# Notes to consolidated financial statements (Contd..)

## 1. Corporate information

Sembcorp Energy India Limited (formerly Thermal Powertech Corporation India Limited) ('the Company') was incorporated on 8 January 2008 as a public limited company. The Company has been established for developing, constructing, commissioning, operating and maintaining a 1,320 megawatt (2 X 660 megawatt) coal based thermal power plant at Pynampuram and Nelatur Villages, Muthukur Mandal, Nellore District in the state of Andhra Pradesh (hereinafter referred to as "Sembcorp-P1"). The Company has successfully commenced full commercial operations of Sembcorp-P1 in September 2015. The name of the Company has been changed to Sembcorp Energy India Limited on 10 February 2018.

As a part of reorganization of Sembcorp Group's power sector portfolio in India, the Board of Directors of the Company have approved the scheme of amalgamation ('the Scheme) of Sembcorp Gayatri Power Limited (SGPL), one of the wholly owned subsidiary of the Company with the Company on 19 February 2018 and the Scheme has been approved by the Regional Director (RD), Ministry of Corporate Affairs, Hyderabad on 31 October 2018. The appointed date as per Scheme is 01 April 2017.

Sembcorp Gayatri Power Limited (hereinafter referred to as "Sembcorp-P2") has been established for developing, constructing, commissioning, operating and maintaining a 1,320 megawatt (2 X 660 megawatt) coal based thermal power plant at Pynampuram and Nelatur Villages, Muthukur Mandal, Nellore District in the state of Andhra Pradesh. The commercial operations of Sembcorp-P2 has been commenced on 17 November 2016 for unit I and on 21 February 2017 for unit II.

These consolidated financial statements comprise the Company and its subsidiaries (referred to collectively as the 'Group') and the Group's interest in associates. Refer note 3.43 for information related to subsidiaries and associate entities under the Group.

## 2. Significant accounting policies

### 2.1 Basis of preparation and statement of compliance

The consolidated financial statements of the Group ('consolidated financial statements') have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act.

#### New and amended standards adopted by the Group

Effective 1 April 2018, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is recognized. Ind AS 115 replaces Ind AS 18 Revenue, Ind AS 11 Construction Contracts and related interpretations. The Group has adopted Ind AS 115 using the modified retrospective method. This method requires the recognition of the cumulative effect of initially applying Ind AS 115 to retained earnings and not to restate prior years. Overall, the application of this standard did not have any impact on the revenue streams from the sale of electricity and other operating income.

### 2.2 Functional and presentation currency

The consolidated financial statements are presented in Indian rupees (INR) and all the values are rounded off to the nearest million to two decimal places except when otherwise indicated, which is also the functional currency of the Group and the currency of the primary economic environment in which the Group operates. All financial information presented in Indian rupees.

### 2.3 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following:

| Items | Measurement basis |
|---|---|
| Certain financial assets and liabilities | Fair value (refer accounting policy regarding financial instruments) |
| Derivative instruments | Fair value |
| Net defined benefit (asset)/ liability | Fair value of plan assets less present value of defined benefit obligations. |

### 2.4 Use of estimates and judgements

The preparation of these consolidated financial statements in conformity with the recognition and measurement principles of Ind AS requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities as at the date of the consolidated financial statements.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of those estimates. Changes in estimates are reflected in the consolidated financial statements in the year in which changes are made, if material, their effects are disclosed in the notes to the consolidated financial statements.

#### Assumptions, estimation uncertainties and judgments

Information about significant areas of assumptions, estimation uncertainty and critical judgements in applying

# Notes to consolidated financial statements (Contd..)

## 2. Significant accounting policies (Contd..)

accounting policies that have the most significant effect on the amounts recognised in the financial statements are:

**Impairment of trade receivable and unbilled receivables:**

The Group estimates the impairment losses on trade receivables and unbilled receivables using the expected credit loss model which considers, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

**Useful lives of property, plant and equipment and intangible:**

The Group reviews the useful life of property, plant and equipment and intangible at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

**Valuation of deferred tax assets:**

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

**Defined benefit plans:**

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation and its long term nature, defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

**Recognition and measurement of other provisions:**

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the closing date. The actual outflow of resources at a future date may therefore, vary from the amount included in other provisions.

### 2.5 Current and Non-current classification

All assets and liabilities are classified into current and non-current.

**Assets**

An asset is classified as current when it satisfies any of the following criteria:

i) it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;

ii) it is held primarily for the purpose of being traded;

iii) it is expected to be realised within 12 months after the reporting date; or

iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for atleast 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

**Liabilities**

A liability is classified as current when it satisfies any of the following criteria:

i) it is expected to be settled in the Group's operating cycle;

ii) it is held primarily for the purpose of being traded;

iii) it is due to be settled within 12 months after the reporting date; or

iv) the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include the current portion of non-current financial liabilities. All other liabilities are classified as non-current.

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

**Operating cycle**

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

# Notes to consolidated financial statements (Contd..)

## 2. Significant accounting policies (Contd..)

### 2.6 Principles of Consolidation

The Group consolidates the entities which it owns or controls. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences (other than entities acquired fall under common control) until the date control ceases.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies adopted in the preparation of consolidated financial statements are consistent with those of previous year. The financial statements of each of the subsidiaries and associates used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e., year ended on 31 March. The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and the unrealised profits / losses, unless cost/revenue cannot be recovered.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any interest retained in the form of subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in the consolidated statement of profit and loss.

The consolidated financial statements, are presented, to the extent possible, is in the same format as that adopted by the Company for its standalone financial statements.

### 2.7 Business combinations

#### i) Business combinations (other than common control business combinations):

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combinations, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquired a business, it assessed the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of entities comprises the fair values of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by the Group, and fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in statement of profit and loss or other comprehensive income, as appropriate.

#### ii) Common control business combinations

Business combinations arising from transfers of interests in entities by way of acquisition,

# Notes to consolidated financial statements (Contd..)

## 2. Significant accounting policies (Contd..)

amalgamation or merger (combination) that are under the control of the shareholder that controls the Group are accounted for as if the acquisition, amalgamation or merger had occurred at the beginning of the earliest comparative years presented or, if later, at the date that common control was established. The Group has followed pooling of interest method to account acquisition of entities under common control in its consolidated financial statements as per para 9 of Ind AS 103 (Appendix C).

- The assets and liabilities of the combining entities are recognised at their carrying amounts.
- The identity of the reserves is preserved and they appear in the consolidated financial statements of the Company in the same form in which they appeared in the financial statements of the combining entities.
- No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.
- The difference, if any, between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve on acquisition.

As per para 9(iii) of Ind AS 013 (Appendix C), the financial information in the consolidated financial statements in respect of prior years should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. Further, in case of consideration discharged by way of issuance of new equity shares are disclosed as a separate line item under the other equity as "Share Pending Issuance" in the corresponding periods till the date of actual allotment.

### 2.8 Property, plant and equipment and depreciation

#### i) Recognition and measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use, and estimated costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

Cost of other 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.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

#### ii) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment is recognised in the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and its costs can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised as an expense when incurred.

#### iii) Disposals

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss on the date of retirement or disposal.

#### iv) Depreciation

Depreciation on thermal power plants under plant and machinery is provided on straight line method based on the useful life, where the estimated useful life has been considered as 25 years, which the Management believes best represent based on internal assessment. Depreciation is provided on straight-line method (SLM) basis over the estimated useful life of the assets.

Depreciation on the renewable energy generating assets included under plant and machinery are provided at the rates as well as methodology notified (i.e. 90% of the energy generating assets is depreciated at the rate of 5.83% per annum in the first 12 years from commissioning date of the plant and remaining value of the asset is depreciated over the next 13 years) by the Central Electricity Regulatory Commission (Terms and Conditions for

# Notes to consolidated financial statements (Contd..)

## 2. Significant accounting policies (Contd..)

Tariff determination from Renewable Energy Sources) Regulations, 2012 where applicable.

Depreciation on renewable energy generating assets for projects which are won under competitive bidding is provided on straight line method on the useful life. The estimated useful life has been considered as 30 years and 95% of the gross block (5% being residual value) of asset is considered for depreciation, which the Management believes best represent based on internal assessment.

Depreciation on other assets of the Group is provided on straight line method based on the useful life as specified in Schedule II to the Act, except in respect of following category of assets, in whose case the life of the assets has been assessed based on technical assessment, taking into account the nature of asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, maintenance etc.

| Category | Life as per Schedule II | Life considered |
|---|---|---|
| Office equipments | 5 years | 3 years to 5 years |
| Site equipment (included in plant and machinery) | 15 years | 3 years to 15 years |
| Furniture and fixtures | 10 years | 5 years to 10 years |

Leasehold land and improvements are amortised over the lease-term including the optional period, if any, available to the Group, where it is reasonably certain at the inception of lease that such option would be exercised by the Group. Freehold land is not depreciated.

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

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). Assets whose acquisition cost is less than Rs. 5,000 are fully depreciated in the year of acquisition.

### 2.9 Intangible assets

Intangible assets other than Goodwill are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the asset can be measured reliably. Intangible assets that are acquired are recognized at cost initially and carried at cost less accumulated amortization and accumulated impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in the consolidated statement of profit and loss.

The intangible assets are amortised over the estimated useful lives as given below:

| Category | Life considered |
|---|---|
| Computer Software | 3 years |
| Customer contracts | 5 years |

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill has indefinite useful life and tested for impairment annually.

### 2.10 Financial instruments

#### i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and liabilities are recognised are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A Financial asset and liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

#### ii) Financial assets - Classification and subsequent measurement:

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

***Financial assets at amortised cost***

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on

# Notes to consolidated financial statements (Contd..)

## 2. Significant accounting policies (Contd..)

specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

***Financial assets at fair value through other comprehensive income***

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

***Financial assets at fair value through profit or loss***

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in statement of profit and loss.

### iii) Financial liabilities - Classification and subsequent measurement:

Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'.

***Financial liabilities at FVTPL***

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL. Gains or Losses on liabilities held for trading are recognised in the consolidated statement of profit and loss.

***Other financial liabilities***

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

### iv) De-recognition of financial instruments

***Financial asset***

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transaction whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

***Financial liability***

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

The Group also derecognise a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the consolidated statement of profit and loss.

### v) Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the Balance Sheet when, and only when, the Group has a legally enforceable right to set off the amount and intends to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### 2.11 Fair value of financial instruments

In determining the fair value of its financial instruments, the Group uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are

# Notes to consolidated financial statements (Contd..)

## 2. Significant accounting policies (Contd..)

categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

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

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

### 2.12 Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives are initially measured at fair value. Subsequently to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in consolidated statement of profit and loss.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

#### i) Financial assets or financial liabilities, at fair value through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorised as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised in net profit in the consolidated statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting gains or losses are included in statement of profit and loss.

#### ii) Cash flow hedge accounting

Where a derivative is designated as a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised directly in other comprehensive income and presented in the hedge reserve in equity. The ineffective portion of changes in the fair values of the derivative is recognised immediately in the consolidated statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively.

If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in cash flow hedge reserve till the period the hedge was effective remains in cash flow hedge reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedge reserve is transferred to the net profit in the consolidated statement of profit and loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedge reserve is reclassified to net profit in the consolidated statement of profit and loss.

# Notes to consolidated financial statements (Contd..)

## 2. Significant accounting policies (Contd..)

### 2.13 Impairment

#### i) Financial assets (other than at fair value)

The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses ('ECL') to be measured through a loss allowance. The Group recognises lifetime expected losses for trade receivables including unbilled receivables and contract assets that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

#### ii) Non-financial assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit ('CGU') to which the asset belongs.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the consolidated statement of profit and loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset neither exceeds its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill has indefinite useful life and tested for impairment annually.

### 2.14 Inventories

Inventories which comprise of fuel, stores and spares are carried at the lower of cost and net realisable value. Cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. In determining the cost, weighted average cost method is used. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

### 2.15 Foreign currency transactions

Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign currency transactions settled during the year are recognised in the statement of profit and loss unless it relates to a long term foreign currency monetary item.

Monetary assets and liabilities that are denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resultant exchange differences are recognised in the consolidated statement of profit and loss unless it relates to a long term foreign currency monetary item.

Non-monetary assets are recorded at the rate prevailing on the date of the transaction.

Under Indian GAAP, paragraph 46/46A of AS 11, The Effects of Changes in Foreign Exchange Rates, provide accounting treatment with respect to exchange differences arising on restatement of long-term foreign currency monetary items. Ind AS 101 provide an optional exemption that allows to continue the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the consolidated financial statements as on transition date. Certain subsidiaries in the Group have had adopted such exemption with respect of long-term foreign currency borrowings taken in past. Therefore, exchange differences (favorable as well as unfavorable) arising in respect of translation/settlement of long-term foreign currency borrowings attributable to the acquisition of a depreciable asset is added or deducted from the cost of the asset, which would be depreciated over the balance life of the asset.

# Notes to consolidated financial statements (Contd..)

## 2. Significant accounting policies (Contd..)

### 2.16 Employee benefits

#### Short-term employee benefits

All employee benefits expected to be settled wholly within twelve months from the reporting date are classified as short-term employee benefits. An employee who has rendered services to the Group during an accounting period, the Group recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as an expense or as required under Ind AS 19 which permits the inclusion of the benefits in the cost to be recognised as an asset. Benefits such as salaries, wages and bonus etc. are recognised in the consolidated statement of profit and loss in the period in which the employee renders the related service.

A liability is recognised for the amount expected to be paid after deducting any amount already paid under short-term cash bonus or profit-sharing plans, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. If the amount already paid exceeds the undiscounted amount of the benefits, the Group recognises that excess as an asset /prepaid expense to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

#### Defined benefit plans

Gratuity, which is a defined benefit plan, is accrued based on an independent actuarial valuation, which is done based on project unit credit method as at the balance sheet date. The Group recognises the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset), which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in other comprehensive income. In accordance with Ind AS, re-measurement gains and losses on defined benefit plans recognised in other comprehensive income are not be to be subsequently reclassified to the consolidated statement of profit and loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.

#### Defined contribution plans

Contributions payable to recognised provident funds, which are defined contribution schemes, are charged to the consolidated statement of profit and loss.

#### Compensated absences

The Group has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

#### Bonus plans

The Group recognises a liability and an expense for bonus. The Group recognises a provision where contractually obliged or where there a past practice that has created as contractual obligation.

### 2.17 Revenue recognition

The Group is engaged in generation and supply of electricity. Revenue from operations are primarily from sale of electricity.

Effective 1 April 2018, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is recognized. Ind AS 115 replaces Ind AS 18 Revenue, Ind AS 11 Construction Contracts and related interpretations. The Group has adopted Ind AS 115 using the modified retrospective method upon adoption of Ind AS 115 on 1 April 2018. This method requires the recognition of the cumulative effect of initially applying Ind AS 115 to retained earnings and not to restate prior years. The model for revenue recognition is changed from having been based on the transfer of risks and rewards of ownership of a service to being based on the transfer of control of the service transferred to the customer.

The Group has assessed that the existing accounting policy for revenue recognition (sale of electricity, income from generation based incentive and income from sale of renewable energy certificates) in all material aspects are consistent with Ind AS 115 and the implementation has therefore not had any impact on the retained earnings as of 1 April 2018 except for minor changes in wording and classification of contract liability from other financial liability to other current liability.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment

# Notes to consolidated financial statements (Contd..)

## 2. Significant accounting policies (Contd..)

excluding discounts, rebates, and taxes or duty. When there is uncertainty as to measurement or ultimate collectability of revenue, recognition is postponed until such uncertainty is resolved.

Revenue from the sale of electricity is recognised from the time when production output was delivered to the power network. Revenue from energy units sold as per the terms of the Power Purchase Agreements ('PPA') and Letter Of Intent ('LOI') (collectively hereinafter referred to as 'the PPAs') is recognised on an accrual basis and includes unbilled receivables accrued up to the end of the accounting year. Revenue from energy units sold on a merchant basis is recognised in accordance with billings made to customers based on the units of energy delivered and the rate agreed with the customers.

Revenue/charges from unscheduled interchange for the deviation in generation with respect to scheduled generation are recognised/ charged at rates notified by Central Electricity Regulatory Commission ('CERC') from time to time as revenue from sale of electricity and adjusted with revenue from sale of electricity.

Unbilled receivables (previously unbilled revenue) represents energy units delivered to the power network as per the terms of PPAs and was not invoiced up to the reporting date. The Group has unconditional right to receive the cash, and only act of invoicing is pending as on balance sheet date, as per contractual terms. Unearned income (contract liability) is recognised when the billing is in excess of revenue earned.

The Group accounts for fuel and power purchase price adjustment claims in case of claims change in law and etc., as and when allowed by the regulatory authorities and truing-up adjustment claims as and when realized.

Income from generation based incentive (GBI) is recognised on the basis of supply of units generated by the Group to the Electricity Board in respect of the eligible projects in accordance with the scheme of 'Generation Based Incentive for Grid Interactive Wind Power Projects'.

Revenue from sale of renewable energy certificates (RECs) are recognised when the control have been passed to the buyer, which generally coincides with the delivery of RECs.

Claims for delayed payment charges and any other claims, which the Group is entitled to under the PPAs, are accounted for in the year of acceptance by the customers or actual receipt of the claim, whichever is earlier, considering the uncertainty as to measurement or ultimate collectability of revenue.

Interest income is recognized based on effective interest rate method (EIR). It is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

Dividend income is recognised when the unconditional right to receive the income is established which is generally when shareholders approves the dividend.

### 2.18 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and unwinding of discount on asset retirement obligation. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the consolidated statement of profit and loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction/ development of the qualifying asset up to the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the consolidated statement of profit and loss during extended periods when active development activity on the qualifying assets is interrupted.

Interest expense on borrowings is recorded using the effective interest rate (EIR). EIR is the rate that discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial assets. When calculating the EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

### 2.19 Earnings / (loss) per share

The basic earnings per share ('EPS') is computed by dividing the net profit or loss after tax attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

# Notes to consolidated financial statements (Contd..)

## 2. Significant accounting policies (Contd..)

### 2.20 Leases

Assets taken on lease under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets taken on finance lease are initially capitalised at fair value of the leased asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets acquired under leases other than finance leases are classified as operating leases and recorded as expense as and when the payments are made over the lease term. Operating lease payments are recognised on a straight line basis over the lease term, unless the lease agreement explicitly states that increase is on account of inflation in the consolidated statement of profit and loss.

### 2.21 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit/ (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating, investing and financing activities of the Group are segregated.

