Standalone Balance Sheet

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

Particulars	Notes	As at 31 March 2021	As at 31 March 2020
ASSETS			
I Non-current assets			
(a) Property, plant and equipment	2.1	1,53,204.90	1,60,038.80
(b) Capital work-in-progress	2.1	599.41	722.70
(c) Goodwill	2.2	1,234.20	1,234.20
(d) Other intangible assets	2.2	12.19	0.53
(e) Financial assets			
(i) Investments	2.8	54,770.14	54,770.14
(ii) Derivatives	2.3	-	1,429.63
(iii) Other financial assets	2.4	3,847.31	3,813.04
(f) Non-current tax assets	2.5	835.92	786.98
(g) Other non-current assets	2.6	288.23	343.43
Total non-current assets		**2,14,792.30**	**2,23,139.45**
II Current assets			
(a) Inventories	2.7	4,580.62	7,680.90
(b) Financial assets			
(i) Investments	2.8	2,483.27	1,164.69
(ii) Trade receivables	2.9	26,594.39	21,439.00
(iii) Cash and cash equivalents	2.10	1,899.04	1,654.08
(iv) Bank balances other than (iii) above	2.10	1,959.34	4,267.40
(v) Derivatives	2.3	1,319.89	1,570.25
(vi) Other financial assets	2.4	6,449.51	5,152.08
(c) Other current assets	2.6	2,817.96	1,877.89
Total current assets		**48,104.02**	**44,806.29**
Total assets		**2,62,896.32**	**2,67,945.74**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	2.11	54,336.69	54,336.69
(b) Other equity	2.12	55,245.28	45,735.76
Total equity		**1,09,581.97**	**1,00,072.45**
LIABILITIES			
I Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	2.13	1,04,897.70	1,26,392.45
(ii) Other financial liabilities	2.15	6,014.98	7,160.70
(b) Provisions	2.16	61.85	52.09
Total non-current liabilities		**1,10,974.53**	**1,33,605.24**
II Current liabilities			
(a) Financial liabilities			
(i) Borrowings	2.18	7,919.13	12,617.57
(ii) Trade payables	2.19		
Dues to micro and small enterprises		1.32	0.83
Dues to creditors other than micro and small enterprises		1,853.12	4,279.40
(iii) Derivatives	2.14	339.43	146.88
(iv) Other financial liabilities	2.15	27,390.53	12,407.91
(b) Other current liabilities	2.17	4,489.77	4,471.90
(c) Provisions	2.16	10.03	7.07
(d) Current tax liabilities (net)	2.20	336.49	336.49
Total current liabilities		**42,339.82**	**34,268.05**
Total liabilities		**1,53,314.35**	**1,67,873.29**
Total equity and liabilities		**2,62,896.32**	**2,67,945.74**
Significant accounting policies	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report on standalone 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
CIN: U40103TG2008PLC057031

Hemant Maheshwari
Partner
Membership No: 096537

Wong Kim Yin
Chairman
DIN: 08806258

Vipul Tuli
Managing Director
DIN: 07350892

Juvenil Jani
Chief Financial Officer

Narendra Ande
Company Secretary
Membership No: A14603

Place: Hyderabad
Date: 24 May 2021

Place: Gurugram
Date: 24 May 2021

Standalone Statement of Profit and Loss

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

	Particulars	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
I	**Revenue**			
	Revenue from operations	2.21	73,674.19	71,105.36
	Other income	2.22	4,108.20	3,538.06
	Total income		**77,782.39**	**74,643.42**
II	**Expenses**			
	Cost of fuel	2.23	40,519.73	43,118.24
	Transmission charges	2.24	2,378.99	2,731.53
	Employee benefit expenses	2.25	1,652.37	1,675.11
	Finance costs	2.26	13,398.03	14,388.55
	Depreciation and amortisation expenses	2.27	7,457.84	7,468.89
	Operating and other expenses	2.28	3,655.31	4,074.09
	Total expenses		**69,062.27**	**73,456.41**
III	**Profit before tax**		**8,720.12**	**1,187.01**
IV	**Tax expense**			
	Current tax		-	-
	Deferred tax		-	-
V	**Profit for the year**		**8,720.12**	**1,187.01**
VI	**Other comprehensive income**			
(A)	Items that will not be reclassified to profit or loss			
	Remeasurement of defined benefit liability, net		(2.46)	(6.54)
			(2.46)	**(6.54)**
(B)	Items that will be reclassified to profit or loss			
	Effective portion of changes in fair value of cash flow hedge		557.14	333.57
			557.14	**333.57**
VII	Total comprehensive income for the year		**9,274.80**	**1,514.04**
	Earnings per equity share (face value of share Rs.10 each)			
	- Basic and diluted (Rs.)	2.31	1.60	0.22

Significant accounting policies 1

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Company Secretary
Membership No: A14603

Place: Hyderabad
Date: 24 May 2021

Place: Gurugram
Date: 24 May 2021

Standalone Statement of Cash Flow

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
A. Cash flow from operating activities		
Profit before tax	8,720.12	1,187.01
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	7,457.84	7,468.89
De recognition of property, plant and equipment	-	297.17
Finance costs	13,398.03	14,388.55
Allowance for expected credit losses	217.89	211.40
Interest income	(363.80)	(583.45)
Property, plant and equipment written off	23.99	0.33
Unrealised loss/(gain) on derivatives	39.44	(85.70)
Net gain on fair value changes classified as FVTPL	(76.59)	(78.66)
Net unrealised (gain)/loss on foreign exchange differences	(110.49)	388.68
Doubtful receivables and advances written off	5.06	-
Operating cash flows before working capital changes	**29,311.49**	**23,194.22**
Decrease/(increase) in inventories	3,100.28	(2,252.02)
Increase in trade receivables	(5,428.83)	(2,126.85)
(Increase)/decrease in unbilled revenue	(1,100.11)	3,206.80
Increase in financial and non-financial assets including derivative assets and liabilities	(709.81)	(137.23)
Increase/(decrease) in trade payable, other financial liabilities and current liabilities	(4,565.20)	1,256.69
Increase in provisions	12.72	9.13
Cash generated from operations	**20,620.54**	**23,150.74**
Income-tax paid (net)	(48.94)	(99.69)
Net cash generated from operating activities	**20,571.60**	**23,051.05**
B. Cash flows from investing activities		
Payment for purchase of property, plant and equipment and capital work-in-progress	(557.15)	(509.66)
Proceeds from sale of property, plant and equipment	2.09	-
Interest income received	489.89	688.75
Investment in/(maturity of) bank deposits, net	2,308.06	(51.60)
Purchase of mutual funds, net	(1,241.99)	(441.37)
Investment in subsidiaries	-	(5,170.79)
Net cash generated from / (used in) investing activities	**1,000.90**	**(5,484.67)**
C. Cash flows from financing activities		
Proceeds from issue of shares including securities premium	-	5,169.00
Repayment of long-term borrowings	(4,621.22)	(3,810.63)
Repayment of short-term borrowings, net	(4,632.64)	(4,000.07)
Repayment of lease liabilities	(18.38)	(19.81)
Interest and finance charges paid	(12,055.30)	(13,267.77)
Net cash used in financing activities	**(21,327.54)**	**(15,929.28)**
Net increase in cash and cash equivalents (A+B+C)	244.96	1,637.10
Cash and cash equivalents at the beginning of the year	1,654.08	16.98
Cash and cash equivalents at the end of the year	**1,899.04**	**1,654.08**

Standalone Statement of Cash Flow (continued)

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

Particulars	As at 31 March 2021	As at 31 March 2020
Components of cash and cash equivalents:		
Balance with scheduled banks		
On current accounts	167.43	118.89
Deposits with original maturity of less than three months	1,731.61	1,535.19
Total cash and cash equivalents (Refer note 2.10)	**1,899.04**	**1,654.08**

Reconciliation between the opening and closing balances in the balance sheet for financial liabilities from financing activities are given below:

Particulars	As at 31 March 2020	Net cash flows	Foreign exchange movement and borrowing cost	As at 31 March 2021
Long-term borrowings	1,30,950.60	(4,621.22)	(1,875.94)	1,24,453.44
Short-term borrowings	12,617.57	(4,632.64)	(65.80)	7,919.13
	1,43,568.17	**(9,253.86)**	**(1,941.74)**	**1,32,372.57**

Significant accounting policies 1

The accompanying notes form an integral part of the standalone financial statements

As per our report on standalone 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
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Hemant Maheshwari
Partner
Membership No: 096537

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Chairman
DIN: 08806258

Vipul Tuli
Managing Director
DIN: 07350892

Juvenil Jani
Chief Financial Officer

Narendra Ande
Company Secretary
Membership No: A14603

Place: Hyderabad
Date: 24 May 2021

Place: Gurugram
Date: 24 May 2021

Standalone Statement of Changes in Equity

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

Particulars	Equity share capital	Other equity					Total equity
		Reserves and surplus				Other comprehensive income	
		Securities premium	Capital reserve on amalgamation	Fair value of interest free INR denominated notes from holding company	Retained earnings	Effective portion of cash flow hedges	
Balance as at 1 April 2019	**51,587.22**	**37,787.50**	**16,013.56**	**646.26**	**(12,206.69)**	**(932.35)**	**92,895.50**
Transactions with shareholders:							
Equity shares issued during the year	2,749.47	-	-	-	-	-	2,749.47
Securities premium on equity shares issued	-	2,419.53	-	-	-	-	2,419.53
Transition adjustment of Ind AS 116 "Leases"	-	-	-	-	(15.25)	-	(15.25)
	2,749.47	**2,419.53**	**-**	**-**	**(15.25)**	**-**	**5,153.75**
Profit for the year	-	-	-	-	1,187.01	-	1,187.01
Other comprehensive income/(loss)	-	-	-	-	(6.54)	333.57	327.03
Fair value of interest free INR denominated notes from holding company	-	-	-	509.16	-	-	509.16
	-	**-**	**-**	**509.16**	**1,180.47**	**333.57**	**2,023.20**
Balance as at 31 March 2020	**54,336.69**	**40,207.03**	**16,013.56**	**1,155.42**	**(11,041.47)**	**(598.78)**	**1,00,072.45**
Profit for the year	-	-	-	-	8,720.12	-	8,720.12
Other comprehensive income/(loss)	-	-	-	-	(2.46)	557.14	554.68
Fair value of interest free INR denominated notes from holding company	-	-	-	234.72	-	-	234.72
	-	**-**	**-**	**234.72**	**8,717.66**	**557.14**	**9,509.52**
Balance as at 31 March 2021	**54,336.69**	**40,207.03**	**16,013.56**	**1,390.14**	**(2,323.81)**	**(41.64)**	**1,09,581.97**

Significant accounting policies **1**

The accompanying notes form an integral part of the standalone financial statements

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

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

Hemant Maheshwari
Partner
Membership No: 096537

Place: Hyderabad
Date: 24 May 2021

for and on behalf of the Board of Directors of
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Chief Financial Officer

Narendra Ande
Company Secretary
Membership No: A14603

Place: Gurugram
Date: 24 May 2021

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

Corporate information

Sembcorp Energy 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 "SEIL-P1"). The Company had successfully commenced full commercial operations of SEIL-P1 in September 2015.

