measure the said instrument at carrying cost.

C.2 The Retention money from Contractor is obtained in pursuance of contractual terms i.e. it is to be deducted from every bill/part of bill payment @ 10% of the bill amount. However retention money can be released 50% against Bank Guarantee but only after successful completion of contract and balance 50% to be released on completion of defect liability period. In view of the uncertainties attached with the timing of cash flows of the retention money, and repayment conditions, it is not practicable to measure the instrument at fair value.

30 Financial instruments - Fair values and risk management (continued)

D. Financial risk management objectives and policies

The Company is exposed to market risk, credit risk and liquidity risk. The Company's principal financial liabilities, comprise borrowings and liability for expenses and works. The main purpose of these financial liabilities is to finance the Company's project.

i. Risk Management Framework

The Company's board of directors has overall responsibility for the establishment and oversight of the risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the risk management policies. The committee reports regularly to the board of directors on its activities.

The Risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or project related contract, leading to a financial loss. The carrying amounts of financial assets represent the maximum credit risk exposure. The Company manages its credit risk by obtaining bank guarantee or any other form of security from the counterparty as per contractual terms and conditions.

Movements in the allowance for impairment in respect of amounts receivable from contractors

The movement in the allowance for impairment in respect of receivables from contractors is as follows:

	31-Mar-17	31-Mar-16
Balance at 1 April	-	-
Amounts written off	-	-
Net re-measurement of loss allowance	138,526,655	-
Balance at 31 March	**138,526,655**	**-**

Amount receivable worth Rs. 124,838,360 recognized as impairment loss allowance during 2016-17 is still subject to enforcement activity.

The significant changes that contributed to the recognition of impairment loss allowance in the carrying value of amounts receivable from contractors during 2016-17 are given in Note 8.1 (ii) and (iii).

Cash and cash equivalents

The Company holds cash and cash equivalents of INR 6,164,693 at 31 March 2017 (31 March 2016: INR 33,866,854; 1 April 2015: 9,784,244). The cash and cash equivalents are held with bank, which is rated MAA+(negative), based on ICRA ratings. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Company uses a similar approach for assessment of ECLs for cash and cash equivalents as used for other financial instruments.

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and does not include contractual interest payments.

31-Mar-17

	Carrying amount	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Secured bank loans	3,604,073,065	-	-	87,832,200	1,053,986,394	2,462,254,471
Interest accrued but not due on borrowings	62,863,715	62,863,715	-	-	-	-
Expenses payable	14,321,044	4,590,715	9,730,329	-		
Salary & reimbursement	1,744,216	1,744,216	-	-	-	-
Deposits from contractors	766,900	766,900	-	-	-	
Retention money from contractors	102,755,197	-	-	51,377,598	51,377,598	
Total	**3,786,524,137**	**69,965,546**	**9,730,329**	**139,209,798**	**1,105,363,993**	**2,462,254,471**

31-Mar-16

	Carrying amount	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Secured bank loans	3,061,403,647	-	-	-	634,666,667	2,426,736,980
Current maturity of long term debt	95,238,096	-	95,238,096	-	-	-
Interest accrued but not due on borrowings	61,350,599	61,350,599	-	-	-	-
Expenses payables	19,496,651	9,766,322	9,730,329	-	-	-
Salary & reimbursement	1,693,883	1,693,883	-	-	-	
Deposits from contractors	721,900	721,900	-	-	-	
Retention money from contractors	49,294,438	-	-	49,294,438	-	-
Total	**3,289,199,214**	**73,532,704**	**104,968,425**	**49,294,438**	**634,666,667**	**2,426,736,980**

1-Apr-15

	Carrying amount	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Secured bank loans	2,476,590,476	181,333,333	181,333,333	362,666,667	1,751,257,143	-
Interest accrued but not due on borrowings	49,861,656	49,861,656	-	-	-	-
Expenses payables	18,534,395	8,804,066	9,730,329	-	-	-
Salary & reimbursement	3,126,662	3,126,662	-	-	-	-
Deposits from contractors	802,900	802,900	-	-	-	-
Retention money from contractors	7,081,732	-	-	7,081,732	-	
Total	**2,555,997,821**	**243,928,617**	**191,063,662**	**369,748,399**	**1,751,257,143**	**-**

E. **Financing Arrangements:**

The Company has access to the following undrawn borrowing facilities at the end of the reporting period subject to fulfillment of terms and conditions of sanction:

	31-Mar-17	31-Mar-16	1-Apr-15
Floating rate			
Remaining undrawn Secured Loan (subject to fulfilment sanction terms and conditions)	3,995,727,000	4,443,258,257	1,331,409,524
Fixed rate			
Non-Fund Assistance (Bank Guarantee)	52,000,000	52,000,000	52,000,000
Letter of Credit (Sub Limit of Fund Based Facility mentioned above)	-	-	1,000,000,000

Note:

As disclosed in the Note 22 the Company has a secured bank loan that contains a loan covenant that a future breach of specified loan covenants may require the Company to repay the loan earlier than indicated in the above table. In addition, upon the occurrence of an Event of Default, at any time thereafter while such default is continuing, the loan can be converted, whether then due or not, into fully paid-up Equity Shares of the Company, at market value or book value or at par, whichever is lower in the manner, considered necessary/appropriate (including under the framework of the Strategic Debt Restructuring Scheme issued by the RBI on June 8, 2015, as amended from time to time. Under the Facility Agreement, the covenants are monitored on a regular basis by the Company and regularly reported to management.

iv Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which transactions are denominated and the functional currencies of the Company. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's Project related Plant and Equipment procurement activities. The functional currency for the Company is INR. The Company has not entered into any forward contracts or derivatives to hedge or mitigate the currency risk.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk (based on notional amounts) as reported to the management is as follows.

