



Independent Auditor's Report

To

The Members,

Madhya Bharat Power Corporation Limited

Report on the Audit of Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Ind-AS financial statements of M/s. **Madhya Bharat Power Corporation Limited** ("the Company") which comprise the balance sheet as at 31st March 2020, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year ended on 31st March 2020 and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements gives 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 financial position of the Company as at 31st March, 2020, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters



Key audit matters are those matters that, in the auditor's professional judgment, are of most significance in the audit of the financial statements and these matters are addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and the auditor does not provide a separate opinion on these matters. We have not identified any key audit matter for the year under consideration as the company is yet to begin its commercial operation and all project-related expenditure viz. civil works, machinery under erection, construction and erection materials, pre-operative expenditure, expenditure directly related to the project and incidental to setting up project facilities, borrowing cost incurred prior to the date of commencement of commercial operation are being shown under capital work-in-progress and the same has also been disclosed in accounting policies in notes to accounts.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance/conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards specified 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 of the assets of the Company and for preventing and detecting frauds and other



irregularities; selection and application of appropriate implementation and maintenance of 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section



143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare



circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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. 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 financial statements – Refer Note 31 to the financial statements
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Ajay Sindhwani & Co.
Chartered Accountants
Firm Regn.No. 015455C

Place : Raipur
Date : 18-06-2020

CA Ajay Kumar
Partner
M. No. 072020
UDIN20072020AAAAFY6810



Annexure "A"

ANNEXURE TO THE AUDITOR'S REPORT TO THE MEMBERS

RE : MEMBERS OF MADHYA BHARAT POWER CORPORATION LIMITED

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 31st March 2020, 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 Equipment is 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) 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) In our opinion and according to the information and explanations given to us, the inventories have been verified by the management at reasonable intervals in relation to size of the Company and nature of business and no material discrepancies were noticed on 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 over dues of such loans are taken does not arise.
 - iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of the loans and investment made, and guarantees and security provided 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 of the 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, 2014 for 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, Goods and 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 31st, 2020 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 Goods and 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 not delayed in repayment of borrowing to bank and financial institutions for the year under reference.
- 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) 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 have been obtained, except funds which have been temporarily deployed pending utilization in the project.
- xi) Based upon the information and explanations given to us, neither any material fraud has been noticed in the Company by its officers or employees nor any fraud by the company has come to the notice or has been reported during the year that causes the financial statements to be materially misstated.
- xii) 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.
- 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 is not a nidhi company, 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 with the provisions of Section 177 and 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind-AS) 24, Related Party Disclosures specified under Section 133 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 (xiv) 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 or persons connected with him. Therefore, the provisions of clause (xv) of the Companies (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, Ajay Sindhwani & Co.
Chartered Accountants
FRN No. 015455C

Place: Raipur (C.G)
Date: 18-06-2020

CA Ajay Kumar
(Partner)
M. No. 072020
UDIN20072020AAAAFY6810



Annexure “B”

ANNEXURE TO THE AUDITOR’S REPORT TO THE MEMBERS

RE : MEMBERS OF MADHYA BHARAT POWER CORPORATION LIMITED

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (“THE ACT”)

We have audited the Internal Financial Controls over financial reporting of Madhya Bharat Power Corporation Limited (“the Company”) as of 31 March 2020 in conjunction with our audit of the standalone Ind-AS Financial Statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the 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 judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 Financial Controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For, Ajay Sindhwani & Co.

Chartered Accountants

FRN No. 015455C

Place: Raipur (C.G)

Date: 18-06-2020

CA Ajay Kumar

(Partner)

M. No. 072020

UDIN 20072020AAAAFY6810

MADHYA BHARAT POWER CORPORATION LIMITED
Balance Sheet as at 31st March 2020

Amount Rs. In crores

Particulars	Notes	31 March 2020	31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	9	3.53	3.20
Property, plant and equipment under Construction	9	1,329.65	1,028.40
Other intangibles assets	10	7.06	7.06
Long Term Loans and Advances	11	2.35	16.69
Other Tax Assets	12	0.26	0.20
Other Non-Current Assets	13	12.27	14.79
Total non-current assets		1,355.12	1,070.36
Current assets			
Financial assets			
Short term loans and advances	14	0.0112	0.0018
Cash and cash equivalents	15	118.75	10.39
Other Financial assets	16	1.01	1.01
Other current assets	17	8.98	2.89
Total current assets		128.75	14.28
TOTAL ASSETS		1,483.88	1,084.64
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	219.34	181.04
Other equity	19	282.45	226.52
Total Equity		501.79	407.56
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	20	799.50	589.40
Other financial liabilities	21	129.34	58.32
Non Current Provisions	22	3.74	3.74
Net Employee Benefit Liabilities	23	0.53	0.41
Total non-current liabilities		933.11	651.86
Current liabilities			
Financial liabilities			
i. Borrowings	24	29.92	-
ii. Other financial liabilities	25	17.47	24.49
Other current liabilities	26	1.54	0.68
Net Employee Benefit Liabilities	27	0.06	0.05
Total current liabilities		48.98	25.22
Total liabilities		982.09	677.08
TOTAL EQUITY AND LIABILITIES		1,483.88	1,084.64

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 1,2 &3

THE ACCOMPANYING NOTES ARE FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

AS PER OUR REPORT OF EVEN DATE ATTACHED FOR AND ON BEHALF OF BOARD

For AJAY SINDHWANI & CO.

Chartered Accountants

FRN NO. 015455C

CA AJAY KUMAR

Partner

M. No. 072020

UDIN: 20072020AAAAFY6810

RAIPUR

Date : 18th June 2020

K.K. Sarda

Chairman

DIN: 00008170

P. S. Duttgupta

Director

DIN: 06639931

Shilpa Rathod

CFO

Manish Sethi

Company Secretary

RAIPUR

Date : 18th June 2020

MADHYA BHARAT POWER CORPORATION LIMITED
Statement of profit and loss for the year ended on 31st March 2020

Amount Rs. In crores

Particulars	Notes	Year ended on 31st March 2020	Year ended 31 March 2019
Continuing Operations*			
Revenue from operations		-	-
Other income		-	-
Total income		-	-
Expenses			
Employee benefit expense	4	0.089	0.098
Finance costs	5	0.007	0.011
Other expenses	6	1.3997	6.970
Total expenses		1.4956	7.079
Loss from continuing operations before exceptional item and income tax		(1.496)	(7.079)
Exceptional items		-	-
Loss from continuing operations before income tax		(1.496)	(7.079)
Current tax		-	0.00650
Deferred tax		-	-
Related to prior periods	7	-	-
Income tax expense		-	0.00650
Loss for the period from continuing operations		(1.49564)	(7.08544)
Other Comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Remeasurement of defined benefit liability for gratuity		(0.025)	0.015
Deferred Tax on Re measurement of Gratuity as per Actuarial Valuation		-	-
Net other comprehensive income not to be reclassified subsequently to profit or loss		(0.025)	0.015
Items that will be reclassified subsequently to profit or loss			
Debt instruments through other comprehensive income - net change in fair value		-	-
Other comprehensive income for the quarter, net of income tax		(0.025)	0.015
Total comprehensive income for the quarter		(1.521)	(7.070)
Earnings per share - continuing operations			
Basic earnings per share (INR)	8	(0.076)	(0.410)
Diluted earnings per share (INR)		(0.076)	(0.410)

*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 AJAY SINDHWANI & CO.