On 31 October 2018, the Regional Director (RD), Ministry of Corporate Affairs, Hyderabad had approved the scheme of amalgamation (the Scheme) of Sembcorp Gayatri Power Limited (SGPL), one of the wholly owned subsidiary of the Company. The appointed date as per the Scheme was 1 April 2017. Erstwhile SGPL (hereinafter referred to as "SEIL-P2") has been 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 SEIL-P2 had commenced on 17 November 2016 for unit I and on 21 February 2017 for unit II.

1. Basis of preparation, measurement and significant accounting policies

1.1 Basis of preparation and statement of compliance

The standalone financial statements of the Company ('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.

These financial statements have been prepared by the Company on a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, 31 March 2021.

The financial statements were authorised for issue by the Company's Board of Directors on 24 May 2021.

1.2 Functional and presentation currency

These financial statements are presented in Indian rupees (Rs.) 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 Company and the currency of the primary economic environment in which the Company operates. All financial information presented in Indian rupees.

1.3 Basis of measurement

These 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.

1.4 Use of estimates and judgements

The preparation of these financial statements is in conformity with the recognition and measurement principles of Ind AS which 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 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 financial statements in the year in which changes are made, if material, their effects are disclosed in the notes to the financial statements. Information about significant areas of assumptions, estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are:

i. **Impairment of investments in subsidiaries**

In case of investments made by the company in its subsidiaries, the Management assesses whether there is any indication of impairment in the value of investments. The carrying amount is compared with the present value of future net cash flow of the subsidiaries.

ii. **Impairment of trade receivable and unbilled receivables**

The Company has measured the lifetime expected credit loss by using practical expedients. It has accordingly used a provision matrix derived by using a flow rate model to measure the expected credit losses

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

for trade receivables. Further, need for incremental provisions have been evaluated on a case to case basis where forward-looking information on the financial health of a customer is available and in cases where there is an ongoing litigation/dispute.

iii. **Useful lives of property, plant and equipment and intangible assets**

The Company 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.

iv. **Valuation of deferred tax assets and liabilities**

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 there is reasonable certainty of future taxable income which will be available against the deductible temporary differences, unused tax losses and depreciation carry-forwards.

v. **Defined benefit plans**

The obligation arising from defined benefit plan is determined based on 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.

vi. **Provisions and contingent liabilities**

The Company estimates the provisions that have present obligations as a result of past events, and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

vii. **Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

viii. **Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the 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 judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

ix. **Impairment of property, plant and equipment**

Determining whether property, plant and equipment are impaired requires an estimation of the value in use of the relevant cash generating units. The value in use calculation is based on a Discounted Cash Flow model over the estimated useful life of the Power Plants. Further, the cash flow projections are

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

based on estimates and assumptions relating to tariff, operational performance of the Plants, life extension plans, market prices of coal and other fuels, exchange variations, inflation, terminal value etc. which are considered reasonable by the Management.

1.5 Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. No new standards are notified during the year

On 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 01 April 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive, and the Company will evaluate the same to give effect to them as required by law.

1.6 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 Company'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 at least 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 Company'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 Company 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.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

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 Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

1.7 Revenue recognition

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

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment 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 is 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 represent energy units delivered to the power network as per the terms of PPAs and was not invoiced to the Customers on the reporting date. The Company 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 Company accounts for fuel and power purchase price adjustment claims in case of claims of change in law etc. as and when allowed by the regulatory authorities and truing-up of adjustment claims as and when realised.

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

1.8 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. Any trade discounts and rebates are deducted in arriving at the purchase price.

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 its 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. Tangible assets under construction are disclosed as capital work-in-progress. Software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

Notes to the Standalone Financial Statements

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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 Company 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. **Depreciation**

Depreciation commences when an asset is ready for its intended use. Freehold land and assets held for sale is not depreciated.

Depreciation on property, plant and equipment is provided on straight line method based on the useful life as specified in Schedule II of the Act, except in respect of the following category of assets, in whose case the estimated useful 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
Thermal power plants	40 years	25 years
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

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

iv. **Disposals**

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. 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 the statement of profit and loss on the date of retirement or disposal.

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

Category	Life considered
Computer software	3 years

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

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 statement of profit and loss.

Goodwill represents the cost of business acquisition in excess of the Company'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.

1.10 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.

1.11 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.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

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 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.

1.12 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 Company during an accounting period, the Company 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 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 Company 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 Company 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 Company 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 to be subsequently reclassified to the 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:

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no legal or constructive obligation to pay any further amounts. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Compensated absences:

The Company 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 Company recognises a liability and an expense for bonus. The Company recognises a provision where contractually obliged or where there is a contractual obligation.

Share based payment transactions:

The Company has not issued any shares / stock options on its shares. The ultimate holding company has however issued certain options on its own shares to certain employees of the Company Restricted Share Plan ("RSP") and Preferential Share Plan ("PSP"). These options are in the nature of cash settled award as well as equity settled award. Under the cash settled scheme, the Company pays cash to the employees based on fair value method. The compensation cost is amortised over the vesting period of the stock option on straight-line basis. Under the equity settled scheme, the Company measures and discloses such costs using fair value method.

1.13 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred. Costs in connection with the borrowing of

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funds to the extent not directly related to the acquisition of qualifying assets are charged to the 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 statement of profit and loss during extended periods when active development activity on the qualifying assets is interrupted. Interest income earned on temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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 Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

1.14 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 Company becomes a party to the contractual provisions of the instrument.

A Financial asset and liability are 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:

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

b) 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.

c) 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 the 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.

a) 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 statement of profit and loss.

b) 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

a) Financial asset

The Company derecognises a financial asset when the contractual rights to the cash flows

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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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

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

b) Financial liability

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or the same expires.

The Company 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 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 Company 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.

1.15 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company 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 financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

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

When the fair values of financial assets and financial liabilities recorded in the 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.

1.16 Derivative financial instruments and hedge accounting

The Company 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 the statement of profit and loss.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company 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 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 the statement of profit and loss.

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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 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 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 statement of profit and loss.

1.17 Impairment

i. Financial assets (other than at fair value)

The Company 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 Company 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 lifetime 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 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 Company 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 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.

1.18 Investment in subsidiaries

Investment in subsidiaries are measured at cost as per Ind AS 27 - Separate Financial Statements.

1.19 Leases

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

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Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the 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.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

1.20 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 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.

i. 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 Company operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of allowances and disallowances which is exercised while determining the provision for income tax.

Minimum alternate tax (MAT) on the book profits or the Corporate tax payable on taxable profit is charged to the statement of profit and loss as current tax.

ii. 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:

a) 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.

b) 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.

c) 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.

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

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taxable profits will be available against which they can be utilised. Future taxable profits are determined based on business plans. 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.

Deferred tax assets include Minimum Alternative Tax (MAT) paid, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably, and it is probable that the future economic benefit associated with the asset will be realised. The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

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 statement of profit and loss.

1.21 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.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not 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 Company does not recognise a contingent liability but discloses its existence in the financial statements.

1.22 Earnings 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.

1.23 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 Company are segregated.

1.24 Cash and cash equivalents

The Company 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.

1.25 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 Company elects whether it measures the non-

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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 Company 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 Company, 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 the 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 that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the preceding period in the financial statements or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved, and they appear in the standalone financial statements of the Company in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve.

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2.1 Property, plant and equipment and capital work-in-progress

Particulars	Freehold Land	Land (leased) (sub note 1)	Roads	Right of use assets - Land & Buildings (sub note 1) (refer note 2.32)	Right of use assets- Vehicles (refer note 2.32)	Office buildings	Factory buildings	Furniture and fittings	Vehicles	Office equipment	Electrical installations	Plant and equipment	Computers	Total property, plant and equipment	Capital work-in-progress
Gross carrying amount															
Balance as at 1 April 2019	2,442.04	619.63	2,246.29	-	-	1,516.28	774.88	97.25	76.77	124.86	95.93	1,81,441.16	97.76	1,89,532.85	754.05
Transition adjustment of Ind AS 116 "Leases"	-	(619.63)		738.24	-	-	-	-	-	-	-	-	-	118.61	-
Additions	-	-	71.52	-	-	10.31	15.67	15.65	3.66	2.87	-	380.00	17.12	516.80	444.97
Disposals	-	-	-	-	-	-	-	-	(0.84)	(0.96)	-	(355.63)	(4.06)	(361.49)	(0.16)
Capitalised during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(476.16)
Balance as at 31 March 2020	**2,442.04**	**-**	**2,317.81**	**738.24**	**-**	**1,526.59**	**790.55**	**112.90**	**79.59**	**126.77**	**95.93**	**1,81,465.53**	**110.82**	**1,89,806.77**	**722.70**
Additions	171.06	-	-	6.98	11.54	0.27	5.53	0.11	9.14	2.99	-	424.97	16.79	649.38	479.57
Disposals	-	-	-	(4.79)	-	(10.20)	-	(22.43)	(1.16)	(16.25)	-	(10.18)	(10.12)	(75.13)	(0.88)
Capitalised during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(601.98)
Balance as at 31 March 2021	**2,613.10**	**-**	**2,317.81**	**740.43**	**11.54**	**1,516.66**	**796.08**	**90.58**	**87.57**	**113.51**	**95.93**	**1,81,880.32**	**117.49**	**1,90,381.02**	**599.41**
Accumulated depreciation															
Balance as at 1 April 2019	-	-	739.81	-	-	81.42	104.92	31.49	25.34	94.62	53.89	21,130.80	54.94	22,317.23	-
Transition adjustment of Ind AS 116 "Leases"	-	-	-	52.10	-	-	-	-	-	-	-	-	-	52.10	-
Depreciation for the year	-	-	222.18	13.76	-	22.95	25.39	10.77	7.88	14.82	6.75	7,115.89	22.24	7,462.63	-
Disposals	-	-	-	-	-	-	-	-	-	(0.08)	-	(59.95)	(3.96)	(63.99)	-
Balance as at 31 March 2020	**-**	**-**	**961.99**	**65.86**	**-**	**104.37**	**130.31**	**42.26**	**33.22**	**109.36**	**60.64**	**28,186.74**	**73.22**	**29,767.97**	**-**
Depreciation for the year	-	-	197.33	11.92	0.96	29.76	25.92	11.19	10.11	9.40	13.43	7,124.30	20.81	7,455.13	-
Disposals	-	-	-	(2.72)	-	(0.91)	-	(14.68)	(0.66)	(15.39)	-	(3.01)	(9.61)	(46.98)	-
Balance as at 31 March 2021	**-**	**-**	**1,159.32**	**75.06**	**0.96**	**133.22**	**156.23**	**38.77**	**42.67**	**103.37**	**74.07**	**35,308.03**	**84.42**	**37,176.12**	**-**
Carrying amounts (net)															
As at 31 March 2020	**2,442.04**	**-**	**1,355.82**	**672.38**	**-**	**1,422.22**	**660.24**	**70.64**	**46.37**	**17.41**	**35.29**	**1,53,278.79**	**37.60**	**1,60,038.80**	**722.70**
As at 31 March 2021	**2,613.10**	**-**	**1,158.49**	**665.37**	**10.58**	**1,383.44**	**639.85**	**51.81**	**44.90**	**10.14**	**21.86**	**1,46,572.29**	**33.07**	**1,53,204.90**	**599.41**

Note: 1 In earlier years, the Company had entered into an agreement with Andhra Pradesh Industrial Infrastructure Corporation Limited. ('APIIC') for occupation of two tranches of land for SEIL-P1. One tranche of land was transferred to the Company as freehold land. For the other tranche of land, admeasuring Acre 680.55 cents, a lease deed for a period of 21 years was entered with APIIC on 25 November 2009. As per the lease deed, APIIC had 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 not 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 had been considered as cost of land. The Company had 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 of time. During the previous year, APIIC had raised a demand amounting to Rs. 19.81 million for lease rentals (including interest) pertaining to previous years which was paid by the Company. On transition to Ind AS 116 the Company had categorized the payment of consideration of Rs. 612.50 million as right of use(ROU) assets and recognized the present value of the remaining lease payment as ROU assets and lease liability accordingly.