	31-Mar-17		31-Mar-16		1-Apr-15	
	USD	EURO	USD	EURO	USD	EURO
Capital Commitments (Unrecognized)	-	11,150,000	2,861,967	1,110,940	2,861,967	1,110,940
Contingent Liabilities (Unrecognized)	148,315	57,572				

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company does not have any policy and has not entered into any financial instruments to mitigate the risk that may arise due to changes in the interest rates.

Exposure to interest rate risk

The exposure of the Company's borrowings to interest rate changes at the end of the reporting period are as follows:

	31-Mar-17	**31-Mar-16**	**1-Apr-15**
Fixed rate instruments			
Financial liabilities	-	-	-
	31-Mar-17	**31-Mar-16**	**1-Apr-15**
Variable rate instruments			
Financial liabilities	3,604,073,065	3,156,641,743	2,476,590,477

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, remain constant.

	Finance Cost (Capitalized)		**Equity**	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31-Mar-17				
Variable rate instruments	33,899,266	(33,899,266)	-	-
31-Mar-16				
Variable rate instruments	26,672,511	(26,672,511)	-	-

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

Other Market Price Risks

The Company is exposed to equity price risk, which arises from Mutual Funds measured at fair value through profit or loss temporarily held by investment of surplus funds for the purpose of reduction in the overall cost of borrowing. The management monitors the proportion of Mutual Funds in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board.

Price Sensitivity of financial instruments valued through profit or loss

All of the Company's listed Mutual Funds are listed on the Bombay Stock Exchange (BSE) or the National Stock Exchange in India. Sensitivity is calculated at 2% of market price as on the reporting date.

	Cost	**Market Value**	**Market Price**		**Sensitivity**	
			2% increase	**2% decrease**	**2% increase**	**2% decrease**
31.03.2017						
Nil						
31.03.2016						
114094.154 units of IDBI Liquid Fund	185,000,000	185,236,571	188,941,302	181,531,840	3,704,731	(3,704,731)
01.04.2015						
Nil						

31 **Leases**

See accounting policy in Note 3(g)

Leases as lessee

The Company has taken on lease offices and plant facilities under operating leases. The leases typically run for a period of one to ten years, with an option to renew the lease after that period. Lease payments are renegotiated periodically to reflect market rentals. Some leases provide for additional rent payments that are based on changes in specified local price indices.

The leases were entered into many years ago as combined leases of land and buildings. The rent paid to the landlord is adjusted to market rentals at regular intervals, and the Company does not have an interest in the residual value of the land and building. As a result, it was determined that substantially all the risks and rewards of the land and building are with the landlord and therefore the land and building elements are classified as operating leases.

32 Contingent liabilities and commitments
(to the extent not provided for)

A. Contingent liabilities
Claims against the Company not acknowledged as debts

	March 31, 2017		March 31, 2016	April 1, 2015
	INR	FC		
Claims by erstwhile Electro Mechanical Contractor (i)				
(a)INR	250,725,228	-	-	-
(b)EURO	3,986,723	57,572	-	-
(c)USD	9,616,537	148,315	-	-
(a)+(b)+(c)	**264,328,488**	-	-	-
Claims by erstwhile Civil Contractor (ii)	129,766,245	-	129,766,245	132,116,245
	394,094,733	-	**129,766,245**	**132,116,245**

Notes:

i. Claim against the Company comprises suspension and damages claim by erstwhile Electro Mechanical Contractor M/s. Voith Hydro Private Limited. The dispute is presently under arbitration. Moreover, the Company has given advance to the said Contractor which has been reduced from the gross claim amount (Refer Note 8.1), in pursuance of Contractual terms.

ii. Claim against the Company comprises claim related to idle time by erstwhile Civil Contractor M/s. SEW Infrastructures Limited. The issue is presently under litigation in High Court. However the company is contesting the demand by counter claim on the contractor for breach of settlement agreement.

iii. One Claim against the Company in respect of higher compensation for damage of properties and crop is under litigation in Supreme Court of India and financial liability that may arise on account of such claim cannot be quantified due to impracticabilities associated therewith.

iv. During the financial year 2014-15, search & survey operation was conducted in the premises of the company, u/s 132 & 133A of Income Tax Act,1961. In the course of search some documents and records were seized by the survey team. The Company has estimated and provided liability in its financial statements and the matter is presently before Settlement Commission and the application has not been disposed off as on the reporting date.

v. Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.