Chartered Accountants

FRN NO. 015455C

FOR AND ON BEHALF OF THE BOARD

CA AJAY KUMAR

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Company Secretary

RAIPUR

Date : 18th June 2020

MADHYA BHARAT POWER CORPORATION LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st March 2020

Amount Rs. In crores

Particulars	Year ended on 31 March 2020	Year ended 31 March 2019
A. Cash flow from operating activities		
Profit for the period	(1.50)	(7.08)
Adjustments for :		
Finance costs	-	0.01
Adjustments as per Actuarial Valuation Certificate	(0.02)	0.02
Net gain on financial assets designated at fair value through P&L	-	-
Net cash (used in)/ provided by operating activities before taxes	(1.52)	(7.05)
Income taxes paid	-	(0.0065)
Net cash (used in)/ provided by operating activities	(1.521)	(7.059)
Cash flow from investing activities		
(Increase)/decrease in Property Plant and Equipment including CWIP	(301.57)	(277.31)
(Increase)/decrease in Capital advances and other long term advances	14.34	19.62
Other non current assets	2.52	(0.34)
Short term loans and advances	(0.0094)	0.0064
Non Current Financial Liabilities	13.39	(1.07)
Other Financial assets	(0.06)	-
Current assets	(6.09)	(0.44)
Current Financial Liabilities	(7.02)	(1.52)
Other current liabilities	0.85	0.14
Non Current Provisions	0.12	0.16
Other Provisions	0.0094	(0.0620)
Net cash (used in)/ provided by investing activities	(283.52)	(260.81)
Cash flow from financing activities		
Proceeds from fresh issue of shares	95.74	45.84
Finance costs paid	-	(0.01)
Proceeds from long term borrowings (Unsecured loan)	57.63	48.98
Proceeds from long term borrowings (Term loan)	210.10	135.16
Proceeds from short term borrowings (SBLC and current maturity of long term debt)	29.92	-
Net cash (used in)/ provided by financing activities	393.40	229.97
Net increase/(decrease) in cash and cash equivalents	108.37	(37.91)
Cash and cash equivalents at the beginning of the period	10.39	48.29
Cash and cash equivalents at the end of the period	118.75	10.39
Net increase/(decrease) in cash and cash equivalents	108.37	(37.91)
a) Cash and Cash equivalents include the following		
Cash in hand	0.0055	0.0172
Balances with banks	2.93	3.36
Fixed deposits	4.77	-
Short term Liquid Investments in Mutual Funds	111.05	7.01
	118.75	10.39

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 AJAY SINDHWANI & CO.

Chartered Accountants

FRN NO. 015455C

CA AJAY KUMAR

Partner

M. No. 072020

UDIN: 20072020AAAAFY6810

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CFO

Manish Sethi

Company Secretary

RAIPUR

Date : 18th June 2020

Amount Rs. In crores

Statement of Changes in Equity for the year ended 31st March 2020

A. Share Capital

Particulars	Note	Amount
Equity Share Capital		
Balance as at 01 April 2019		181.04
Changes in Equity Share Capital during 2019-20	19	38.30
Balance as at 31st March 2020		219.34

B. Other Equity

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, 2019		-	261.81	-	-	(35.55)	-	0.27	226.52
Transactions with owners recorded directly in Equity		-	-	-	-	-	-	-	-
Profit and Loss		-	-	-	-	(1.50)	-	(0.02)	(1.52)
Share Application money received during the year		-	-	-	-	-	-	-	-
Refund of Share Application Money		-	-	-	-	-	-	-	-
Adjusted due to issue of Share out of Share application Money		-	-	-	-	-	-	-	-
Issue of equity shares for cash		-	57.45	-	-	-	-	-	57.45
Actuarial Gains / (Loss)on Re measurement of Gratuity as per Actuarial Valuation		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
Net transactions with owners		-	57.45	-	-	(1.50)	-	(0.02)	55.92
Balance as at 31st March 2020		-	319.26	-	-	(37.05)	-	0.24	282.45

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 AJAY SINDHWANI & CO.

Chartered Accountants

FRN NO. 015455C

FOR AND ON BEHALF OF THE BOARD

K.K. Sarda

Chairman

DIN: 00008170

P. S. Duttgupta

Director

DIN: 06639931

Shilpa Rathod

CFO

Manish Sethi

Company

Secretary

CA AJAY KUMAR

Partner

M. No. 072020

UDIN: 20072020AAAAFY6810

RAIPUR

Date : 18th June 2020

RAIPUR

Date : 18th June 2020

Significant Accounting Policies and Notes to Accounts

1 Reporting Entity

The financial statements comprise financial statements of Madhya Bharat Power Corporation Limited (CIN :U74899DL1994PLC061349 the Company) for the year ended 31 March 2020. 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 96 MW Rongnichu Hydro Electric Project, Project Office -1, Sawney Kumrek, Rangpo (East Sikkim) 737102 and the Head Office at 2nd Floor, Vanijya Bhawan, Devendra Nagar Square, Raipur (C.G.). The Company is engaged in the business of generation of electricity from hydro power plant of 96 MW Capacity at Rongnichu River in East District of Sikkim, and is currently is in the project construction stage. The Company is a subsidiary of Sarda Energy and Minerals Limited. The plant is scheduled to start commercial production in FY 2021.

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 and Companies Act ,2013 and subsequent amendments thereto .

The financial statements were authorised for issue by the Company's Board of Directors on 18.06.2020. 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. rounded off to nearest crore.

C. Basis of measurement

The financial statements have been prepared on the historical cost basis and on accrual 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.

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.

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).

The fair value of investment in mutual funds are based on price quotations at the reporting date. The fair value of loans from banks and financial institutions and other non current financial liabilities is estimated by discounting future cash flows using rates currently available for debt of similar terms, credit risk and remaining maturities.

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/liability is treated as current when it is expected to be realised / paid with in twelve months after the reporting date. All other assets and liabilities are classified as non-current.

b. Foreign currencies

The Company's financial statements are presented in Indian Rupees, which is also the parent company's functional currency. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

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. The residual value, useful lives and method of depreciation are reviewed at the end of each financial year and adjusted prospectively.

c.2 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.3 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. The assets which are commissioned during the construction period itself such as administrative assets like furniture, computers etc. 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 are not capitalized even if they are fully constructed. Such assets are 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 Project and pre operative expenditures under capitalization

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 useful life of assets used during the construction period of the Project, which are different from those specified in Part C of Schedule II of Companies Act, 2013 are disclosed below.

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.

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.

d. Intangible assets

d.1 Recognition and measurement

Intangible assets arising from right to use forest land for project are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

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.

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

d.3 Amortization

Intangible assets are amortised over useful life of the asset.

d.4 Service Concession Arrangement

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 Arrangement 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 Impairment of financial assets

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

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

The company follows "simplified approach" for recognition of impairment loss allowance on trade receivables or contract assets resulting from transactions within the scope of Ind-AS 11 and Ind-AS 18

For recognition of impairment loss on other financial assets, the company assesses whether there has been a significant increase in the credit risk since initial recognition. If credit risk has increased significantly, ECL is provided. For assessing increase in credit risk and impairment loss, the company assesses the credit risk characteristics on instrument-by-instrument basis.