Note 2: Free hold land includes Rs. 36.76 million being land parcels purchased from APIIC by SEIL-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 executed in the name of the Company on account of certain administrative delays.

Note 3: Refer note 2.13 and 2.18 for assets pledged against the borrowings of the Company

Note 4: Title deeds of certain lands in the name of the Company are under dispute. In respect of such disputes, the Company has been legally advised that it has 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 2.29).

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

2.2 Other intangible assets and Goodwill

Particulars	Other intangible assets (Softwares)	Goodwill
Gross carrying amount		
Balance as at 1 April 2019	**95.84**	**1,234.20**
Additions	0.13	-
Disposals	-	-
Balance as at 31 March 2020	**95.97**	**1,234.20**
Additions	14.37	-
Disposals	-	-
Balance as at 31 March 2021	**110.34**	**1,234.20**
Accumulated amortisation		
Balance as at 1 April 2019	**89.18**	**-**
Amortisation for the year	6.26	-
Balance as at 31 March 2020	**95.44**	**-**
Amortisation for the year	2.71	-
Balance as at 31 March 2021	**98.15**	**-**
Carrying amounts (net)		
As at 31 March 2020	**0.53**	**1,234.20**
As at 31 March 2021	**12.19**	**1,234.20**

Impairment tests for goodwill:

Goodwill is tested for impairment on annual basis 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 'Nelcast Energy Corporation Limited (Nelcast)' with Sembcorp Gayatri Power Limited (SEIL-P2). The Scheme of Amalgamation was approved by the High Court of Madras on 12 October 2011. Nelcast was the 100% subsidiary of SEIL-P2. 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 Company opted to apply Ind AS 103 exemption for the business combinations which 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 has been continued and is subject to impairment test on annual basis.

The carrying amount of goodwill as at 31 March 2021 is Rs 1,234.20 million (31 March 2020: Rs 1,234.20 million).

For the purpose of impairment testing, goodwill is allocated to the cash generating units (CGU), which benefit from the synergies of the acquisition.

The Company has two cash generating units SEIL P1 and SEIL P2 with a capacity of 1320 MW each.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
Cash Generating unit		
SEIL P2	1,234.20	1,234.20
Total	**1,234.20**	**1,234.20**

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

2.2 Other intangible assets and Goodwill (Contd..)

The recoverable amount of a CGU is based on its value in use. The value in use is estimated using discounted cash flows over a period of 21 years.

Revenue, margins and cash flow projections have been estimated based on past experience and after considering the financial budgets/ forecasts approved by the management. Other key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

Key assumptions used in the value-in-use calculations:

Assumption	Basis
Cash flow projections period	Remaining useful life of plants assumed 21 years (31 March 2020: 22 years) The PPA available under the CERC guidelines is for the life of plant capped at 25 years, hence cashflow projection considered based on the remaining useful life."
Terminal value	None
Weighted average cost of capital % (WACC) post tax	9.7% (31 March 2020: 9.45%)
Revenue and margins	Primarily based on the forecasted combination of long-term and short-term contracts and electricity spot prices with reference to estimated demand and supply of electricity as well as margin.

These assumptions are reviewed annually as part of management's budgeting and strategic planning cycles. These estimates may differ from actual results. The values assigned to each of the key assumptions reflect the Management's past experience as their assessment of future trends, and are consistent with external / internal sources of information.

As at 31 March 2021 the estimated recoverable amount of the CGU exceeded its carrying amount and accordingly, no impairment was recognized.

The Company has also performed sensitivity analysis calculations on the projections used and discount rate applied. Given the significant headroom that exists, and the results of the sensitivity analysis performed, it is concluded that there is no significant risk that reasonable changes in any key assumptions would cause the carrying value of goodwill to exceed its value in use.

2.3 Derivative assets

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current		
Derivative designated as cash flow hedge		
- Fair value of cross currency interest rate swaps	-	1,429.63
	-	**1,429.63**
Current		
Derivative designated as cash flow hedge		
- Fair value of forward contracts	-	46.88
- Fair value of cross currency interest rate swaps	1,067.52	-
- Fair value of commodity hedge contracts	251.86	-
Derivatives not designated as cash flow hedge		
- Fair value of forward contracts	0.51	1,523.37
	1,319.89	**1,570.25**

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

2.4 Other financial assets

(Unsecured, considered good)

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current		
Margin money deposits and other deposits with banks*	3,830.37	3,712.54
Interest accrued on deposits	-	100.50
Security deposits	16.94	-
	3,847.31	**3,813.04**
Current		
Unbilled receivables	5,930.93	4,830.82
Less: Loss allowance	(4.28)	(1.64)
Interest accrued on deposits	155.57	181.16
Security deposits	-	7.11
Premium on forward contracts	325.06	134.63
Other receivables	42.23	-
	6,449.51	**5,152.08**

* Reserved against margin money for bank guarantees, other commitments and debt service reserves on long-term borrowings as at the year end, hence termed as non-current.

2.5 Non-current tax assets

Particulars	As at 31 March 2021	As at 31 March 2020
Advance income taxes*	835.92	786.98
	835.92	**786.98**

* Net of provision for taxes Rs. Nil (31 March 2020: Rs. Nil)

2.6 Other assets

(Unsecured, considered good)

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current		
Capital advances	150.82	124.87
Balance with government authorities paid under protest (refer note 2.29)	119.98	206.68
Contribution to gratuity fund (refer note 2.34)	15.29	10.71
Prepayments	2.14	1.17
	288.23	**343.43**
Current		
Advance to suppliers and service providers	793.67	645.56
Balance with government authorities (refer note 2.44)	1,547.44	719.27
Prepayments	476.85	513.06
	2,817.96	**1,877.89**

2.7 Inventories

(Valued at lower of cost and net realisable value)

Particulars	As at 31 March 2021	As at 31 March 2020
Fuel*	2,493.59	5,853.92
Stores and spares	2,087.03	1,826.98
	4,580.62	**7,680.90**

* includes materials-in-transit amounting to Rs. 1,065.38 million, (31 March 2020: Rs. 2,482.81 million).

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

2.8 Investments

Particulars	Number of shares/ units As at 31 March 2021	Number of shares/ units As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
A) Non-current investments:				
Investments in subsidiaries				
(Unquoted, valued at cost unless stated otherwise)				
Equity instruments:				
TPCIL Singapore Pte Limited	49,000	49,000	2.92	2.92
Sembcorp Green Infra Limited	34,92,10,001	34,92,10,001	54,767.22	54,767.22
			54,770.14	**54,770.14**
B) Current investments:				
Investments in mutual funds (Debt securities):				
(Quoted, valued at fair value through profit or loss)				
UTI Liquid Cash Fund - Direct Plan - Growth	1,53,836	1,18,446	518.50	385.12
Axis Liquid Fund - Direct Plan - Growth	2,10,016	60,163	479.84	132.63
SBI Liquid Fund - Direct Plan - Growth	1,44,528	1,39,632	465.61	434.11
Baroda Liquid Fund Plan B - Direct Plan - Growth	-	92,970	-	212.83
Nippon India Liquid Fund - Direct Plan Growth	1,00,611	-	506.34	-
IDFC Cash Fund - Direct Plan - Growth	2,06,348	-	512.98	-
			2,483.27	**1,164.69**
Aggregate fair value of unquoted investments			54,770.14	54,770.14
Aggregate fair value of quoted investments			2,483.27	1,164.69
Aggregate provision for impairment in value of investments			-	-

2.9 Trade receivables

(Unsecured)

Particulars	As at 31 March 2021	As at 31 March 2020
Trade receivables		
- considered good	26,594.39	21,439.00
- which have significant increase in credit risk	537.11	321.86
Less: Loss allowance	(537.11)	(321.86)
- credit impaired	-	-
Less: Loss allowance	-	-
	26,594.39	**21,439.00**

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 receivables are due from firms or private companies in which any director is a partner, a director or a member.

(ii) The Company's exposure to credit and currency risk and loss allowance related to trade receivables are disclosed in note 2.40

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

2.10 Cash and bank balances

Particulars	As at 31 March 2021	As at 31 March 2020
Cash and cash equivalents:		
Balance with banks:		
On current accounts	167.43	118.89
Deposits with original maturity of less than three months**	1,731.61	1,535.19
	1,899.04	**1,654.08**
Bank balances other than those disclosed above		
Deposits due to mature after three months but before twelve months from the reporting date**	1,959.34	4,267.40
	1,959.34	**4,267.40**

** Includes Rs. 1,012.65 million (31 March 2020: Rs. 203.78 million) held as margin money towards bank guarantees and other commitments.

2.11 Share capital

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised		
Equity shares		
15,000,000,000 (31 March 2020: 15,000,000,000) equity shares of Rs.10 each	1,50,000.00	1,50,000.00
	1,50,000.00	**1,50,000.00**
Issued, Subscribed and fully paid up		
5,433,668,574 (31 March 2020: 5,433,668,574) equity shares of Rs.10 each, fully paid up (refer note below)	54,336.69	54,336.69
	54,336.69	**54,336.69**

Of the above issued, subscribed and fully paid up equity share capital, 5,433,668,574 (31 March 2020: 5,433,668,574) equity shares of Rs. 10 each, fully paid-up are held by Sembcorp Utilities Pte Ltd, the holding company.

Notes:

643,970,442 (31 March 2020: 643,970,442) equity shares of Rs. 10 each, fully paid-up are pledged against secured term loans from banks by SEIL-P1 and pledged 408,480,080 (31 March 2020: 408,480,080) 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 2021		As at 31 March 2020	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
Shares outstanding at the beginning of the year	5,43,36,68,574	54,336.69	5,15,87,21,764	51,587.22
Shares issued during the year	-	-	27,49,46,810	2,749.47
Shares outstanding at the end of the year	**5,43,36,68,574**	**54,336.69**	**5,43,36,68,574**	**54,336.69**

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

Name of shareholders	As at 31 March 2021		As at 31 March 2020	
	No. of shares	% of holding	No. of shares	% of holding
Equity shares				
Sembcorp Utilities Pte. Ltd., the holding company along with its nominees#	5,43,36,68,574	100.00%	5,43,36,68,574	100.00%

#As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

2.11 Share capital (Contd..)

Terms and rights attached to equity shares:

Equity shares of the Company have 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 2,568,750,000 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.