B. Guarantee outstanding

	March 31, 2017	March 31, 2016	April 1, 2015
Power Grid Corporation of India	48,000,000	48,000,000	48,000,000
	48,000,000	**48,000,000**	**48,000,000**

i The performance bank guarantee has been issued by IDBI Bank at the request of the Company in favour of Power Grid Corporation of India Limited (PGCIL). The terms of the contract contain a minimum compensation payment to PGCIL in the event of default for an amount which is limited to a maximum of Rs. 48,000,000. The guarantee has been given in pursuance of agreement as a Long Term Transmission Customer with PGCIL. The last date of lodgement of claim is 31 March 2018.

C. Commitments (Capital nature)

	March 31, 2017	March 31, 2016	April 1, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for (see Note i)			
For acquisition of PPE			
Civil Work (current)	695,047,377	931,942,387	914,024,324
Electro Mechanical Works (current)(See Note ii)	772,110,740	-	
Transmission line related Services	2,250,000	2,250,000	2,250,000
Engineering Services	4,795,341	7,140,000	16,752,000
Electro Mechanical Works (erstwhile)	-	883,750,000	883,750,000
Penstock Works	414,000,000	414,000,000	414,000,000
Other Hydro Mechanical Works	-	17,265,906	17,265,906
	1,888,203,458	**2,256,348,293**	**2,248,042,230**

Notes:

i. As at the reporting dates, the Company is committed to spend under several contracts to purchase items of property, plant and equipment.

ii These commitments are denominated in Euro. Refer Note 30.E.(iv)

33 Related Party Transactions

A. Parent and ultimate controlling party

i. During the year ended 31 March 2017 10,420,000 shares were issued by the Company to Sarda Energy and Minerals Limited. The controlling party of the Company's stake has changed from 63.54% to 62.41%.

ii. The Parent Company along with one of the Associate and Fellow Subsidiary of the Company in their capacity as Promoters has irrevocably and unconditionally declared and undertaken that it shall solely be responsible to make equity contributions without recourse to the lenders and has also acknowledged several other obligations under a Facility Agreement entered with the lenders.

B. Transactions with key management personnel

i. ***Key management personnel compensation***

Transactions during the year	2016-17	2015-16
Short-term employee benefits	7,639,964	7,716,723
Post-employment defined benefit	99,481	-
Leave Salary	40,360	78,000
Share-based payments	-	-
Termination benefits	-	623,077

Compensation of the Group's' key managerial personnel includes salaries, allowances and contributions to post-employment defined benefit plan.

Executive officers are also entitled participate in the Parent Company's share option plan.

ii. **Transactions with key management personnel including directors**

A number of these entities transacted with the Company during the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or those which might reasonably be expected to be available, in respect of similar transactions with non-key management personnel related entities on an arm's length basis.

The aggregate value of the Company's transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence is as follows:

Nature of transaction		Transaction value		Balance outstanding		
	Note	2016-17	2015-16	March 31, 2017	March 31, 2016	April 1, 2015
Material Purchased		4,183,925	1,507,747			
Operating Leases as lessee		664,146	664,146			

C. Names of Related Parties and description of relationship

Description of Relationship	Names of Related Parties
Holding Company	
	Sarda Energy & Minerals Limited
Fellow subsidiaries	
	Sarda Energy Limited
	Sarda Metals and Alloys Limited
	Chhattisgarh Hydro Power LLP
Associates	
	Chhattisgarh Investments Limited
	RR Sarda and Company
	Sarda Power and Steel Limited
Key Managerial Personnel	
Chairman	Kamal Kishore Sarda
Non Executive Director	Pankaj Sarda
Executive Director	Parthsarthi Dutta Gupta
Non Executive Director	Padam Kumar Jain
Chief Financial Officer	Shilpa Rathod
Company Secretary	Manish Sethi
Non Executive Director	Chittur Krishnan Lakshminarayanan
Non Executive Director	Gajinder Singh Sahni
Nominee Director (PFC)	Gaurishankar Patra

D. **Material transactions with Related Parties**

	Holding Company	Fellow subsidiary	Associates	Key management personnel of the entity or its parent	Other related parties
Equity Investment including Security Premium	260,500,000 (316,800,000)	195,300,000 (278,200,000)	- -		
Share Application money received during the year	37,000,000 -	26,500,000 -	- -		
Guarantee given on behalf of the Company	- -	- -	- -	To the extent of borrowings	
Operating leases as lessee	- -	- -	964,146 (964,146)		
Material Purchases	- (1,507,747)	- -	- -	- -	4,183,925
Expenses incurred/Payments made by related party on behalf of the Company	5,954,127	197,685			
Remuneration and sitting fees paid	- -	- -		7,779,805 8,417,800	

Outstanding as at reporting date

Share Application Money pending for allotment	37,000,000 -	26,500,000 -	- -	- -	- -
Payable					
SEML	- -	- -	- -	- -	- -
SMAL	- -	48,893 -	- -	- -	- -
R.R. Sarda and Co	- -	- -	597,731 (1,195,462)	- -	- -
Guarantee given on behalf of the Company	- -	- -	- -	To the extent of borrowings	- -
Commitment to invest in the Company	- -	- -	- -	As per shareholder's agreement	- -

Note

i. Figures in brackets represents previous year's figures.

ii. Outstanding balances are to be settled in cash within six months of the reporting date and none of the balances is secured.

