

# ANNUAL

Sembcorp Gayatri Power Limited

# REPORT 17 18

Generating

## **SUSTAINABLE & RELIABLE**

energy for India's growing needs



**sembcorp**

# CORPORATE INFORMATION

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## Board of Directors

**Mr Neil Garry McGregor**  
Chairman

**Mr T.V.Sandeep Kumar Reddy**  
Director

**Mr. Tantra N Thakur**  
Independent Director

**Mr Vipul Tuli**  
Managing Director

**Mr Ng Meng Poh**  
Director

**Mr R.S.Sharma**  
Independent Director

**Mr Tan Cheng Guan**  
Director

**Mr D.V.Chalam**  
Director

**Ms Comal R Gayathri**  
Independent Director

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## Lenders

State Bank of India

Bank of India

The HongKong & Sanghai Banking Corporation

Union Bank of India

Standard Chartered Bank

India Ltd.

IndusInd Bank

DBS Bank Ltd.

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## Statutory Auditors

### BSR & Associates

Chartered Accountants, LLP, Salarpuria Knowledge City, Orwell, 6th Floor, Unit -3, Sy. No. 83/1, Plot No. 2, Raidurg, Hyderabad – 500081, India

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## Internal Auditors

Ernst & Young LLP, The Oval Office, 18 iLabs, Hi-tech City, Madhapur, Hyderabad - 500018

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## Secretarial Auditors

BS & Company, Company, Secretaries, LLP, H.No : 5-9-22/71A, MCH No. 250, Adarsh Nagar Colony, Hyderabad

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## Cost Auditors

### M/s Narsimhan Murthy & Co

Cost Accountants, 3-6-365, 104 & 105, Pavani Estate, Y.V. Rao Mansion, Himayat Nagar, Hyderabad - 500029

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## Registered Office

6-3-1090,A Block, 5th Floor,TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad, Telangana - 500082

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## Site Office

Ananthavaram Village, Varkavipudi Panchayat, TP Gudur Mandal, SPSR Nellore - 524344, Andhra Pradesh

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## AGM NOTICE

**SHORTER NOTICE IS HEREBY GIVEN THAT TENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF SEMBCORP GAYATRI POWER LIMITED TO BE HELD ON MONDAY, JUNE 11, 2018, AT 10.30 A.M. AT 6-3-1090, A - BLOCK, 5<sup>th</sup> FLOOR, TSR TOWERS, RAJBHAVAN ROAD, SOMAJIGUDA, HYDERABAD-500082, TELANGANA FOR THE PURPOSE OF TRANSACTING THE FOLLOWING BUSINESS;**

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### ORDINARY BUSINESS

- Item No. 1** To consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2018 and the reports of the Board of Directors ('the Board') and Auditors thereon.
- Item No. 2** To re-appoint Mr. Tan Cheng Guan (03472688), director of the Company who retires by rotation and being eligible offers himself for reappointment.

### SPECIAL BUSINESS

**Item No. 3 Ratification of Cost Auditor's Remuneration**

To consider and if thought fit, to pass, with or without modifications the following resolution as an **Ordinary Resolution;**

**"RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the members of the Company hereby consider, approve and ratify the remuneration of Rs. 2,00,000/- (Rupees Two Lakhs only) excluding out of pocket expenses and service tax payable to M/s. Narasimha Murthy & Co., Cost Accountants, who are appointed as Cost auditors to conduct the audit of cost records maintained by the Company for the financial year from 2018-19."

**FURTHER RESOLVED THAT** the Board of Directors and the Company Secretary of the Company be and are hereby severally authorized to do all such things and deeds as may be required in this regard."

- Item No. 4** To resolve not to fill up the vacancy caused by the retirement of Mr. D.V. Chalam (DIN: 02749496), a non-Executive Director who, though eligible for reappointment, has expressed his unwillingness to be reappointed.