2.12 Other equity

Particulars	As at 31 March 2021	As at 31 March 2020
Securities premium		
Balance at the beginning of the year	40,207.03	37,787.50
Add: Additions during the year	-	2,419.53
Balance at end of the year	**40,207.03**	**40,207.03**
Capital reserve on amalgamation		
Balance at the beginning of the year	16,013.56	16,013.56
Add: Additions during the year	-	-
Balance at end of the year	**16,013.56**	**16,013.56**
Fair value of interest free INR denominated notes from holding company		
Balance at the beginning of the year	1,155.42	646.26
Add: Additions during the year	234.72	509.16
Balance at end of the year	**1,390.14**	**1,155.42**
Retained earnings		
Balance at the beginning of the year	(11,041.47)	(12,206.69)
Less: Transition adjustment of Ind AS 116 "Leases"	-	(15.25)
Add: Profit for the year	8,720.12	1,187.01
Items that will not be reclassified subsequently to profit or loss		
- Remeasurement of post employment benefit obligations, net of tax	(2.46)	(6.54)
Balance at end of the year	**(2,323.81)**	**(11,041.47)**

Particulars	As at 31 March 2021	As at 31 March 2020
Other comprehensive income (OCI)		
Balance at the beginning of the year	(598.78)	(932.35)
Add: Change in fair value, net of tax	557.14	333.57
Less: Utilisation	-	-
Total other comprehensive income	**(41.64)**	**(598.78)**
Total Other Equity	**55,245.28**	**45,735.76**

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.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

2.12 Other equity (Contd..)

Capital reserve on amalgamation

Capital reserve on amalgamation is the difference between the consideration for acquisition of Sembcorp Gayatri Power Limited (SEIL-P2) and the amount of share capital and security premium of SEIL-P2 as per Ind AS 103 (Appendix C), Business combinations 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

Retained earnings

Retained earnings mainly represents all current and prior periods profits as disclosed in the statement of profit and loss less dividend distribution, 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.

2.13 Borrowings

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current borrowings:		
Secured From banks		
Rupee term loans	35,244.78	39,528.56
Foreign currency non repatriable (FCNR) term loan*	27,534.84	28,987.21
External commercial borrowings	-	15,819.23
Unsecured From related party (refer note 2.41)		
INR denominated notes	42,400.00	42,400.00
	1,05,179.62	1,26,735.00
Less: Unamortised part of loan origination cost	(281.92)	(342.55)
	1,04,897.70	**1,26,392.45**

*During the current year, the Company had converted Rupee term loan of Rs. 26,589.25 million of SEIL-P1 for a period upto 365 days and Rupee term loan of Rs. 1,850.00 million of SEIL-P2 into FCNR Loans for a period 364 days.

Details of securities given, repayment terms and other details are given below:

a) Rupee term loans and FCNR term loans:

Rupee Term loans and FCNR term loans obtained by SEIL-P1 from banks are secured by way of:

1. 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.

2. First ranking pari passu charge over all the present and future assets (both tangible and intangible) of SEIL-P1.

3. Pledge of 643,970,442 (31 March 2020: 643,970,442) fully paid equity shares of Rs. 10 each held by the holding Company.

Rupee Term loans and FCNR term loans obtained by SEIL-P2 from banks are secured by way of:

1. 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.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

2.13 Borrowings (Contd..)

2. First ranking pari passu charge over all the present and future assets (both tangible and intangible) of SEIL-P2.

3. Pledge of 408,480,080 (31 March 2020: 408,480,080) fully paid up equity shares of Rs. 10 each held by the holding Company.

4. The holding company has given corporate guarantee to cover the outstanding exposure."

Terms of repayment and rate of interest for Rupee Term loans by SEIL-P1:

Rupee Term Loan facility -I from banks are repayable in 79 quarterly structured unequal instalments commenced from 31 December 2016 and Rupee Term Loan facility - II from banks are repayable in 77 quarterly structured unequal instalments commenced from 30 June 2017. The Rupee Term Loans in respect of facility - I and II carry an interest of SBI MCLR plus 1.25% p.a. Interest rate applicable during the year was 8.20% to 9.25% p.a (31 March 2020: 9.25% to 9.75% p.a.)

Terms of repayment and rate of interest for Rupee Term loans by SEIL-P2:

Rupee term loans facilities are repayable in 78 quarterly structured unequal instalments commenced from 30 September 2017. Rupee term loans carry an interest of SBI one year MCLR plus 1.25% p.a. Interest rate applicable during the year is 8.25% to 9.70% p.a.(31 March 2020: 9.50% to 9.70% p.a.)

Terms of repayment and rate of interest for FCNR Term loans by SEIL-P1 and SEIL-P2:

FCNR term loans tenure is 7 to 365 days from the date of conversion and these loans are repayable in one lump sum on the date of maturity. 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. The Company has classified the borrowings in the financial statements as per the original Rupee term loan agreement and repayments during the year have been honoured as per 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 in range of 7.73% to 7.81% p.a.) (31 March 2020: 8.74% to 8.88% p.a.)

b) External commercial borrowings

1. The external commercial borrowings ('ECB') are payable in 20 quarterly structured unequal instalments commenced from 30 June 2017. ECB are guaranteed by Sembcorp Utilities Pte Ltd, the holding company. ECB carry interest at 3 month LIBOR plus 1.15% p.a. The Company has entered into cross currency interest rate swaps and the applicable interest rate under hedge agreement is 8.36% p.a.(31 March 2020: 8.36%).

2. The entire outstanding amount as at 31 March 2021 is shown under current maturities as final maturity date falls on 31 March 2022

3. The holding company has given corporate guarantee to cover the outstanding exposure.

c) INR denominated Notes

INR denominated Notes are unsecured and these notes have been subscribed fully by holding company, Sembcorp Utilities Pte Ltd. Terms of repayment, interest rate, interest accrued and outstanding are given below. Interest is payable on semi annual basis.

Tranche	Amount	Date of receipt	Interest coupon	Maturity period	Interest accrued on borrowings	Due dates for payment of interest
1	7,893.90	9 December 2016	12%	30 September 2022	293.26	30 September 2022
2	9,000.00	27 March 2017	10%	27 March 2027	431.53	30 September 2022
3	9,000.00	6 April 2017	10%	6 April 2027	2,138.45	30 September 2022
4	9,000.00	7 April 2017	10%	7 April 2027	2,140.68	30 September 2022
5	7,506.10	7 April 2017	10%	7 April 2027	1,659.06	30 September 2022
	42,400.00				**6,662.98**	

The holding company has deferred the repayment of tranche 1 principal amount and interest accrued as at 31 March 2021 to 30 September 2022 at the request of the Company. Finance component on account of interest free deferment is recognised at fair value in other equity.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

2.14 Derivatives

Particulars	As at 31 March 2021	As at 31 March 2020
Current		
Derivatives designated as cash flow hedge		
- Fair value of commodity hedge contracts	-	146.88
- Fair value of forward contracts	5.55	-
Derivatives not designated as cash flow hedge		
- Fair value of forward contracts	333.88	-
	339.43	**146.88**

2.15 Other financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current		
Interest accrued on INR denominated notes (refer note 2.13(c))	5,956.52	7,100.96
Lease liabilities (refer note 2.32)	58.46	59.74
	6,014.98	**7,160.70**
Current		
Current maturities of long-term borrowings (refer note 2.13)	19,555.74	4,558.15
Capital creditors (refer note 2.30)	458.92	466.11
Interest accrued on borrowings (refer note 2.13)	332.87	296.44
Retention bonus payable	-	21.91
Retention money payable (refer note 2.30)	6,796.47	6,906.73
Payable to employees	131.28	102.34
Lease liabilities (refer note 2.32)	14.31	9.35
Other payables	100.94	46.88
	27,390.53	**12,407.91**

2.16 Provisions

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current		
Provision for employee benefits		
- Compensated absences	61.85	52.09
	61.85	**52.09**
Current		
Provision for employee benefits		
- Compensated absences	10.03	7.07
	10.03	**7.07**

2.17 Other liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Current		
Advance from customers	17.15	6.47
Unearned income	296.32	298.99
Dues to statutory authorities	252.00	241.15
Other payables (refer note 2.30)	3,924.30	3,925.29
	4,489.77	**4,471.90**

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

2.18 Short-term borrowings

Particulars	As at 31 March 2021	As at 31 March 2020
Secured		
Working capital demand loans	5,780.00	7,687.87
Cash credit accounts	0.63	0.42
Buyers credit	2,138.50	1,473.84
Unsecured		
Commercial papers	-	3,455.44
	7,919.13	**12,617.57**

a) **Terms and nature of security:**

Loans from banks by SEIL-P1

i) Borrowings from banks are secured by mortgage pari passu first 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.

ii) First pari passu charge over all the present and future assets (both tangible and intangible) of the SEIL-P1.

iii) Borrowings to the extent of Rs. 2,000 million from Development Bank of Singapore Limited is secured by corporate bank guarantee from Sembcorp Utilities Pte Ltd.

Loans from banks by SEIL-P2

i) 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 situated at Pynampuram Village, Muthukur Mandal, SPSR Nellore District in the state of Andhra Pradesh.

ii) First ranking pari passu charge over all the present and future assets (both tangible and intangible) of the SEIL-P2.

iii) The fund based working capital facilities from State Bank of India, Development Bank of Singapore, Hong Kong and Shanghai Banking Corporation bank are secured by the Corporate guarantee of Sembcorp Utilities Pte Ltd.

b) **Term of interest and repayments:**

Repayment terms: Work capital demand loans and buyers credit tenure is 180 days from the date of draw down and cash credits are repayable on demand for both the projects. The Company during the year has availed short-term loans by way commercial paper as part of working capital for a period upto 90 days.

Rate of interest: Working capital loans and Cash Credit loans outstanding's carries interest rate at the range of 6.85% to 8.70% p.a. (31 March 2020: 7.55% to 9.10% p.a.) buyers credit outstanding's carries LIBOR based interest rate including spread in the range of 1.50% to 1.64% p.a (31 March 2020: 1.67% to 2.82% p.a) and Commercial Paper outstanding's having carrying rate 4.11% to 6.5% p.a (31 March 2020: 6.00% to 6.5% p.a).

2.19 Trade payables

Particulars	As at 31 March 2021	As at 31 March 2020
Total outstanding dues to micro and small enterprises (refer note 2.35)	1.32	0.83
Total outstanding dues to other than micro and small enterprises		
- related parties (refer note 2.41)	24.06	48.07
- others	1,829.06	4,231.33
	1,854.44	**4,280.23**

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

2.20 Current tax liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for taxes (net of advance tax)	336.49	336.49
	336.49	**336.49**

2.21 Revenue from operations

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Sale of electricity (refer note 2.45)	73,591.41	71,069.43
Other operating revenues:		
-Sale of fly ash	82.78	35.93
	73,674.19	**71,105.36**
a. Reconciliation of revenue from electricity recognised with the contracted price is as follows:		
Contract price	73,868.41	71,577.89
Adjustments for:		
Rebates	(141.98)	(321.87)
Deviation charges	(137.69)	(179.91)
Unearned income	2.67	(6.68)
Sale of electricity	**73,591.41**	**71,069.43**
b. Changes in contract liabilities*		
Balance at the beginning of the year	305.46	300.84
Less: Amount recognised as revenue/other adjustments during the year	(9.14)	(1.85)
Add: Amount received during the year	17.15	6.47
Balance at the end of the year	**313.47**	**305.46**

* Contract liabilities include unearned income and advance from customer.

c. Transaction Price - Remaining Performance Obligation

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognised as at the end of the reporting period and an explanation as to when the Company expects to recognise these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts as the revenue recognised corresponds directly with the value to the customer of the entity's performance completed to date.

d. Refer note 2.33 for Revenue disaggregation by geography

e. Contract balances

Particulars	As at 31 March 2021	As at 31 March 2020
Trade receivables	26,594.39	21,439.00
Unbilled receivables	5,926.65	4,829.18
Contract liabilities	313.47	305.46