### 2.22 Cash and cash equivalents

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

### 2.23 Income taxes

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income). Current tax and deferred tax are recognised in the consolidated statement of profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

#### Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax reflects the best estimate the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes.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 countries where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit and loss.

#### Minimum alternate tax

Minimum alternate tax (MAT) paid in a year is charged to the consolidated statement of profit and loss as current tax. The Group recognises MAT credit available as an asset only to the extent that there is reasonable evidence that the Group will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the consolidated statement of profit and loss and shown as "MAT Credit Entitlement". The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have evidence that it will pay normal tax during the specified period.

#### 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 amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

# Notes to consolidated financial statements (Contd..)

## 2. Significant accounting policies (Contd..)

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset with deferred 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 deferred tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in the consolidated statement of profit and loss.

### 2.24 Provisions and contingent liabilities

A provision is recognised when an enterprise has a present obligation (legal or constructive) as result of past event and it is probable that an outflow of embodying economic benefits of resources will be required to settle a reliably assessable obligation. Provisions are determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting obligations under a contract exceed the economic benefits expected to be received, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

In case of provision for asset retirement obligation, the Group estimates the expected amount that it may have to incur in respect of asset retirement where the Group has its projects / operations. The management obtains quotes from vendors in respect of the estimated expense that it may have to incur in this respect considering the term of Power Purchase Agreement, lease period and inflation.

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

### 2.25 Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective from 1 April 2019:

#### Ind AS 116, Leases

The Group is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Group has assessed the estimated impact that initial application of Ind AS 116 will have on its consolidated financial statements. The actual impacts of adopting the

# Notes to consolidated financial statements (Contd..)

## 2. Significant accounting policies (Contd..)

standard on 1 April 2019 may change because the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

### i. Leases in which the Group a lessee

The Group will recognise new assets and liabilities for its operating leases of offices, plant sites and guesthouse facilities (see note 3.35). The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous as described in note 2.24. Instead, the Group will include the payments due under the lease in its lease liability and apply Ind AS 36, Impairment of Assets.

Based on the information currently available, the Group estimates that it will recognise additional lease liabilities of Rs. 240.22 million and an increase in right of use asset approximately by 149.57 million as at 1 April 2019.

### ii. Transition

The Group plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17.

### Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group does not expect any impact from this amendment.

### Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Group does not currently have any long-term interests in associates and joint ventures.

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

## 3.1 Property, plant and equipment and Capital work-in-progress

| Particulars | Land (owned) | Land (leased) (Note 1) | Roads | Office buildings | Factory buildings | Furniture and fittings | Vehicles | Office equipments | Electrical installations | Plant and machinery | Computers | Leasehold improvements | Total of Property,Plant and equipment | Capital work-in-progress |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | | | | | | | | | | |
| **Balance as at 1 April 2017** | **3,217.38** | **1,190.80** | **2,061.80** | **512.81** | **727.59** | **72.47** | **65.75** | **143.93** | **95.93** | **2,31,596.81** | **55.08** | **36.20** | **2,39,776.55** | **2,264.89** |
| Additions | - | 10.00 | 133.94 | 978.72 | 23.24 | 20.13 | 13.73 | 13.95 | - | 1,324.05 | 47.34 | - | **2,565.10** | 9,880.65 |
| Disposals/adjustments | - | - | - | - | - | (0.82) | (5.51) | (3.60) | - | (73.76) | (1.74) | - | **(85.43)** | (78.17) |
| Capitalised during the year | - | - | - | - | - | - | - | - | - | - | - | - | - | (2,375.85) |
| **Balance as at 31 March 2018** | **3,217.38** | **1,200.80** | **2,195.74** | **1,491.53** | **750.83** | **91.78** | **73.97** | **154.28** | **95.93** | **2,32,847.10** | **100.68** | **36.20** | **2,42,256.22** | **9,691.52** |
| Additions | 331.28 | - | 50.55 | 28.42 | 24.05 | 5.47 | 2.80 | 49.70 | - | 19,593.38 | 23.77 | 0.71 | **20,110.13** | 30,340.05 |
| Disposals/adjustments | - | - | - | - | - | - | - | (0.11) | - | (454.30) | (5.24) | - | **(459.65)** | (799.63) |
| Capitalised during the year | - | - | - | - | - | - | - | - | - | - | - | - | - | (19,511.10) |
| **Balance as at 31 March 2019** | **3,548.66** | **1,200.80** | **2,246.29** | **1,519.95** | **774.88** | **97.25** | **76.77** | **203.87** | **95.93** | **2,51,986.18** | **119.21** | **36.91** | **2,61,906.70** | **19,720.84** |
| **Accumulated depreciation** | | | | | | | | | | | | | | |
| **Balance as at 1 April 2017** | **-** | **34.47** | **275.15** | **25.85** | **46.28** | **13.23** | **10.75** | **57.49** | **26.89** | **12,082.98** | **22.09** | **2.06** | **12,597.24** | **-** |
| Depreciation for the year | - | 24.00 | 271.50 | 24.00 | 34.03 | 8.93 | 8.57 | 29.86 | 13.50 | 10,471.68 | 24.02 | 4.04 | **10,914.13** | - |
| Disposals/adjustments | - | - | - | - | - | (0.34) | (3.45) | (2.86) | - | (5.38) | (1.61) | - | **(13.64)** | - |
| **Balance as at 31 March 2018** | **-** | **58.47** | **546.65** | **49.85** | **80.31** | **21.82** | **15.87** | **84.49** | **40.39** | **22,549.28** | **44.50** | **6.10** | **23,497.73** | **-** |
| Depreciation for the year | - | 24.08 | 193.16 | 32.12 | 24.61 | 9.67 | 9.47 | 26.53 | 13.50 | 10,788.55 | 29.50 | 4.06 | **11,155.25** | - |
| Disposals/adjustments | - | - | - | - | - | - | - | (0.11) | - | (56.47) | (5.04) | - | **(61.62)** | - |
| **Balance as at 31 March 2019** | **-** | **82.55** | **739.81** | **81.97** | **104.92** | **31.49** | **25.34** | **110.91** | **53.89** | **33,281.36** | **68.96** | **10.16** | **34,591.36** | **-** |
| **Carrying amounts (net)** | | | | | | | | | | | | | | |
| **As at 31 March 2018** | **3,217.38** | **1,142.33** | **1,649.09** | **1,441.68** | **670.52** | **69.96** | **58.10** | **69.79** | **55.54** | **2,10,297.82** | **56.18** | **30.10** | **2,18,758.49** | **9,691.52** |
| **As at 31 March 2019** | **3,548.66** | **1,118.25** | **1,506.48** | **1,437.98** | **669.96** | **65.76** | **51.43** | **92.96** | **42.04** | **2,18,704.82** | **50.25** | **26.75** | **2,27,315.34** | **19,720.84** |

**Notes:**

1. The Company had entered into an agreement with Andhra Pradesh Industrial Infrastructure Corporation Limited. ('APIIC') for occupation of two tranches of land for Sembcorp-P1. One tranche of land was transferred to the Company as freehold land. For the other tranche of land, admeasuring Acre 680.55cents, a lease deed for a period of 21 years was entered with APIIC on 25 November 2009. As per the lease deed, APIIC agreed to sell the land even during the subsistence of the lease deed on securing necessary clearances and approvals for such sale to the Company on such mutually agreed terms and conditions. Further, in the unlikely event of transferring the land through sale to the Company, APIIC agreed to renew the lease for a further period on such mutually agreed terms and conditions. All the requirements of the agreement including the payment of consideration of Rs. 612.50 million has been complied with by the Company to purchase the land. The said consideration was paid on 12 November 2009 and the same has been considered as cost of land. The Company has complied with all the requirements for purchase of land and paid the full consideration. The delay from APIIC is of administrative in nature and said sale will happen in due course. Further, APIIC has also confirmed that it agrees to renew the lease for a further period on such mutually agreed terms and conditions in the unlikely event that the sale is not completed then. Accordingly, the estimates of useful lives of assets is considered to be appropriate.
2. Free hold land includes Rs. 36.76 million being lands purchased from APIIC by Sembcorp-P2. As per the terms of Agreement for sale of land, sale deed will be issued by APIIC after commissioning. The said sale deed is yet to be made in the name of the Company on account of certain administrative delays.
3. Title deeds of certain lands in the name of the Group are under dispute. In respect of such disputes, the Group has been legally advised that it has the valid title deeds in its name for the aforesaid immovable properties and that it will be able to defend any counter claim to such property. Refer note 3.39.
4. Refer note 3.14 and 3.20 for assets pledged against the borrowings of the Group.

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

### 3.2 Goodwill and other intangible assets

| Particulars | Customer contracts | Softwares and licenses | Total of other intangible assets | Goodwill |
|---|---|---|---|---|
| **Gross carrying amount** | | | | |
| **Balance as at 1 April 2017** | **32.10** | **96.50** | **128.60** | **1,234.20** |
| Additions | - | 10.13 | **10.13** | - |
| **Balance as at 31 March 2018** | **32.10** | **106.63** | **138.73** | **1,234.20** |
| Additions | - | 4.50 | **4.50** | - |
| Disposals | - | (0.02) | **(0.02)** | - |
| **Balance as at 31 March 2019** | **32.10** | **111.11** | **143.21** | **1,234.20** |
| **Accumulated amortisation** | | | | |
| **Balance as at 1 April 2017** | **4.33** | **51.12** | **55.45** | **-** |
| Amortisation for the year | 6.42 | 35.49 | **41.91** | - |
| **Balance as at 31 March 2018** | **10.75** | **86.61** | **97.36** | **-** |
| Amortisation for the year | 6.42 | 17.10 | **23.52** | - |
| Disposals | - | (0.02) | **(0.02)** | - |
| **Balance as at 31 March 2019** | **17.17** | **103.69** | **120.86** | **-** |
| **Carrying amounts (net)** | | | | |
| **As at 31 March 2018** | **21.35** | **20.02** | **41.37** | **1,234.20** |
| **As at 31 March 2019** | **14.93** | **7.42** | **22.35** | **1,234.20** |

**Impairment tests for goodwill:**

Goodwill is tested for impairment on annual basis and whenever there is an indication that the recoverable amount of an asset is less than its carrying amount. The recoverable amount of asset is determined based on higher of value in use and fair value less cost to sell.

The goodwill represents the excess of consideration paid over the net assets acquired under the Scheme of Amalgamation of the 'Nelcast Energy Corporation Limited (Nelcast)' with Sembcorp Gayatri Power Limited (Sembcorp-P2). The Scheme of Amalgamation was approved by the High Court of Madras on 12 October 2011. Nelcast was the 100% subsidiary of Sembcorp Gayatri Power Limited. The recoverable value is determined for the cash generating unit ('CGU') to which the Goodwill belongs. As the recoverable value of CGU is higher than the carrying value of assets of CGU including goodwill, the management did not identify any impairment on the goodwill.

The Group elected to apply Ind AS 103 exemption for the business combinations occurred prior to transition into Ind AS i.e. 1 April 2015. Accordingly, amalgamation of Nelcast with the Company has not been restated and Goodwill accounted at the time of Amalgamation is continued to be Goodwill and is subject to impairment test on annual basis.

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

### 3.3 Derivative assets

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Non-current** | | |
| ***Derivative designated as cash flow hedge*** | | |
| - Fair value of cross currency interest rate swaps | 109.29 | - |
| ***Derivatives not designated as hedge*** | | |
| - Fair value of cross currency interest rate swaps | 385.06 | 327.82 |
| - Fair value of foreign exchange option contracts | 21.23 | 18.38 |
| - Fair value of interest rate swaps | 4.61 | 8.31 |
| | **520.19** | **354.51** |
| **Current** | | |
| ***Derivative designated as cash flow hedge*** | | |
| - Fair value of Commodity hedge contracts | 47.75 | - |
| | **47.75** | **-** |

The Group's exposure to currency and liquidity risk related to above derivative assets are disclosed in note 3.33.

### 3.4 Other financial assets

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| *(Unsecured, considered good)* | | |
| **Non-current** | | |
| Margin money deposits and other deposits with banks* | 5,176.80 | 3,754.36 |
| Interest accrued but not due on above deposits | 293.38 | 228.60 |
| Advance recoverable | 27.00 | 27.00 |
| Security deposits | 11.31 | 10.18 |
| | **5,508.49** | **4,020.14** |
| **Current** | | |
| Unbilled receivables | 8,770.25 | 7,002.96 |
| Less: Allowance for credit loss | (1.80) | (12.68) |
| Income accrued on generation based incentive | 297.82 | 146.07 |
| Interest accrued but not due on deposits | 151.13 | 83.05 |
| Margin money deposit with related party (refer note 3.38) | 564.73 | 664.73 |
| Advance given for purchase of mutual funds | 0.28 | 7.50 |
| Security deposits | 41.08 | 25.52 |
| Premium on forward contracts | 344.21 | - |
| Other receivables | 176.89 | - |
| | **10,344.59** | **7,917.15** |

* Reserved against margin money for bank guarantees and debt service coverage requirement of long-term borrowings as at the year end.

### 3.5 Non-current tax assets

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Advance income tax | 588.37 | 577.24 |
| Taxes paid under protest (refer note 3.39 (II)) | 422.70 | 312.71 |
| | **1,011.07** | **889.95** |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

### 3.6 Other assets

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| *(Unsecured, considered good)* | | |
| **Non-current** | | |
| Capital advances | 6,682.69 | 6,316.03 |
| Advance to suppliers and service providers | - | 408.64 |
| Contribution to gratuity fund (refer note 3.37) | 13.38 | 8.52 |
| Prepayments | 450.65 | 32.84 |
| | **7,146.72** | **6,766.03** |
| **Current** | | |
| Advance to suppliers and service providers | 910.24 | 916.60 |
| Balance with government authorities | 80.60 | 10.99 |
| Staff advances | 2.68 | 2.33 |
| Prepayments | 1,113.75 | 867.09 |
| Other receivables | 0.35 | - |
| | **2,107.62** | **1,797.01** |

### 3.7 Inventories

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| *(Valued at lower of cost and net realisable value)* | | |
| Fuel* | 3,893.58 | 4,645.39 |
| Stores and spares | 1,574.56 | 1,485.08 |
| | **5,468.14** | **6,130.47** |

** includes materials-in-transit amounting to Rs. 755.61 million, (31 March 2018: Rs. 880.32 million).*

### 3.8 Investments

| | Number of units | | Face value (Rs.) | As at | |
|---|---|---|---|---|---|
| | 31 March 2019 | 31 March 2018 | | 31 March 2019 | 31 March 2018 |
| **Current investments** | | | | | |
| **Quoted, debt securities** | | | | | |
| ***Mutual fund securities valued at FVTPL*** | | | | | |
| Aditya Birla Sun Life Liquid Fund - Direct Plan - Growth | 7,78,402 | 11,55,761 | 100 | 233.86 | 322.82 |
| ICICI Prudential Liquid Fund - Direct Plan - Growth | 12,35,940 | 11,24,600 | 100 | 341.63 | 289.18 |
| IDFC Cash Fund - Direct Plan - Growth | 26,615 | 1,29,612 | 1,000 | 60.32 | 273.51 |
| DSP Liquid Fund - Direct Plan - Growth | 1,06,590 | 1,25,945 | 1,000 | 284.96 | 313.01 |
| SBI Liquid Fund - Direct Plan - Growth | 1,25,806 | 63,222 | 1,000 | 368.43 | 172.24 |
| L&T Liquid Fund - Direct Plan - Growth | 1,25,163 | 44,626 | 1,000 | 320.75 | 106.34 |
| Kotak Liquid Fund - Direct Plan - Growth | 69,865 | 1,11,791 | 1,000 | 264.39 | 393.72 |
| TATA Liquid Fund - Direct Plan - Growth | 58,237 | 1,28,724 | 1,000 | 171.48 | 412.40 |
| Sundram Money Fund - Direct Plan - Growth | 37,44,137 | - | 10 | 147.56 | - |
| Edelweiss Liquid Fund - Direct Plan - Growth | 93,271 | - | 1,000 | 224.12 | - |
| HSBC Cash Fund - Direct Plan - Growth | 19,974 | - | 1,000 | 37.18 | - |
| UTI Liquid Cash Fund - Direct Plan - Growth | 78,862 | - | 1,000 | 241.38 | - |
| Baroda Liquid Fund - Direct Plan - Growth | 93,065 | - | 1,000 | 200.23 | - |
| Reliance Liquid Fund - Direct Plan - Growth | 6,647 | - | 1,000 | 30.32 | - |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

### 3.8 Investments (Contd..)

| | Number of units | | Face value (Rs.) | As at | |
|---|---|---|---|---|---|
| | 31 March 2019 | 31 March 2018 | | 31 March 2019 | 31 March 2018 |
| HDFC Liquid Fund - Direct Plan - Growth | - | 1,01,133 | 1,000 | - | 346.27 |
| | | | | **2,926.61** | **2,629.49** |
| Aggregate fair value of quoted investments | | | | 2,926.61 | 2,629.49 |
| Aggregate provision for impairment in value of investments | | | | - | - |

### 3.9 Trade receivables

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| *(Unsecured)* | | |
| Trade receivables | | |
| (a) considered good | 21,084.15 | 16,845.15 |
| (b) credit impaired | - | - |
| Less: Allowance for credit loss | (129.42) | (72.23) |
| | **20,954.73** | **16,772.92** |

**Notes:**

(i) No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

(ii) The Group's exposure to credit and currency risk and loss allowances related to trade receivables are disclosed in note 3.33.

### 3.10 Cash and cash equivalents

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Cash and cash equivalents:** | | |
| Cash on hand* | 0.04 | 0.84 |
| **Balance with banks:** | | |
| - in current accounts | 2,538.47 | 1,533.97 |
| - Deposits with original maturity of less than three months** | 1,465.33 | 5,938.24 |
| | **4,003.84** | **7,473.05** |
| **Bank balances other than those disclosed above** | | |
| Deposits due to mature after three months but before twelve months from the reporting date** | 4,782.16 | 968.24 |
| | **4,782.16** | **968.24** |

* Cash on hand includes Rs. 0.04 million (31 March 2018: Rs. 0.11 million) held in foreign currency.

** Includes Rs. 716.56 million (31 March 2018: Rs. 621.88 million) held as margin money towards bank guarantees and other commitments.