Impairment loss allowance (or reversal) recognized during the period is recognized as expense/income in the statement of profit and loss.

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 whose independent cash flows can be estimated. The Company assesses at the end of each reporting period whether there is an indication of impairment of the assets. If such indications exist, the Company estimates recoverable amount of the asset. If the carrying amount of the asset is higher than its recoverable amount, the Company recognises impairment loss to that extent.

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 arrangement 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 contains 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. The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

i. Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Transaction costs are calculated by taking into account fees and other cost that have been incurred for establishment of the loan facilities and forms integral part thereof. Borrowings are subsequently measured at amortized cost using Effective Interest Rate (EIR) Method. The EIR amortisation is included in finance cost and is currently capitalised to the cost of PPE under construction and shall be charged to Profit & Loss Account on commencement of commercial operations.

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 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 company 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 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.

1.4 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.

1.5 Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company 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.

n. Financial assets

n.1 Recognition and initial measurement

Financial assets of the Company include investments in debt and equity instruments, receivables, deposits, loans and advances to parties and employees, cash and cash equivalents etc. Receivables are initially recognized when they are originated. All other financial assets are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset is initially measured at fair value. Transaction costs that are attributable to the acquisition of all the financial assets (other than financial assets recorded at fair value through profit or loss (FVTPL)) are included in the fair value of the financial assets.

n.2 Classification and Subsequent measurement

For the purpose of initial measurement, financial assets of the Company are classified in the following categories:

- ▶ 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)

The classification of the financial assets depends on the objective of the business model. Management determines the classification of its financial assets at initial recognition. 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. 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. Refer note (m)(7) for details.

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: 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.
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.

n.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

n.4 Initial recognition and measurement

The financial liabilities of the Company include loans and borrowings, trade and other payables, financial guarantee contracts etc. All financial liabilities are recognised initially at fair value net of directly attributable transaction cost.

n.5 Subsequent measurement

For the purpose of subsequent measurement , financial liabilities of the Company are classified under following categories:

- ▶ Financial liabilities at amortized cost
- ▶ Financial liabilities at fair value through other comprehensive income (FVTOCI)

Financial liabilities at amortized cost:

a) Borrowings

Financial liabilities at amortised cost are initially recognised at fair value , and subsequently carried at amortised cost using the Effective Interest Rate Method. This category generally applies to borrowings and is 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. For more information, refer Note 2.2 (n).

b) 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.

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. The Company does not have any such financial liabilities.

n.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.

n.7 Reclassification of financial assets

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.

n.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.

o 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.

p 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.

q. Contingent Liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

r. 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.

Other income

- i. Rs. 0.5455/- crore 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. 0.5686/- crore earned from sale of scrap is credited to PPE under Construction.

4 Employee benefit expenses

Amount Rs. In crores

See Accounting Policy in Note 3 (l)

See Actuarial Valuation Table in Note 33

	Year ended	Year ended
	31.03.2020	March 31 2019
Salaries, incentives and allowances	0.0692	0.0620
Staff Welfare	0.0058	0.0087
Director's Remuneration, Sitting Fees and Other Expenses	0.0137	0.0269
Total	0.0887	0.0976

5 Finance costs

Amount Rs. In crores

See Accounting Policy in Note 3 (k)

	Year ended	Year ended
	31.03.2020	March 31 2019
Interest expense		
Other borrowing costs		
Bank Charges	0.0073	0.0113
Total	0.0073	0.0113

6 Depreciation and amortization expense

Amount Rs. In crores

See Accounting Policy in Note 3 (c.5)

	Year ended	Year ended
	31.03.2020	March 31 2019
Depreciation of property, plant and equipment	0.3743	0.3777
Total	0.3743	0.3777

Note:

Depreciation has been included in PPE under Construction.

6.1 Other expenses

Amount Rs. In crores

	Year ended	Year ended
	31.03.2020	March 31 2019
<u>Repairs & Maintenance</u>		
Building	-	-
Plant & Machinery	-	-
Others	0.0107	0.0071
Rent , Electricity and maint.	0.1582	0.2516
<u>Filing Fees and expenses</u>		
Filing Expenses and Fees	0.4064	0.0953
Filing Fees	-	0.0011
Fees for LEI Code	-	0.0007
Professional Tax (Co. and directors)	-	0.0020
Legal & Professional Expenses including advocate fees (including arbitration cases)	0.4634	6.1908
Administrative and Other Expenses	0.1254	0.0877
Project Area Development Expenses	0.1942	0.2823
Payment to Auditors (See Note (i) below)	0.0413	0.0496
Local Conveyance	0.00005	0.0019
Total	1.3997	6.9701

Note:

Amount Rs. In crores

i. Payments to Auditors

	Year ended	Year ended
	31.03.2020	March 31 2019
As auditor		
Statutory audit	0.0413	0.0413
Certification	-	0.0083
In other capacity	-	-
Taxation matters	-	-
Company law matters	-	-
Reimbursement of expenses	-	-
Total	0.0413	0.0496

7 Income tax expense

A. Income tax recognised in profit or loss

Amount Rs. In crores

	Year ended	Year ended
	31.03.2020	March 31 2019
Current tax expense		
Current year	-	-
Total income tax expense	-	-

B. Unrecognised deferred tax assets

Amount Rs. In crores

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 company can use the benefits therefrom:

	Year ended	Year ended
	31.03.2020	March 31 2019
Deductible temporary differences		
Tax losses	(1.496)	(7.079)
Total	(1.496)	(7.079)

Note:

The tax losses expire in 2027-28.

8 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

Amount Rs. In crores

Particulars	Year ended	Year ended
	31.03.2020	March 31 2019
Net Profit after tax as per Statement of Profit & Loss attributable to Equity Shareholders	(1.50)	(7.09)
Nominal Value of Equity Shares	10.00	10.00
Weighted average number of Equity Shares used as denominator for calculating basic EPS	19.61	17.30
Basic EPS	(0.08)	(0.41)

ii. Weighted average number of equity shares (basic)

Amount Rs. In crores

Particulars	Year ended	Year ended
	31.03.2020	March 31 2019
Opening Balance	18.10	16.27
Effect of fresh issue of shares for cash	1.51	1.03
Weighted average number of equity shares for the year	19.61	17.30

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 Mar 2020, 26.31 crore potential shares due to convertible borrowings (31 March 2019: 20.28 crore) were excluded from the calculation of diluted weighted average number of equity shares as their effect would have been anti-dilutive.