**By order of the Board of Directors**



**Nagamani Alluri**  
**Company Secretary**  
**M. No. A 25304**

Dated this 10<sup>th</sup> day of June, 2018 at Hyderabad

### Registered Office:

6-3-1090 - A Block, 5<sup>th</sup> Floor, TSR Towers, Rajbhavan Road,  
Somajiguda, Hyderabad 500 082  
CIN: U40102AP2008PLC059628  
Phone: 040-49048300,  
Fax: 040-23370360  
Email: cs.india@sembcorp.com



Notes :

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (the Act), in regard to the business as set out in Item Nos. 3 above and the relevant details of the Directors seeking re-appointment/appointment under Item Nos. 2 above as required by Regulation 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and as required under Secretarial Standard - 2 on General Meetings issued by The Institute of Company Secretaries of India, are annexed hereto.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and, on a poll, to vote instead of himself. Such a proxy need not be a member of the Company. Proxies, in order to be valid and effective, must be received at the Company's Registered Office not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of companies, societies, partnership firms etc., must be supported by appropriate resolution/ authority as applicable, issued on behalf of the nominating organization. Proxy form is enclosed.

Members are requested to note that a person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or member

3. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of board resolution on the letterhead of the company, signed by one of the directors or company secretary or any other authorized signatory named in the resolution, authorizing their representatives to attend and vote on their behalf at the meeting.
4. Members/Proxies are requested to hand over the enclosed Attendance Slip duly filled in, at the entrance for attending the meeting.
5. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
6. Documents referred to in the Notice and Explanatory Statement are available for inspection at the Registered Office of the Company during Office hours between 03.00 P.M. and 05.00 P.M on all working days prior to the Annual General Meeting.
7. The Record date for the purpose of identifying the Register of Members has been fixed as May 19, 2018.
8. Members are requested to notify immediately any change in their addresses and/or the Bank Mandate details to the Company's Registrars and Share Transfer Agents, Karvy Computershare Pvt Ltd. (Karvy) for shares held in physical form and to their respective Depository Participants (DP) for shares held in electronic form.
9. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be considered for remittance of dividend as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for change/ deletion in such bank details.



Further, instructions, if any, already given by them in respect of shares held in physical form, will not be automatically applicable to the dividend paid on shares held in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend to their DPs.

10. Members holding shares in physical form and who have not registered their e-mail IDs are requested to register the same with Karvy.
11. The Notice of the AGM alongwith the Annual Report 2017-18 is being sent by electronic mode to those members whose e-mail addresses are registered with the Company/Depositories, unless any member has requested for a physical copy of the same. For members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
12. To support the 'Green Initiative', members who have not registered their e-mail addresses are requested to register the same with Karvy /Depositories.
13. Process and manner for members opting for e-voting would be provided on availing the facility and as applicable to the company.
14. Updation of members details

The format of the Register of Members prescribed by the Ministry of Corporate Affairs under the Act, requires the Company/ Registrars and Share Transfer Agents to record additional details of members, including their PAN details, e-mail address, bank details for payment of dividend etc. A form for capturing additional details is appended at the end of this Annual Report. Members holding shares in physical form are requested to submit the filled in form to the Company or its Registrars and Share Transfer Agents in physical mode or in electronic mode, as per instructions mentioned on the form. Members holding shares in electronic form are requested to submit the details to their respective DP only and not to the Company or its Registrar and Share Transfer Agents.

Details of the Directors seeking appointment at the forthcoming Extra Ordinary General Meeting (In pursuance of Secretarial Standard - 2 on General Meetings)	
Name of Director	Mr. Tan Cheng Guan
Date of Birth (Age)	02/10/1955
Date of Appointment	27/02/2014
Expertise in specific functional areas	Business and strategic development
Qualifications	Bachelor of Civil Engineering (Honours) from the University of Liverpool, UK and completed the Advanced Management Programme at Harvard Business School
Directorships held in other companies (excluding foreign companies)	3(Three)
Committee position held in other companies (excluding foreign companies)	2 (Two)