**Note:** The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019.

### 3.11 Loans

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| *(Unsecured, considered good)* | | |
| Loan to employees | - | 0.75 |
| | **-** | **0.75** |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

### 3.12 Share capital

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Authorised** | | |
| **Equity shares** | | |
| 15,000.00 million (31 March 2018: 10,000.00 million) equity shares of Rs.10 each (refer note 3.40) | 1,50,000.00 | 1,00,000.00 |
| | **1,50,000.00** | **1,00,000.00** |
| ***Issued, Subscribed and fully paid up*** | | |
| 5,158.72 million (31 March 2018: 5,158.72 million) equity shares of Rs.10 each, fully paid up (refer note below) | 51,587.22 | 51,587.22 |
| | **51,587.22** | **51,587.22** |

Of the above issued, subscribed and fully paid up equity share capital 4,835.27 million equity shares of Rs.10 each, fully paid-up are held by Sembcorp Utilities Pte Ltd, the holding company.

**Notes:**

643.97 million (31 March 2018: 643.97 million) equity shares of Rs.10 each, fully paid up are pledged against secured term loans from banks by SEIL-P1 and the holding company has given an undertaking to pledge 408.48 million equity shares of the Company for loans availed by SEIL-P2.

**The reconciliation of shares outstanding at the beginning and at the end of reporting year is set out as below:**

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | No. of shares (in million) | Amount | No. of shares (in million) | Amount |
| **Equity shares** | | | | |
| At the beginning of the year | 5,158.72 | 51,587.22 | 1,839.92 | 18,399.15 |
| Shares issued during the year | - | - | 3,318.80 | 33,188.07 |
| **At the end of the year** | **5,158.72** | **51,587.22** | **5,158.72** | **51,587.22** |

**The details of shareholders holding more than 5% shares along with number of equity shares held is set below:**

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | No. of shares (in million) | % of holding | No. of shares (in million) | % of holding |
| **Equity shares** | | | | |
| Sembcorp Utilities Pte. Ltd., Singapore | 4,835.27 | 93.73% | 4,835.27 | 93.73% |
| Gayatri Energy Ventures Private Limited | 323.45 | 6.27% | 323.45 | 6.27% |

**Terms and rights attached to equity shares:**

Equity shares of the Company have a par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**Aggregate number of bonus shares issued and shares issued for consideration other than cash during the five years immediately preceding the reporting date:**

For the year ended 31 March 2018, the Company has issued 2,568.75 million equity shares of Rs. 10 each fully paid at a premium of Rs. 8.80 per share to the shareholders of Sembcorp Gayatri Power Limited and Sembcorp Green Infra Limited as a consideration for acquisition of these entities on 15 February 2018. (refer note 3.40)

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

**3.13. Other equity**

### Nature and purpose of other equity

#### 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.

#### Share pending issuance

'Share pending issuance' account represents shares to be issued as consideration for acquisition of Sembcorp Gayatri Power Limited (SGPL) and Sembcorp Green Infra Limited (SGIL). The Company has issued shares as consideration on 15 February 2018. Accordingly, on 15 February 2018, the balance lying in share pending issuance account has been transferred to equity share capital and share premium. (refer note 3.40).

#### Capital reserve on acquisition

Capital reserve on acquisition is the difference between the consideration for acquisition of Sembcorp Gayatri Power Limited (SGPL) and Sembcorp Green Infra Limited (SGIL) and the amount of share capital and security premium of SGPL and SGIL as per Ind AS 103 (Appendix C), Business combinations of entities under common control (refer note 3.40).

#### Capital reserve

Capital reserve is the excess of fair value of net identified assets acquired over the purchase consideration of the business acquired by the Group from other than business combination of entities under common control.

#### Other reserves

Other reserves include all other transactions with the owners in their capacity as owners, impact of changes in the ownership interest do not result in loss of control and fair value adjustments (refer note 3.14).

#### Capital redemption reserve

Capital redemption reserve represents amounts set aside out of retained earnings on redemption of preference shares by one of the subsidiary,  Green Infra Wind Farm Limited.

#### Debenture redemption reserve

One of the subsidiary, Green Infra Wind Farm Assets Limited allotted 500, 12% Non-convertible debentures of face value of Rs. 1.00 million each. GIWFAL has transferred Rs. 125.00 million to 'Debenture redemption reserve' (DRR) out of profits available for distribution of dividends, as required under section 71 of the Companies Act, 2013, read with rule 18 under Companies (Share capital and Debentures) Rules, 2014.

#### General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to retained earnings.

#### Retained earnings

Retained earnings mainly represents all current and prior year profits as disclosed in the consolidated statement of profit and loss and other comprehensive income less dividend distribution and transfers to general reserve and remeasurement gain/(loss) relating to defined benefit liability.

### Other items of other comprehensive income

#### Effective portion of cash flow hedges

This comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instrument related to hedged transactions that have not yet occurred.

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

### 3.14 Long-term borrowings

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **A) Non-current borrowings:** | | |
| **Secured** | | |
| **From banks** | | |
| - External commercial borrowings | 16,883.09 | 16,747.24 |
| - Term loans | 60,024.69 | 86,218.13 |
| - Foreign currency non repatriable (FCNR) term loan | 26,698.56 | - |
| **From financial institutions** | | |
| - External commercial borrowings | 2,663.08 | 2,868.40 |
| -Term loans | 17,433.77 | 14,043.78 |
| **From others** | | |
| 500 (31 March 2018: 500) 12% Non-convertible debentures of face value of Rs. 1.00 million each | 500.00 | 500.00 |
| 10,000 (31 March 2018: Nil) 9.85% Non-convertible debentures of face value of Rs. 1.00 million each | 10,000.00 | - |
| **Unsecured** | | |
| **From related party (refer note 3.38)** | | |
| - INR denominated notes | 42,400.00 | 42,400.00 |
| | **1,76,603.19** | **1,62,777.55** |
| **B) Current maturities of long-term borrowings:** | | |
| Current maturities | 6,271.89 | 5,492.47 |
| | **6,271.89** | **5,492.47** |

| Long-term borrowings in the Group | Interest rate and repayment terms of the long-term borrowings | Security terms of the long-term borrowings |
|---|---|---|
| External commercial borrowings (ECB) of Rs. 15,783.47 million (31 March 2018: Rs. 15,578.06 million) from banks in the Company for Sembcorp – P1 | ECB loans carry interest at 3 month USD LIBOR plus 1.15% p.a. (31 March 2018: 3 month USD LIBOR plus 1.15% p.a.) These ECB loans are payable in 20 quarterly structured unequal instalments commencing from 30 June 2017. The Company has entered into cross currency interest rate swaps and the applicable interest rate under the hedge agreement is 8.36% p.a. | ECB loans are guaranteed by Sembcorp Utilities Pte Ltd, the holding company of the Company. |
| Rupee term loans of Rs. 24,422.61 million (31 March 2018: 47,148.99 million) from banks in the Company for Sembcorp – P1 | The rupee term loans in respect of facility I and II carries an interest of SBI MCLR plus 1.25% p.a. Interest rate applicable during the year is 9.20% - 9.75% p.a. (31 March 2018: 9.20% - 10.15%)<br><br>Rupee Term Loan facility - I is repayable in 79 quarterly structured unequal instalments commencing from 31 December 2016 and Rupee Term Loan facility - II consisting of Rs. 1,943.17 million is repayable in 77 quarterly structured unequal instalments commencing from 30 June 2017. | First ranking pari passu charge of registered mortgage of freehold land of 160 sq. mtrs. in Sudhagad Taluka, Raigad, Maharashtra and equitable mortgage of 800.80 acres of owned land and 680.55 acres of land under lease situated at Pynampuram and Nelatur Villages, Muthukur Mandal in the state of Andhra Pradesh and first ranking pari passu charge over all the present and future assets (both tangible and intangible) of Sembcorp P1.<br><br>643.97 million equity shares of Rs. 10 each of the Company, fully paid up are pledged by the holding company. |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

| Long-term borrowings in the Group | Interest rate and repayment terms of the long-term borrowings | Security terms of the long-term borrowings |
|---|---|---|
| Rupee term loans of Rs. 21,777.25 million (31 March 2018: 29,774.19 million) from banks in the Company for Sembcorp - P2 | The term loans carry an interest of SBI one year MCLR plus 1.25% p.a. The term loans carry an interest rate of 9.25% - 9.50% p.a. (31 March 2018: 9.25%)<br><br>The term loans facility are repayable in 78 quarterly structured unequal installments commencing from 30 September 2017. | First ranking pari passu charge of registered mortgage of freehold land of 150 sq. mtrs in Sudhagad Taluka, Raigad, Maharashtra and equitable mortgage over 1,216.88 acres of owned land situated at Pynampuram Village, Muthukur Mandal, SPSR Nellore District in the state of Andhra Pradesh and first ranking pari passu charge over all the present and future assets (both tangible and intangible) of Sembcorp - P2.<br><br>Further, the holding company has given undertaking to pledge 408.48 million equity shares of the Company for borrowings availed by Sembcorp – P2.<br><br>The holding company have given corporate guarantees to cover the outstanding exposure.<br><br>All securities rank pari passu on first charge basis inter se amongst all the term loan lenders and created in favour of SBICAP Trustee Company Limited, acting as security trustee for term loan lenders. |
| Foreign currency non repetriable (FCNR) term loan of Rs. 26,698.56 million (31 March 2018: Nil) in the Company for Sembcorp – P1 & P2<br><br>During the year, the Company has converted Rupee term loan of Rs. 19,999.25 million pertaining to Sembcorp-P1 and Rupee term loan of Rs. 7,500.00 million pertaining to Sembcorp-P2 into FCNR term loans. | FCNR term loans tenure is 358 to 360 days from the date of conversion and these loans are repayable in one lump sum on the date of maturity. However, as per the terms of FCNR term loan agreements, the Company can rollover the facility or can convert it into Rupee term loans. The business model of the Company is either to rollover or conversion into Rupee term loans. Accordingly, the Company has classified the borrowings in the financial statements as per the original Rupee term loan agreement. The rate of interest applicable on these FCNR term loans is at 12 months LIBOR plus Spread plus Hedging cost plus upfront conversion cost (All in cost is at 9.01% to 9.05% p.a.). The Company has obtained hedge contract on principle and interest payable. | The FCNR is secured as per the rupee term loan with respective lenders as mentioned above. |
| Rs. 42,400.00 Million (March 2018: 42,400.00 Million) INR denominated notes in the Company for SEIL-P2. | INR denominated notes are payable in Single Tranche and Interest on Notes are payable on Quarterly basis. Terms of repayment, interest rate and Interest accrued and outstanding are given below: | These notes are unsecured and subscribed by holding company i.e. Sembcorp Utilities Pte Ltd. |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

| Long-term borrowings in the Group | Interest rate and repayment terms of the long-term borrowings | Security terms of the long-term borrowings |
|---|---|---|

| Tranche | Amount | Date of receipt | Interest coupon | Maturity period or due date | Interest outstanding as on balance sheet date | Due dates for payment of interest accrued but not due |
|---|---|---|---|---|---|---|
| 1 | 7,893.90 | 9 December 2016 | 12.00% p.a. | 30 September 2020 | 1,638.03 | 30 September 2020 |
| 2 | 9,000.00 | 27 March 2017 | 10.00% p.a. | 10 years | 1,285.35 | 30 September 2020 |
| 3 | 9,000.00 | 6 April 2017 | 10.00% p.a. | 10 years | 1,714.05 | 30 September 2020 |
| 4 | 9,000.00 | 7 April 2017 | 10.00% p.a. | 10 years | 1,284.61 | 30 September 2020 |
| 5 | 7,506.10 | 7 April 2017 | 10.00% p.a. | 10 years | 1,427.48 | 30 September 2020 |
| | **42,400.00** | | | | **7,349.53** | |

The holding company has deferred the repayment of tranche 1 principle amount and interest accrued as at 31 March 2019 to 30 September 2020 at the request of the Company. Finance component on account of interest free deferment is recognised at fair value as other equity.

| | | |
|---|---|---|
| (i) Term loan of Rs. 3,750.00 million (31 March 2018: Rs. 2,060.00 million) from banks in GIWEL<br><br>(ii) Rs. 10,000.00 million, 10,000 9.65% Non-convertible debentures of Rs. 1.00 million each in GIWEL | Interest rate on loan is 9.65% (31 March 2018: 9.35% - 10.50 % p.a.) and is repayable in 77 unequal quarterly installments and 64 unequal quarterly installments starting from 30 June 2020 and 30 June 2018.<br><br>During the year ended 31 March 2019, few of the existing loans have been repaid entirely. The said loan had interest rate in the range of 9.30% - 9.45 % p.a.<br><br>During the year ended 31 March 2018, existing loans were repaid entirely by refinancing from short-term borrowings. The said loan had interest in the range of 9.35% - 10.50% p.a.<br><br>Non-convertible debentures are repayable in 12 quarterly unequal installments starting from 31 October 2020 and carry an interest rate of 9.65% p.a. | Secured by pari passu first charge on all immovable properties and movables including plant and machinery, spares, tools, accessories, furniture, fixtures of the respective projects and other assets of project, cash flows, receivables, book debts, revenues by way of assignment of security interest of all rights, title, interest, benefits of project in project documents, clearances, letter of credit, guarantees, performance bond, trust and retention account, debt service reserve account and any other reserves and bank accounts of GIWEL in favour of the Security Trustee. |
| Term loans of Rs. 3,279.11 million (31 March 2018: Rs. 3,378.20 million) from banks in GICSL<br><br>Term loans of Rs. 2,282.78 million (31 March 2018: Rs. 2,420.79 million) from financial institutions in GICSL | Interest rates are in the range of 9.95% - 11.35% p.a. (31 March 2018: 10.45% - 10.90% p.a.) and is repayable in 57 quarterly unequal installments from 15 January 2016 and 30 June 2016. | Secured by first charge on all immovable and movables including plant and machinery, spares, tools, accessories, furniture, fixtures and other assets of project, cash flows, receivables, book debts, revenues by way of assignment of security interest of all rights, title, interest, benefits of project in project documents, clearances, letter of credit, guarantees, performance bond, trust and retention account, debt service reserve account and any other reserves and bank accounts of borrower in favour of the Security Trustee for various wind power project located at state of Rajasthan, Madhya Pradesh, Gujarat and Maharashtra and pledge of 51% shareholding of all class of its shares held by its promoter. |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

| Long-term borrowings in the Group | Interest rate and repayment terms of the long-term borrowings | Security terms of the long-term borrowings |
|---|---|---|
| External commercial borrowings of Rs. 2,476.48 million (31 March 2018: Rs. 2,626.14 million) from foreign financial institutions in GICSL | Interest rates are in the range of 10.28% to 10.97% p.a. (31 March 2018: 10.71% to 10.97% p.a.) and is repayable in 57 quarterly unequal installments from 15 January 2016. | Secured by first charge on all immovable and movables including plant and machinery, spares, tools, accessories, furniture, fixtures and other assets of project, cash flows, receivables, book debts, revenues by way of assignment of security interest of all rights, title, interest, benefits of project in project documents, clearances, letter of credit, guarantees, performance bond, trust and retention account, debt service reserve account and any other reserves and bank accounts of borrower in favour of the Security Trustee for wind power projects. The loan is also secured by pledge of 51% of all class of its shares. |
| Term loans of Rs. 4,543.66 million (31 March 2018: Rs. 4,061.65 million) from financial institutions in GIWPGL<br><br>Term loans of Rs. 601.39 million (31 March 2018: Rs. 1,555.58 million) from bank in GIWPGL | Interest rates are in the range of 9.60% - 9.90% p.a. (31 March 2018: 9.60% - 10.50% p.a.) and are repayable in 60 quarterly structured unequal instalments starting from 30 June 2016 and 56 quarterly structured unequal instalments starting from 31 March 2018 respectively. | Secured by first charge on all movables including plant and machinery, spares, tools, accessories, furniture, fixtures and other assets of project, cash flows, receivables, book debts, revenues by way of assignment of security interest of all rights, title, interest, benefits of project in project documents, clearances, letter of credit, guarantees, performance bond, trust and retention account, debt service reserve account and any other reserves and bank accounts, mortgage by deposit of title deeds on immovable properties of GIWPGL. |
| Term loan of Rs. 1,000 million (31 March 2018: Rs. 984.36 million) from financial institution in GIWFL | Interest on the loan is 10.00% p.a. (31 March 2018: Nil.) and is repayable in 44 structured unequal quarterly installments starting from 30 June 2019.<br><br>During the year ended 31 March 2019, existing loan having interest in the range of 10.25% - 10.50% p.a. (31 March 2018: 10.00% - 11.25%) and repayable in 52 structured unequal quarterly installments starting from 1 October 2014, have been repaid entirely by refinancing from short-term loan which was further refinanced by long-term loan. | Secured by first charge by way of mortgage of immoveable and moveable properties including moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, and goodwill, first charge by way of assignment or creation of security on all rights, title, interest, benefits claim and demands, letter of credit, insurance contract/ insurance proceeds, guarantee, performance bond and receivables. The previous loan was also secured by pledge of GIWFL's shares equivalent to Nil (31 March 2018: 51%) shareholdings of all classes of its shares. |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

| Long-term borrowings in the Group | Interest rate and repayment terms of the long-term borrowings | Security terms of the long-term borrowings |
|---|---|---|
| Term loan of Rs. 568.19 million (31 March 2018: Rs. 602.40 million) from financial institution in GIWPL | Interest on loan is 10.80% (31 March 2018: 10.80% p.a.) and is repayable in 54 structured unequal quarterly installments starting from 15 March 2016. | Secured by way of first charge of mortgage on freehold immovable property, hypothecation of movable assets including moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, intangibles, goodwill, first charge by way of assignment or creation of security on all rights, title, interest, benefits claim and demands, letter of credit, insurance contract/ insurance proceeds, guarantee, performance bond, corporate guarantee, bank guarantee provided by any party to the Projects Documents, trust and retention account, debt service reserve account and any other reserves and any other bank account and receivables of GIWPL and 51% equity shares of Rs. 10 each of the GIWPL held by promoter i.e. GIWVL have been pledged in favour of the financial institution. |
| Term loan of Rs. 580.89 million (31 March 2018: Rs. 616.53 million) from financial institution in GICWL | Interest on loan is 10.80% p.a. (31 March 2018: 10.80% p.a.) and is repayable in 54 structured unequal quarterly installments starting from 15 March 2016. | Secured by way of first charge of mortgage on freehold immovable property, hypothecation of movable assets including moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, intangibles, goodwill, first charge by way of assignment or creation of security on all rights, title, interest, benefits claim and demands in any letter of credit, insurance contract insurance proceeds, guarantee, performance bond, corporate guarantee, bank guarantee provided by any party to the projects documents, trust and retention account, debt service reserve account and other reserves and bank accounts and receivables of GICWL, and 51% Equity shares of the GICWL held by promoter (i.e. GIWVL) have been pledged in favour of the financial institution. |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