9 Property, Plant and Equipment and PPE under Construction

Amount Rs. In crores

See accounting policies in Note 3(c)

A. Reconciliation of carrying amount

For 2019-20	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Computer and Peripherals	Building (Constructed over leasehold land)	Total	PPE under Construction
Cost or Deemed Cost (Gross carrying amount)	INR	INR	INR	INR	INR	INR	INR	INR
Balance as at 01.04.2019	3.67	0.43	0.47	0.26	0.27	0.68	5.77	1,028.40
Additions	0.68	0.04	0.01	0.00	0.02	-	0.75	301.79
	-	-	-	-	-	-	-	-
Balance as at 31.03.2020 before IND AS adjustments	4.36	0.46	0.47	0.27	0.28	0.68	6.52	1,330.20
Ind AS Adjustment (FV measurement of Investments)	-	-	-	-	-	-	-	(0.55)
Transfer / Sale / Adjustment	-	-	0.16	-	-	-	0.16	-
Balance as at 31.03.2020 after IND AS adjustments	4.36	0.46	0.32	0.27	0.28	0.68	6.36	1,329.65
Accumulated Depreciation as on 31.03.2019	1.06	0.40	0.16	0.13	0.24	0.57	2.57	-
Depreciation/amortization	0.25	0.02	0.04	0.01	0.01	0.05	0.37	-
Transfer /Adjustment	-	-	0.11	-	-	-	0.11	-
Accumulated Depreciation as on 31.03.2020	1.31	0.42	0.09	0.14	0.25	0.62	2.83	-
Carrying Values	-	-	-	-	-	-	-	-
At 31.03.2020 as per Ind AS	3.05	0.05	0.23	0.12	0.03	0.05	3.53	1,329.65
At 31.03.2019 as per Ind AS	2.62	0.02	0.30	0.13	0.02	0.10	3.20	1,028.40

For 2019-20	Cost as on 01.04.2019	Addition	Transfer /Adjustment	Cost as on 31.03.2020	Accumulated Depreciation as on 01.04.2019	Depreciation for the year	Transfer /Adjustment	Accumulated depreciation as on 31.03.2020	Carrying Amount as on 31.03.2020
Plant and Equipment	3.67	0.68	-	4.36	(1.06)	(0.25)	-	(1.31)	3.05
Furniture and Fixtures	0.43	0.04	-	0.46	(0.40)	(0.02)	-	(0.42)	0.05
Vehicles	0.47	0.01	0.16	0.32	(0.16)	(0.04)	0.11	(0.09)	0.23
Office equipment	0.26	0.00	-	0.27	(0.13)	(0.01)	-	(0.14)	0.12
Computer and Peripherals	0.27	0.02	-	0.28	(0.24)	(0.01)	-	(0.25)	0.03
Building (Constructed over leasehold land)	0.68	-	-	0.68	(0.57)	(0.05)	-	(0.62)	0.05
	-	-	-	-	-	-	-	-	-
Total	5.77	0.75	0.16	6.36	(2.57)	(0.37)	0.11	(2.83)	3.53
PPE under construction	1,028.40	301.79	-	1,330.20	-	-	-	-	1,330.20

B. Security

As at 31st March 2020 and comparative periods, Property, Plant and Equipments with carrying amounts as appearing above are subject to first charge to secure bank loans. (see Note 21).

C. Borrowing Costs Capitalized:

1.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 during the financial year 2019-20. The amount of borrowing cost directly attributable to acquisition and construction of these assets is capitalised as part of the cost of the assets and is included in the cost of PPE under construction above as per Ind AS 23.

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.

Amount Rs. In crores

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	0.72
Action Plan for Catchment Area Treatment	5.78
Fisheries Development	0.28
Public Health Delivery System	0.66
Solid Waste Management	0.18
Provision for Fuelwood/ LPG Depots and Energy Conservation Measures	0.25
Relocation and Rehabilitation of Dumping Sites	0.55
Landscaping and Restoration of Construction Areas	0.28
Creation of Green Belt around Reservoir	0.09
Resettlement and Rehabilitation Plan	1.25
Environmental Monitoring Programme	0.20
Total	10.24

E. Break up of Total project cost incurred :

Particulars	Rs. In Crore
Land including right to use of land	26.10
Property plant and equipments	6.52
Civil Work in progress	638.19
Hydro Mechanical Work in progress	65.40
Environment Management Costs	3.74
Electro Mechanical work in progress	126.06
Transmission Line Work In Progress	32.39
Project & Pre-Operative expenses	100.05
Capital advances	3.26
Interest during construction	365.19
Other capital advances	5.41
Net Current asstes	3.91
TOTAL	1,376.23

10 Intangible Assets*See accounting policy in Note 3(d)*

Finite Useful Lives	35 years from COD	35 years from COD	As on 31.03.2020
For 2019-20	Right to use Forest Land	Transmission Line Right of Way	Total
Cost or Deemed Cost (Gross carrying amount)			
Balance as at 01.04.2019	3.79	3.27	7.06
Additions	-	-	-
Disposals	-	-	-
Balance as at 31.03.2020	3.79	3.27	7.06
	-	-	-
Accumulated amortization as on 31.03.2020	-	-	-
Amortization	-	-	-
Disposals	-	-	-
Accumulated Amortization as on 31.03.2020	-	-	-
At 31.03.2020 as per Ind AS	3.79	3.27	7.06
At 31.03.2019 as per Ind AS	3.79	3.27	7.06

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**11 Financial Assets****Long Term Loans and Advances**

Amount Rs. In crores

	31 March 2020	31 March 2019
Capital Advances		
Secured	2.35	16.69
Total	2.35	16.69

12 Other Tax Assets

See accounting policy in Note 3(j.1)

Amount Rs. In crores

	31 March 2020	31 March 2019
Others		
Tax Deducted at source receivable	0.26	0.20
Total	0.26	0.20

13 Other Non-Current Assets

Amount Rs. In crores

	31 March 2020	31 March 2019
Capital Advances		
Security deposits and Mobilization advances (non-financial nature)		
Advance for Project related services	0.028	0.028
Advance for Electro Mechanical Works	0.151	-
Advance for Hydro Mechanical Works	0.726	3.399
Advance for GIS Bays Works	-	-
Advance for Other Works	0.007	0.010
	0.912	3.437
Advances other than capital advances		
Security Deposit for Water Connection	0.00011	0.00011
Deposit with Hughes communication	0.0003	0.0003
Receivable from Eastern Carriers	0.0238	0.0238
Other Advances	0.0031	-
Others		
Prepaid Rent for Operating Lease of Land (Refer Note i below)	11.33	11.33
	12.273	14.79

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.

14 Current Assets -Financial Assets-Short term loans and advances

See accounting policy in Note 3(m)

Amount Rs. In crores

	31 March 2020	31 March 2019
Other loans		
Unsecured, considered good		
Staff Loans	0.0112	0.0018
Security Deposits	-	-
Unsecured, considered good	-	-
Security Deposit for leased premises	-	-
Total	0.0112	0.0018

Note:

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

15 Current Assets -Financial Assets Cash and cash equivalents

See accounting policy in Note 3

	Amount Rs. In crores	
	31 March 2020	31 March 2019
Balances with banks		
In current accounts (Refer Note i below) (i)	2.93	3.36
Fixed Deposit for Third Party Liability For PFC	3.80	-
FD With IDBI Bank	0.97	-
Quoted	-	-
Investments in Mutual Funds	-	-
Union Liquid Fund A/c No-317901011013451	110.50	7.00
(No. of units : 585101.413 (PY : 39187.363 units)	-	-
Add: increase due to Fair Valuation Through Profit or Loss (FVTPL) (Refer Note i below)	0.55	0.01
Aggregate amount of quoted investments and market value thereof (ii)	111.05	7.01
Cash on hand (iii)	0.006	0.017
Total (i+ii+iii)	118.75	10.39

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 investments and reinvestments shall be credited to that account only.