Remuneration	Nil
No. of meetings of the Board attended during the year	3 (Three)
No. of shares held: (a) Own (b) For other persons on a beneficial basis	Nil



## **ANNEXURE TO NOTICE**

### **EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013**

#### **Item No. 3**

Pursuant to Section 148 of the Act, the Company is required to have the audit of its cost records conducted by a cost accountant in practice. On the recommendation of the Audit & Risk Committee of Directors, the Board of Directors have approved the appointment of M/s. Narasimha Murthy & Co., Cost Accountants, Hyderabad as the Cost Auditors of the Company to conduct audit of cost records maintained by the Company for the Financial Year 2018-19, at a remuneration of Rs 2,00,000 (Rupees Two Lakhs Only) plus Goods and Services tax and actual out-of-pocket expenses.

M/s. Narasimha Murthy & Co., Cost Accountants have furnished a certificate regarding their eligibility for appointment as Cost Auditors of the Company having vast experience in the field of cost audit.

The Board commends the Resolution at Item No. 3 of the accompanying Notice for ratification of the Cost Auditors' remuneration by the Members of the Company.

#### **Memorandum of concern or interest:**

None of the Directors or KMP of the Company or their respective relatives are concerned or interested in the Resolution at Item No.3 of the accompanying Notice.

#### **Item No. 4**

Mr. D.V. Chalam (DIN : 02749496), a non-Executive Director, is liable to retire by rotation, in terms of Section 152 of the Companies Act 2013 with effect from ensuing Annual General. Mr. D.V. Chalam, through his letter dated May 14, 2018 has confirmed his unwillingness to get re-appointed owing to his other professional commitments.

Accordingly, the resolution not to fill up the vacancy caused by his retirement in terms of Section 152 (7) (a) of the Companies Act 2013 is proposed.

The Board commends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the shareholders.

#### **Memorandum of concern or interest:**

None of the Directors or KMP of the Company or their respective relatives are concerned or interested in the Resolution at Item No. 4 of the accompanying Notice

**SHAREHOLDER INFORMATION**

Karvy Computershare Private Limited  
UNIT: **Sembcorp Gayatri Power Limited**  
Karvy Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District, Nanakramguda, Hyderabad,  
Telangana – 500 032, India

**Update of Shareholder Information for physical holdings**

I/We request you to record the following information against my/our Folio No.:

Folio No.	
Name of the sole/first shareholder	
PAN *	
CIN/Registration No.: *	
(applicable to corporate shareholders)	
Tel. No. with STD Code	
Mobile No.	
E-mail ID	

\* Self attested copy of the document(s) enclosed

**BANK Details**

IFSC: (11 digit)	MICR: (9 digit)
Bank A/c Type:	Bank A/c No.: *
Name of the Bank:	Bank Branch Address:

\* A blank cancelled cheque is enclosed to enable verification of bank details.

I/We hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I/we shall not hold the Company/RTA responsible. I/We undertake to inform any subsequent changes in the above particulars as and when the changes take place. I/We understand that the above details shall be maintained by you till I/we hold the securities under the above mentioned Folio No.

Place:

Date: \_\_\_\_\_  
Encl:

Signature of sole/first holder

Notes:

- 1) Scanned copy of the above form, duly completed, along with the necessary documents, can also be sent to us on the following e-mail IDs: [investorservices@sembcorp.com](mailto:investorservices@sembcorp.com)
- 2) For Members holding shares in electronic form, any change in the above details must be intimated directly to their Depository Participant only and not to the Company or its Registrars and Share Transfer Agents.