| Long-term borrowings in the Group | Interest rate and repayment terms of the long-term borrowings | Security terms of the long-term borrowings |
|---|---|---|
| Term loans of Nil (31 March 2018: Rs. 644.40 million) from financial institutions in GISEL | Interest rates were in the range of 10.25% - 10.91 % p.a. (31 March 2018: 9.57% - 11.00 % p.a.) and were repayable in 52 structured unequal quarterly installments from 1 October 2014.<br><br>During the year ended 31 March 2019, the entire has been repaid by refinancing from short-term loan. | Secured by first charge on all movables including plant and machinery, spares, tools, accessories, furniture, fixtures and other assets of project, cash flows, receivables, book debts, revenues by way of assignment of security interest of all rights, title, interest, benefits of project in project documents, clearances, letter of credit, guarantees, performance bond, trust and retention account, debt service reserve account and any other reserves and bank accounts. The loan is also secured by mortgage by deposit of title deeds of immovable properties of GISEL and pledge of Nil (31 March 2018: 51%) share capital of GISEL together with all accretions, held by SGIL. |
| Term loan of Rs. 822.80 million (31 March 2018: Rs. 889.77 million) from financial institution in GIWGL | Interest on loan is 9.55% p.a. (31 March 2018: 9.55% p.a.) and is repayable in 59 structured unequal quarterly installments commencing from 31 September 2017.<br><br>During the year ended 31 March 2018, existing loans were paid entirely by refinancing from long-term loan having interest in the range of 12.55% to 12.90% p.a. | Secured by pari-passu first charge on all immovable and movables properties including plant and machinery, spares, tools, accessories, furniture, fixtures and other assets of project, cash flows, receivables, book debts, revenues, intangible assets, trust and retention account, debt service reserve account and any other reserves and bank accounts of borrower, all rights, title, interest, benefits, claims and demands in the project documents, clearances, letter of credit, guarantee, performance bond and bank guarantee pledge of shares held by sponsors (i.e. Sembcorp Green Infra Limited) in the equity and preference shares representing Nil (31 March 2018: 51%) of the total paid up capital of the GIWGL in favour of the Security Trustee. |
| Term loan of Rs. 636.94 million (31 March 2018: Rs. 680.37 million) from financial institution in GIWPPL | Interest on loan is 9.45% p.a. (31 March 2018: 9.45% p.a.) and is repayable in 48 structured unequal quarterly installments starting from 30 June 2017. | Secured by pari-passu first charge on all immovable and movables properties including plant and machinery, spares, tools, accessories, furniture, fixtures and other assets of project, cash flows, receivables, book debts, revenues, intangible assets, trust and retention account, debt service reserve account and any other reserves and bank accounts of borrower, all rights, title, interest, benefits, claims and demands in the project documents, clearances, letter of credit, guarantee, performance bond and bank guarantee and pledge of shares held by sponsors (i.e. Sembcorp Green Infra Limited) in the equity Nil (31 March 2018: 51%) and preference shares representing 51% (31 March 2018: 51%) of GIWPPL in favour of the Security Trustee. |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

| Long-term borrowings in the Group | Interest rate and repayment terms of the long-term borrowings | Security terms of the long-term borrowings |
|---|---|---|
| Term loans of Nil (31 March 2018: Rs. 559.30 million) from financial institutions in GIWEAL | Interest rate were in the range of 10.25% - 10.92% p.a. (31 March 2018: 9.61% - 11.00% p.a.) and was repayable in 52 structured unequal quarterly installments from 1 October 1, 2014.<br><br>During the year ended 31 March 2019, the entire loan has been repaid by refinancing from short-term loan. | Secured by first charge on immovable properties (leasehold or freehold) together with all the structures and appurtenances; first charge by way of hypothecation of all movable assets, first charge on book debts, operating cash flows, receivables, commission, revenue intangibles, goodwill, first charge on trust and retention account, debt service reserve account, project contracts (including insurance policies, land, right, titles) and PPAs along with pledge of 993,423 (31 March 2018: 993,423) equity shares of GIWEAL with the Lender held by promoter (i.e. GIWVL). The Group is in the process of removal of pledge as the loan has been repaid during the year. |
| Term loans of Rs. 1,508.01 million (31 March 2018: Rs. 1,623.84 million) from financial institutions in GIWFAL<br><br>Rs. 500.00 million (31 March 2018: Rs. 500.00 million) 12% Non-Convertible Debentures of Rs. 1.00 million each in GIWFAL | (i) Interest rates are in the range of 10.00% - 11.25% p.a. (31 March 2018: 9.78% - 11.25% p.a.) and are repayable in 64 quarterly unequal installments starting from 1 April 2015.<br><br>(ii) Non-convertible debentures are issued at 12% interest rate and are repayable in 4 yearly installments and starting at the ended of 6th year from the date of allotment, i.e. 30 December 2014. | Secured by way of pari passu mortgage on immovable property, hypothecation of movable assets including moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, intangibles, goodwill, first charge by way of assignment or creation of security on all rights, title, interest, benefits claim and demands in any letter of credit, insurance contract/ insurance proceeds, performance bond, corporate guarantee, bank guarantee provided by any party to the projects documents, trust and retention account, debt service reserve account and any other reserves and any other bank account and receivables and 37,383,000 equity shares of Rs. 10 each of GIWFAL have been pledged by promoter i.e. GIWVL in favour of the Lenders. |
| Term loan of Rs. 606.94 million (31 March 2018: Rs. 648.32 million) from financial institution in GIWEPL | Interest on loan is 9.45% p.a. (31 March 2018: 9.45% p.a.) and is repayable in 44 structured unequal quarterly installments commencing from 30 June 2017. | Secured by first charge by way of hypothecation on entire movable properties, cash flows, receivables, book debts and revenues, intangible assets, assignment or creation of security interest of all rights, title, interest benefits, claims and demands in the project documents, clearances, letter of credit, performance bond, corporate guarantee, bank guarantee provided by any party to the project documents; trust and retention account, debt service reserve account and any other reserves and bank account performance bond, corporate guarantee, bank guarantee. |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

| Long-term borrowings in the Group | Interest rate and repayment terms of the long-term borrowings | Security terms of the long-term borrowings |
|---|---|---|
| Term loan of Nil (31 March 2018: Rs. 108.33 million) from bank in GIWEThL | Interest rate was in range of 9.95% - 10.95% p.a. (31 March 2018: 9.95% - 11.75% p.a.) and was repayable in 36 equal quarterly installments after moratorium period of 12 months from the first withdrawal date i.e. 28 August 2011.<br><br>During the year ended 31 March 2019, the entire loan has been repaid by refinancing from short-term loan. | Secured by way of mortgage of immovable and movable properties and all rights, titles rights interest of the 7.5 MW wind farm at Theni, Tamil Nadu. |
| Term loan of Nil (31 March 2018: Rs. 124.50 million) from financial institution in GIWPThL | Interest rate was in the range of 10.25% - 10.50% p.a. (31 March 2018: 10.00% - 11.25% p.a.) and was repayable in 52 unequal quarterly installments starting from 1 October 2014.<br><br>During the year ended 31 March 2019, the entire loan has been repaid by refinancing from short-term loan. | Secured by first charge on all movables including plant and machinery, spares, tools, accessories, furniture, fixtures and other assets of project, cash flows, receivables, book debts, revenues by way of assignment of security interest of all rights, title, interest, benefits of project in project documents, clearances, letter of credit, guarantees, performance bond, trust and retention account, debt service reserve account and any other reserves and bank accounts. The loan is also secured by mortgage by deposit of title deeds of immovable properties of GIWPThL and pledge of 51% share capital of GIWPThL together with all accretions, held by promoter (i.e. Green Infra BTV Limited).<br><br>The pledge on above shares has been removed subsequently on 3 April 2019. |
| Term loan of Rs. 1,132.30 million (31 March 2018: Rs. 1,175.20 million) from financial institution in MREL | Interest rate is in the range of 9.60% - 10.10% p.a. (31 March 2018: 9.60% - 10.50% p.a.) and is repayable in 59 structured unequal quarterly installments from 31 December 2018. | Secured by first mortgage and charge on all immovable properties, first charge on the entire movable properties and intangible assets including plant and machinery, machinery spares, tools and accessories, furniture and fixtures, vehicles along with first charge on the goodwill, uncalled capital, cash flows, receivables, book debts, revenues, first charge on all bank accounts, debt service reserve, trust and retention account; an assignment by way of security on project documents and contracts (including insurance policies, land, right, titles). |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

| Long-term borrowings in the Group | Interest rate and repayment terms of the long-term borrowings | Security terms of the long-term borrowings |
|---|---|---|
| Term loans of 2,449.37 million (31 March 2018: Rs. 2,555.80 million) from banks in GIWSL | Interest rates are in the range of 9.35% - 9.60% p.a. (31 March 2018: 9.35% - 9.50% p.a.) and are repayable in 63 structured unequal quarterly installments starting from 30 June 2018. | Secured by first mortgage and charge on all immovable properties, first charge on the entire movable properties and intangible assets including plant and machinery, machinery spares, tools and accessories, furniture and fixtures, vehicles along with first charge on the goodwill, uncalled capital, cash flows, receivables, book debts, revenues, first charge on all bank accounts, debt service reserve account, trust and retention account; an assignment by way of security on project documents and contracts (including insurance policies, land, right, titles) and 26% equity shares of the GIWSL held by promoter have been pledged in favour of the Lender. |
| (i) Term loan of Rs. 7,585.07 million (31 March 2018: Rs. 3,520.00 million) from banks in GIREL<br>(ii) Term loans of Rs. 5,316.80 million (31 March 2018: Nil) from financial institutions in GIREL | Interest rates are in the range of 9.00% - 9.85% p.a. (31 March 2018: 9.00% p.a.) and are repayable in 71 structured unequal quarterly installments starting from 31 December 2019. | Secured by first mortgage and charge on all immovable properties, first charge on the entire movable properties and intangible assets including plant and machinery, machinery spares, tools and accessories, furniture, fixture, vehicles along with first charge on the goodwill, uncalled capital, cash flows, receivables, book debts, revenues, first charge on all bank accounts, debt service reserve account, trust and retention account; an assignment by way of security on project documents and contracts. |
| (i) External commercial borrowing of USD 10.05 million equivalent to Rs. 695.50 million (31 March 2018: USD 11.09 million equivalent to Rs. 721.39 million) from bank in GISFL<br>(ii) External commercial borrowing of Rs. 311.19 million (31 March 2018: Rs. 342.53 million) from foreign financial institution in GISFL | (i) External commercial borrowing from bank carries interest rate of USD 3M LIBOR + 2.5% p.a. (31 March 2018: USD 3M LIBOR + 2.5% p.a.) and is repayable in 45 structured unequal quarterly installments from 15 October 2013.<br>(ii) External commercial borrowing from foreign financial institution carries an interest rate in the range of 10.57% - 11.48% p.a. (31 March 2018: 10.57% - 11.48% p.a. and is repayable in 26 structured unequal half yearly installments from 15 October 2013. | Secured by first charge on immovable properties all movables including plant and machinery, spares, tools, accessories, furniture, fixtures and other assets of project, cash flows, receivables, book debts, revenues, by way of assignment of security interest of all rights, title, interest, benefits in project documents, clearances, letter of credit, guarantees, performance bond, trust and retention account, debt service reserve account and other reserves and bank accounts of GISFL, along with 51% (31 March 2018: 100%) of equity shares of GISFL have been pledged in favour of the Security Trustee of Lenders. |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

| Long-term borrowings in the Group | Interest rate and repayment terms of the long-term borrowings | Security terms of the long-term borrowings |
|---|---|---|
| (i) External commercial borrowing of USD 2.63 million equivalent to Rs. 181.91 million (31 March 2018: USD 2.90 million equivalent to Rs. 188.68 million) from bank in GISPL<br><br>(ii) External commercial borrowing of Rs. 80.73 million (31 March 2018: Rs. 88.86 million) from foreign financial institution in GISPL | (i) External commercial borrowing from bank carries an interest rate of USD 3M LIBOR + 2.5% p.a. (31 March 2018: USD 3M LIBOR + 2.5% p.a.) and is repayable in 45 structured unequal quarterly installments from 15 October 2013.<br><br>(ii) External commercial borrowing from foreign financial institution carries an interest rate in the range of 10.57% - 11.48% p.a. (31 March 2018: 10.57% - 11.48% p.a.) and is repayable in 26 structured unequal half yearly installments from 15 October 2013. | Secured by first charge on immovable properties all movables including plant and machinery, spares, tools, accessories, furniture, fixtures and other assets of project, cash flows, receivables, book debts, revenues, by way of assignment of security interest of all rights, title, interest, benefits in project documents, clearances, letter of credit, guarantees, performance bond, trust and retention account, debt service reserve account and other reserves and bank accounts of borrower, along with 51% (March 2018: 100%) of equity shares of the GISPL have been pledged in favour of the Security Trustee of Lenders. |
| (i) External commercial borrowing of JPY 227.28 million equivalent to Rs. 142.09 million (31 March 2018: JPY 318.19 million equivalent to Rs. 195.81 million) from bank in GIBTVL<br><br>(ii) Term loan of Rs. 68.57 million (31 March 2018: Rs. 137.14 million) from bank in GIBTVL | (i) External commercial borrowing from bank carries an interest rate of JPY LIBOR + 1.81% p.a. (31 March 2018: JPY LIBOR + 1.81% p.a.) and is repayable in 20 half yearly equal installments of JPY 45.46 million from 15 months from first disbursements i.e. 22 February 2012.<br><br>(ii) The term loan carries an interest rate in the range of 9.95% to 10.70% p.a. (31 March 2018: 9.95% to 12.00% p.a.) and is repayable in 35 quarterly equal installments of from 15 months from first disbursements i.e. 7 September 2011. | Secured by first pari passu charge on assets including land, plant and machinery and movables properties including books debts, operating cash flow, receivable in pertaining to the 23.75 MW wind farms projects at Vagaikulam and Theni, Tamil Nadu. |
| External commercial borrowings of USD 14.98 million equivalent to Rs. 1,036.09 million (31 March 2018: USD 17.36 million equivalent to Rs. 1,129.44 million) from banks in GIBTVL | (i) External commercial borrowings of outstanding USD 3.58 million (31 March 2018: USD 5.96 million) carries an interest rate of USD LIBOR + 4.50% p.a. (31 March 2018: USD LIBOR + 4.50% p.a.) and are repayable in 14 half yearly equal installments of USD 1.19 million from 31 December 2013.<br><br>(ii) External commercial borrowings of outstanding USD 11.40 million (31 March 2018: USD 11.40 million) carries an interest rate of USD LIBOR + 2.74% p.a. (31 March 2018: USD LIBOR + 2.74% p.a.) and are repayable in 6 installments. First installment of USD 0.60 million was paid on September 23, 2013 and remaining balance is repayable in 5 structured unequal half yearly installments starting from 22 March 2021. | Secured by an exclusive charge on all immovable and movables properties pertaining to the 25.50 MW wind farms projects at Satara, Maharashtra |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

### 3.15 Derivative liabilities

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Non-current** | | |
| ***Derivative designated as cash flow hedge*** | | |
| - Fair value of cross currency interest rate swaps | - | 684.96 |
| ***Derivatives not designated as hedge*** | | |
| - Fair value of interest rate swaps | 4.73 | 8.73 |
| - Fair value of foreign exchange option contracts | 0.93 | 2.51 |
| | **5.66** | **696.20** |
| **Current** | | |
| ***Derivatives designated as cash flow hedge*** | | |
| - Fair value of commodity hedge contracts | 489.52 | - |
| - Fair value of forward contracts | 40.03 | - |
| ***Derivatives not designated as hedge*** | | |
| - Fair value of forward contracts | 1,135.03 | 0.25 |
| - Fair value of commodity hedge contracts | - | 92.45 |
| | **1,664.58** | **92.70** |

The Group's exposure to currency and liquidity risk related to the above financial liabilities is disclosed in note 3.33.

### 3.16 Other financial liabilities

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Non-current** | | |
| Retention bonus payable | 23.64 | 33.87 |
| Interest accrued but not due on INR denominated notes (refer note 3.14) | 6,703.27 | - |
| | **6,726.91** | **33.87** |
| **Current** | | |
| Current maturity of long-term borrowings (refer note 3.14) | 6,271.89 | 5,492.47 |
| Capital creditors | 8,062.67 | 1,623.92 |
| Interest accrued but not due on borrowings | 413.31 | 4,720.73 |
| Retention bonus payable | 18.40 | 41.36 |
| Retention money payable (refer note 3.39 (IV)) | 6,596.94 | 6,606.09 |
| Security deposits | - | 2.35 |
| Amount payable to employees | 112.34 | 225.74 |
| Other payables | 94.09 | 0.30 |
| | **21,569.64** | **18,712.96** |

The Group's exposure to currency and liquidity risk related to the above financial liabilities is disclosed in note 3.33.

### 3.17 Provisions

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Non-current** | | |
| **Provision for employee benefits** | | |
| - Gratuity (refer note 3.37) | 10.81 | 2.36 |
| - Compensated absences | 51.91 | 39.22 |
| **Other provisions** | | |
| Provision for asset retirement obligation (refer subnote below) | 178.11 | 287.16 |
| | **240.83** | **328.74** |
| **Current** | | |
| **Provision for employee benefits** | | |
| - Compensated absences | 6.49 | 8.41 |
| **Other provisions** | | |
| Provision for captive consumption tax | 2.27 | 2.49 |
| | **8.76** | **10.90** |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

**Movement in provision for asset retirement obligation is as follows:**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| At the beginning of the year | 287.16 | 261.51 |
| Provision (re-estimated)/added during the year (including unwinding of interest) | (109.05) | 25.65 |
| At the end of the year | **178.11** | **287.16** |

### 3.18 Deferred tax liabilities

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Deferred tax liabilities:** | | |
| Excess of depreciation on assets under Income Tax law over depreciation provided in accounts | 16,741.34 | 16,723.08 |
| Fair value adjustment of current investments | 11.50 | 12.62 |
| Unamortised part of borrowing costs | 189.69 | 3.92 |
| | **16,942.53** | **16,739.62** |
| **Deferred tax assets:** | | |
| Provision for asset retirement obligation | 49.55 | 79.89 |
| Allowance for expected credit loss | 44.49 | 18.69 |
| Operation and maintenance expenses equalization reserve | 116.22 | 164.90 |
| Expenses to be allowed as deductible in future | 6,249.39 | - |
| Unabsorbed depreciation/carried forward tax losses # | 9,752.56 | 16,143.23 |
| | **16,212.21** | **16,406.71** |
| **Net deferred tax liabilities** | **730.32** | **332.91** |
| Deferred tax liabilities at the beginning of the year | 332.91 | 193.89 |
| Deferred tax expenses recognised in the consolidated statement of profit and loss | 399.17 | 139.21 |
| Deferred tax credit recognised in other comprehensive income | (1.76) | (0.19) |
| **Deferred tax liabilities at the end of the year** | **730.32** | **332.91** |

# In the absence of reasonable certainty supported by evidence that there will be future taxable income against which such losses/ depreciation can be set off, the deferred tax asset on carry forward unabsorbed depreciation and loss as at 31 March 2019 is created to the extent of deferred tax liability in respective entities.