16 Current Assets -Financial Assets -'Other Financial Assets

See accounting policy in Note 3(n)

	Amount Rs. In crores	
	31 March 2020	31 March 2019
Bank Deposit with more than 12 months maturity		
Fixed Deposit with VAT/Sales Tax Authorities (Refer Note i below)	0.0105	0.0105
FD With Union Bank of India	1.00	1.00
	-	-
	1.011	1.011

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.
- ii The fixed deposit with Union Bank Bank has been created for providing 100 % margin for issue of Bank Gurantee in favour of Deputy Commissioner of Customs, Kolkata , interest accrued has been recognized in accounts .

17 Current Assets -Financial Assets-Other current assets

	Amount Rs. In crores	
	31 March 2020	31 March 2019
Advances to Contractors and vendors for purchase of Capital Assets	6.51	2.41
Advances to Vendors	0.04	0.03
Others		
Registrar General Delhi High Court	1.50	-
Prepaid expenses - Current Upfront Cost of Long Term Borrowings	0.61	0.41
Accrued Interest on FDR for BG	0.32	0.03
Total	8.98	2.89

MADHYA BHARAT POWER CORPORATION LIMITED**Significant accounting policies and notes to the accounts**

For year ended 31st March 2020

18 Equity share capital

Amount Rs. In crores

A. Particulars	As at	
	March 31,2020	Mar 31,2019
Authorised	230.00	185.00
Face value of per share is Rs. 10	-	-
Issued, subscribed and paid-up capital	219.34	181.04
Total	219.34	181.04

The authorised share capital of the company has been increased to Rs. 230.00 Crore (Rs. Two Hundred and Thirty Crores Only)divided into 23 crore (Twenty Three Crore only) Equity shares of Rs. 10 each in the EGM of the company held on 29.06.2019.

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

In crores

Particulars	As at March 31,2020		As at March 31, 2019	
	No of shares	Rs	No of shares	Rs
Number of shares outstanding at the beginning of the period	18.10	181.04	16.27	162.70
Add: no. of shares issued during the year	3.83	38.30	1.83	18.34
	-	-	-	-
Number of shares outstanding at the end of the period	21.93	219.34	18.10	181.04

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 80% (Eighty percent) of the Project Equity Capital (including the additional Equity for First Cost Overrun and second 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 (i) initial 51% (Fifty One percent) pledged vide the Existing Financing Documents, and (ii) 60 % (Sixty Percent) of the Project Equity capital pledged vide the financing documents -Additional Facilities-I and as and by way of collateral securities.

In crores

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

Name of the shareholder	As at		As at	
	Mar 31, 2020		Mar 31, 2019	
	Number of shares	%	Number of shares	%
Sarda Energy and Minerals Limited	16.20	73.84%	12.37	68.31%
Sarda Energy Limited	2.00	9.12%	2.00	11.05%
Chhatisgarh Investments Limited	3.71	16.90%	3.71	20.48%
Sarda Agriculture & Properties (P) Limited	0.0010	0.005%	0.0010	0.01%
Total	21.90	99.87%	18.08	99.84%

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

Amount Rs. In crores

Name of the shareholder	As at		As at	
	Mar 31, 2020		Mar 31, 2019	
	Number of shares	%	Number of shares	%
Sarda Energy and Minerals Limited	16.20	73.84%	12.37	68.31%
Sarda Energy Limited	2.00	9.12%	2.00	11.05%
Chhatisgarh Investments Limited	3.71	16.90%	3.71	20.48%
Total	21.90	99.86%	18.07	99.83%

- F. In the period of five years immediately preceding 31 March 2020, 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.

19 Other Equity

Amount Rs. In crores

A.	31 March 2020	31 March 2019
Securities Premium Account		
Balance as per last financial statements	261.81	234.31
Addition on account of shares issued	57.45	27.50
Closing Balance	319.26	261.81
Reserves representing unrealized gains and losses	-	-
Balance as per last financial statements	0.27	0.25
Equity instruments through Other Comprehensive Income	-	-
Remeasurements of the net defined benefit plans	(0.02)	0.02
Closing Balance	0.240	0.265
Retained Earnings		
Balance as per last financial statements	(35.55)	(28.47)
Profit or loss for the year	(1.50)	(7.09)
Closing Balance	(37.05)	(35.55)
Total	282.45	226.52

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 is 64:36.

Gross Debt (unamortised cost)/Adjusted Equity Ratio:

Amount Rs. In crores

	31 March 2020 INR	31-Mar-19 INR
Total Liabilities	811.84	592.29
Equity	538.59	500.30
Adjusted net debt to equity ratio	0.60	0.54

NON CURRENT LIABILITIES**20 Financial liabilities****Non current Borrowings**

See accounting policy in Note 3(i) & (m)

Amount Rs. In crores

	Maturity Date	Nominal Interest Rate	As at	
			March 31,2020	March 31, 2019
Term loans				
Rupee Term loans				
From banks				
Secured				
IDBI Bank	Refer Note	MCLR (1Y) plus 470 bps.	83.12	87.88
Term Loan				
From Financial Institutions				
Secured				
Power Finance Corporation Limited (Term Loan)	Refer Note 22.B.i	PFC Policy as per Project Rating	493.15	389.21
PTC India Financial Services Limited	Refer Note 22.B.i	PFSBR + spread p.a. with monthly reset after COD .	125.10	115.20
IREDA (Term Loan)		IREDA will charge interest in line with lead lender PFC, which shall be not less than rate applicable for IREDA Grade-IV loan at any point of time during the loan tenure.	102.70	-
Borrowings at Carrying Value			804.07	592.29
Less: Amortisation of costs due to			(4.56)	(2.89)
Amortised Cost of Borrowings			799.50	589.40

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 Second Amended and Restated Facility Agreement dated 14.01.2020 in which the terms of facilities have been revised pursuant to which 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 80% (Eighty percent) of the Project Equity Capital (including the additional Equity for First Cost Overrun and second 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 (i) initial 51% (Fifty One percent) pledged vide the Existing Financing Documents, and (ii) 60 % (Sixty Percent) of the Project Equity capital pledged vide the financing documents -Additional Facilities-I and as and by way of collateral securities.
- 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:

IDBI

a) Original loan was Rs. 100 Crore (current o/s Rs. 88.10 Crore). Original loan is repayable in 37 quarterly installments of Rs. 2.38 Crore each commencing from six months from the scheduled commercial operation date (SCOD)i.e. from Oct ,2020.

Power Finance Corporation

a) Total revised sanctioned facilities is of Rs. 539.82 Crores out of which original loan is Rs. 217.60 Crore and additional facilities 1 and 2 is Rs. 223.47 Crore and 98.75 crore respectively , Original loan is repayable in 42 quarterly installments of Rs. 5.18 Crore each commencing from six months from the scheduled commercial operation date (SCOD)i.e. from April ,2021, New loan of Rs.322.22 crore out of additional facilities I and II is repayable in 60 quarterly installments starting from 12 months after SCOD i.e. from Oct. 2021 (revised SCOD approved by PFC).