**FORM NO. MGT-11  
PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

<b>CIN</b>	U40102AP2008PLC059628
<b>Name of the Company</b>	Sembcorp Gayatri power Limited
<b>Registered Office</b>	6-3-1090, A- Block, 5 <sup>th</sup> Floor, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad – 500 082, Telangana

<b>Name of the Member(s)</b>	
<b>Registered Address</b>	
<b>E-mail id</b>	
<b>Folio No/ Client Id</b>	
<b>DP Id</b>	

I/We, being the member (s) of ..... shares of the above named company, hereby appoint:

<b>Name</b>	
<b>Address</b>	
<b>E-mail ID</b>	
<b>Signature</b>	

Or failing him;

<b>Name</b>	
<b>Address</b>	
<b>E-mail ID</b>	
<b>Signature</b>	

Or failing him;

<b>Name</b>	
<b>Address</b>	
<b>E-mail ID</b>	
<b>Signature</b>	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Monday, June 11, 2018 at 10.30 AM at 6-3-1090, A- Block, 5<sup>th</sup> Floor, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad – 500 082, Telananga and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

- 1.....  
2.....  
3.....

Affix Revenue  
Stamp

Signed this..... day of..... 2018

Signature of shareholder

Signature of Proxy holder(s)

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, on or before the commencement of the Meeting.**

**ATTENDANCE SLIP FOR GENERAL MEETING**

(Please present this slip at the entrance of the meeting venue)

Regd. Folio/ DPID \_\_\_\_\_ Client ID \_\_\_\_\_ Shares held : \_\_\_\_\_

I/We hereby consent and record my/our presence at the 10<sup>th</sup> Annual General Meeting of the Company on Monday, June 11, 2018 at 10.30 AM at 6-3-1090, A- Block, 5<sup>th</sup> Floor, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad-500082, Telangana.

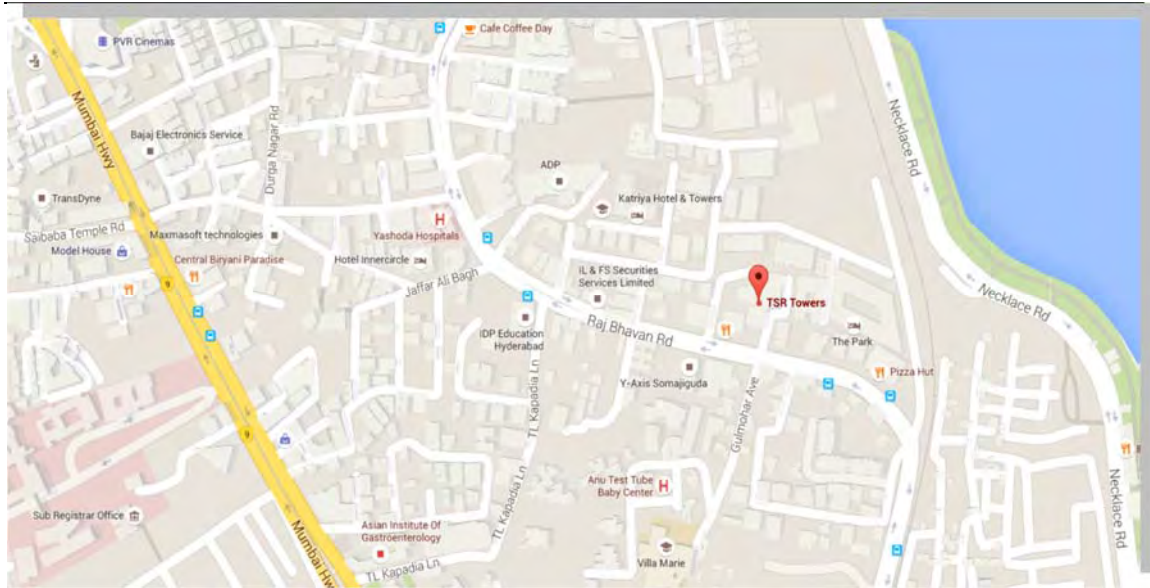
Name of the Shareholder	
Name of the Proxy/ Representative	
Signature of member/proxy/ Representative	

- Note : 1) To be signed at the time of handing over this slip.  
2) Members are requested to register their names at least 15 minutes prior to the commencement of the meeting.