2.22 Other income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest income	363.80	583.45
Income from mutual fund measured at FVTPL	76.59	78.66
Late payment surcharges from customers (refer note 2.45 and 2.47)	2,846.56	946.45
Income from insurance claims (refer note 2.43)	790.70	1,057.19
Gain on derivative contracts, net	-	191.81
Miscellaneous income (refer note 2.46)	30.55	680.50
	4,108.20	**3,538.06**

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

2.23 Cost of fuel

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Coal and alternative fuel cost	40,519.73	43,118.24
	40,519.73	**43,118.24**

2.24 Transmission charges

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Transmission charges	2,378.99	2,731.53
	2,378.99	**2,731.53**

2.25 Employee benefit expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries, wages and bonus	1,425.66	1,475.25
Contribution to provident and other funds (refer note 2.34)	86.00	78.90
Employee shared based expenses (refer note 2.42)	56.35	30.21
Staff welfare expenses	84.36	90.75
	1,652.37	**1,675.11**

2.26 Finance costs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest expense on financial liabilities measured at amortised cost	12,676.12	13,693.12
Unwinding of discount on lease liabilities (refer note 2.32)	6.81	7.15
Other borrowing costs	715.10	688.28
	13,398.03	**14,388.55**

2.27 Depreciation and amortisation expense

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation on property, plant and equipment	7,442.25	7,448.87
Depreciation on right to use assets (refer note 2.32)	12.88	13.76
Amortisation on intangible assets	2.71	6.26
	7,457.84	**7,468.89**

2.28 Operating and other expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Consumption of stores, spares and consumables	777.67	719.48
Repairs and maintenance		
- Buildings and civil works	48.89	53.29
- Plant and equipment	885.12	926.91
- Others	83.59	114.98
Travelling and conveyance	11.01	72.55
Insurance	563.89	532.77
Vehicle hire charges	47.91	65.20

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

2.28 Operating and other expenses (Contd..)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Security charges	56.79	63.21
Legal and professional expenses (refer note 2.37)	276.55	477.65
Health and safety expenses	37.91	42.47
Expenditure on corporate social responsibility (refer note 2.36)	18.29	11.95
Rates and taxes	287.34	13.09
Rent (refer note 2.32)	3.50	18.26
Training and seminar	1.62	9.62
Printing and stationery	3.89	5.05
Directors' sitting fee	5.37	6.61
Commission charges	15.15	8.02
Communication expenses	15.07	17.16
Advertisement expenses	5.41	8.13
Loss on derivative contract	117.07	-
Loss on foreign currency transactions and translation (net)	93.83	592.42
Property, plant and equipment written off	23.99	0.33
Allowance for expected credit loss	217.89	211.40
Doubtful receivables and advances written off	5.06	-
Miscellaneous expenses	52.50	103.54
	3,655.31	**4,074.09**

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

Particulars	As at 31 March 2021	As at 31 March 2020
I) Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	222.53	315.60
	222.53	**315.60**
II) Claims against the Company not acknowledged as debt in respect of:		
(i) Income tax* (refer note a below)	749.53	1,183.04
(ii) Stamp duty (refer note b below)	-	-
(iii) Buildings and other construction works cess (BOCW Cess)	287.21	287.21
(iv) Entry tax**	150.62	150.62
(v) Works contract tax (refer note c below)	-	861.69
(vi) Service tax (refer note d below)***	798.13	798.13
(vii) Demand for fly ash disposal (National Green Tribunal)#	85.31	85.31
(viii) Township construction contract works##	149.92	-
(ix) Others (refer note e below)	Amount not ascertainable	Amount not ascertainable
	2,220.72	**3,366.00**

"* Tax paid under protest as at 31 March 2021: Rs. 445.88 million (31 March 2020: Rs. 532.58 million) (including advance tax and tax deducted at source for respective years).

During the year the Company has received draft order u/s 144C for AY 2017-18 under Income tax act, 1961. The Company has filed reply against the draft order and awaits the final order.

** Entry tax paid under protest as at 31 March 2021: Rs. 28.56 million (31 March 2020: Rs. 28.56 million).

*** Service tax paid under protest as at 31 March 2021 Rs. 59.86 million (31 March 2020 Rs. 59.86 million)

During the previous year, the Company has received a demand order from National Green Tribunal (NGT) levying environmental compensation charges towards non utilization/disposal of 100.00% fly ash. The estimated liability is Rs. 85.31 million as per order and the order is subject to similar proceedings pending before the Hon'ble Supreme Court where stay is operative.

Company had entered into contract with Koneru Constructions Private Limited ('Koneru') for construction of Township at Nellore for an amount Rs. 454.06 million. The contract was completed on 31 October 2017, the full and final settlement was agreed with Koneru on 15 December 2017 and the final payment was released by the Company on 15 November 2018.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

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

During the year, Koneru has sought additional compensation of Rs. 149.91 million (approx.) from the Company for additional work executed, damages, loss of profits, recovery of liquidated damages etc. and also sought appointment of an arbitrator. Koneru has also filed proceedings application under Section 11 of Arbitration and Conciliation Act , 1996 against SEIL before the Honbl'e High Court of Telangana.

Company is contesting the matter and has obtained legal opinion on the validity of the claims by Koneru. As per the legal opinion, company has a good arguable case in its favor on the basis of the following grounds:

a. Full and final settlement agreement was agreed between the parties and settled

b. majority of the claims by Koneru are barred in terms of the laws of limitation in India.

On the basis of the above and the legal opinion received, management is of the view that no provision is required in the books of accounts.

III) Bank guarantees with customs and others

Particulars	As at 31 March 2021	As at 31 March 2020
Bank guarantees with customs and excise	8,387.81	8,932.02
Bank guarantees for PPA and other commitments	6,487.14	8,995.41
	14,874.95	**17,927.43**

Notes:

a. During the year, the Company has opted under Vivaad Se Vishwas Scheme (VSVS) for settlement of withholding tax litigations for the previous years (from 2011-12 to 2015-16) pertaining to tax on guarantee fees to banks on buyer's credit and on service contracts pertaining to a vendor.

b. Based on the NCC Limited ('NCCL') Warranty and Indemnity agreement dated 1 February 2014 entered between SEIL- P2, NCCL and other counterparts, the liability, if any arising on account of dispute relating to SEIL-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 Stamp duty relating to SEIL-P2.

c. During the year the Company received favourable order from Commercial Taxes department, Government of Andhra Pradesh for works contract tax.

d. During the previous year, order has been passed by the office of the Principal Commissioner of Central Tax, Hyderabad consequent to the audit memo and show cause notice issued in the previous years towards levy of service tax on liquidated damages claim on NCCL by SEIL. The order was issued for tax demand, interest and penalty of Rs. 796.80 million and Rs. 1.33 million respectively towards service tax on liquidated damages and reimbursement of expenses to SCU respectively. The Company has filed appeal with the appellate tribunal on 20 March 2020 and also deposited 7.5% tax thereon and the hearing is currently awaited.

e. The Company 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.

The Company has a process whereby periodically all long-term contracts including derivative contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that there are no material foreseeable losses on such long term contracts which needs to be provided for in the books of account and the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on derivative contracts.

On 28 February 2019, the Hon'ble Supreme Court of India has delivered a judgment clarifying the principles that need to be applied in determining the components of salaries and wages on which Provident Fund (PF) contributions need to be made by establishments. However, considering that there are numerous interpretative issues relating to retrospective application of this judgement, the Company has assessed the impact of the matter and concluded that there is no material impact on the financial statements. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

2.30 Liquidated damages and bank guarantee encashment:

SEIL-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'), delay in the achievement of Provisional Acceptance on account of this delay, SEIL- P2 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 Company had encashed performance bank guarantee (BGs) of Rs. 516.00 million on 19 April 2017 and Rs. 2,915.00 million on 3 November 2017 given by NCCL. NCCL had invoked Arbitration proceedings on 27 May 2017. NCCL had filed its statement of claims for Rs. 15,579.00 million with interest. SEIL- P2 had 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 for disposal as of date and accordingly, no related adjustments have been made in these 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.

2.31 Earnings per share

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2021
Net profit for the year	8,720.12	1,187.01
Number of equity shares		
Number of shares at the beginning of the year	5,43,36,68,574	5,158,721,764
Weighted average number of equity shares issued during the year	-	20,03,72,196
Weighted average number of equity shares outstanding during the year	**5,43,36,68,574**	**5,35,90,93,960**
Earnings per equity share (face value of share Rs.10 each)		
- Basic and diluted (refer note)	1.60	0.22

Note: The Company did not have any potentially dilutive securities in any of the periods presented.

2.32 Right-of-use assets and leases

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying Ind AS 116 'Leases' and amendments to certain Ind AS. The Standard/amendments are applicable to the Company with effect from 1 April 2019.

The Company has adopted Ind AS 116 "Lease", effective from 1 April 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (1 April 2019) under modified retrospective approach. Accordingly, the Company has not restated corresponding year figures, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on 1 April 2019.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of Rs. 738.24 million and a corresponding lease liability of Rs. 81.75 million has been recognized. The cumulative effect on transition in retained earnings net off taxes is Rs. 15.25 million (including a deferred tax of Nil). The principal portion of the lease payments have been disclosed under cash flow from financing activities. The weighted average incremental borrowing rate of 9.50% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

2.32 Right-of-use assets and leases (Contd..)

The amount recognised in the Balance Sheet for the right-of-use assets and lease liability are as follows:

Particulars	Gross carrying amount	Accumulated depreciation	Net carrying amount
As at 31 March 2021			
Leasehold land and buildings	740.43	75.07	665.36
Vehicle	11.54	0.96	10.58
Total	**751.97**	**76.03**	**675.94**
As at 31 March 2020			
Leasehold land and buildings	738.24	65.86	672.38
Vehicle	-	-	-
Total	**738.24**	**65.86**	**672.38**

Lease liability (Financial liability)	As at 31 March 2021	As at 31 March 2020
Present value of lease liability		
Current	14.31	9.35
Non- current	58.46	59.74
Maturity analysis		
0 - 1 year	20.35	15.52
1 - 5 years	66.19	67.05
More than 5 years	2.72	7.37

The amount recognised in the statement of profit and loss for the year ended 31 March 2021 for the right-of-use assets and lease liability are as follows:

Leasehold land and buildings	Vehicle	Leasehold land and buildings	Total
Depreciation charged on right-of-use assets	0.96	11.92	12.88
Unwinding of Interest expense on lease liabilities	0.34	6.47	6.81

The amount recognised in the statement of profit and loss for the year ended 31 March 2020 for the right-of-use assets and lease liability are as follows:

Leasehold land and buildings	Vehicle	Leasehold land and buildings	Total
Depreciation charged on right-of-use assets	-	13.76	13.76
Unwinding of Interest expense on lease liabilities	-	7.15	7.15

Further, the Company incurred Rs. 3.50 million (31 March 2020: Rs. 18.26 million) towards expenses relating to short-term leases and leases of low-value assets for the year ended 31 March 2021.