PTC India Financial Services Limited

a) Total sanctioned facilities is of Rs. 156.31 Crores out of which original loan was Rs. 63.20 Crore and additional facilities 1 and 2 is Rs. 64.91 Crore and Rs. 28.20 Crore respectively , Original loan is repayable in 42 quarterly installments of Rs. 1.50 Crore each comemncng from six months from the scheduled commercial operation date (SCOD)i.e. from Oct ,2020. New loan of Rs. 93.11 crore out of additional facilities I and II is repayable in 60 quarterly installments starting from 12 months after SCOD i.e. from April ,2021 (as per previous SCOD approved by the lender).

Indian Renewal Energy Development Agency Limited (IREDA)

a) Total sanctioned facilities is of Rs. 140.00 Crores which is repayable in 60 quarterly installments of Rs. 1.54 crore(40 installments) each and Rs. 3.93 crore (bal. 20 installments) each comemncng from 12 months from the scheduled commercial operation date (SCOD)i.e. from April ,2021.

Amount Rs. In crores

	No. of Installments	Amount of installment	Interest payment dates
Power Finance Corporation			
Existing Facility	42	5.18	Payable on 15th day of next month following end of each quarter
Additional Facility	60	Equal	Payable on 15th day of next month following end of each quarter

PTC Financial Services India Limited			
Existing Facility	42	1.50	Payable on 15th day of next month following end of each quarter
Additional Facility	60	Equal	Payable on 15th day of next month following end of each quarter
IDBI Bank Limited			
Existing Facility	37	2.38	Payable on 1st day of next month following end of each quarter
IREDA :	60	Equal	Payable on 15th day of next month following end of each quarter

Note:

- i Moratorium Period for the loan is:
(a) the period of 12 (twelve) months from SCOD for Additional Facilities 1 and 2 ; and
(b) the period of 6 (six) months from SCOD for Existing Facilities.
- ii There is no Moratorium Period for interest.

21 Other financial liabilities

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

Amount Rs. In crores

	March 31 2020	March 31 2019
Others		
Retention money from contractors	22.73	9.34
Other loans and advances	-	-
Loans from Related Parties	106.61	48.98
	129.34	58.32

Note:

Refer Note 29 for Fair Value Disclosures

22 Non Current Provisions

See accounting policy in Note 3(h)

Amount Rs. In crores

	March 31 2020	March 31 2019
Other provisions		
Provision for site restoration and Environment costs	3.74	3.74
	3.74	3.74

23 Net Employee Benefit Liabilities

See accounting policy in Note 3(l)

Amount Rs. In crores

	March 31 2020	March 31 2019
See actuarial valuation table in Note 33		
Provision for employee benefits		
Gratuity Payable (Non Current)	0.41	0.31
Leave Entitlement (Non Current)	0.12	0.09
	0.53	0.41

24 CURRENT LIABILITIES - FINANCIAL LIABILITIES -BORROWINGS

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

Amount Rs. In crores

	March 31 2020	March 31 2019
Secured		
From Banks		
Buyer's Credit Loan	22.15	-
Current maturities of long term debt (See Note i below)	7.77	-
	-	-
Total	29.92	-

25 Other financial liabilities

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

Amount Rs. In crores

	March 31 2020	March 31 2019
Interest on Term Loan Payable	13.75	12.90
Total outstanding dues of micro enterprises and small enterprises	-	0.05
Total outstanding dues of creditors other than micro enterprises and small enterp	3.71	11.53
Expenses payable	0.36	0.86
Payable for Civil work	-	1.30
Payable for Approach Road work	0.85	0.85
Payable for Electro Mechanical work	0.14	3.72
Payable for Hydro Mechanical works	-	4.12
Payable for Transmission Line work	1.80	-
Payable for Consultancy	0.02	0.20
Payable for Rent	0.24	0.23
Salary & reimbursements	0.23	0.19
Short Term deposits	0.08	0.07
Total	17.47	24.49

Note:

- i As per the terms of facility agreement with all the lenders, moratorium period shall mean the period of 12 months from the SCOD for Additional Facilities-1 and 2 and the period of 6 months from SCOD for existing facilities. PFC has granted extension of revised Date of Commercial Operation (DCCO) from 31.03.2020 to 30.09.2020 with consequential shifting of first repayment date and associated loans closing date, hence none of the installments are payable within 12 months .
- ii. As DCCO extension is under process with the other lenders .Hence , installments of Existing Facilities falling due within 12 months from the current reporting period have been classified as current liabilities.

26 Other current liabilities

Amount Rs. In crores

	March 31 2020	March 31 2019
Others		
Indirect Taxes Payable	0.36	0.45
TDS and TCS Payable	1.17	0.23
Total	1.54	0.68

27 Net Employee Benefit Liabilities

See accounting policy in Note 3(l)

See actuarial valuation table in Note 33

Amount Rs. In crores

	March 31 2020	March 31 2019
Provision for employee benefits		
Gratuity Payable Current	0.029	0.025
Leave Entitlement (Current)	0.027	0.021
Total	0.056	0.046

28 PREVIOUS YEAR FIGURES HAVE BEEN RECASTED / REGROUPED / RESTATED WHEREVER NECESSARY TO MAKE THEM COMPARABLE.

29 Financial instruments - Fair values and risk

i. Risk Management Framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

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

Cash and cash equivalents

The Company holds cash and cash equivalents of INR 118.75 crore at 31 March 2020 (31 March 2019: INR 10.39 crore). The cash and cash equivalents are held with banks/mutual funds , which is rated A1 (positive) 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-20

Amount Rs. In crores

	Carrying amount	6 months or less	6-12 months	1-2 years	2-5 years	more than 5 years
Secured bank loans	811.84	-	18.13	140.28	210.42	443.01
Interest accrued but not	13.75	13.75	-	-	-	-
Expenses payable	0.36	0.36	-	-	-	-
Salary & reimbursement	0.23	0.23	-	-	-	-
Retention money from contractors	22.73	-	22.73	-	-	-
Total	848.90	14.34	40.86	140.28	210.42	443.01

31-Mar-19

	Carrying amount	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Secured bank loans	592.29	-	-	18.13	221.97	352.19
Interest accrued but not due on borrowings	12.90	12.90	-	-	-	-
Expenses payable	0.86	0.86	-	-	-	-
Salary & reimbursement	0.19	0.19	-	-	-	-
Retention money from contractors	9.34	0.83	-	8.51	-	-
Total	615.58	14.79	-	26.64	221.97	352.19

iv. Financing

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:

Amount Rs. In crores

	31-Mar-20	31-Mar-19
Floating rate		
Remaining undrawn Secured Loan (subject to fulfilment sanction terms and conditions)	112.87	63.66
Non-Fund Assistance (Bank Guarantee)	0.30	5.20
Letter of Credit (Sub Limit)	1.10	15.17

Note:

As disclosed in Note 20, the Company has availed secured bank loans and the loan agreement contains 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.

v. 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

Amount In crores

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

	31-Mar-20		31-Mar-19	
	USD	EURO	USD	EURO
Capital Commitments (Unrecognized)	0.0018	0.1487	0.0209	0.5208
Short Term Borrowing (recognized)	-	0.2663	-	-
Contingent Liabilities (Unrecognized)	0.0081	0.0032	0.0811	0.0315

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:

Amount Rs. In crores

	31-Mar-20	31-Mar-19
Fixed rate instruments		
Financial liabilities	-	-
Variable rate instruments		
Financial liabilities	811.84	592.29

Cash flow sensitivity analysis for variable-

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-20 Variable rate instruments	6.38	5.38	-	-
31-Mar-19 Variable rate instruments	(6.38)	(5.38)	-	-

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 investments 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
31.03.2020 585,101.413 units of Union Liquid Funds	110.500	111.046	113.266	108.825	2.221	(2.221)
31.03.2019 39187.363 units of Union Liquid Funds	7.000	7.006	7.146	6.866	0.140	(0.140)

30 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.