34 **Disclosure on Specified Bank Notes (SBNs)**

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	-	49,812	49,812
(+) Permitted receipts	-	96,875	96,875
(-) Permitted payments	-	84,807	84,807
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on December 30, 2016	-	61,880	61,880

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

35 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)-Section 22

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of accounting year;	-	-	-
the amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-	-
the amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid);	-	-	-
The amount of interest accrued and remaining unpaid at the end of accounting year;	-	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-	-

36 Events occuring after Balance Sheet date

i. The Company has entered into foreclosure agreement with M/s. Aarti Infra Projects Private Limited for some Hydro Mechanical Work supply and service. The foreclosure was under the process of negotiation as on the reporting date and the agreement was executed in between the reporting date and the date of approval of financial statements. Since the execution of agreement has confirmed the existence of condtions existing on the reporting date, the amount has been appropriately adjusted in the financial statements.

37 Explanation of transition to Ind AS (Continued)

Reconciliation of equity

	Notes	31 March 2016				As at date of transition 1 April 2015			
		Previous GAAP*	GAAP/Non Ind AS	Ind AS Adj	Ind AS	Previous GAAP*	GAAP/Non Ind AS	Ind AS Adj	Ind AS
ASSETS									
Non-current assets									
Property, plant and equipment	*a.*	120,956,296	-	(98,519,412)	22,436,884	120,073,818	-	(98,115,777)	21,958,041
PPE under Construction	*b.*	4,578,461,044	-	(63,143,327)	4,515,317,717	3,533,230,712	-	(38,419,868)	3,494,810,845
Other intangibles assets		37,941,995	-	-	37,941,995	37,941,995		-	37,941,995
Financial assets									
Long term loans and advances		-	-	-	-	-	-	-	-
Deferred Tax Assets	*c.*	-	-	(68,606)	(68,606)	-	-	-	-
Other Tax Assets		17,050,495	-	-	17,050,495	1,527,408	-		1,527,408
Other Non Current Assets	*d.*	341,310,341	(178,401)	104,850,719	445,982,659	337,889,608	(178,401)	108,985,849	446,697,056
Total non-current assets		**5,095,720,170**	**(178,401)**	**(56,880,626)**	**5,038,661,144**	**4,030,663,541**	**(178,401)**	**(27,549,796)**	**4,002,935,345**
Current assets									
Financial assets									
Investments	*e.*	185,000,000	-	236,571	185,236,571	-	-	-	-
Short term loans and advances		59,000			59,000	38,429			38,429
Cash and cash equivalents		33,866,681	-	-	33,866,681	9,784,244	-	-	9,784,244
Other Financial assets		105,000			105,000	105,000			105,000
Other current assets	*f.*	5,461,919	-	502,892	5,964,811	1,948,159		563,490	2,511,649
Total current assets		**224,492,600**	**-**	**739,463**	**225,232,063**	**11,875,832**	**-**	**563,490**	**12,439,322**
Total assets		**5,320,212,770**	**(178,401)**	**(56,141,162)**	**5,263,893,207**	**4,042,539,373**	**(178,401)**	**(26,986,306)**	**4,015,374,666**
EQUITY AND LIABILITIES									
Equity									
Equity share capital		843,300,000	-	-	843,300,000	605,300,000	-	-	605,300,000
Other equity									
Securities Premium		1,161,275,000	6,175,000	-	1,167,450,000	804,275,000	6,175,000	-	810,450,000
Retained Earnings		(25,161,215)	(8,605,955)	(29,920,721)	(63,687,891)	(1,620,501)	(8,715,685)	(3,655,975)	(13,992,161)
Items of OCI									
Remeasurement of Retirement benefits		-		2,409,500	2,409,500	-	-	515,383	515,383
Share application money pending allotment		**-**	**-**	**-**	**-**	**45,300,000**	**-**	**-**	**45,300,000**
Total Equity		**1,979,413,785**	**(2,430,955)**	**(27,511,221)**	**1,949,471,609**	**1,453,254,499**	**(2,540,685)**	**(3,140,592)**	**1,447,573,222**
LIABILITIES									
Non-current liabilities									
Financial liabilities									
Borrowings	*g*	3,061,403,647		(26,928,430)	3,034,475,217	2,476,590,477		(23,330,331)	2,453,260,146
Other financial liabilities		49,294,438		-	49,294,438	7,081,732		-	7,081,732
Provisions									
Net Employee Benefit Liabilities						-			
Gratuity	*h*	1,805,335	353,498	(515,383)	1,643,450	3,899,563	463,228	(515,383)	3,847,408
Leave	*h*	-	1,543,365	(1,037,463)	505,902	-	1,543,365		1,543,365
Total non-current liabilities		**3,112,503,420**	**1,896,863**	**(28,481,276)**	**3,085,919,007**	**2,487,571,772**	**2,006,593**	**(23,845,714)**	**2,465,732,651**
Current liabilities									
Financial liabilities									
Other financial liabilities		195,810,928			195,810,928	96,104,387			96,104,387
Other current liabilities		8,971,309		-	8,971,309	5,339,655		-	5,339,655
Provisions									
Gratuity	*h*	381,629		-	381,629	269,061			269,061
Leave	*h*	-	355,691	(148,664)	207,027	-	355,691		355,691
Current tax liabilities		23,131,700			23,131,700				
Total current liabilities		**228,295,566**	**355,691**	**(148,664)**	**228,502,593**	**101,713,103**	**355,691**	**-**	**102,068,794**
Total liabilities		**3,340,798,986**	**2,252,554**	**(28,629,940)**	**3,314,421,599**	**2,589,284,875**	**2,362,284**	**(23,845,714)**	**2,567,801,445**
Total equity and liabilities		**5,320,212,771**	**(178,401)**	**(56,141,162)**	**5,263,893,208**	**4,042,539,374**	**(178,401)**	**(26,986,306)**	**4,015,374,667**