Lease contracts entered by the Company majorly pertains to land taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the lease contracts. The total cash outflow for leases is Rs. 18.38 million (31 March 2020: Rs. 19.81 million) for the year ended 31 March 2021.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

2.33 Segment reporting

The Company 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 in India and Bangladesh 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 2021 and 31 March 2020 were as follows:

Customer name	For the year ended31 March 2021		For the year ended 31 March 2020	
	Revenue	%	Revenue	%
Telangana State Government utilities	29,994.00	40.71%	30,015.41	42.23%
Indian Energy Exchange (IEX)	13,977.07	18.97%	12,263.18	17.26%
Andhra Pradesh State Government utilities	8,932.19	12.12%	7,015.88	9.87%
Bangladesh Power Development Board	9,545.43	12.96%	6,958.73	9.79%

Geographical segments

Revenues, net	For the year ended 31 March 2021	For the year ended 31 March 2020
India	64,128.76	64,146.63
Bangladesh	9,545.43	6,958.73
Total	**73,674.19**	**71,105.36**

2.34 Assets and liabilities relating to employee benefits

i) Defined contribution plan

The Company 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 Company has no obligations other than to make the specified contributions. The contribution to provident fund charged to the statement of profit and loss is Rs. 66.08 million (31 March 2020: Rs. 62.22 million).

ii) Defined benefit plan

The Company provides gratuity for its employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 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. The gratuity plan is a funded plan and the Company 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 period and are charged to the statement of profit and loss.

A. Funding

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

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

Particulars	As at 31 March 2021	As at 31 March 2020
B. Reconciliation of the present value of defined benefit obligation		
Balance at the beginning of the year (As reported earlier)	77.15	58.41
Current service cost	14.79	12.83
Past service cost	5.88	-
Interest cost	5.28	4.26
Benefits paid	(4.21)	(3.82)
Actuarial (gains)/loss recognised in the other comprehensive income		

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

2.34 Assets and liabilities relating to employee benefits (Contd..)

Particulars	As at 31 March 2021	As at 31 March 2020
- experience adjustments	3.20	2.99
- changes in financial assumptions	(1.14)	2.48
Balance at the end of the year	**100.95**	**77.15**
C. Reconciliation of the present value of plan assets		
Balance at the beginning of the year	87.86	71.79
Contributions made into the plan by employer	26.96	18.01
Benefits paid	(4.21)	(6.13)
Expected return on plan assets	6.03	5.26
Actuarial loss on plan assets	(0.40)	(1.07)
Balance at the end of the year	**116.24**	**87.86**
Net defined benefit obligation/(asset)	**(15.29)**	**(10.71)**
Disclosure in the balance sheet:		
Non-current	15.29	10.71
Current	-	-

D. Expense recognized in the statement of profit and loss

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Current service cost	14.79	12.83
Past service cost	5.88	-
Interest cost on obligation	5.28	4.26
Interest income on plan assets	(6.03)	(5.26)
	19.92	**11.83**
Remeasurements recognised in Other comprehensive income		
Actuarial loss on defined benefit obligation	2.06	5.47
Actuarial loss on planned asset	0.40	1.07
	2.46	**6.54**

E. Plan assets comprise of the following:

Particulars	As at 31 March 2021	As at 31 March 2020
New Group Gratuity Cash Accumulation Plan with LIC	116.24	87.86

F. Summary of actuarial assumptions

Demographic assumptions

Particulars	As at 31 March 2021	As at 31 March 2020
Attrition rate		
21 - 30 years	10.00%	10.00%
31 - 40 years	5.00%	5.00%
41 year and above	1.00%	1.00%
Financial assumptions		
Discount rate	7.05%	6.95%
Future salary growth rate	5.00%	5.00%

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

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

2.34 Assets and liabilities relating to employee benefits (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	31 March 2021		31 March 2020	
	Increase	Decrease	Increase	Decrease
Sensitivity factor (%)	0.50%	0.50%	0.50%	0.50%
Change in discount rate (%)	(5.43)	5.94	(5.53)	6.03
Change in salary growth rate (%)	5.83	(5.42)	6.12	(5.66)

G. Asset-liability matching strategy

The Company 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 company, 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 Company 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).

H. Maturity profile of the defined benefit obligation

Expected cash flows for the following years (valued on undiscounted basis) :

Particulars	As at 31 March 2021	As at 31 March 2020
Within 1 year	7.67	6.91
2 to 5 years	23.71	17.45
6 to 9 years	39.32	24.25
For year 10 and above	201.00	165.31

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 statement of profit and loss amounting to Rs.24.84 million (31 March 2020: Rs. 17.99 million).

2.35 Details of dues to micro and small enterprises as defined under Micro, Small and Medium Enterprises Act, 2006

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2021 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act') is not expected to be material. The Company has not received any claim for interest from any supplier under the said MSMED Act.

Particulars	As at 31 March 2021	As at 31 March 2020
the amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	1.32	0.83
- Interest	-	-
the amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006);	-	-

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

2.35 Details of dues to micro and small enterprises as defined under Micro, Small and Medium Enterprises Act, 2006 (Contd..)

Particulars	As at 31 March 2021	As at 31 March 2020
the amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year;	-	-
the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	-	-
the amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purposes of disallowances as a deductible expenditure under the MSMED Act, 2006;	-	-

This information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 and has been determined to the extent such parties have been identified on the basis of information available with the Company.

2.36 Details of Corporate social responsibility expenditure

As per Section 135 of the Companies Act 2013, the Company has formed a Corporate Social Responsibility ('CSR') Committee. The CSR Committee approved CSR Policy where certain focus areas out of list of activities covered in Schedule VII of the Companies Act 2013, have been identified to incur CSR expenditure.

The Company has spent Rs. 18.29 million (31 March 2020 Rs. 11.94 million) during the year as per the provisions of Section 135 of the Companies Act, 2013 towards CSR activities

a. Gross amount required to be spent by the Company during the year Rs. 13.53 million (31 March 2020 Rs. 8.32 million)

b. Amount spent during the year on:

Particulars	Amount spent in cash	Amount yet to paid in cash	Total
Year ended 31 March 2021			
i) Construction/ Acquisition of any Asset	-	-	-
ii) On purpose other than (i) above*	18.29	-	18.29
Year ended 31 March 2020			
i) Construction/ Acquisition of any Asset	-	-	-
ii) On purpose other than (i) above	11.94	-	11.94

*Excess CSR amount spent has not been carried forward during the year

2.37 Auditor's remuneration (including taxes)

Particulars	As at 31 March 2021	As at 31 March 2020
- Statutory audit fee	4.13	4.13
- Other services	8.48	10.35
- Reimbursement of expenses	0.56	1.14
	13.17	**15.62**

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

2.38 Deferred tax

i) Deferred tax asset and liabilities attributable to the following

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred tax liability		
Excess of depreciation on assets under Income Tax law over depreciation provided in accounts	14,229.25	12,606.06
Unamortised part of borrowing costs	104.88	126.72
Fair value adjustment of current investments	10.13	7.14
	14,344.26	**12,739.92**
Deferred tax asset		
Allowance for expected credit loss	195.42	137.63
Provision for employee benefits	46.22	41.87
Expenses to be allowed as deductible in future	3,495.69	3,448.88
Unabsorbed loss and depreciation as per Income Tax law#	10,606.93	9,111.54
	14,344.26	**12,739.92**
Net unrecognised deferred tax asset(DTA) at the end of the year	**-**	**-**

Deferred tax assets are recognised on unabsorbed depreciation/carried forward tax losses only if, there is reasonable certainty that such deferred tax assets can be realised against future taxable profits in the Company.

ii) Movement in temporary differences

Particulars	As at 1 April 2020	Impact in Profit and loss	Impact in OCI	As at 31 March 2021
Excess of depreciation allowable under Income-tax law over depreciation provided in books	12,606.06	1,623.19	-	14,229.25
Unamortised part of borrowing costs	126.72	(21.84)	-	104.88
Fair value adjustment of current investments	7.14	2.99	-	10.13
	12,739.92	**1,604.34**	**-**	**14,344.26**
Deferred tax asset (DTA)				
Allowance for expected credit loss	137.63	57.79	-	195.42
Provision for employee benefits	41.87	4.35	-	46.22
Interest carried forward under Section 94B of the Income-tax law	3,448.88	46.81	-	3,495.69
Unabsorbed depreciation/carried forward tax losses	9,111.54	1,495.39	-	10,606.93
	12,739.92	**1,604.34**	**-**	**14,344.26**
Net deferred tax assets and liabilities	**-**	**-**	**-**	**-**

Particulars	As at 1 April 2019	Impact in Profit and loss	Impact in OCI	As at 31 March 2020
Deferred tax liability (DTL)				
Excess of depreciation allowable under Income-tax law over depreciation provided in books	12,504.03	102.03	-	12,606.06
Unamortised part of borrowing costs	-	126.72	-	126.72
Fair value adjustment of current investments	-	7.14	-	7.14
	12,504.03	**235.89**	**-**	**12,739.92**
Deferred tax asset (DTA)				
Allowance for expected credit loss	39.17	98.46	-	137.63
Provision for employee benefits	17.48	24.39	-	41.87
Interest carried forward under Section 94B of the Income-tax law	6,209.98	(2,761.10)	-	3,448.88
Unabsorbed depreciation/carried forward tax losses	6,237.40	2,874.14	-	9,111.54
	12,504.03	**235.89**	**-**	**12,739.92**
Net deferred tax assets and liabilities	**-**	**-**	**-**	**-**

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

2.38 Deferred tax (Contd..)

iii) Reconciliation of effective tax rate

Particulars	As at 31 March 2021	As at 31 March 2020
Profit before tax (a)	8,720.12	1,187.01
Domestic tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	**2,194.68**	**298.75**
Effect of		
Non deductible expenses(i.e., deemed interest expenses masala bond, loss on sale of assets)	112.57	63.70
Deferred Tax asset not created on temporary differences / unabsorbed depreciation or carried forward losses	(2,307.25)	(362.45)
Income tax expense (b)	-	-
Effective tax rate (b/a)	0%	0%

During the year ended 31 March 2021, the Company did not recognise deferred tax assets of Rs.256.56 million (31 March 2020 Rs. 2,565.39 million) in absence of reasonable certainty of future taxable profits (Unused tax loss and depreciation for deferred tax asset: Rs. 1,019.38 million (31 March 2020 Rs. 10,193.04 million)).

2.39 Capital management

The Company 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 Company 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. Capital is defined as equity attributable to the equity holders. Debt consists of non-current borrowings, current borrowings and current maturities of long-term borrowings.