31 Contingent liabilities, and commitments

(to the extent not provided for)

A. Contingent liabilities

Claims against the Company not acknowledged as debts

Amount In crores

	March 31, 2020		March 31, 2019	
	INR	FC	INR	FC
Claims by Electro Mechanical Contractor (i)				
(a) INR	9.04	-	28.13	-
(b) EURO	0.26	0.0032	2.45	0.03
(c) USD	0.61	0.0081	5.62	0.08
Total	9.91	-	36.20	-
(d) Reimbursement of Arbitrator fee	0.93	-	-	-

Total Claims by Electro Mechanical Contractor (i)	10.84	-	36.20	-
Claims by Civil Contractor (ii)	-	-	-	-
(a)Principal Amount	-	-	12.71	-
(b)Interest Amount	-	-	8.49	-
Total Claims by Civil Contractor (ii)	-	-	21.20	-
	-	-	-	-
Relinquishment charges claimed by POWERGRID (iii)	21.83	-	-	-
	-	-	-	-
TOTAL CLAIM IN INR (i)+(ii)+(iii)	32.67	-	57.39	-

Notes:

(i) The Arbitration Tribunal has passed an award on 31.07.2019 in the arbitration case with the erstwhile Electro-mechanical Contractor . In addition,the award carries interest until the date of payment. The Company has filed petition challenging the award in the High Court of Delhi and the matter is currently pending before the Delhi High Court.As directed by the High Court, the Company has already deposited Rs. 1.50 cr against the awarded amount which shall be adjusted from the final amount payable to the contractor in case its petition is not allowed by the High Court.

(ii) Claim against the Company in the previous financial year comprised of claims by erstwhile civil contractors, M/S SEW Infrastructure Limited. In the course of hearing before Hon'ble High Court of Delhi, both the Parties opted for amicable resolution of disputes through mediation and have settled their entire disputes in complete satisfaction of all the claims and/or counter claim. Final order passed by Delhi High Court Mediation and Conciliation Centre and the matter stands closed.

(iii) The Company has made relinquishment of long term open access for transfer of power from 96 MW Rongnichu HEP, East Sikkim under Bulk Power Transmission Agreement with POWERGRID in January 2019 as the plant could not be commissioned as per schedule committed to PGCIL. Due to non transmission of power from the power project, PGCIL's capacity remained stranded. Central Electricity Regulatory Commission (CERC) has issued Order dated 10.05.2019 for determination of relinquishment charges. In pursuance of the said Order, PGCIL (CTU) has imposed a relinquishment charge of Rs. 21.83 crores on MBPCL for the stranded capacity vide its letter dated 27.12.2019. Similar relinquishment charges have been levied on many other IPPs as well. Against the above stated CERC Order, MBPCL along with Association of Power Producers (APP) and other entities have filed appeal to APTEL (Appellate Tribunal for Electricity) for review of CERC order.

Meanwhile the Company had re-applied for OPEN ACCESS for transmission of power from 96 MW RHEP and Long Term Acces has been granted to it w.ef 31st January 2021. as As such the period (12 years) for which the capacity of transmission line will remained stranded will get reduced and the liability calculated by PGCIL will get proportionally reduced. (even if the appeal before APTEL gets rejected).

B Guarantee given by Company's Banker in favour of

Amount Rs. In crores

Particulars	March 31, 2020	March 31, 2019
Power Grid Corporation of India	4.80	4.80
Power Grid Corporation of India	0.10	-
Chhattisgarh State Power Distribution Company Limited	4.80	-
The President of India acting through the Deputy Commissioner of Customs, Kolkata	1.00	1.00
Power Grid Corporation of India	-	10.00
	10.70	15.80

- 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. 0.48 crore . 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 30 Jan 2022.
- ii. The performance bank guarantee of Rs.0.0960 crore has been issued by IDBI Bank at the request of the Company in favour of Power Grid Corporation of India Limited (PGCIL). The guarantee has been given to process LTA application for grant of connectivity , long term access and medium term open access in inter state transmission system for evacuation of power generated from 96 MW Rongnichu HEP. In the event of default maximum amount payable is Rs. 0.0960 crore . The last date of lodgement of claim is 18 Feb 2022.

- iii The performance bank guarantee has been issued by IDBI Bank at the request of the Company in favour of Chhattisgarh State Power Distribution Company Limited (CSPDCL). The guarantee has been given in pursuance of Power Purchase Agreement entered with CSPDCL. The last date of lodgement of claim is 31 Dec 2021. The terms of the Power Purchase Agreement contain clause for minimum compensation payment to CSPDCL in the event of default for an amount which is limited to a maximum of Rs.0.48 crore .
- iv The performance bank guarantee has been issued by Union Bank of India at the request of the Company in favour of The President of India, acting through Deputy Commissioner of Customs , Kolkata for fulfilment of Import Obligations against import of capital goods for concessional duty under Project Import under Customs Tariff Heading 98.01 for Import of Electro Mechanical Plant and Machinery for initial setting up of project.The last date of lodgement of claim is 31 March 2021.

C. Commitments (Capital nature)

Amount Rs. In crores

	March 31, 2020	March 31, 2019
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)	7.83	30.29
Electro Mechanical Works (current)(See Note ii)	12.56	41.91
Transmission line and GIS Bays related	0.56	1.20
Electro Mechanical Works (other contractors)	0.60	2.04
Penstock Works	9.60	29.26
Transmission line	2.09	18.82
Switchyard	2.34	6.31
Other Hydro Mechanical Works	3.09	6.75
Pre engineered steel buliding	-	0.09
Others (EOT Crane)	0.25	-
Retention to be released to Contractors	14.55	6.17
TOTAL	53.47	142.84

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 and USD Refer Note 29(v).

32 Related Party Transactions

A. Names of Related Parties and description of relationship

Description of Relationship	Names of Related Parties
Holding Company	Sarda Energy & Minerals Limited (SEML)
Fellow subsidiaries	Sarda Energy Limited Sarda Metals and Alloys Limited Parvatiya Power Limited Natural Resources Energy Private Limited Chhattisgarh Hydro Power LLP (Controlled by SEML)
Related party where interests of the directors exists	Chhattisgarh Investments Limited (CIL) RR Sarda and Company Earthstahl & Alloys Private Limited Chhattisgarh Metalliks and Alloys Private Limited Rishabh Mining and Transport Company Private Limited
Directors /Key Managerial Personnel (KMP)	
Chairman	Kamal Kishore Sarda
Non Executive Director	Pankaj Sarda
Executive Director	Parthasarathi Dutta Gupta
Non Executive Director	Padam Kumar Jain
Non Executive Director	Vipula Sarda
Chief Financial Officer	Shilpa Rathod
Company Secretary	Manish Sethi
Non Executive Director	Chittur Krishnan Lakshminarayanan
Non Executive Director	Gajinder Singh Sahni
Nominee Director (PFC)	Gaurisankar Patra

B. Parent and ultimate controlling party

- i.* During the year ended 31 March 2020 : 3,82,97,040 shares were issued by the Company to Sarda Energy and Minerals Limited .The stake of parent company has changed from 68.31% to 73.84%.
- ii.* The Parent Company along with one of its 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.