Reconciliation of total comprehensive income for the year ended 31 March 2016

			Year ended 31 March 2016			
	Particulars	**Notes**	**Previous GAAP***	**GAAP Adjustments**	**Adjustment on transition to Ind AS**	**Ind AS**
	Continuing Operations					-
	Revenue from operations					-
	Other income		-	-	236,571	236,571
	Total income		**-**	**-**	**236,571**	**236,571**
	Expenses					
	Employee benefit expense		-	-	8,205,058	8,205,058
	Finance costs		-	-	3,021,666	3,021,666
	Other expenses		409,014	-	9,239,599	9,648,613
	Total expenses		**409,014**	**-**	**20,466,323**	**20,875,337**
	Loss from continuing operations before exceptional items and before income tax		**(409,014)**	**-**	**(20,229,752)**	**(20,638,766)**
	Exceptional Items		**-**		**(5,968,471)**	**(5,968,471)**
	Loss fom continuing operations before income				**(26,198,223)**	**(26,607,237)**
	Current Tax		(131,700)		131,700	-
	Deferred Tax		-	-	(68,606)	(68,606)
	Income Tax related to Prior periods		(23,000,000)	-	23,000,000	-
	Total tax expense		**(23,131,700)**	**-**	**23,063,094**	**(68,606)**
	Loss for the period from continuing operations		**(23,540,714)**	**-**	**(3,135,129)**	**(26,675,843)**
	Other Comprehensive income					
	Items that will not be subsequently reclassified to profit or loss		-	-	-	-
	Remeasurement of defined benefit liability for gratuity		-	-	1,894,117	1,894,117
	Deferred Tax on Re measurement of Gratuity as per Actuarial Valuation					
	Net other comprehensive income not to be reclassified subsequently to profit or loss		**-**	**-**	**1,894,117**	**1,894,117**
	Items that will be reclassified subsequently to profit or loss					
	Debt instruments through other comprehensive income - net change in fair value		-	-	-	-
	Net other comprehensive income to be reclassified subsequently to profit or loss		**-**	**-**	**-**	**-**
	Other comprehensive income for the year, net of income tax		**-**	**-**	**1,894,117**	**1,894,117**
	Total comprehensive income for the year		**(23,540,714)**	**-**	**(1,241,012)**	**(24,781,726)**

Explanation of transition to 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).

The accounting policies set out in Note 3 have been applied in preparing these financial statements for the year ended 31 March 2017 including the comparative information for the year ended 31 March 2016 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2015.

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. In preparing its Ind AS balance sheet as at 1 April 2015 and in presenting the comparative information for the year ended 31 March 2016, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exceptions

In preparing these consolidated financial statements, the Group has applied the below mentioned optional exemptions and mandatory exceptions.

A. **Optional exemptions availed**

37.1 **Property plant and equipment and intangible assets**

As per Ind AS 101 an entity may elect to:

i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date

(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:

− fair value;

− or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(iii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets. The carrying values of property, plant and equipment as aforesaid are after adjustments relating to decommissioning liabilities.

37.2 **Determining whether an arrangement contains a lease**

Ind AS 101 includes an optional exemption that permits an entity to apply the relevant requirements in Appendix C of Ind AS 17 for determining whether an arrangement existing at the date of transition contains a lease by considering the facts and circumstances existing at the date of transition (rather than at the inception of the arrangement).

The Company has elected to avail of the above exemption.

B. Mandatory exceptions

37.3 Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL and/ or FVOCI.
- Determination of the discounted value for financial instruments carried at amortized cost.
- Discounted value of liability for decommissioning costs.

37.4 Derecognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has not elected to apply the derecognition principles of Ind AS 109 retrospectively.

37.5 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets based on facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortized cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortized cost has been done retrospectively except where the same is impracticable.

Notes to the Reconciliation

***a.* Lease arrangement**

Under previous GAAP, arrangements that did not take the legal form of lease were accounted for based on the legal form of such arrangements. Under Ind AS, any arrangement (even if not legally structured as lease) which conveys a right to use an asset in return for a payment or series of payments are identified as leases provided certain conditions are met. In case such arrangements are determined to be in the nature of leases, such arrangements are required to be classified into finance or operating leases as per the requirements of Ind AS 17, Leases.

The Company has entered into certain arrangements which have been identified to be in the nature of lease and have been classified as operating lease arrangements.