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

Particulars		As at 31 March 2021	As at 31 March 2020
Debt	A	1,32,372.57	1,43,568.17
Total equity	B	1,09,581.97	1,00,072.45
Total debt and equity		**2,41,954.54**	**2,43,640.62**
Debt-to-equity ratio	**(A/B)**	**1.21**	**1.43**

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

2.40 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 2021:

Particulars	Note	Carrying amount				Fair value		
		FVTPL	FVTOCI	Amortised cost	Total	Level 1	Level 2	Level 3
Financial assets								
Investments - Mutual funds	2.8	2,483.27	-	-	2,483.27	2,483.27	-	-
Derivative assets	2.3	0.51	1,319.38	-	1,319.89	-	1,319.89	-
Trade receivables	2.9	-	-	26,594.39	26,594.39	-	-	-
Cash and cash equivalents	2.10	-	-	1,899.04	1,899.04	-	-	-
Other bank balances	2.10	-	-	1,959.34	1,959.34	-	-	-
Other financial assets	2.4	-	-	10,296.82	10,296.82	-	-	-
		2,483.78	**1,319.38**	**40,749.59**	**44,552.75**	**2,483.27**	**1,319.89**	**-**
Financial liabilities								
Derivative liabilities	2.14	333.88	5.55	-	339.43	-	339.43	-
Borrowings (excluding current maturities)	2.13 & 2.18	-	-	1,12,816.83	1,12,816.83	-	-	-
Trade payables	2.19	-	-	1,854.44	1,854.44	-	-	-
Other financial liabilities (including current maturities)	2.15	-	-	33,405.51	33,405.51	-	-	-
		333.88	**5.55**	**1,48,076.78**	**1,48,416.21**	**-**	**339.43**	**-**

As at 31 March 2020

Particulars	Note	Carrying amount				Fair value		
		FVTPL	FVTOCI	Amortised cost	Total	Level 1	Level 2	Level 3
Financial assets								
Investments - Mutual funds	2.8	1,164.69	-	-	1,164.69	1,164.69	-	-
Derivative assets	2.3	85.71	2,914.17	-	2,999.88	-	2,999.88	-
Trade receivables	2.9	-	-	21,439.00	21,439.00	-	-	-
Cash and cash equivalents	2.10	-	-	1,654.08	1,654.08	-	-	-
Other bank balances	2.10	-	-	4,267.40	4,267.40	-	-	-
Other financial assets	2.4	-	-	8,965.12	8,965.12	-	-	-
		1,250.40	**2,914.17**	**36,325.60**	**40,490.17**	**1,164.69**	**2,999.88**	**-**
Financial liabilities								
Derivative liabilities		-	146.88	-	146.88	-	146.88	-
Borrowings (excluding current maturities)	2.13 & 2.18	-	-	1,39,010.02	1,39,010.02	-	-	-
Trade payables	2.19	-	-	4,280.23	4,280.23	-	-	-
Other financial liabilities (including current maturities)	2.15	-	-	19,568.61	19,568.61	-	-	-
		-	**146.88**	**1,62,858.86**	**1,63,005.74**	**-**	**146.88**	**-**

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

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

Note:

Investments in subsidiaries have been accounted at historical cost. Since these are scoped out of Ind AS 109 for the purpose of measurement, the same are not disclosed in the table above.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole;

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

Level 2: Valuation techniques for which the lowest level input that has a significant effect on the fair value measurement are observable, either directly or indirectly.

Level 3: Valuation techniques for which the lowest level input which has a significant effect on the fair value measurement is not based on observable market data.

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

As part of the Company'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 Company's liquidity, counterparty risk, foreign exchange and derivative transactions and financing.

The Company 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 Company 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 (coal) will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and reduce market risk exposures within acceptable parameters.

(i) Interest rate risk

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

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

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

The Company'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 Company enters into cross currency interest rate swaps to reduce its exposure to interest rate volatility. In accordance with the Company's policy the duration of such cross currency interest rate swaps must not exceed the tenure of the underlying debt.

The Company 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.

The Company's borrowings majorly consists of project funding loans and working capital loans having variable rate of interest.

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

Particulars	As at 31 March 2021	As at 31 March 2020
Fixed rate instruments		
Non-current and current borrowings	50,318.50	55,017.57
Effect of interest rate swaps	15,362.90	16,475.70
	65,681.40	71,493.27
Variable rate instruments		
Non-current and current borrowings	82,054.07	88,550.60
Effect of interest rate swaps (Hedge portion)	(15,362.90)	(16,475.70)
	66,691.17	**72,074.90**
	1,32,372.57	**1,43,568.17**

(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 Company's assets are located in India. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to its operating and financing activities. The functional currency of the Company is Indian rupee. The currencies in which these transactions are primarily denominated in US dollars (USD) and Singapore dollar (SGD).

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

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

Particulars	Currency	As at 31 March 2021		As at 31 March 2020	
		Indian Rupees	Foreign currency	Indian Rupees	Foreign currency
Financial assets					
Trade receivables	USD	722.55	9.83	1,147.37	15.22
Other financial assets (unbilled receivables)	USD	986.43	13.42	934.79	12.40
Total financial assets		**1,708.98**		**2,082.16**	
Financial liabilities					
Borrowings - ECB, FCNR and Buyer's credit	USD	(45,966.50)	(627.44)	(47,092.58)	(623.87)
Trade payables	USD	(998.19)	(13.58)	(935.54)	(12.41)
Trade payables	SGD	-	-	(25.07)	(0.48)
Other financial liabilities	SGD	(100.94)	(1.87)	(44.59)	(0.85)

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

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

(ii) Foreign currency risk (Contd..)

Particulars	Currency	As at 31 March 2021 Indian Rupees	As at 31 March 2021 Foreign currency	As at 31 March 2020 Indian Rupees	As at 31 March 2020 Foreign currency
Other financial liabilities	USD	(3,871.49)	(52.67)	(3,969.07)	(52.65)
Total financial liabilities		**(50,937.12)**		**(52,066.85)**	
Net financial liabilities		**(49,228.14)**		**(49,984.69)**	
Less: Derivatives					
Foreign exchange forward contracts (against Buyer's credit)	USD	2,138.25	29.09	1,473.79	19.55
Foreign exchange forward contracts (against FCNR)	USD	28,428.76	388.85	29,071.58	384.82
Cross currency interest rate swaps	USD	15,399.23	209.50	16,547.21	219.50
		45,966.24		**47,092.58**	
Net exposure in respect of recognised assets/ (liabilities)		**(3,261.90)**		**(2,892.11)**	

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 and 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) Strengthening	Profit/(loss) Weakening	Equity increase/(decrease), net of tax Strengthening	Equity increase/(decrease), net of tax Weakening
USD (5% movement)				
As at 31 March 2021	158.05	(158.05)	158.05	(158.05)
As at 31 March 2020	141.12	(141.12)	141.12	(141.12)
SGD (5% movement)				
As at 31 March 2021	5.05	(5.05)	5.05	(5.05)
As at 31 March 2020	3.48	(3.48)	3.48	(3.48)

(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 Company uses commodity hedge contracts to hedge the price risk of forecasted transactions.

The Company operates a risk management desk that uses hedging instruments to seek to reduce the impact of market volatility in coal prices on the Company's profitability. The Company'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 Company 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 Company'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 Company and outstanding as at balance sheet date:

Particulars	Contracts currency	Quantity of open contracts (MT) As at 31 March 2021	Quantity of open contracts (MT) As at 31 March 2020	Fair value of derivative asset/ (liability) (Rs.) As at 31 March 2021	Fair value of derivative asset/ (liability) (Rs.) As at 31 March 2020
Coal commodity hedge contracts	USD	1,56,850	4,61,385	251.86	(146.88)

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

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

iv) Derivative financial instruments

Cash flow hedges:

Cross currency interest rate swaps:

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

Commodity hedge contracts:

The Company 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 Company to mitigate the risk of changing coal prices and corresponding cash outflows.

Fair value hedges:

Forward contracts

The fair value of foreign exchange contracts 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) (Rs.)		Nominal values in Foreign currency (USD)		Nominal values Indian Rupees	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Derivatives designated as cash flow hedges:						
Cross currency interest rate swaps						
In USD	1,067.52	1,429.63	209.50	219.50	13,984.13	16,547.21
Commodity hedge contracts						
In USD	251.86	(146.88)	12.60	32.44	926.07	2,445.29
Forward options						
In USD	(5.55)	46.88	6.54	12.20	481.04	922.93
Derivatives not designated as cash flow hedge:						
Forward contracts and swaps						
In USD	(333.37)	1,523.37	438.90	410.99	32,261.03	30,983.04

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer, employee or counterparty to a financial instrument fails to meet it contractual obligation leading to financial loss. The Company 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.

The carrying amounts of the financial assets as disclosed in note 2.4 and 2.9 represent the maximum credit risk exposure.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

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

b) Credit risk (Contd..)

Trade receivables and unbilled receivables

The Company has exposure to credit risk from a limited customer group on account of specialised nature of business, i.e. sale of power. The Company 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 Company subject to the Company'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 Company has adopted a policy of dealing with credit worthy counter parties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and credit worthiness of its customers are continuously monitored.

As at 31 March 2021 and 31 March 2020, the Company has 2 customers that owed the Company more than 90% of the trade receivable outstanding.

The Company also establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade receivables.

Impairment

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

Particulars	Allowance for expected credit loss	
Particulars	As at 31 March 2021	As at 31 March 2020
Trade and unbilled receivables		
Balance at the beginning of the year	323.50	112.10
Movement in loss allowance	217.89	211.40
Balance at the end of the year	**541.39**	**323.50**

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 are limited as the Company generally invests in deposits with banks and financial institutions with high credit ratings assigned by credit rating agencies. Given the high credit ratings of these banks and financial institution, the Company 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 Company is expected to receive or pay to terminate the swap counterparties at the balance sheet date.

c) Liquidity risk

Liquidity risk is the risk that the Company 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 Company is exposed to this risk from its operating activities and financing activities. The Company's approach to managing liquidity is to ensure, as far as possible that it will

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

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

c) Liquidity risk (Contd..)

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 Company's reputation. Liquidity requirements are maintained within the credit facilities established and are adequate and available to the Company to meet its obligations.

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

As at 31 March 2021

Particulars	Carrying value	Contractual cash flows (Gross)			
		within 12 months	1-5 years	More than five years	Total
Borrowings - long-term (including current maturities and interest accrued on borrowings)*	1,30,742.83	25,040.21	68,810.16	1,03,800.70	1,97,651.07
Borrowings - short-term	7,919.13	7,919.13	-	-	7,919.13
Trade payables	1,854.44	1,854.44	-	-	1,854.44
Other financial liabilities (excluding current maturities and interest accrued on borrowings)	7,560.38	7,507.96	66.19	2.72	7,576.87
Derivatives	339.43	339.43	-	-	339.43
	1,48,416.21	**42,661.17**	**68,876.35**	**1,03,803.42**	**2,15,340.94**

As at 31 March 2020

Particulars	Carrying value	Contractual cash flows (Gross)			
		within 12 months	1-5 years	More than five years	Total
Borrowings - long-term (including current maturities and interest accrued on borrowings)*	1,38,348.00	12,460.85	89,085.29	1,18,740.60	2,20,286.74
Borrowings - short-term	12,617.57	12,617.57	-	-	12,617.57
Trade payables	4,280.23	4,280.23	-	-	4,280.23
Other financial liabilities (excluding current maturities and interest accrued on borrowings)	7,613.06	7,559.49	67.05	7.37	7,633.91
Derivatives	146.88	146.88	-	-	146.88
	1,63,005.74	**37,065.02**	**89,152.34**	**1,18,747.97**	**2,44,965.33**

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

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

2.41 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
TPCIL Singapore Pte Ltd, Singapore	Subsidiary
Sembcorp Green Infra Limited, India	Subsidiary
Sembcorp India Private Limited, India	Entity under common control
Gayatri Projects Limited, India	Key management personnel having significant influence (Up to 30 December 2019)
Gayatri Energy Ventures Private Limited, India	Key management personnel having significant influence (Up to 30 December 2019)
Deep Corporation Private Limited, India	Key management personnel having significant influence (Up to 30 December 2019)
Gayatri Hi-Tech Hotels Limited, India	Key management personnel having significant influence (Up to 30 December 2019)
Wong Kim Yin	Chairman (w.e.f 11 August 2020)
Neil Mcgregor	Chairman (Upto 30 June 2020)
T V Sandeep Kumar Reddy	Director (Upto 31 December 2019)
Vipul Tuli	Managing Director
Radhey Shyam Sharma	Independent Director
Kalaikuruchi Jairaj	Independent Director
Sangeeta Talwar	Independent Director
Bobby Kanubhai Parikh	Independent Director (Upto 01 September 2020)
Looi Lee Hwa	Director
Juvenil Jani	Chief Financial Officer
Narendra Ande	Company Secretary