### 3.19 Other liabilities

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Non-current** | | |
| Operation and maintenance expenses equalisation reserve | 487.13 | 717.76 |
| Lease equalisation reserve | 24.89 | 18.40 |
| | **512.02** | **736.16** |
| **Current** | | |
| Operation and maintenance expenses equalisation reserve | 44.70 | 349.41 |
| Advance from customers | 20.70 | 37.17 |
| Unearned income | 292.31 | 225.03 |
| Dues to statutory authorities | 255.28 | 201.36 |
| Other payables (refer note 3.39 (IV)) | 3,924.92 | 4,077.39 |
| | **4,537.91** | **4,890.36** |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

### 3.20 Short-term borrowings

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Secured** | | |
| Working capital loans from banks including buyer's credit | 16,893.29 | 15,468.51 |
| Short-term project loans | 6,824.72 | 9,841.66 |
| Bills discounted against letter of credit | 1,739.08 | 3,300.80 |
| **Unsecured** | | |
| Commercial papers | 3,250.00 | - |
| Short-term project loans | 2,000.00 | - |
| Bills discounted against letter of credit | 352.47 | - |
| | **31,059.56** | **28,610.97** |

| Short-term borrowings in the Group | Interest rate and repayment terms of the short-term borrowings | Security terms of the short-term borrowings |
|---|---|---|
| Working capital loans from banks including buyer's credit of Rs. 13,559.39 million (31 March 2018: 9,456.13 million) in the Company for Sembcorp – P1 | Working capital loans currently carry an interest in the range of 8.30% - 10.15% p.a. (31 March 2018: 7.95% - 9.40% p.a.) and buyers credit carry LIBOR based interest rate which was in the range of 3.80% to 4.05% p.a. (31 March 2018: 2.27% - 3.25% p.a.) and tenure is 180 days from the date of draw down and cash credits are repayable on demand for the projects. | Short-term borrowings from banks are secured by mortgage pari passu first charge of registered mortgage of freehold land of 160 sq. mt. in Sudhagad Taluka, Raigad, Maharashtra and equitable mortgage of 800.80 acres of owned land and 680.55 acres of land under lease situated at Pynampuram and Nelatur Villages, Muthukur Mandal in the state of Andhra Pradesh and first pari passu charge over all the present and future assets (both tangible and intangible) of the Sembcorp – P1.<br><br>Short-term borrowings to the extent of Rs. 2,000.00 million from Development Bank of Singapore Limited is secured by corporate bank guarantee from Sembcorp Utilities Pte Ltd and Gayatri Energy Ventures Private Limited, in the ratio of their respective shareholding at all times. |
| Working capital loans from banks including buyer's credit of Rs. 2,926.64 million in the Company for Sembcorp – P2 | Interest on Cash Credit facility linked to SBI MCLR plus spread of 1.25% (31 March 2018: SBI MCLR plus spread of 2.55%) Interest rate applicable was 9.25%- 9.75% p.a. (31 March 2018: 11.55% p.a.)<br><br>Working capital loans currently carry an interest of 8.35% to 9.70% p.a. (31 March 2018: 8.35% to 9.70% p.a.) and buyers credit carries LIBOR based interest in range of 3.80% to 4.05% p.a. (31 March 2018: 2.00% to 2.70% p.a.) | Secured by first ranking pari passu charge of registered mortgage of freehold land of 150 sq. mtrs at Village Zaap, Sudhagad Taluka, Raigad, Maharashtra and equitable mortgage over 1,216.88 acres of owned land and leasehold rights on land admeasuring 38.91 acres, under lease from the Company situated at Pynampuram Village, Muthukur Mandal, SPSR Nellore District in the state of Andhra Pradesh and first ranking pari passu charge over all the present and future assets (both tangible and intangible) of Sembcorp – P2<br><br>The fund based working capital facilities from State Bank of India are secured by the Corporate guarantee of Sembcorp Utilities Pte Ltd. |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

| Short-term borrowings in the Group | Interest rate and repayment terms of the short-term borrowings | Security terms of the short-term borrowings |
|---|---|---|
| | | The working capital facilities from DBS bank and HSBC Bank are secured by corporate guarantee from Sembcorp Utilities Pte Ltd and Gayatri Energy Ventures Private Limited in proportionate to shareholding in the Company till the date of supply of power under Long-term Power Purchase Agreement (PPA) for 990 MW. |
| Bills discounted against letter of credit of Rs. 916.65 million (31 March 2018: Rs. 3,300.80 million) from banks in GIREL | Bill discounted carry an interest rate in the rage of 7.20% - 8.60% p.a. (31 March 2018: 7.20% - 7.50% p.a.) and are repayable within 365 days from the date of issuance of Bill of Exchange. | Secured by first mortgage and charge on all immovable properties, first charge on the entire movable properties and intangible assets including plant and machinery, machinery spares, tools and accessories, furniture, fixture, vehicles along with first charge on the goodwill, uncalled capital, cash flows, receivables, book debts, revenues, first charge on all bank accounts, debt service reserve account, trust and retention account; an assignment by way of security on project documents and contracts. |
| Bills discounted against letter of credit of Rs. 822.43 million (31 March 2018: Nil) from banks in GIWEL | Bills discounted carry an interest rate of 8.70% p.a. (31 March 2018: Nil) and are repayable within 365 days from the date of issuance of Bill of Exchange. | Secured by first charge on all immovable properties and movables including plant and machinery, spares, accessories, furniture, and other assets of project, cash flows, receivables, book debts, revenues by way of assignment of security interest of all rights, title, interest, benefits of project in project documents, clearances, letter of credit, guarantees, performance bond, trust and retention account, debt service reserve account and any other reserves and bank accounts of GIWEL in favour of the Security Trustee. |
| Rs. 407.26 million (31 March 2018: Rs. 307.90 million) working capital loans from banks in GIWEL | The working capital loan carries interest rate in the range of 8.19% - 9.30% p.a. (31 March 2018: 8.60%) and is repayable on demand. | The working capital loan is secured by way of first charge of entire immovable properties pertaining to the project, entire movable properties including movable plant and machinery, machinery spares, tools and accessories, furniture and fixtures, vehicles, current assets, entire cash flow, receivables, book debts and revenues, entire intangible assets, assignment of all rights, title, interest, benefits, claims of project, all project documents, first charge on trust and retention accounts, debt service reserve accounts and other bank accounts. |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

| Short-term borrowings in the Group | Interest rate and repayment terms of the short-term borrowings | Security terms of the short-term borrowings |
|---|---|---|
| Rs. 5,474.89 million (31 March 2018: Rs. 9,841.66) loans from banks in GIWEL | Interest rate are on based of MCLR rates plus spread margin and is in the range of 8.16 % - 9.51% p.a. (31 March 2018: 7.85% - 8.60%) and are repayable within 12 months from the date of loan taken. | Secured by first rank pari passu charge over all rights, title, interest and benefit in entire movable properties including movable plant and machinery, machinery spares, tools and accessories, furniture and fixtures, vehicles and intangible assets of the related projects. |
| Rs. 91.67 million (31 March 2018: Nil) loan from bank in GIWEThL<br><br>Rs. 119.28 million (31 March 2018: Nil) loan from bank in GIWPThL<br><br>Rs. 599.39 million (31 March 2018: Nil) loan from bank in GISEL<br><br>Rs. 539.50 million (31 March 2018: Nil) loan from bank in GIWEAL | Interest rates are in the range of 8.27% - 9.51% p.a. (31 March 2018: Nil) and is repayable within 12 months from the date of disbursement of loan. | Secured by first rank pari passu charge over all rights, title, interest and benefit in entire movable properties including movable plant and machinery, machinery spares, tools and accessories, furniture and fixtures, vehicles and intangible assets of respective entity. |
| Bills discounted against letter of credit of Rs. 352.47 million (31 March 2018: Rs. Nil) from banks in GIWEL | Bill discounted carry an interest rate of 8.70% p.a. (31 March 2018: Nil) and are repayable within 365 days from the date of issuance of Bill of Exchange. | Bills discounted against letter of credit from banks are unsecured. |
| Rs. 2,000.00 million (31 March 2018: Nil) loan from bank in GIWEL | Interest rates are on based of MCLR rates plus spread margin and is 8.95% (31 March 2018: Nil) and is repayable within 12 months from the date of disbursement of loan. | These loans are unsecured. |
| Commercial papers Rs. 3,250.00 million (31 March 2018: Nil) issued by GIWEL | Commercial papers have a discount rate in the range of 8.70% - 8.95% p.a. (31 March 2018: Nil) and are repayable within 93 - 274 days from the date of issue. | These commercial papers are unsecured. |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

### 3.21 Trade payables

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Total outstanding dues to micro and small enterprises | 4.51 | - |
| Total outstanding dues to other than micro and small enterprises | | |
| - related parties (refer note 3.38) | 52.81 | 109.03 |
| - others | 3,357.05 | 3,318.81 |
| | **3,414.37** | **3,427.84** |

The Group's exposure to currency and liquidity risks related to trade payables are disclosed in note 3.33.

### 3.22 Current tax liabilities

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Provision for taxes (net of advance tax) | 410.47 | 408.76 |
| | **410.47** | **408.76** |

### 3.23 Revenue from operations

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Sale of electricity | 82,810.36 | 77,329.80 |
| **Other operating revenues:** | | |
| - Income from generation based incentive | 471.65 | 462.90 |
| - Income from sale of renewable energy certificates | 81.76 | 157.72 |
| - Other operating revenue | 48.61 | 25.74 |
| | **83,412.38** | **77,976.16** |

**Reconciliation of revenue recognised with the contracted price is as follows:**

| Particulars | For the year ended 31 March 2019 |
|---|---|
| Contract price | 83,787.74 |
| **Adjustments for:** | |
| Rebates | (606.03) |
| Deviation charges (refer note 2.17) | (304.07) |
| Unearned income | (67.28) |
| **Sale of electricity** | **82,810.36** |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

### 3.23 Revenue from operations (Contd..)

**Changes in unearned income are as follows:**

| Particulars | For the year ended 31 March 2019 |
|---|---|
| Balance at the beginning of the year | 225.03 |
| Revenue recognised during the year out of opening balance | - |
| Increase during the year | 67.28 |
| **Balance at the end of the year** | **292.31** |

Unearned income represents provision for coal mix deviation as per the terms of long-term PPA.

### 3.24 Other income

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Interest income under effective interest rate method | 781.01 | 612.83 |
| Net gain on fair value changes classified as FVTPL | | |
| - mutual funds | 203.34 | 168.45 |
| - other financial assets | 0.50 | 13.70 |
| Liquidated damages recovered | 1,865.40 | 121.14 |
| Liabilities no longer required, written back (refer note 3.39 (IV)) | 671.49 | 233.65 |
| Provision no longer required, written back | 25.17 | - |
| Gain on derivative contracts, net | 459.32 | - |
| Gain on sale of property, plant and equipment, net | 0.34 | - |
| Income from insurance claims | 52.17 | - |
| Late payment surcharges from beneficiary | 1,150.30 | 9.10 |
| Miscellaneous income, net | 45.44 | 12.48 |
| | **5,254.48** | **1,171.35** |

### 3.25 Cost of fuel

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Coal and alternative fuel | 45,931.12 | 43,476.20 |
| | **45,931.12** | **43,476.20** |

### 3.26 Transmission charges

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Transmission charges | 3,716.14 | 2,888.49 |
| | **3,716.14** | **2,888.49** |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

### 3.27 Employee benefits expense

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Salaries, wages and bonus | 1,675.59 | 1,350.02 |
| Contribution to provident and other funds (refer note 3.37) | 86.74 | 72.37 |
| Employee shared based expenses | 22.14 | - |
| Staff welfare expenses | 92.42 | 76.69 |
| | **1,876.89** | **1,499.08** |

### 3.28 Finance costs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Interest expense on financial liabilities measured at amortised cost | 18,454.82 | 18,603.18 |
| Unwinding of discount on asset retirement obligation | 16.19 | 21.20 |
| Loss on derivative contracts | - | 19.90 |
| Other borrowing costs | 550.02 | 2,444.65 |
| | **19,021.03** | **21,088.93** |

### 3.29 Depreciation and amortisation expense

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Depreciation on property, plant and equipment | 11,155.25 | 10,914.13 |
| Amortisation on intangible assets | 23.52 | 41.91 |
| | **11,178.77** | **10,956.04** |

### 3.30 Operating and other expenses

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Operation and maintenance expenses | 692.79 | 752.71 |
| Consumption of stores, spares and consumables | 513.13 | 437.17 |
| Site development expenses | 24.90 | 31.03 |
| Repairs and maintenance | | |
| - Buildings and civil works | 40.56 | 70.62 |
| - Plant and equipment | 870.07 | 896.31 |
| - Others | 123.42 | 130.41 |
| Travelling and conveyance | 141.08 | 125.53 |
| Insurance | 419.81 | 419.07 |
| Security charges | 111.56 | 134.94 |
| Legal and professional expenses (refer subnote below) | 586.62 | 959.16 |
| Vehicle hire charges | 40.17 | 38.47 |
| Health and safety expenses | 19.60 | 25.79 |
| Expenditure on corporate social responsibility | 22.75 | 39.15 |
| Rates and taxes | 67.32 | 62.61 |
| Rent | 68.44 | 50.98 |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

### 3.30 Operating and other expenses (Contd..)

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Directors' sitting fee (including subsidiary companies) | 12.49 | 14.00 |
| Loss on foreign exchange fluctuations, net | 501.43 | 290.96 |
| Loss on disposal of property, plant and equipment, net | - | 2.86 |
| Property, plant and equipment written off (refer note 3.39 (IV)) | 216.61 | - |
| Commission charges | 6.48 | 9.66 |
| Communication expenses | 12.97 | 12.74 |
| Business promotion | 10.42 | 9.26 |
| Capital work-in-progress written off | - | 78.17 |
| Allowance for expected credit loss | 46.31 | 84.91 |
| Doubtful receivables and advances written off | 0.92 | 30.85 |
| Miscellaneous expenses | 61.75 | 46.52 |
| | **4,611.60** | **4,753.88** |

### Auditor's remuneration (excluding taxes)

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| - statutory audit fee | 10.92 | 11.15 |
| - for other services | 12.73 | 14.34 |
| - for reimbursement of expenses | 1.84 | 1.19 |
| | **25.49** | **26.68** |

**Notes:**

a) The above auditor's remuneration includes audit fees paid to auditors of the subsidiaries.

### 3.31 Tax expenses

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Current tax expense* | 649.57 | 175.70 |
| Current tax expense (changes in estimates related to prior years) | 7.37 | - |
| Deferred tax charge | 399.17 | 139.21 |
| | **1,056.11** | **314.91** |
| Tax effect on other comprehensive income | (1.76) | (0.19) |
| | **1,054.35** | **314.72** |

* refer note 3.40 for restatement in previous year figures

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

### 3.31 Tax expenses (Contd..)

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| **Reconciliation of effective tax rate** | | |
| **Profit/(loss) before tax** | **2,331.31** | **(5,515.11)** |
| Enacted tax rate in India | 34.94% | 34.61% |
| **Computed expected tax expenses/ (benefit)** | **814.65** | **(1,908.67)** |
| **Effect of** | | |
| Tax expenses (MAT) of which credit is not recognised | 626.09 | 171.00 |
| Tax on changes in estimates related to prior years | (282.60) | (13.50) |
| Adjustments due to income taxable at different tax rates | (211.18) | - |
| Non-deductible expenses | 35.35 | 46.75 |
| Changes in permanent difference of deferred tax assets/liabilities | (97.80) | (100.05) |
| Non-taxable income (income under section 80IA) | (84.12) | (61.46) |
| Carried forward losses lapsed during the year | - | 342.94 |
| Deferred tax asset not recognised on losses | 255.72 | 1,837.90 |
| **Income tax expense** | **1,056.11** | **314.91** |
| Tax effect on other comprehensive income | (1.76) | (0.19) |
| | **1,054.35** | **314.72** |

### 3.32 Earnings per share

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Profit/(loss) attributable to equity shareholders of the Company | 1,232.55 | (4,971.76) |
| **Number of equity shares: (in millions)** | | |
| Number of shares at the beginning of the year | 5,158.72 | 1,839.92 |
| Add: Weighted average number of shares issued against share pending issuance* | - | 3,279.04 |
| **Weighted average number of shares outstanding during the year** | **5,158.72** | **5,118.96** |
| **Earnings per equity share (face value of share Rs.10 each)** | | |
| - Basic earnings per share (Rs.) | 0.24 | (0.97) |
| - Diluted earnings per share (Rs.) | 0.24 | (0.97) |

*Represents weighted average number of equity shares issued against acquisition of SGPL and SGIL (refer note 3.40).