Impact arising from the change is summarised as under:

	2016-17		**2015-16**		**01-Apr-15**	
	GAAP/ Non Ind AS	Ind AS	GAAP/ Non Ind AS	Ind AS	GAAP/ Non Ind AS	Ind AS
Property, plant and equipment						
Leasehold Land				(403,635)		(98,115,777)
Other Non-Current Assets						
Advance lease rent for long term operating lease trfd from PPE				403,635		98,115,777
Advance lease rent for long term operating lease trfd from PPE under Construction				1,510,026		10,870,072

b. **PPE under Construction**

	2016-17		2015-16		01-Apr-15	
	GAAP/ Non Ind AS	Ind AS	GAAP/ Non Ind AS	Ind AS	GAAP/ Non Ind AS	Ind AS
Measurement of Long Term Financial Instruments (Borrowings) at amortised cost as at transition date (Component to be						1,943,184
Amortised Cost related to Long Term Financial Instruments (Borrowings) recognized as at transition date						(26,247,595)
Current portion of amortised cost capitalized in accordance with Ind AS		924,879		1,124,672		
Borrowing costs incurred during the year eligible for amortization reduced from PPE under Construction and presented as reduction from Borrowings (non current portion) and Prepaid expense (current portion)		(32,838,566)		(4,673,570)		
Provision for Environment Management Costs		37,400,000				
Amounts to be recognized in Statement of profit and loss reduced from PPE under Construction						
Advocate Fees		(747,750)		(865,156)		
Amounts written back				2,202		
Audit Fees and Expenses		(898,401)		(630,565)		
Computer Expenses		(24,010)		(14,700)		
Conveyance Expenses, Raipur		(25,748)		(4,231)		(31,369)
Conveyance Expenses, Sikkim		(25,424)		(52,627)		(208,183)
Coolie and cartage						(190)
Depreciation on Computers Reversed		(58,722)				
Director's Remuneration, Sitting Fees and Other Exp.		(320,100)		(667,428)		
Electricity Charges		(49,532)		(48,551)		
Fees and Subscription		(27,729)		(3,850)		
Fees for Certification		(27,600)		(47,880)		
Fees for Dematerialization of Shares		(5,750)		(68,700)		
Filing Expenses						(6,829)
Filing fees						(58,435)
General Expenses						(67,840)
Gift and Presents		(52,350)		(570)		(1,073,790)
Insurance Expenses		(9,085)		(32,222)		
Interest on FBT Refund						963
Interest on IT Refund		23,209				369,978
Interest on retention money						(12,471)
Interest on TDS				(19,762)		(296)
Internet Café expenses						(105)
Legal, Professional and Consultancy		(316,927)		(1,109,631)		
Legal Expenses		(164,460)		(2,480)		
Local Conveyance						(107,656)

Loss on sale of mobile						(5,500)
loss on theft						(71,990)
Maintenance Charges - Mumbai Office		(48,893)				
Misc Income						102,877
Misc Rates and Taxes						(300)
Miscellaneous Expenses						(103,116)
Mobile Charges		(6,787)				
News paper books				(675)		(48,521)
NPS Charges		(295)				
NPS Registration Fees		(143)				
Office Expenses		(97,482)		(84,270)		
Office Expenses (Cleaning Contract)		(117,787)		(115,793)		
Other Borrowing related costs not eligible for amortization expensed in the current year		(767,711)		(3,021,666)		
Postage and courier		(9,404)		(8,724)		(294,439)
Prepaid SA Fees capitalised		426,225		11,396		410,591
Printing and stationery		(162,733)		(100,915)		(1,894,101)
Project Area Development Expenses		(6,310,758)		(3,536,940)		
Puja Expenses		(720)				(49,351)
Rent GK II Delhi		(300,000)		(300,000)		
Rent Mumbai Office		(664,146)		(1,328,292)		
Salaries, incentives and allowances		(5,814,379)		(6,279,720)		
Staff recruitment expenses						(41,192)
Staff Welfare		(350,455)		(549,921)		
Stamp and Duty						(2,089)
TDS paid account						(230)
Telephone and Internet Expenses		(243,444)		(377,410)		
Temporary Civil Structures Capitalised		(2,040,861)				
Training and Development				(23,900)		(51,800)
Transferred to Advance Rent as per Ind AS				(1,510,026)		(10,870,072)
WDV of disposed items of PPE transferred to P&L (as per revised useful lives given in Schedule II)				(381,554)		
Total adjustments	**-**	**(13,753,838)**	**-**	**(24,723,460)**	**-**	**(38,419,868)**

***c.* Deferred Tax Assets**

	2016-17		2015-16		01-Apr-15	
	GAAP/ Non Ind AS	Ind AS	GAAP/ Non Ind AS	Ind AS	GAAP/ Non Ind AS	Ind AS
Adjustments are due to:						
Deferred Tax Impact on Adjustments due to Ind AS (on Op Diff of FA WDVs)						-
Retained Earnings						-
Revaluation of Investments		(68,606)				
Statement of Profit and Loss		68,606		(68,606)		