### Route Map to the Venue of the AGM



### Venue for the Meeting:

6-3-1090, A Block, 5<sup>th</sup> Floor, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad-500082, Telangana.

## Tenth Board's report

To  
The Members  
**SEBMCORP GAYATRI POWER LIMITED**

Your Board of Directors take pleasure in presenting the Tenth Annual report together with Audited Financial Statements for the year ended March 31, 2018.

### I. FINANCIAL AND OPERATIONAL HIGHLIGHTS

#### Financial Highlights

(Amount in Rupees Million)

	Particulars	2017-18	2016-17
	<b>Revenue</b>		
a)	Revenue from operations	32,794.20	6,421.64
b)	Other income	383.62	242.37
c)	<b>Total income</b>	<b>33,177.83</b>	<b>6,664.01</b>
	<b>Expenses</b>		
d)	Cost of fuel	21,242.50	3,788.20
e)	Purchases of traded goods	2,017.76	909.36
f)	Transmission charges	2,417.23	670.49
g)	Employee benefits expense	553.86	131.20
h)	Finance costs	9,815.99	2,748.92
i)	Depreciation and amortisation expense	3,883.31	1,035.85
j)	Other expenses	1,434.67	662.67
	<b>Total expenses</b>	<b>41,365.31</b>	<b>9,946.69</b>
k)	<b>Loss before tax for the year</b>	<b>(8,187.49)</b>	<b>( 3,282.68)</b>
l)	<b>Tax expense</b>	-	-
m)	<b>Loss after tax for the year</b>	<b>(8,187.49)</b>	<b>( 3,282.68)</b>
	<b>Other comprehensive income / (loss)</b>		
n)	Remeasurements of the defined benefit liability	2.88	(3.60)
o)	<b>Total comprehensive loss for the year</b>	<b>(8,184.61)</b>	<b>( 3,286.28)</b>
	<b>Earnings per equity share (face value of Rs. 10/- each)</b>		
p)	Basic and diluted	(2.85)	(1.22)

### DIVIDEND

The Company has incurred loss for the current financial year and express inability to consider for recommendation of dividend for the financial year 2017-18.

### TRANSFER TO RESERVES

The Company is not proposing any provision for transfer to reserves for the financial year 2017-18.

### OUR BUSINESS

Your Company is a leading independent power producer ("IPP") in India, led by a strong management team with extensive experience and a successful track record of identifying, developing and operating power generation assets across the thermal and renewable power sectors in India.

### OPERATIONS HIGHLIGHTS

The operational highlights during the year are as given below:

**SGPL** successfully completed first full year of commercial operations.

#### Key Achievement:


- Achieved Plant availability of 90% in its very first year of operations, one of the best in the industry.
- Domestic Fuel Supply Agreement ('FSA') signing – entitled for domestic coal.
- Won several Short Term bids and commenced supplies to Karnataka, Telangana, Tamil Nadu discoms amongst others.

#### OTHER ACHIEVEMENTS:

- Ranked 14<sup>th</sup> in Plant Load Factor amongst pan India Independent Power Producers till February 2018.
- Maintained steady supply to its various Short term/Bilateral procurers.
- Implemented Dynamic Coal procurement strategy based on best value add amongst different grades of coal.
- Robust Risk Mitigation approach through Prudent Risk management Policies.
- Supplied power to more than 7 states.

### HOLDING COMPANY

The Company is a wholly owned subsidiary of M/s. Sembcorp Energy India Limited ("SEIL") (formerly Thermal Powertech Corporation India Limited). During the financial



year, SEIL has acquired 100 % shareholding of the Company from existing shareholders. Details of changes in shareholding of the holding Company have been provided in form MGT 9.

### **SUBSIDIARIES / JOINT VENTURES/ ASSOCIATES**

Your Company do not have any Subsidiaries/Associate Company / Joint Ventures.