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

### 3.33. Financial instruments - Fair values and risk management

#### A) Accounting classifications and fair values

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

**As at 31 March 2019:**

| | Note | Carrying amount | | | | Fair value | | |
|---|---|---|---|---|---|---|---|---|
| | | FVTPL | FVTOCI | Amortised cost | Total | Level 1 | Level 2 | Level 3 |
| **Financial assets** | | | | | | | | |
| Derivative assets | 3.3 | 410.90 | 157.04 | - | 567.94 | - | 567.94 | - |
| Investments | 3.8 | 2,926.61 | - | - | 2,926.61 | 2,926.61 | - | - |
| Trade receivables | 3.9 | - | - | 20,954.73 | 20,954.73 | - | - | - |
| Cash and cash equivalents | 3.10 | - | - | 4,003.84 | 4,003.84 | - | - | - |
| Other bank balances | 3.10 | - | - | 4,782.16 | 4,782.16 | - | - | - |
| Other financial assets | 3.4 | - | - | 15,853.08 | 15,853.08 | - | - | - |
| | | **3,337.51** | **157.04** | **45,593.81** | **49,088.36** | **2,926.61** | **567.94** | **-** |
| **Financial liabilities** | | | | | | | | |
| Derivative liabilities | 3.15 | 1,140.69 | 529.55 | - | 1,670.24 | - | 1,670.24 | - |
| Borrowings (excluding current maturities) | 3.14 & 3.20 | - | - | 2,07,662.75 | 2,07,662.75 | - | - | - |
| Trade payables | 3.21 | - | - | 3,414.37 | 3,414.37 | - | - | - |
| Other financial liabilities | 3.16 | - | - | 28,296.55 | 28,296.55 | - | - | - |
| | | **1,140.69** | **529.55** | **2,39,373.67** | **2,41,043.91** | **-** | **1,670.24** | **-** |

**As at 31 March 2018:**

| | Note | Carrying amount | | | | Fair value | | |
|---|---|---|---|---|---|---|---|---|
| | | FVTPL | FVTOCI | Amortised cost | Total | Level 1 | Level 2 | Level 3 |
| **Financial assets** | | | | | | | | |
| Derivative assets | 3.3 | 354.51 | - | - | 354.51 | - | 354.51 | - |
| Investments | 3.8 | 2,629.49 | - | - | 2,629.49 | 2,629.49 | - | - |
| Trade receivables | 3.9 | - | - | 16,772.92 | 16,772.92 | - | - | - |
| Cash and cash equivalents | 3.10 | - | - | 7,473.05 | 7,473.05 | - | - | - |
| Other bank balances | 3.10 | - | - | 968.24 | 968.24 | - | - | - |
| Loans | 3.11 | - | - | 0.75 | 0.75 | - | - | |
| Other financial assets | 3.4 | - | - | 11,937.29 | 11,937.29 | - | - | |
| | | **2,984.00** | **-** | **37,152.25** | **40,136.25** | **2,629.49** | **354.51** | **-** |
| **Financial liabilities** | | | | | | | | |
| Derivative liabilities | 3.15 | 103.94 | 684.96 | - | 788.90 | - | 788.90 | - |
| Borrowings (excluding current maturities) | 3.14 & 3.20 | - | - | 1,91,388.52 | 1,91,388.52 | - | - | - |
| Trade payables | 3.21 | - | - | 3,427.84 | 3,427.84 | - | - | - |
| Other financial liabilities | 3.16 | - | - | 18,746.83 | 18,746.83 | - | - | - |
| | | **103.94** | **684.96** | **2,13,563.19** | **2,14,352.09** | **-** | **788.90** | **-** |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

**3.33. Financial instruments - Fair values and risk management (Contd..)**

The carrying amounts of financial assets and liabilities other than those valued at Level 1 and Level 2 are considered to be the same as their fair values due to the current and short term nature of such balances and no material differences in the values.

**Valuation techniques and significant unobservable inputs**

**Investment in mutual funds:**

The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

**Forward exchange/ option contracts, swap contracts and commodity hedge contracts:**

Foreign exchange forward / option contracts, Interest rate swaps and commodity hedge contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity.

## B. Financial risk management objectives and policies

The Group's activities exposes it to market risk (including interest rate risk, foreign currency risk and commodity price risk), credit risk and liquidity risk.

As part of the Group's Enterprise risk management framework, treasury policies and financial authority limits are documented and reviewed periodically. The policies set out the parameters for management of Group's liquidity, counterparty risk, foreign exchange and derivative transactions and financing.

The Group uses foreign exchange contracts, foreign exchange swaps, interest rate swaps, and various financial instruments to manage exposures to interest rate and foreign exchange risks arising from operating and financing activities. The Group uses commodity hedge contract to manage exposure for international coal prices. All such transactions must involve underlying assets or liabilities and no speculative transactions are allowed.

The financial authority limits seek to limit and mitigate transactional risks by setting out the threshold of approvals required for entering into contractual obligations.

### a) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and commodity prices which affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and reduce market risk exposures within acceptable parameters.

#### i) Interest rate risk

The Group's exposure to market risk for changes in interest rate environment mainly relates to its debt obligations.

The Group's policy is to maintain an efficient and optimal interest cost structure using a mix of fixed and variable rate debts and long-term and short-term borrowings.

The Group entered into various cross currency interest rate swaps to reduce its exposure to interest rate volatility. In accordance with the Group's policy, the duration of such cross currency interest rate swaps must not exceed the tenure of the underlying debt. The Group's borrowings majorly consists of project funding loans and working capital loans having variable rate of interest.

The Group has entered into cross currency interest rate swap to hedge the interest rate exposure and currency exposure for external commercial borrowings and forward contracts / options for payments of interest and principle for FCNR term loans.

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

### 3.33. Financial instruments - Fair values and risk management (Contd..)

The interest rate profile of the Group's interest-bearing instruments as reported to management is as follows:

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Fixed rate instruments** | | |
| Non-current and current borrowings | 72,867.74 | 51,110.03 |
| Effect of interest rate swaps | 17,896.64 | 17,677.64 |
| | **90,764.38** | **68,787.67** |
| **Variable rate instruments** | | |
| Non-current and current borrowings | 1,41,066.90 | 1,45,770.96 |
| Effect of interest rate swaps | (17,896.64) | (17,677.64) |
| | **1,23,170.26** | **1,28,093.32** |
| | **2,13,934.64** | **1,96,880.99** |

#### ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The majority of the Group's assets are located in India. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the its operating and financing activities. The functional currency of the Group is Indian rupee. The currencies in which these transactions are primarily denominated in US dollars (USD) and Singapore dollar (SGD).

The Group evaluates the exposure and enters into foreign currency derivative instruments like forward contracts, cross currency interest rate swaps to mitigate the exposure.

The quantitative data about the Group's exposure to currency risk (based on notional reports) is as follows:

| Particulars | Currency | 31 March 2019 | | 31 March 2018 | |
|---|---|---|---|---|---|
| | | Indian Rupees | Foreign currency | Indian Rupees | Foreign currency |
| **Financial assets** | | | | | |
| Cash in hand | USD | 0.02 | 0.00 | 0.00 | 0.00 |
| Cash in hand | SGD | 0.02 | 0.00 | 0.11 | 0.00 |
| Trade receivables | USD | 418.32 | 6.05 | - | - |
| Other financial assets (unbilled receivables) | USD | 691.23 | 9.99 | - | - |
| **Total financial assets** | | **1,109.59** | | **0.11** | |
| **Financial liabilities** | | | | | |
| Borrowings - ECB, FCNR and Buyer's credit | USD | (46,693.71) | (673.77) | (25,903.76) | (398.26) |
| Borrowings - ECB | JPY | (142.09) | (227.28) | (195.81) | (318.19) |
| Trade payables | USD | (682.86) | (9.87) | (1,409.13) | (21.81) |
| Trade payables | SGD | (34.23) | (0.67) | (33.66) | (0.66) |
| Trade payables | EUR | (2.38) | (0.03) | (0.04) | 0.00 |
| Other financial liabilities | USD | (3,663.93) | (52.87) | (3,721.78) | (57.09) |
| Other financial liabilities | GBP | (1.65) | (0.02) | (1.69) | (0.02) |
| Other financial liabilities | JPY | (0.51) | (0.95) | (0.71) | (1.34) |
| **Total financial liabilities** | | **(51,221.36)** | | **(31,266.58)** | |
| **Net financial liabilities** | | **(50,111.77)** | | **(31,266.47)** | |
| **Less:** | | | | | |
| Foreign exchange forward contracts | USD | 2,711.59 | 39.20 | 5,910.84 | 90.88 |
| FCNR term loans | USD | 26,801.13 | 386.19 | - | - |
| Cross currency and interest rate swaps | USD | 17,810.49 | 257.39 | 17,473.85 | 268.52 |
| Forward options | JPY | 142.60 | 228.23 | 196.52 | 319.53 |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

**3.33. Financial instruments - Fair values and risk management (Contd..)**

| Particulars | Currency | 31 March 2019 | | 31 March 2018 | |
|---|---|---|---|---|---|
| | | Indian Rupees | Foreign currency | Indian Rupees | Foreign currency |
| **Total** | | **47,465.81** | | **23,581.21** | |
| **Net exposure in respect of recognised assets/ (liabilities)** | | **(2,645.96)** | | **(7,685.26)** | |

*Refers 0.00 for figures less than Rs 0.01 million.

**Sensitivity analysis**

A reasonably possible strengthening (weakening) of Indian rupee against US dollar as at balance sheet date would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast purchases.

| Particulars | Profit/( loss) | | Equity increase/(decrease), net of tax | |
|---|---|---|---|---|
| | Strengthening | Weakening | Strengthening | Weakening |
| **31 March 2019** | | | | |
| USD (5% movement) | 130.39 | (130.39) | 130.39 | (130.39) |
| **31 March 2018** | | | | |
| USD (5% movement) | 382.50 | (382.50) | 382.50 | (382.50) |

**(iii) Commodity price risk**

The prices of imported coal purchases are linked to price fluctuations in international coal market. Significant portion of cost and inventories are exposed to the risk of price fluctuations in international coal markets. The Group uses commodity hedge contracts to hedge the price risk of forecasted transactions.

The Group operates a risk management desk that uses hedging instruments to seek to reduce the impact of market volatility in coal prices on the Group's profitability. The Group's risk management desk uses coal commodity hedge contracts that are available in the commodity derivative markets. (The derivative instruments used for hedging purposes typically do not expose the Group to market risk because the change in their market value is usually offset by an equal and opposite change in the market value of the underlying asset, liability or transaction being hedged). The Group's open positions in commodity hedge contracts are monitored and managed on a regular basis to ensure compliance with its stated risk management policy which has been approved by the management.

Break-up of commodity hedge contracts entered into by the Group and outstanding as at balance sheet date:

| Particulars | Contracts currency | Quantity of open contracts (MT) | | Fair value of derivative asset/ (liability), net (INR) | |
|---|---|---|---|---|---|
| | | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Coal commodity hedge contracts | USD | 8,30,000 | 5,30,000 | (441.77) | (92.45) |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

**3.33. Financial instruments - Fair values and risk management (Contd..)**

**iv) Derivative financial instruments**

**Cash flow hedges:**

***Cross currency interest rate swaps***

The Group has entered into currency swap contracts to cover the currency risk on USD external commercial borrowings. The Group has also entered into interest rate swap contracts, under which the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the cash flow exposures on the variable rate loan.

**Commodity hedge contracts**

The Group uses commodity hedge contracts to hedge the price risk of forecasted coal purchase transactions. The prices of imported coal purchases are linked to price fluctuations in international coal market. These contracts enable the Group to mitigate the risk of changing coal prices and corresponding cash outflows.

**Fair value hedges:**

***Forward contracts and options***

The fair value of foreign exchange contracts/ options which are not designated as cash flow hedges are accounted for based on the difference between the contractual price and the current market price.

The following table gives details in respect of outstanding nominal value and hedge contract details:

| Particulars | Fair value of derivative asset/ (liability) | | Nominal values in Foreign currency | | Nominal values Indian Rupees | |
|---|---|---|---|---|---|---|
| | As at 31 March 2019 | As at 31 March 2018 | As at 31 March 2019 | As at 31 March 2018 | As at 31 March 2019 | As at 31 March 2018 |
| **Derivatives designated as cash flow hedges:** | | | | | | |
| **Cross currency interest rate swaps** | | | | | | |
| In USD | 109.29 | (684.96) | 229.50 | 239.73 | 15,874.81 | 15,592.71 |
| **Commodity hedge contracts** | | | | | | |
| In USD | 47.75 | - | 6.52 | - | 450.89 | - |
| In USD | (489.52) | - | 42.09 | - | 2,911.37 | - |
| **Forward and option contracts** | | | | | | |
| In USD | (40.03) | - | 15.76 | - | 1,148.73 | - |
| **Derivatives not designated as hedges:** | | | | | | |
| **Options** | | | | | | |
| In USD | (0.93) | (2.51) | 0.06 | 0.16 | 4.42 | 10.45 |
| In JPY | 21.23 | 18.38 | 76.68 | 343.87 | 47.94 | 211.62 |
| **Forward contracts and swaps** | | | | | | |
| In USD | 389.67 | 336.13 | 33.78 | 37.32 | 2,336.52 | 2,427.31 |
| In USD | (1,135.03) | (0.25) | 425.39 | 90.88 | 29,512.72 | 5,910.84 |
| In JPY | (4.73) | (8.73) | 227.28 | 318.19 | 142.09 | 195.81 |
| **Commodity hedge contracts** | | | | | | |
| In USD | - | (92.45) | - | 47.75 | - | 3,163.49 |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

### 3.33. Financial instruments - Fair values and risk management (Contd..)

#### b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer, employee or counterparty to a financial instrument fails to meet its contractual obligations leading to financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade and unbilled receivables) and from its financing activities, including short-term deposits with banks, and other financial assets.

**Trade receivables and unbilled receivables**

The Group has exposure to credit risk from a limited customer group on account of specialised nature of business, i.e. sale of power. The Group ensures concentration of credit does not significantly impair the financial assets since the customers to whom the exposure of credit is taken are well established and reputed undertakings which are sovereign backed and other large corporates.

Customer credit risk is managed by the Group subject to the Group's established policy, procedures and control relating to the customer credit risk management. Credit quality of a customer is assessed based on their past performance. Outstanding customer receivables are regularly monitored and taken up on case to case basis.

The Group has adopted a policy of dealing with credit worthy counter parties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and credit worthiness of its customers are continuously monitored.

**Impairment**

The movement in allowance for expected credit loss in respect of trade receivables and unbilled revenue during the year end is as follows:

| Particulars | Allowance for expected credit loss | | |
|---|---|---|---|
| | Trade receivables | Unbilled revenue | Total |
| **31 March 2019** | | | |
| Balance at the beginning of the year | 72.23 | 12.68 | 84.91 |
| Movement in expected credit loss allowance | 57.19 | (10.88) | 46.31 |
| Balance at the end of the year | 129.42 | 1.80 | 131.22 |
| **31 March 2018** | | | |
| Balance at the beginning of the year | - | - | - |
| Movement in expected credit loss allowance | 72.23 | 12.68 | 84.91 |
| Balance at the end of the year | 72.23 | 12.68 | 84.91 |

**Other financial assets/ derivative assets**

Financial instruments that are subject to concentrations of credit risk, principally consist of balance with banks and financial institutions (including derivatives contracts), investments in mutual funds.

Credit risk on cash and cash equivalents, other bank balances and derivative assets and derivate liabilities are limited as the Group generally invests in deposits with banks with high credit ratings assigned by credit rating agencies. Given the high credit ratings of these banks, the Group does not expect these banks and financial institutions to fail in meeting their obligations.

Credit risk arising from investment in mutual funds is limited and there is no collateral held against these because the counterparties are recognised financial institutions with high credit ratings assigned by the various credit rating agencies. The mutual funds are valued at market price prevailing at reporting date which represents the fair value.

The fair value of foreign exchange contracts and foreign exchange swaps are accounted for based on the difference between the contractual price and the current market price. The fair value of interest rate swaps and cross currency swaps are the indicative amounts that the Group is expected to receive or pay to terminate the swap counterparties at the balance sheet date.

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

### 3.33. Financial instruments - Fair values and risk management (Contd..)

#### c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset as they fall due. The Group is exposed to this risk from its operating activities and financing activities. The Group's approach to managing liquidity is to ensure, as far as possible that it will have sufficient liquidity to meet its liability when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Liquidity requirements are maintained within the credit facilities established and are adequate and available to the Group to meet its obligations.

The below table provides details regarding the contractual maturities of financial liabilities as of the reporting date.

**As at 31 March 2019**

| Particulars | Carrying value | Contractual cash flows (Gross) | | | |
|---|---|---|---|---|---|
| | | within 12 months | 1-5 years | More than five years | Total |
| Borrowings - long-term (including current maturities)* | 1,82,875.08 | 25,319.51 | 98,122.39 | 1,64,852.26 | 2,88,294.16 |
| Borrowings - short-term | 31,059.56 | 31,059.56 | - | - | 31,059.56 |
| Trade payables | 3,414.37 | 3,414.37 | - | - | 3,414.37 |
| Other financial liabilities (excluding current maturities of borrowings) | 22,024.66 | 14,651.49 | 7,373.17 | - | 22,024.66 |
| Derivative contracts | 1,670.24 | 1,664.58 | 5.66 | - | 1,670.24 |
| | **2,41,043.91** | **76,109.51** | **1,05,501.22** | **1,64,852.26** | **3,46,462.99** |

**As at 31 March 2018**

| Particulars | Carrying value | Contractual cash flows (Gross) | | | |
|---|---|---|---|---|---|
| | | within 12 months | 1-5 years | More than five years | Total |
| Borrowings - long-term (including current maturities)* | 1,68,270.02 | 20,945.16 | 1,03,826.64 | 1,76,119.66 | 3,00,891.46 |
| Borrowings - short-term | 28,610.97 | 28,610.97 | - | - | 28,610.97 |
| Trade payables | 3,427.84 | 3,427.84 | - | - | 3,427.84 |
| Other financial liabilities (excluding current maturities of borrowings) | 13,254.36 | 13,220.49 | 33.87 | - | 13,254.36 |
| Derivative contracts | 788.90 | 92.70 | 696.20 | - | 788.90 |
| | **2,14,352.09** | **66,297.16** | **1,04,556.71** | **1,76,119.66** | **3,46,973.53** |

*Contractual cash flows includes contractual interest payments based on the interest rate prevailing at the reporting date.

### 3.34. Capital management

The Group aims to maintain sound capital base so as to maintain investor, creditor and market confidence and to sustain future development and growth of its business, while at the same time maintaining an appropriate dividend policy to reward shareholders. The Management monitors the return on capital, as well as the level of dividends to equity shareholders.

The capital structure of the Group consist of Borrowings and total equity of the Group. The Group seeks to maintain a balance between the higher returns that might be possible with highest levels of borrowings and the advantages and security afforded by a sound capital position.

The Group is not subject to any externally imposed capital requirements. However, under the terms of the major borrowings, the Group has to comply with certain financial covenants.

Capital is defined as equity attributable to the equity holders (including non-controlling interest). Debt consists of non-current borrowings, current borrowings and current maturities of long term borrowings.