C. Transactions with key management personnel**Amount Rs. In crores*****i. Key management personnel compensation***

Transactions during the year	2019-20	2018-19
Short-term employee benefits	0.6222	0.59
Other Long Term Benefits (Leave Salary)	(0.0017)	0.0153
Post-employment benefit	0.02	0.01
Share-based payments	-	-
Termination benefits	-	-
Other Transactions with KMP	-	-
Sitting fees	0.0480	0.0450

Compensation of the company'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

During the year under review, the Company had not entered into any material significant related party transactions that may have potential conflict with the interests of the company. None of the transactions with any of related parties were in conflict with the Company's interest .

D. Material transactions with Related Parties

	Holding Company	Fellow subsidiary	Related party where interest of directors exist	Entities over which KMP's have control or significant influence	Key management personnel of the entity or its parent	Other related parties
Equity Investment including Security Premium	95.74 (42.04)		- (3.80)			
Unsecured loan	158.21 (47.55)		- -			
Interest on unsecured loan	8.52 (1.59)		- -			
Share Application money received during the year (pending for allotment)	- -		- -			
Guarantee given on behalf of the Company	- -		1.25 times of BG limit .		To the extent of borrowings	
Operating leases as lessee	- -		0.03 (0.11)			0.06 (0.05)
Advance against Hydro Mechanical works	- -		- -	- -		- -
Material Purchases	- -		- -	2.89 -		
Scrap sale	0.13 (0.45)		- -	- (0.09)		
Hydro Mechanical works	- -		- -	11.59 (8.35)		
Hiring charges of equipments	0.36 -		- -			
Expenses incurred/Payments/Statutory payments made by related party on behalf of the Company	8.30 (10.97)		- -			
Remuneration and sitting fees paid	- -		- -		0.69 (0.66)	

Outstanding as on Reporting date

	Holding Company	Fellow subsidiary	Related party where interest of directors exist	Entities over which KMP's have control or significant influence	Key management personnel of the entity or its parent	Other related parties
Payable	106.77 (48.98)	0.00 (0.00)	0.13 (0.17)	- (1.21)		0.11 (0.06)
Receivables	- (0.06)	- -		(0.55) (0.11)		
Guarantee given on behalf of the Company	- -	- -	1.25 times of BG limit .			
Commitment to invest in the Company	- -	- -	- -			

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.

33 Assets and liabilities relating to employee benefits

See accounting policy in Note 3(i)

For details about the related employee benefit expenses, see Note 4

A. The Company operates the following post-employment defined benefit plan:

The company 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 amended limit on benefits under the plan is Rs. 0.20 crore .

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.

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

Actuarial study analysis	Gratuity		Leave	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Principal actuarial assumptions				
Discount rate	6.03%	7.37%	6.03%	7.37%
Range of compensation increase				
<i>Attrition rate:</i>				
Age 21 - 44	10%	10%	10%	10%
Age 45 - 59	10%	10%	10%	10%
Expected rate of return on plan assets				
Plan duration				

Actuarial study analysis	Gratuity		Leave	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Components of income statement charge				
Current service cost	0.07	0.06	0.02	0.01
Interest cost	0.02	0.02	0.01	0.01
Recognition of past service cost	-	-	-	-
Settlement/curtailment/termination loss	-	-	-	-
Total charged to statement of profit or loss	0.09	0.08	0.03	0.02
Total charged to Retained Earnings				
Movements in net liability/(asset)				
Net liability at the beginning of the year	0.34	0.27	0.11	0.08
Employer contributions	-	-	-	-
Total expense recognised in the statement of profit or loss	0.07	0.08	0.03	0.02
Total expense recognised in the Retained Earnings	-	-	-	-
Total amount recognised in OCI	0.02	(0.02)	0.01	0.02
Net liability at the end of the year	0.43	0.34	0.15	0.11
Reconciliation of benefit obligations				
Obligation at start of the year	0.34	0.27	0.11	0.08
Current service cost	0.07	0.06	0.02	0.01
Interest cost	0.02	0.02	0.01	0.01
Benefits paid directly by the Company	-	-	-	-
Extra payments or expenses/(income)	(0.02)	-	-	-
Obligation of past service cost	-	-	-	-
Actuarial loss	0.02	(0.02)	0.01	0.02
Defined benefits obligations at the end of the year	0.43	0.34	0.15	0.11

Re-measurements of defined benefit plans				
Actuarial gain/(loss) due to changes in demographic assumptions	(0.00002)	(0.00548)	(0.00001)	(0.00209)
Actuarial gain/(loss) due to changes in financial assumptions	0.04377	0.02073	0.01349	0.00381
Actuarial gain/(loss) on account of experience adjustments	-	-	-	-
Actuarial gain/(loss) on account of experience adjustments	(0.01882)	(0.03062)	(0.00774)	0.01591
Total actuarial gain/(loss) recognised in OCI	0.02493	(0.01537)	0.00573	0.01763

C. Sensitivity analysis of significant assumptions

Amount Rs. In crores

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		Leave	
	31 March 2020		31 March 2020	
Sensitivity of DBO, Service Cost, and P&L Account	% increase in DBO	Liability	% increase in DBO	Liability
Discount rate				
+ 1% discount rate	-7.70%	0.40	-6.89%	0.14
- 1% discount rate	8.95%	0.47	8.04%	0.16
Salary increase				
+1% salary growth	8.53%	0.47	7.52%	0.16
-1% salary growth	-7.46%	0.40	-6.57%	0.14
Attrition Rate				
+1% salary growth	-1.12%	0.43	-1.22%	0.15
-1% salary growth	1.26%	0.44	1.35%	0.15
Mortality Rate				
10% Up	-0.02%	0.43	-0.07%	0.15

	Leave	
	31 March 2020	31 March 2019
Discount rate		
+ 1% discount rate	0.14	0.11
- 1% discount rate	0.16	0.12
Salary increase		
+1% salary growth	0.16	0.12
-1% salary growth	0.14	0.11
Attrition Rate		
+1% salary growth	0.15	0.11
-1% salary growth	0.15	0.11
Mortality Rate		
10% Up	0.15	0.11

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 AND ON BEHALF OF THE BOARD

For AJAY SINDHWANI & CO.

Chartered Accountants

FRN NO. 015455C

CA AJAY KUMAR

Partner

M. No. 072020

UDIN: 20072020AAAAFY6810

K.K. Sarda

Chairman

DIN: 00008170

P. S. Duttagupta

Director

DIN: 06639931

Shilpa Rathod

CFO

Manish Sethi

Company Secretary

RAIPUR

Date : 18th June 2020

RAIPUR

Date : 18th June 2020