## **II. INTERNAL FINANCIAL CONTROLS**

Your Company has adopted Governance Assurance Framework that is integrated with its ERM framework, under which a logical and systematic approach is used to identify, assess, measure, treat and monitor key risk.

Your Company's assurance framework focuses on Policy Management/ Business Governance and Management Assurance as first and second line of defense to establish risk management and control environment to operate within the parameters of policies.

The Company has its internal audit function which endeavors to make meaningful contributions to the organisation's overall governance, risk management and internal controls. The function reviews and ensures sustained effectiveness of Internal Financial Controls (IFC) by adopting a systematic approach to its work.

As per the provisions of Section 177 of the Companies Act, 2013 (the Act) and the Audit and Risk Committee Charter adopted by the Board of Directors, one of the roles and responsibilities of the Audit and Risk Committee, is to review the effectiveness of the Company's internal control system, including financial controls, information technology security and its control. Section 143(3) of the Act provides that the Statutory Auditor's Report shall state whether the Company has an adequate IFC system in place and the operating effectiveness of such controls.

## **III. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All Related Party Transactions entered during the year were in the Ordinary Course of Business and on Arm's Length basis.

Disclosures of particulars of contracts/arrangements referred to in sub-section (1) of section 188 of the Companies Act, 2013, entered into by the company with related parties are annexed to this report as **Annexure II**, in prescribed form AOC -2.

## **IV. AUDITORS**

### **STATUTORY AUDITORS AND AUDITORS' REPORT**

M/s BSR & Associates LLP, Chartered Accountants (ICAI Registration No. 116231W/W-100024) were appointed as the Statutory Auditors of your Company to hold office for five consecutive years starting from the conclusion of the Ninth Annual General Meeting (AGM) held on September 28, 2017 until the conclusion of the fourteenth AGM of the Company to be held in the year 2022. Pursuant to the Companies (Amendment) Act, 2017, effective from May 07, 2018, requirement of ratification of appointment of Statutory Auditors by the Members at every Annual General Meeting has been omitted. Accordingly, your Company is not proposing for ratification of Statutory Auditor's appointment at the ensuing AGM and their appointment will be continued until the conclusion of the fourteenth AGM without ratification at every AGM.

### **AUDITORS' REPORT**

The Auditors' Report is unmodified i.e. it does not contain any qualification, reservation or adverse remark and there are no audit comments required to be replied by the Board of Directors.

### **SECRETARIAL AUDITOR**

Your Directors inform that in accordance with the provisions of section 204(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company shall annex with its Board's report made in terms of sub-section (3) of section 134, a Secretarial Audit Report, given by a Company Secretary in practice, in the prescribed form MR -3.

Pursuant to the above and based on the recommendations of the Audit and Risk Committee of the Board, the Board of Directors of the Company have appointed M/s BS & Company Company Secretaries LLP, as Secretarial auditor of the Company for financial year 2017-18.

Secretarial Audit Report for the financial year 2017-18 dated May 17, 2018 is annexed to the Directors' Report as **Annexure- III**. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark and there are no audit comments required to be replied by the Board of Directors.

## **COST AUDITOR AND COST AUDIT REPORT**

M/s Narasimha Murthy & Co., Cost Accountants, Hyderabad were appointed as cost auditor of your Company for Financial Year 2017-2018 in accordance with the requirement of central government and provisions of section 148 of the companies act, 2013. The Company duly maintains cost records required to be maintained under section 148 of the said Act, in compliance with the cost auditing standards in accordance with the companies (cost records and audit) rules, 2014 and an audit of cost accounts of the Company will be carried out in accordance with applicable rules and regulations.

## **REPORTING OF FRAUDS BY THE AUDITORS**

During the year under review, the Statutory Auditors and Secretarial Auditor have not reported any instances of frauds committed in the Company by its officers or employees to the Audit and Risk Committee or otherwise under section 143(12) of the companies act, 2013, details of which needs to be mentioned in this report.