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

### 3.34. Capital management (Contd..)

The Group's debt to equity ratio as at the balance sheet date is as follows:

| Particulars | 31 March 2019 | 31 March 2018 |
|---|---|---|
| Debt (A) | 2,13,934.64 | 1,96,880.99 |
| Total equity (B) | 65,630.42 | 64,385.37 |
| **Total debt and equity** | **2,79,565.06** | **2,61,266.36** |
| **Debt-to-equity ratio (A/B)** | **3.26** | **3.06** |

### 3.35. Leases

The Group has taken rental premises on cancellable operating leases. Lease rental under such cancellable leases amounting to Rs. 28.99 million (31 March 2018: Rs. 12.59 million) has been charged to the consolidated statement of profit and loss (net of recoveries).

The Group is also obligated under non-cancellable operating leases for the premises which are renewable at the option of both the lessor and lessee. Minimum lease payments charged during the period to the consolidated statement of profit and loss was Rs. 39.45 million (31 March 2018: Rs. 38.39 million). The future minimum lease payments under non-cancellable operating leases as on balance sheet date are as follows:

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Not later than one year | 31.47 | 31.22 |
| Later than one year but not later than five years | 135.90 | 129.78 |
| Later than five years | 216.27 | 247.42 |

### 3.36. Segment reporting

The Group is engaged in the business of generation of power, which in the context of Ind AS 108 - "Operating Segments", notified by the Companies (Indian Accounting Standards) Rules, 2015 is considered the only operating segment. Since the operations of the Company exist only in India and all its assets are located only in India, disclosures under paragraphs 32-34 of Ind AS 108 are not required. Revenue to specific customers exceeding 10% of total revenue for the years ended 31 March 2019 and 31 March 2018 were as follows:

| Customer Name | For the year ended 31 March 2019 | | For the year ended 31 March 2018 | |
|---|---|---|---|---|
| | Revenue | Percentage | Revenue | Percentage |
| Telangana State Government utilities | 28,018.02 | 33.59% | 33,867.18 | 43.33% |
| Indian Energy Exchange (IEX) | 12,561.37 | 15.06% | 7,949.05 | 10.17% |
| GMR Energy Trading Limited | - | 0.00% | 10,612.00 | 13.58% |

### 3.37. Assets and liabilities relating to employee benefits

#### i) Defined contribution plan

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund which is a defined contribution plan. The Group has no obligations other than to make the specified contributions. The contribution to provident fund charged to the consolidated statement of profit and loss is Rs. 70.55 million (31 March 2018: Rs. 54.66 million).

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

**3.37. Assets and liabilities relating to employee benefits (Contd..)**

## ii) Defined benefit plan

The Group provides gratuity for its employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 1-5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees' last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service or part thereof. The gratuity plan is a funded plan and the Group makes contributions to recognized funds in India. Liability with regard to this plan is determined by an actuarial valuation as at the end of the year and are expenses charged to the consolidated statement of profit and loss.

## A. Funding

The Group has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance Group carries out a funding valuation based on the latest employee data provided by the Group. Any deficit in the assets arising as a result of such valuation is funded by the Group.

The following tables summaries the components of net benefit expense recognised in consolidated statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

## B. Reconciliation of the present value of defined benefit obligation

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Balance at the beginning of the year | 59.01 | 46.53 |
| Current service cost | 18.35 | 13.37 |
| Past service cost | - | 1.52 |
| Interest cost | 4.41 | 3.26 |
| Benefits paid | (5.00) | (8.94) |
| Actuarial loss recognised in the other comprehensive income | 6.60 | 3.27 |
| Liabilities assumed* | 1.68 | - |
| **Balance at the end of the year** | **85.05** | **59.01** |

* For employee transferred from other group companies

**Reconciliation of the present value of plan assets**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Balance at the beginning of the year | 65.17 | 48.52 |
| Contributions paid into the plan by employer | 20.83 | 22.06 |
| Benefits paid | (4.07) | (8.09) |
| Interest income on plan assets | 4.95 | 3.41 |
| Actuarial gain on plan assets | 0.74 | (0.73) |
| **Balance at the end of the year** | **87.62** | **65.17** |
| **Net defined benefit obligation/ (asset)** | **(2.57)** | **(6.16)** |

**Disclosure in the Balance sheet:**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Funded asset - Current | 13.38 | 8.52 |
| Provision for employee benefits | 10.81 | 2.36 |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

**3.37. Assets and liabilities relating to employee benefits (Contd..)**

## C. Expense recognised in the consolidated statement of profit and loss

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Current service cost | 18.35 | 13.37 |
| Past service cost | - | 1.52 |
| Interest cost | 4.41 | 3.26 |
| Interest income | (4.95) | (3.41) |
| **Total expense during the year** | **17.81** | **14.74** |

## D. Remeasurements recognised in Other comprehensive income

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Actuarial loss on defined benefit obligation | 6.60 | 3.27 |
| Actuarial gain on planned asset | (0.74) | 0.73 |
| **Total expense during the year** | **5.86** | **4.00** |

## E. Plan assets

Plan assets comprise of the following:

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| New Group Gratuity Cash Accumulation Plan with LIC | 87.62 | 65.17 |

## F. Summary of actuarial assumptions

Demographic assumptions

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Mortality rate (% of IALM 06-08) | 100% | 100% |
| **Attrition rate** | | |
| 18 - 30 years | 10% | 5% - 10% |
| 31 - 40 years | 5% | 5% |
| 41 years and above | 1% | 1% - 5% |
| **Financial assumptions** | | |
| Discount rate | 7.50% - 7.75% | 7.60% - 7.71% |
| Future salary growth rate | 5% - 10% | 5% - 7% |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

**3.37. Assets and liabilities relating to employee benefits (Contd..)**

## F. Summary of actuarial assumptions (Contd..)

**Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amount shown below.

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Impact of the change in discount rate** | | |
| 0.5% increase | (4.38) | (3.19) |
| 0.5% decrease | 4.82 | 3.47 |
| **Impact of the change in future salary increase** | | |
| 0.5% increase | 4.72 | 3.45 |
| 0.5% decrease | (4.36) | (3.20) |

**Asset-liability matching strategy**

The Group has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Group, as part of the policy rules, makes payment of all gratuity payables falling due during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Group is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

## G. Expected contributions to the plan for the next reporting year

The Group expects to contribute a sum of Rs. Nil million to the plan for the next annual reporting year.

## H. Maturity profile of the defined benefit obligation

Expected cash flows over the next periods (valued on undiscounted basis):

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Within 1 year | 3.80 | 3.31 |
| 2 to 5 years | 15.96 | 13.51 |
| More than 5 years | 179.94 | 126.49 |

## iii) Compensated absences

The accrual for unutilised leave is determined for the entire available leave balance standing to the credit of the employees at the year-end. The value of such leave balances that are eligible for carry forward, is determined by an actuarial valuation as at the end of the year and is charged to the consolidated statement of profit and loss amounting to Rs. 11.51 million (31 March 2018: Rs. 3.05 million).

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

### 3.38. Related party disclosure

#### a) List of related parties

| Name of the party | Nature of relationship |
|---|---|
| Sembcorp Industries Ltd, Singapore | Ultimate holding company |
| Sembcorp Utilities Pte. Ltd., Singapore | Holding company |
| Sembcorp India Private Limited, India | Entity under common control |
| Gayatri Projects Limited, India | Key management personnel having significant influence |
| Gayatri Energy Ventures Private Limited, India | Key management personnel having significant influence |
| Deep Corporation Private Limited, India | Key management personnel having significant influence |
| Gayatri Hi-Tech Hotels Limited, India | Key management personnel having significant influence |
| Green Kurpan Power Private Limited, India | Associates (upto 19 January 2018) |
| Green Mountain Hydro Power Private Limited, India | Associates (upto 19 January 2018) |
| Hurla Valley Power Private Limited, India | Associates (upto 19 January 2018) |
| Neil Garry McGregor | Chairman (from 31 May 2017) |
| Vipul Tuli | Managing Director (from 31 May 2017) |
| T V Sandeep Kumar Reddy | Director |
| Looi Lee Hwa | Director (from 2 February 2018) |
| Radhey Shyam Sharma | Independent Director (from 2 February 2018) |
| Kalaikuruchi Jairaj | Independent Director (from 2 February 2018) |
| Sangeeta Talwar | Independent Director (from 2 February 2018) |
| Bobby Kanubhai Parikh | Independent Director (from 2 February 2018) |
| Juvenil Jani | Chief Financial Officer (from 11 January 2018) |
| B N K Reddy | Chief Financial Officer (upto May 2017) |
| Chidambaram Iyer | Chief Financial Officer (June 2017 to Dec 2017) |
| Narendra Ande | Company Secretary (from 11 January 2018) |

#### b) The following are the transactions with related parties during the year

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| **Contract work** | | |
| Gayatri Projects Limited | 43.68 | 12.06 |
| **Rent and utility expense** | | |
| Sembcorp India Private Limited | 21.57 | 5.44 |
| Deep Corporation Private Limited | 10.68 | 9.66 |
| Gayatri Hi-Tech Hotels Limited | 0.03 | 0.97 |
| **Project development/consultancy expenses** | | |
| Sembcorp Utilities Pte Ltd | 178.57 | 173.51 |
| Sembcorp India Private Limited | 25.76 | 109.79 |
| **Manpower consultancy charges** | | |
| Sembcorp India Private Limited | 46.22 | 318.46 |
| **Interest expense on INR Denominated notes** | | |
| Sembcorp Utilities Pte Ltd | 4,397.88 | 4,358.42 |
| **Bank guarantee fees/ commission** | | |
| Sembcorp Utilities Pte Ltd | 228.23 | 217.78 |
| **License costs** | | |
| Sembcorp Utilities Pte. Limited | 7.10 | 12.41 |
| **Share based payment** | | |
| Sembcorp Utilities Pte Ltd | 22.14 | - |

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

**3.38. Related party disclosure (Contd..)**

**b) The following are the transactions with related parties during the year (Contd..)**

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| **Reimbursement received** | | |
| Sembcorp India Private Limited | 0.01 | 47.42 |
| **Reimbursement of expenses** | | |
| Sembcorp Utilities Pte Ltd | 12.76 | 28.78 |
| Sembcorp India Private Limited | 4.49 | 8.30 |
| Deep Corporation Private Limited | 0.67 | 0.89 |
| Gayatri Energy Ventures Private Limited | 20.00 | - |
| Green Kurpan Power Private Limited | - | 0.02 |
| Green Mountain Hydro Power Private Limited | - | 0.02 |
| Hurla Valley Power Private Limited | - | 0.01 |
| **Advances write-off/(Liabilities written back)** | | |
| Sembcorp Utilities Pte Ltd | (18.58) | - |
| Green Kurpan Power Private Limited | - | (0.01) |
| Green Mountain Hydro Power Private Limited | - | 0.02 |
| Hurla Valley Power Private Limited | - | 0.01 |
| **Shares issued for consideration other than cash** | | |
| Gayatri Energy Ventures Private Limited | - | 1,538.67 |
| Sembcorp Utilities Pte Ltd | - | 46,757.56 |
| **Money received from issue of share capital including share premium** | | |
| Sembcorp Utilities Pte Limited | - | 15,102.00 |
| **Allotment of INR denominated notes** | | |
| Sembcorp Utilities Pte Ltd | - | 25,506.10 |
| **Margin money recovered** | | |
| Gayatri Projects Limited | 100.00 | 49.62 |
| **Salaries to Key managerial person*** | | |
| Vipul Tuli | 65.32 | 14.52 |
| Juvenil Jani | 21.62 | 4.76 |
| Narendra Ande | 5.30 | 3.69 |
| B N K Reddy | - | 1.25 |
| Chidambaram Iyer | - | 4.40 |
| **Sitting fees to Directors (including taxes)** | | |
| Comal Ramachandran Gayathri | 0.59 | 1.99 |
| Kalaikuruchi Jairaj | 1.42 | 0.47 |
| Radhey Shyam Sharma | 2.12 | 0.71 |
| Sangeeta Talwar | 2.55 | 1.37 |
| Bobby Kanubhai Parikh | 1.73 | 1.35 |
| Tantra Narayana Thakur | 0.59 | 2.35 |

* Key Managerial Personnel and relatives of Promoters who are under the employment of the Group are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - Employee Benefits in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

### 3.38. Related party disclosure (Contd..)

#### c) Details of related party balances is as under:

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Related party receivables** | | |
| Gayatri Projects Limited (margin money deposit) | 564.73 | 664.73 |
| Gayatri Projects Limited (advance) | 2.10 | - |
| Sembcorp India Private Limited | 5.22 | - |
| **Related party payables** | | |
| Sembcorp Utilities Pte Ltd (Trade payables) | 52.81 | 109.03 |
| Sembcorp India Private Limited (Other payable) | - | 41.99 |
| Deep Corporation Private Limited (Other payable) | 1.30 | - |
| Gayatri Projects Limited (Retention money payable) | 53.03 | 17.91 |
| Gayatri Projects Limited (Capital creditors) | - | 4.56 |
| **INR denominated Notes** | | |
| Sembcorp Utilities Pte Ltd | 42,400.00 | 42,400.00 |
| **Interest accrued but not due on INR denominated notes** | | |
| Sembcorp Utilities Pte Ltd | 7,349.53 | 4,428.40 |
| **Corporate guarantee for external commercial borrowings and term loans** | | |
| Sembcorp Utilities Pte Ltd | 44,825.04 | 45,352.25 |
| (Represents the amount of facility outstanding) | | |
| **Corporate guarantee for short-term borrowings and bank guarantees** | | |
| Gayatri Energy Ventures Private Limited | 662.26 | 1,421.48 |
| Sembcorp Utilities Pte Ltd | 11,110.97 | 12,766.13 |
| (Represents the amount of facility outstanding) | | |

### 3.39. Contingent liabilities and commitments (to the extent not provided for)

#### I) Commitments

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 10,319.71 | 38,381.29 |

#### II) Claims against the Company not acknowledged as debt in respect of

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| (i) Income tax * | 638.90 | 2,443.09 |
| (ii) Buildings and other construction works cess (BOCW Cess) | 287.21 | 287.21 |
| (iii) Stamp duty (Refer subnote a below) | - | - |
| (iv) Service tax (refer subnote b below) | 917.64 | - |
| (v) Works contract tax | 861.69 | - |
| (vi) Entry tax** | 214.25 | 177.74 |
| (vii)Others (refer subnote c below) | Amount not Ascertainable | Amount not Ascertainable |

* Tax paid under protest Rs. 422.70 million (31 March 2018: Rs. 312.71 million) (including advance tax and tax deducted at source for respective years)

** Entry tax paid under protest as at 31 March 2019 : Rs 15.15 million

**Subnote:**

a) Based on the NCC Limited ('NCCL') Warranty and Indemnity agreement dated 1 February 2014 entered between Sembcorp-P2, NCCL and other counterparts, the liability, if any arising on account of dispute relating to Sembcorp-P2, would be to the account of NCCL. Accordingly, there would not be any impact on the financial position of the Company on account of BOCW Cess relating to Sembcorp-P2.

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

**3.39. Contingent liabilities and commitments (to the extent not provided for) (Contd..)**

## II) Claims against the Company not acknowledged as debt in respect of (Contd..)

b) During the previous year, the Company has received an audit memo from Commissioner of Central excise and GST towards levy of service tax on liquidated damages claim on NCCL by Sembcorp-P2.

c) The Group is contesting legal cases in the local courts against the claims made on certain portion of the project lands, under dispute and amount is not ascertainable.

d) The Hon'ble Supreme Court of India ("SC") by their order dated 28 February 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal. Pending decision on the subject review petition and directions from the EPFO, the management has a view that the applicability of the decision is prospective and accordingly has provided the liability for March 2019. The impact for the past period, will depend upon the outcome of subject review petition and directions from the EPFO and hence has been disclosed as a Contingent liability in the financial statements. The impact of the same is not ascertainable.

## III) Bank guarantees

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Bank guarantees with customs and excise | 8,975.92 | 8,975.92 |
| Bank guarantees for PPA and other commitments | 7,202.57 | 5,567.46 |

## IV) Liquidated damages and bank guarantees encashment:

### a. Sembcorp Gayatri Power Limited (SGPL) (merged with the Company):

During an earlier year, SGPL (Sembcorp-P2) had raised a claim for an amount of Rs. 2,882.50 million and of US$ 9.04 million, towards liquidated damages on its EPC contractor, NCC Limited ('NCCL'), towards the delay in the achievement of Provisional Acceptance, SGPL had to incur additional costs to commence the operations. Also a claim of US$ 40.97 million was raised on China National Technical I&E Corporation and Tianjin Electric Power Construction Company (CTC) Consortium towards the delay in agreed delivery schedule and non-achievement of Project Provisional Acceptance.

The Group has encashed performance bank guarantee of Rs. 516.00 million on 19 April 2017 and Rs. 2,915 million on 3 November 2017 given by NCCL. NCCL has invoked Arbitration proceedings on 27 May 2017. NCCL has filed its statement of claims for Rs. 15,579.00 million with interest. SGPL has filed its statement of defence along with its counter claims to the tune of Rs. 10,127.00 million and US$ 9.04 million.

The matter is pending disposal as of date and accordingly, no related adjustments have been made in these consolidated financial statements. Since the levy and encashment of BGs has been challenged by NCCL on the ground that liquidated damages are not payable by them, the recovery will be appropriately adjusted based on outcome of the arbitration proceeding.

### b. Sembcorp Green Infra Limited and its subsidiaries:

During the year ended 31 March 2018, the concern entities in the Group had served notices of default to an operation and maintenance vendor due to performance issues which were not in line with the agreed terms as per the operation and maintenance agreement (O&M contract).

As the concerned vendor failed in taking necessary action for curing the defaults, the Group terminated the O & M contract with the said vendor in the financial year ended 31 March 2018 and also invoked the performance bank guarantees related to the terminated agreements amounting to Rs. 577.97 million. Both parties had approached Hon'ble High Court of Delhi & Madras seeking interim relief against each other. In terms of a consent order dated 22 December 2017 recorded by the High Court of Delhi, an amount of Rs. 267.57 million has been deposited with the Registrar of Delhi High Court.

Accordingly, the Group had written back the operation and maintenance expenses equalisation reserve amounting to Rs. 159.84 million in the year ended 31 March 2018 pertaining to such contracts on which the Court has consented for the Group to do O&M activities on certain plants at its own cost.