***d.* Other Non-Current Assets**

	2016-17		2015-16		01-Apr-15	
	GAAP/ Non Ind AS	Ind AS	GAAP/ Non Ind AS	Ind AS	GAAP/ Non Ind AS	Ind AS
Other Non-Current Assets						
Advance lease rent for long term operating lease transferred from Leasehold Land				403,635		98,115,777
Additional Land compensation transferred from PPE under Construction as part of advance lease rent for long term operating				1,510,026		10,870,072
Advance to Leroy Infra Written off		(13,688,295)				
Advace to Aarti Infra Written off		(15,300,000)				
Advance to SEW Infra Written off				(5,968,471)		
Amout of Siddharth Communication Written off				(80,320)		
Unamortized expenses written off charged to RE					(178,401)	
Total	-	(28,988,295)	-	(4,135,130)	(178,401)	108,985,849

***e.* Fair valuation of Investments**

In accordance with Ind AS, financial assets representing investment in equity shares of entities other than subsidiaries, associates and joint ventures as well as debt securities have been fair valued. The Company has valued certain investments as fair value through profit or loss as permitted by Ind AS 109. Under the previous GAAP, the application of the relevant accounting standard resulted in all these investments being carried at cost. The impact arising from the change is summarised as follows:

	2016-17		2015-16		01-Apr-15	
	GAAP/ Non Ind AS	Ind AS	GAAP/ Non Ind AS	Ind AS	GAAP/ Non Ind AS	Ind AS
Investments in Mutual Funds						
Increase due to fair valuation through Statement of Profit and Loss				236,571		
Statement of Profit and Loss						
Other Income				236,571		

***f.* Other current assets**

	2016-17		2015-16		01-Apr-15	
	GAAP/ Non Ind AS	Ind AS	GAAP/ Non Ind AS	Ind AS	GAAP/ Non Ind AS	Ind AS
Other advances						
Prepaid SA Fees		(426,225)		(421,987)		(410,591)
Prepaid expenses - Current Upfront Cost of Long Term Borrowings		1,268,819		924,879		974,081
Total	-	842,594	-	502,892	-	563,490

***g.* Borrowings at amortised cost**

Based on Ind AS 109, financial liabilities in the form of borrowings have been accounted at amortised cost using the effective interest rate method. The impact arising from the change is summarised as follows:

	2016-17		2015-16		01-Apr-15	
	GAAP/ Non Ind AS	Ind AS	GAAP/ Non Ind AS	Ind AS	GAAP/ Non Ind AS	Ind AS
Non current Borrowings						
Amortization of borrowing cost related to loan		(58,498,178)		(26,928,430)		(23,330,331)

h. **Employee defined benefit liability and Leave**

Under Ind AS, remeasurement of defined benefit liability (asset) are recognised in other comprehensive income. Under previous GAAP the Company recognised such remeasurements in PPE under Construction as all other costs related to employee benefit were capitalized.

	2016-17		**2015-16**		**01-Apr-15**	
	GAAP/ Non Ind AS	Ind AS	GAAP/ Non Ind AS	Ind AS	GAAP/ Non Ind AS	Ind AS
Non Current						
Provision for employee benefits						
Actuarial Gains on Re measurement of Gratuity as per Actuarial Valuation		327,095		(1,894,117)		(515,383)
Amount adjusted to reconcile the amount as per Actuarial valuation charged to RE			(109,730)		463,228	
Amount recognized as per Actuarial Certificate				(148,664)		
Leave						
Leave liability recognized for the first time as per actuarial valuation on the transition date charged to RE					1,543,365	
Current						
Leave liability recognized for the first time as per actuarial valuation on the transition date charged to RE					355,691	
Statement of Profit and Loss						
Gratuity		607,366	1,894,117			
Leave		187,053	250,987			
Remeasurement of other long term employee benefits (Earned Leave)		(169,419)	(1,437,115)			

38 Assets and liabilities relating to employee benefits

See accounting policy in Note 3(l)

For details about the related employee benefit expenses, see Note 5

A. ***The Company operates the following post-employment***

The Group has a defined benefit gratuity plan in India (Plan A), governed by the Payment of Gratuity Act, 1972. Plan A entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned. The vesting criteria on retirement is 5 years of service and on leaving service is equal to or more than 5 years of service and vesting condition on death is not applicable. This defined benefit plan expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. Benefit basis is accrued benefits and benefit payments are made on lump sum basis. Maximum limit on benefits under the plan is Rs. 10,00,000. No amendment or curtailment in the plan has occured during the year.

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

The Company expects to pay INR 8,38,524 in contributions to its defined benefit plan in 2017-18.