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Rent and utility expense		
Deep Corporation Private Limited	-	9.09
Gayatri Hi-Tech Hotels Limited	-	0.88
Sembcorp India Private Limited	18.92	20.35
Consultancy expenses		
Sembcorp Utilities Pte Ltd	196.03	199.21
Bank guarantee fees/ commission		
Sembcorp Utilities Pte Ltd	223.55	222.13
Interest expense on INR Denominated notes (without giving effect to fair valuation)		
Sembcorp Utilities Pte Ltd	4,397.88	4,409.93
Purchase of property, plant and equipment		
Sembcorp India Private Limited	-	20.17
Purchase of Other intangible assets		
Sembcorp Utilities Pte Ltd	13.10	-
Reimbursement of expenses		
Sembcorp Green Infra Limited	-	0.81
Sembcorp India Private Limited	0.30	5.22
Sembcorp Utilities Pte Ltd	8.46	18.80
Sembcorp Industries Ltd	0.41	0.02
Share based payments reimbursement		
Sembcorp Utilities Pte Ltd	56.35	30.21
Margin money recovered		
Gayatri Projects Limited	-	564.73
Amount received and paid to Statutory Authorities on behalf		
Sembcorp Utilities Pte Ltd	-	136.01

Notes to the Standalone Financial Statements
for the year ended 31 March 2021

2.41 Related party disclosure

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Equity shares issued during the year		
Sembcorp Utilities Pte Ltd	-	5,169.00
Interest received on margin money recovered		
Gayatri Projects Limited	-	219.43
Interest received		
Gayatri Energy Ventures Private Limited	-	320.07
Other reimbursements received		
Sembcorp Green Infra Ltd	0.71	-
Interest paid on INR Denominated notes(Net of TDS)		
Sembcorp Utilities Pte Ltd	5,498.15	3,515.94
Investment in subsidiaries		
TPCIL Singapore Pte Ltd	-	1.78
Sembcorp Green Infra Limited	-	5,169.00
Salaries to Key managerial person*		
Vipul Tuli	61.49	63.21
Juvenil Jani	21.00	24.18
Narendra Ande	5.60	5.35
Sitting fees to Directors (including taxes)		
Radhey Shyam Sharma	1.65	1.89
Kalaikuruchi Jairaj	1.62	1.89
Sangeeta Talwar	1.62	1.89
Bobby Kanubhai Parikh	0.47	0.94

*Key Managerial Personnel who are under the employment of the Company 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.

c) Details of related party balances is as under:

Particulars	As at 31 March 2021	As at 31 March 2020
Related party receivables		
Sembcorp Green Infra Limited	0.84	-
Related party payables		
Sembcorp India Private Limited (Trade payables)	0.11	1.61
Sembcorp Utilities Pte Ltd (Trade payables)	23.95	46.46
Sembcorp Utilities Pte Ltd (Other payables)	100.94	44.59
Related party borrowings		
Sembcorp Utilities Pte Ltd	42,400.00	42,400.00
Interest accrued on INR denominated notes (without giving effect to fair valuation)		
Sembcorp Utilities Pte Ltd	6,662.98	8,003.62
Corporate guarantee given for external commercial borrowings/term loans		
Sembcorp Utilities Pte Ltd	42,718.33	45,539.13
(Represents the amount of facility outstanding)		
Corporate guarantee given for short-term borrowings		
Sembcorp Utilities Pte Ltd	-	4,752.04
(Represents the amount of facility outstanding)		

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

2.42 Share-based Payments

The Company participates in Share based plans of parent Company, Sembcorp Industries Limited (SCI) for its share-based remuneration arrangements which include Performance Share Plan (SCI PSP) and Restricted Share Plan (SCI RSP), collectively known as 'Share Plans 2010 and Share Plans 2020'. During the current year, shareholders of SCI have approved the SCI Share Plans 2020 to replace existing Share Plans 2010 which expired in April 2020. The SCI RSP is for directors and employees of the Company, whereas the SCI PSP is primarily for key executives of the Company. The detail of Share Plan are as follows:

a) SCI Performance Share Plan (PSP)

The SCI PSP 2010 is targeted at senior management who shoulder the responsibility for the Company's performance and who are able to drive the growth of the Company to deliver long-term shareholder value. Senior management participants are required to hold a minimum percentage of the shares released to them under the SCI PSP 2010 to maintain a stake in the Company, for the duration of their employment or tenure with the Company.

b) SCI Restricted Share Plan (RSP)

Restricted shares will be granted to eligible employees based on financial performance and corporate objectives achieved in the preceding year. The performance criteria for FY2020 and FY2019 restricted shares awards granted are calibrated based on Earnings Before Interest Tax Depreciation and Amortisation (EBITDA), Return On Equity (ROE) (excluding Sembcorp Marine Ltd), and non-financial performance targets, comprising transformation milestones and adherence to environment, health and safety standards achieved by the SCI for the respective preceding financing year.

Till 2020, for managerial participants, depending on achievement of criteria outlined above, a quarter of the SCI RSP awards granted will vest immediately with the remaining three-quarters vest over the following three years in equal tranches, subject to individual performance and fulfilment of service conditions at vesting.

From 2021, Restricted shares will be awarded at the end of the two-year performance cycle depending on the extent of 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.

A participant's award under the 2020 & 2010 Share Plans are determined by the Executive Resource & Compensation Committee (ERCC) of SCI taking into account, inter alia, the participant's performance during the relevant period, and his / her capability, entrepreneurship, scope of responsibility and skill set. For 2020, the ERCC decided not to grant any PSP Share attributed in part to the significant changes to the strategy of the business.

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

The following are the summary of movement in PSP and RSP during the year ended 31 March 2021

Particulars	SCI PSP 2010	SCI RSP 2010	SCI RSP 2020
Outstanding at the beginning of the year	3,26,000	4,76,470	-
Granted during the year	3,23,636	4,48,018	5,89,042
Vested during the year	-	(3,69,121)	(1,53,974)
Forfeited / lapsed during the year	(1,90,884)	-	-
Outstanding at the end of the year	**4,58,752**	**5,55,367**	**4,35,068**

The following are the summary of movement in PSP and RSP during the year ended 31 March 2020

Particulars	SCI RSP 2010	SCI RSP 2020
Outstanding at the beginning of the year	1,36,000	2,08,408
Granted during the year	2,30,000	4,75,262
Vested during the year	-	(2,07,200)
Forfeited / lapsed during the year	(40,000)	-
Outstanding at the end of the year	**3,26,000**	**4,76,470**

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

2.42 Share-based Payments (Contd..)

b) SCI Restricted Share Plan (RSP) (Contd..)

The fair values of the PSP and RSP shares are estimated using a Monte Carlo simulation and weighted average cost methodology at the grant dates along with other factors as below.

Information on outstanding and exercisable options is set out below for the year ended 31 March 2021

Particulars	SCI PSP 2010	SCI RSP 2010	SCI RSP 2020
Options outstanding at the end of the year			
Number of options outstanding	4,58,752	5,55,367	4,35,068
Remaining contractual life in years	1.62	1.83	2.44
Risk free interest rate (depending on maturity)	0.77% – 0.96%	0.77% – 0.96%	0.77% – 0.96%
Expected dividend yield shares	3.50%	3.50%	3.50%
Weighted average price (SGD)	1.24	1.33	1.93

Information on outstanding and exercisable options is set out below for the year ended 31 March 2020

Particulars	SCI PSP 2010	SCI RSP 2020
Options outstanding at the end of the year		
Number of options outstanding	3,26,000	4,76,470
Remaining contractual life in years	2.62	2.67
Risk free interest rate (depending on maturity)	1.90%	1.90%
Expected dividend yield shares	3.20%	3.20%
Weighted average price (SGD)	1.26	2.17

The Company had charged Rs. 56.35 million (31 March 2020: Rs. 30.21 million) on account of share based payment based on the fair value of the performance shares and restricted shares at the grant date and is being expensed over the vesting period.

2.43 During the previous years, the Company had filed insurance claim for damage and business interruption on account of breakdown of stator and repair of rotor with New India Assurance Company Limited. The Company has received insurance claim approval of Rs 2,139.81 million i.e., Rs 658.09 million for stator and rotor damage claim and Rs 1,481.72 million for Business Interruption Insurance claim. During the year the Company has received an insurance claim amounting to Rs 781.72 million (31 March 2020: Rs 1,358.09 million) and the same has been accounted as insurance income.

2.44 The Company has receivable of Rs. 1,543.88 million (31 March 2020: Rs 711.03 million) related to GST input refund against the export of electricity made to Bangladesh. However, the input credit receivable has been challenged by GST Authorities for which an application has been filed by the Company with Ministry of Revenue and the process for refund is at various stages with GST authorities.

2.45 The Company had in earlier year filed a petition under Section 79 of the Electricity Act, 2003 seeking compensation on account of Change in Law events in terms of its Power Purchase Agreement (PPA) entered into with Andhra Pradesh and Telangana DISCOMs for supply of 500 MW power from its power generation plant. Central Electricity Regulatory Commission (CERC) vide its order dated August 21, 2020, had accepted the events and claims set out by the Company as Change in Law events. Accordingly, during the period, the Company has accounted an amount of Rs 6,478.22 million for change in law claims up to 31 March 2021 of which Rs. 5,225.90 million has been accounted as revenue from operations while Rs. 1,252.31 million related to carrying cost has been classified as Other income.

2.46 During the previous year, Gayatri Energy Ventures Private Limited ('GEVPL') who was having 5.95% shareholding in SEIL has sold off its stake to Sembcorp Utilities Pte. Limited. As part of the definitive agreement, Gayatri Energy Ventures Limited ('GEVPL) and Gayatri Projects Limited ('GPL') repaid the balance outstanding amount to the Company with interest. Hence, the Company has received Rs. 1,002.91 million against outstanding advance and reimbursement of interest cost. Accordingly, the Company has recognized Rs. 320.07 million received from GEVPL as miscellaneous income in the previous year.

2.47 During the year ended 31 March 21, the Company has accounted Late payment surcharges from customers Rs. 2,846.56 million which includes Rs.686.94 million as an adjusting event inline with the guidance under Ind AS 10 ('Events after the reporting period').

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

2.48 In view of recent surge in COVID-19 cases, few states reintroduced some restrictions and the Company continues to be vigilant and cautious. The Company has considered the possible impact of COVID-19 in preparation of the financial statements. The impact of the global health pandemic may be different from that estimated as at the date of approval of financial statements. Considering the continuing uncertainties, the Company will continue to closely monitor any material changes to future economic conditions.

2.49 The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on 13 November 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

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

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

Hemant Maheshwari
Partner
Membership No: 096537

Place: Hyderabad
Date: 24 May 2021

for and on behalf of the Board of Directors of
Sembcorp Energy India Limited
CIN: U40103TG2008PLC057031

Wong Kim Yin
Chairman
DIN: 08806258

Vipul Tuli
Managing Director
DIN: 07350892

Juvenil Jani
Chief Financial Officer

Narendra Ande
Company Secretary
Membership No: A14603

Place: Gurugram
Date: 24 May 2021