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

**3.39. Contingent liabilities and commitments (to the extent not provided for) (Contd..)**

**III) Bank guarantees (Contd..)**

During the year ended 31 March 2019, the Group further invoked the bank guarantees related to the projects of the vendor amounting to Rs. 432.57 million. Subsequently, the parties reached an out of Court settlement and a Settlement Agreement was executed on August 25, 2018. As per the settlement agreement, the funds against the invoked bank guarantees was to be retained by the Group and outstanding financial liability amounting to Rs. 472.68 million pertaining to supply of material and other operation and maintenance activities was to be paid to the vendor as full and final settlement. As stipulated in the agreement, the O&M vendor has to hand over the wind turbine generators (WTGs) in fully working condition subject to a few WTGs in which the respective entity has to provide the requisite component of the WTGs to bring it into working condition. Accordingly, during the year, the Group has written off amounting to Rs. 216.61 million for the discarded components of such WTGs. As agreed between the parties, all existing operation and maintenance contracts were also terminated.

Thus, out of the total amount of Rs. 1,010.54 million pertaining to the encashment of bank guarantees, Rs. 996.09 million has been accounted as liquidated damages during the year. Further, the Group has also written back the operation and maintenance expenses equalisation reserve amounting to Rs. 293.64 million in the year ended 31 March 2019 pertaining to all such contracts that were terminated. The Group, subsequently paid the outstanding financial liability amounting to Rs. 472.68 million to the vendor. Final order of High Court of Delhi, is awaited for the release of Rs. 267.57 million which has been deposited with the Registrar of Delhi High Court.

**c. Sembcorp Green Infra Limited and its subsidiaries:**

During the year ended 31 March 2019, two subsidiaries have entered into a settlement agreement with an operation and maintenance (O&M) vendor for 216 MW projects and terminated the existing operation and maintenance agreements under which the vendor was to provide operations and maintenance services in the projects. As per the terms of the agreement, the two subsidiaries have retained bank guarantees to the tune of Rs. 781.71 million which will be returned to the vendor post completion of certain activities as stipulated in the agreement including reconciliation of balance with vendor. Accordingly, the Group has written back the operation and maintenance expenses equalisation reserve amounting to Rs. 345.82 million in the year ended 31 March 2019 pertaining to such terminated contracts and the same has been accounted as other income.

**3.40. Business combinations under common control**

**Business combinations during the year ended 31 March 2018:**

On 15 February 2018, the Company had acquired 100% equity shareholding of Sembcorp Gayatri Power Limited ('SGPL'), a fellow subsidiary till such date, from Sembcorp Utilities Pte Ltd, Singapore ('SUPL') and Gayatri Energy Ventures Private Limited (GEVPL) and 71.57% equity shareholding of Sembcorp Green Infra Limited ('SGIL'), a fellow subsidiary till such date, from SUPL. The balance 28.43% equity shareholding in SGIL was held by IDFC Infrastructure Fund 3 and the same was acquired on 20 February 2018.

This transaction was pursuant to an agreement between the Company, SUPL, GEVPL and SGPL entered on 8 January 2018, to execute the reorganization of Sembcorp Group's power portfolio in India. The details of equity share holding of SGPL and SGIL before the transaction and after the transaction are as follows:

| Name of the Entity | Before transaction | | After transaction | |
|---|---|---|---|---|
| | SGPL | SGIL | SGPL | SGIL |
| Sembcorp Utilities Pte Limited | 87.98% | 71.57% | - | - |
| Gayatri Energy Ventures Private Limited | 12.02% | - | - | - |
| IDFC Infrastructure Fund 3 | - | 28.43% | - | - |
| Sembcorp Energy India Limited | - | - | 100% | 100% |

On 30 August 2017, Sembcorp Utilities Pte Ltd had entered into an agreement with IDFC to acquire the SGIL's shares held by IDFC directly by SUPL or through any of its affiliates at purchase consideration of amounting Rs. 14,102.00 million. As a part of above agreement, Sembcorp had acquired the shares from IDFC on 20 February 2018 for agreed consideration of Rs. 14,102.00 million and issued new equity shares to SUPL for cash injection to settle the transaction with IDFC.

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

**3.40. Business combinations under common control (Contd..)**

All these transactions (i.e. acquisition of shareholding of SUPL in SGPL and SGIL, acquisition of IDFC shareholding in SGIL and acquisition of GEVPL shareholding in SGPL) were executed through shares swap by Sembcorp. Sembcorp has issued 2,568.76 million equity shares at a price of Rs. 18.80 per share to SUPL and GEVPL as consideration for acquisition of 100% equity shareholding in SGPL and 71.57% equity shareholding in SGIL. Sembcorp has issued 750.05 million equity shares at a price of Rs. 18.80 per share to SUPL for raising Rs. 14,102.00 million for acquisition of SGIL's shares held by IDFC. In order to acquire the 100% equity shareholding of SGPL and SGIL, Sembcorp has issued total 3,318.81 million new equity shares at a price of Rs. 18.80 per share.

**Accounting treatment for Business combinations under common control:**

Sembcorp, SGPL and SGIL are ultimately controlled by SUPL both before and after the transaction. Ind AS 103 (Appendix C) deals with accounting for combination of entities or businesses under common control (refer note 2.7 (ii) for accounting treatment). The Company has followed the pooling of interest method to account the SGPL and SGIL acquisition in its consolidated financial statements.

Since all these entities are under common control as defined under Appendix C of Ind AS 103 "Business Combinations", the financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the consolidated financial statements, irrespective of the actual date of the combination. The accounting is required to be done on book value basis instead of on fair value basis.

**Acquisition related adjustments:**

Acquisition related adjustments on total equity and capital reserve on acquisition and acquisition liabilities are summarised below:

| Particulars | SGPL | SGIL | Total |
|---|---|---|---|
| **On the date of acquisition:** | | | |
| Total share capital and share premium of SGPL and SGIL | 28,813.56 | 19,034.49 | 47,848.05 |
| Share capital issued by the Company for acquisition | 12,800.00 | 49,598.23 | 62,398.23 |
| **Capital reserve on acquisition** | **16,013.56** | **(30,563.74)** | **(14,550.18)** |

As per Ind AS 103 (Appendix C), Business combinations of entities under common control, acquisition of SGPL and SGIL are required to account for from the beginning of the preceding period in the financial statements, shares to be issued for acquisition has been accounted as share pending issuance on 1 April 2017. The Company has issued shares as consideration on 15 February 2018.

Post the acquisition of 100% shareholding in SGPL, the Board of Directors of the Company and the Board of SGPL have in their respective board meetings held on 19 February 2018 unanimously approved the proposal for the amalgamation of SGPL with the Company and the scheme of amalgamation has been approved by the concerned authority on 31 October 2018. Since, the SGPL is already forming part of these consolidated financials, amalgamation of SGPL with the Company does not have any impact on these consolidated financial statements except as below:

a) Upon the Scheme become effective and with effect from the appointed date, the authorised share capital of SGPL shall stand transferred to and be merged/amalgamated with the authorised share capital of the Company. Consequently, authorised share capital of the Company enhanced to Rs. 150,000 million (divided into 15,000 million equity shares of Rs. 10 each).

b) In accordance with the Scheme, the shares held by the Company in SGPL shall stand cancelled and extinguished in entirety. Since Sembcorp is the 100% shareholder of SGPL, no shares shall be required to be allotted by Sembcorp either to itself or to any of its nominee shareholders holding shares in SGPL.

c) Appointed date as per Scheme of Amalgamation is 1 April 2017. Upon the Scheme become effective and based on tax return filed by the Company for the financial year 2017-18, there is no taxable income as per the merged financial statement of the Company for the year ended 31 March 2018. Accordingly, the Company has restated the tax liability as at 31 March 2018 as per para 9(iii) of Ind AS 103 (Appendix C) and the retained earnings of the Group increased by Rs. 522.98 million as at 31 March 2018.

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

### 3.41. Initial Public Offering (IPO)

The Company is in the process of listing its equity shares on stock exchanges in India and proposes to offer its equity share to public. As part of the listing process, the Company has filed the Draft Red Hearing Prospectus (DRHP) on 22 February 2018 with the Securities Exchange Board of India. The Company has received the approval from SEBI in August 2018. As part of the process, apart from the Company, existing shareholders also proposes to sell the stake in the Company. Prepayments under other current assets include expenses of Rs. 182.99 million (31 March 2018: Rs. 133.10 million) incurred by the Company towards IPO of the equity shares held by shareholders as well as the Company. Portion of these expenses are recoverable from shareholders in proportionate to shares that will be offered to public in offering.

### 3.42 Share-based Payments

The Group participates in Performance Share Plan ("SCI PSP") and the Restricted Share Plan ("SCI RSP") of Sembcorp Industries Ltd (SCI). The Group has to pay an amount of equivalent to the value of of SCI shares on date of vesting, delivered to the employee. The details are as under:

#### a) Performance Share Plan

Under the SCI PSP, the awards granted conditional on performance targets are set based on medium-term corporate objectives at the start of each rolling three-year performance qualifying period. A specific number of performance shares shall be awarded at the end of the three-year performance cycle depending on the extent of the achievement of the performance conditions established at the onset. The performance levels were calibrated based on Wealth Added and Total Shareholder Return by SCI.

#### b) Restricted Share Plan

Under the SCI RSP, the awards granted conditional on performance targets are set based on corporate objectives at the start of each rolling two-year performance qualifying period. The performance criteria for the restricted shares are calibrated based on Return on Total Assets (excluding Sembcorp Marine Ltd) and Group Profit from Operations for awards granted in 2017. The managerial participants of the SCI Group will be awarded restricted shares under SCI RSP.

A specific number of restricted shares shall be awarded at the end of the two-year performance cycle depending on the extent of the achievement of the performance conditions established at the onset. There is a further vesting period of three years after the performance period, during which one-third of the awarded shares are released each year to managerial participants.

The details of the movement of PSP and RSP shares of SCI awarded during the year to employees of the Group are as follows:

| Particulars | SCI PSP | SCI RSP |
|---|---|---|
| Outstanding at the beginning of the year | - | - |
| Trasferred on transfer of employees* | 1,16,500 | 1,63,088 |
| Shares awarded during the year | 96,000 | 2,03,108 |
| Shares lapsed arising from targets not met | (76,500) | (98,675) |
| Shares transferred out | - | (35,747) |
| **At the end of the year** | **1,36,000** | **2,31,774** |

* Certain employees of Sembcorp Group have been transferred to Company from other group companies. PSP and RSP relating to these employees has been transferred during the year.

The Group has remitted and charges to the statement of profit and loss on account of share based payments is amounting to Rs. 22.14 million based on the fair value of the performance shares and restricted shares at the grant date being expensed over the vesting period.

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

**3.43. The Group, in addition to the Company, comprises of the following subsidiaries and associate entities:**

## a) Subsidiaries

| Name of entity | Date of Incorporation | Country of Incorporation | % of Ownership interest and voting power as at | |
|---|---|---|---|---|
| | | | 31 March 2019 | 31 March 2018 |
| Sembcorp Gayatri Power Limited (refer note 3.40) | 12 June 2008 | India | Merged with the Company | 100.00% |
| Sembcorp Green Infra Limited (refer note 3.40) | 3 April 2008 | India | 100.00% | 100.00% |
| TPCIL Singapore Pte. Ltd | 18 November 2014 | Singapore | 100.00% | 100.00% |
| **Subsidiaries of SGIL:** | | | | |
| Green Infra Wind Energy Limited | 6 June 2005 | India | 100.00% | 100.00% |
| Green Infra Wind Assets Limited | 14 October 2008 | India | 100.00% | 100.00% |
| Green Infra Corporate Wind Limited | 14 October 2008 | India | 100.00% | 100.00% |
| Green Infra Solar Energy Limited | 29 April 2010 | India | 100.00% | 100.00% |
| Green Infra Solar Farms Limited | 29 April 2010 | India | 100.00% | 100.00% |
| Green Infra Wind Power Limited | 3 May 2010 | India | 100.00% | 100.00% |
| Green Infra Wind Ventures Limited | 28 December 2010 | India | 100.00% | 100.00% |
| Green Infra Wind Limited | 23 February 2011 | India | 100.00% | 100.00% |
| Green Infra Corporate Solar Limited | 12 September 2011 | India | 100.00% | 100.00% |
| Green Infra Wind Energy Project Limited | 4 July 2011 | India | 100.00% | 100.00% |
| Green Infra Solar Projects Limited | 12 September 2011 | India | 100.00% | 100.00% |
| Green Infra Wind Energy Asset Limited | 14 September 2011 | India | 100.00% | 100.00% |
| Green Infra Wind Farm Assets Limited | 14 September 2011 | India | 100.00% | 100.00% |
| Green Infra Wind Solutions Limited | 22 May 2012 | India | 100.00% | 100.00% |
| Green Infra Wind Technology Limited | 22 May 2012 | India | 100.00% | 100.00% |
| Green Infra Clean Wind Energy Limited | 24 July 2012 | India | 100.00% | 100.00% |
| Green Infra BTV Limited | 1 September 2008 | India | 90.46% | 90.46% |
| Green Infra Wind Farms Limited | 14 October 2008 | India | 60.93% | 60.93% |
| Green Infra Wind Power Generation Limited | 4 July 2011 | India | 72.29% | 67.31% |
| Green Infra Wind Power Projects Limited | 4 July 2011 | India | 69.06% | 69.06% |
| Green Infra Wind Generation Limited | 4 July 2011 | India | 70.55% | 70.55% |
| Green Infra Wind Energy Theni Limited | 6 January 2011 | India | 73.02% | 73.02% |
| Green Infra Wind Power Theni Limited | 6 January 2011 | India | 73.21% | 73.21% |
| Mulanur Renewable Energy Limited | 29 January 2016 | India | 67.30% | 70.00% |
| Green Infra Renewable Energy Limited | 2 March 2017 | India | 99.00% | 99.00% |

## b) Associates of SGIL

| Name of entity | Date of Incorporation | Country of Incorporation | % of Ownership interest and voting power as at | |
|---|---|---|---|---|
| | | | 31 March 2019 | 31 March 2018 |
| Green Kurpan Power Private Limited | 20 December 2007 | India | - | 49.00% |
| Green Mountain Hydro Power Private Limited | 20 December 2007 | India | - | 49.00% |
| Hurla Valley Power Private Limited | 20 December 2007 | India | - | 49.00% |

The associates filed an application dated 19 January 2018 for closure before Registrar of Companies under Fast Track Exit scheme. Accordingly, the above associates have not been considered for consolidation.

# 3.Notes to consolidated financial statements (Contd..)

(All amounts are in Indian Rupees millions except for share data or otherwise stated)

**3.44. Additional information as required under schedule III of the Companies Act, 2013, in respect of consolidated subsidiaries are as below:**

| Name of entity | Net Assets i.e. total assets minus total liabilities | | Share in total comprehensive income/(loss) | |
|---|---|---|---|---|
| | Amount | As a % of consolidated net assets | Amount | As a % of consolidated total comprehensive income/(loss) |
| **Parent** | | | | |
| Sembcorp Energy India Limited | 92,895.50 | 69.51% | (1,301.56) | (265.03%) |
| **Subsidiaries** | | | | |
| Sembcorp Green Infra Limited | 18,102.05 | 13.54% | 168.13 | 34.24% |
| Green Infra Wind Energy Limited | 11,097.46 | 8.30% | 687.94 | 140.08% |
| Green Infra Corporate Solar Limited | 1,980.20 | 1.48% | 207.69 | 42.29% |
| Green Infra Wind Power Limited | 208.88 | 0.16% | (6.70) | (1.36%) |
| Green Infra Corporate Wind Limited | 224.28 | 0.17% | (3.32) | (0.68%) |
| Green Infra Wind Energy Assets Limited | 318.02 | 0.24% | (13.14) | (2.68%) |
| Green Infra Wind Farm Assets Limited | 783.69 | 0.60% | 86.41 | 17.59% |
| Green Infra Wind Energy Project Limited | 656.62 | 0.49% | 107.68 | 21.92% |
| Green Infra Wind Solutions Limited | 808.15 | 0.60% | 104.54 | 21.28% |
| Green Infra Wind Power Generation Limited | 1,345.96 | 1.01% | (3.59) | (0.73%) |
| Green Infra Wind Farms Limited | (66.69) | (0.05%) | (17.15) | (3.49%) |
| Green Infra Wind Generation Limited | (236.95) | (0.18%) | (43.41) | (8.84%) |
| Green Infra Wind Power Projects Limited | 271.39 | 0.20% | 65.42 | 13.32% |
| Green Infra BTV Limited | 1,293.67 | 0.97% | 154.79 | 31.52% |
| Green Infra Wind Energy Theni Limited | 186.09 | 0.14% | (43.33) | (8.82%) |
| Green Infra Wind Power Theni Limited | 66.76 | 0.05% | 2.47 | 0.50% |
| Mulanur Renewable Energy Limited | 506.42 | 0.38% | 121.13 | 24.67% |
| Green Infra Solar Energy Limited | 524.99 | 0.39% | 43.69 | 8.90% |
| Green Infra Solar Farms Limited | 954.86 | 0.71% | 81.90 | 16.68% |
| Green Infra Solar Projects Limited | 260.04 | 0.19% | 21.15 | 4.31% |
| Green Infra Wind Ventures Limited | 1,053.18 | 0.79% | (124.20) | (25.29%) |
| Green Infra Renewable Energy Limited | 343.68 | 0.26% | 247.13 | 50.32% |
| Green Infra Wind Assets Limited | 40.22 | 0.03% | (46.51) | (9.47%) |
| Green Infra Wind Technology Limited | 15.06 | 0.01% | (4.64) | (0.94%) |
| Green Infra Wind Limited | 18.87 | 0.01% | (0.67) | (0.14%) |
| Green Infra Clean Wind Energy Limited | 0.06 | 0.00% | (0.05) | (0.01%) |
| TPCIL Singapore Pte. Ltd | (0.17) | 0.00% | (0.70) | (0.14%) |
| **Total** | **1,33,652.29** | **100.00%** | **491.10** | **100.00%** |
| Non-controlling interests in subsidiaries | 238.17 | | 42.35 | |
| Inter group eliminations and adjustments | (68,260.04) | | 67.95 | |
| **Consolidated figures** | **65,630.42** | | **601.40** | |

As per our report on consolidated financial statements of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

for and on behalf of the Board of Directors of
**Sembcorp Energy India Limited**
(formerly Thermal Powertech Corporation India Limited)
CIN: U40103TG2008PLC057031

**Hemant Maheshwari**
*Partner*
Membership No: 096537

**Neil McGregor**
*Chairman*
DIN: 07754310

**Vipul Tuli**
*Managing Director*
DIN: 07350892

**Juvenil Jani**
*Chief Financial Officer*

**Narendra Ande**
*Company Secretary*
Membership No: A14603

Place: Gurugram
Date: 17 May 2019

Place: Gurugram
Date: 17 May 2019