B. The results of the actuarial study for the obligation for employee benefits as computed by the actuary are shown below:

	Gratuity			Leave		
Actuarial study analysis	**31 March 2017**	**31 March 2016**	**1-Apr-15**	**31 March 2017**	**31 March 2016**	**1-Apr-15**
Principal actuarial assumptions						
Discount rate	6.75%	7.59%	7.74%	6.75%	7.59%	7.74%
Range of compensation increase	5.50%	5.50%	15.00%	5.50%	11.00%	20.00%
Attrition rate:						
Age 21 - 44	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Age 45 - 59	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Expected rate of return on plan assets	-	-	-	-	-	-
Plan duration	-	-	-	-	-	-

	Gratuity			Leave		
Actuarial study analysis	**31 March 2017**	**31 March 2016**	**1-Apr-15**	**31 March 2017**	**31 March 2016**	**1-Apr-15**
Components of income statement charge						
Current service cost	453,661	392,207	912,087	132,941	104,000	615,727
Interest cost	153,704	279,464	267,227	54,111	146,987	-
Recognition of past service cost	-	-			-	1,283,329
Settlement/curtailment/termination loss	-	-				-
Total charged to statement of profit or loss	**607,365**	**671,671**	**1,179,314**	**187,052**	**250,987**	
Total charged to Retained Earnings	**-**	**-**	**-**		**-**	**1,899,056**
Movements in net liability/(asset)						
Net liability at the beginning of the year	2,025,079	4,116,470	3,452,539	712,928	1,899,056	-
Employer contributions	-	(868,944)	-	-	-	-
Total expense recognised in the statement of profit or loss	607,365	671,671	1,179,314	187,052	250,987	-
Total expense recognised in the Retained Earnings	-	-	-	-	-	1,899,056
Total amount recognised in OCI	(327,094)	(1,894,118)	(515,383)	(169,418)	(1,437,115)	-
Net liability at the end of the year	**2,305,350**	**2,025,079**	**4,116,470**	**730,562**	**712,928**	**1,899,056**
Reconciliation of benefit obligations						
Obligation at start of the year	2,025,079	4,116,470	3,452,539	712,928	1,899,056	-
Current service cost	453,661	392,207	912,087	132,941	104,000	615,727
Interest cost	153,704	279,464	267,227	54,111	146,987	
Benefits paid directly by the Group		(868,944)	-	-	-	-
Extra payments or expenses/(income)		-	-	-	-	-
Obligation of past service cost	-	-	-	-	-	1,283,329
Actuarial loss	(327,095)	(1,894,118)	(515,383)	(169,418)	(1,437,115)	-
Defined benefits obligations at the end of the year	**2,305,349**	**2,025,079**	**4,116,470**	**730,562**	**712,928**	**1,899,056**
Re-measurements of defined benefit plans						
Actuarial gain/(loss) due to changes in demographic assumptions	-	(195,149)	-	-	-	-
Actuarial gain/(loss) due to changes in financial assumptions	67,493	(704,656)	265,862	19,565	(219,161)	-
Actuarial gain/(loss) on account of experience adjustments	(394,587)	(994,312)	(781,245)	(188,983)	(1,217,954)	-
Total actuarial gain/(loss) recognised in OCI	**(327,094)**	**(1,894,117)**	**(515,383)**			
Total actuarial gain/(loss) recognised in Statement of profit or loss				**(169,418)**	**(1,437,115)**	**-**

C. ***Sensitivity analysis of significant assumptions***

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below. Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

	Gratuity					
	31-Mar-17		**31-Mar-16**		**1-Apr-15**	
Sensitivity of DBO, Service Cost, and P&L Acc	**% increase in DBO**	**Liability**	**% increase in DBO**	**Liability**	**% increase in DBO**	**Liability**
Discount rate						
+ 1% discount rate	-3.49%	2,224,812	0.00%	1,949,829	0.00%	3,927,512
- 1% discount rate	3.75%	2,391,898	7.99%	2,105,657	10.04%	4,321,969
Salary increase						
+1% salary growth	3.19%	2,378,901	7.38%	2,093,643	8.64%	4,266,841
-1% salary growth	-3.03%	2,235,456	0.51%	1,959,735	1.06%	3,969,293
Attrition Rate						
+1% salary growth	-0.02%	2,304,997	3.93%	2,026,541	2.69%	4,033,175
-1% salary growth	-0.05%	2,304,168	3.69%	2,021,869	6.99%	4,201,971
Mortality Rate						
10% Up	0.00%	2,305,271	3.86%	2,025,019	4.75%	4,114,171

	Leave		
Sensitivity of DBO, Service Cost, and P&L Account	**31 March 2017**	**31 March 2016**	**1-Apr-15**
Discount rate			
+ 1% discount rate	707,416	692,322	1,944,805
- 1% discount rate	755,660	735,150	2,112,609
Salary increase			
+1% salary growth	744,674	725,978	2,065,626
-1% salary growth	716,818	700,202	1,984,399
Attrition Rate			
+1% salary growth	731,662	714,530	1,998,927
-1% salary growth	729,370	711,190	2,052,771
Mortality Rate			
10% Up	730,713	713,086	2,024,244

Note:

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors as supply and demand in the employment market.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

THE ACCOMPANYING NOTES ARE FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

AS PER OUR REPORT OF EVEN DATE ATTACHED

For M.M. Jain & Associates
Chartered Accountants
FRN 112538W

Suraj Khandelwal
Partner
Mem No. 158941

FOR AND ON BEHALF OF THE BOARD

K.K. Sarda
Chairman
DIN: 00008170

P. S. Duttagupta
Director
DIN: 06639931

Shilpa Rathod
CFO

Manish Sethi
Company
Secretary

RAIPUR
DATED : 05/06/2017

DATED : 05/06/2017