## **V. PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES.**

The Company, being an infrastructure company, is exempt from the provisions as applicable to loans, guarantees and securities under Section 186 of the Act.

## **VI. PUBLIC DEPOSITS AND LOANS / ADVANCES**

During the year, the Company has not accepted fixed deposits from the public as defined under the Companies Act, 2013 read with the Companies (Acceptance of Deposit Rules), 2014.

## **VII. EMPLOYEES**

### **KEY MANAGERIAL PERSONNEL (KMP)**

The following have been designated as the Key Managerial Personnel of the Company pursuant to Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- Mr. Vipul Tuli, Managing Director
- Ms. Nagamani Alluri, Company Secretary

During the year under review, Mr. Narendra Ande, Company Secretary has been transferred as Company Secretary of holding Company and in his place Ms. Nagamani Alluri has been appointed as Company Secretary of the Company.

## **EMPLOYEES' STOCK OPTION SCHEME**

The Company does not have any Employee Stock Option Scheme or Employee Stock Purchase Scheme in operation, hence no information as per the provisions of Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 has been furnished.

## **REMUNERATION POLICY FOR THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES**

In terms of the provisions of Section 178(3) of the Act, the Nomination and Remuneration Committee is responsible for formulating the criteria for determining qualification, positive attributes and independence of a Director. The Nomination and Remuneration Committee is also responsible for recommending to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees. In line with this requirement, the Committee reviews and if deemed fit, recommends all appointments of Board Members, Key Managerial Personnel and senior managerial personnels of the company.

## **SAFETY, OCCUPATIONAL HEALTH AND ENVIRONMENT**

Your Company believe it is critical to protect the health and safety of those involved in its operations and to run an operation that is environmentally sustainable. Proactive interventions all through the year enabled the Company to deliver an incident-free fiscal.

Your Company recognizes that excellence in health and safety in an ongoing journey and remain committed to implementing best practices, complying with the national and international HSE standards.

## **ENVIRONMENT AND SUSTAINABILITY**

Your Company's management processes, including its commitment to the environment and sustainability, reflect the robust governance practices of the Sembcorp Group. Your Company's operations are guided by the Group's principles for impactful outcomes, which include shared responsibility, continuous improvement, openness, accountability and statutory compliance.

Your Company's thermal power plant, located on the east coast of southern India, is designed for environmental sustainability. These assets are based on supercritical power generation technology, which makes them operate at lower emission levels compared to subcritical power plants. Your Company uses sea water, which eliminates the need to use precious ground water. Moreover, 100% of your Company's coal is transported through coastal and



trans-ocean shipping, and last-mile connectivity through the closed-pipe coal conveyor belt systems. This assures safety, backup reliability of coal logistics and environmental compliance. The plant is actively monitored for emissions as per the guidelines set by the Andhra Pradesh Pollution Control Board. Fly ash generation in the asset is kept below 50% of the design.

## VIII. BOARD AND ITS COMMITTEES

### DIRECTORS

Your Company is constituted with 9 (Nine) Directors, details of the same is tabled below;

S. No.	Name of the Director	Date of Appointment	Category and Designation	No. of other Directorships <sup>1</sup>	Shares held	No. of Committee Positions held <sup>2</sup>		No. of Board Meetings entitled/attended
						Chairman	Member	
1.	Mr. Neil Garry McGregor	01/04/2017	Chairman	2	Nil	Nil	Nil	5/5
2.	Mr. T.V. Sandeep Kumar Reddy	26/07/2011	Director	8	Nil	1	3	5/5
3.	Mr. Vipul Tuli	17/04/2017	Managing Director	2	Nil	Nil	Nil	5/5
4.	Mr. Tan Cheng Guan	27/02/2014	Director	2	Nil	Nil	Nil	5/3
5.	Mr. Ng Meng Poh	27/02/2014	Director	1	Nil	Nil	Nil	5/3
6.	Mr. D.V. Chalam	27/02/2014	Director	Nil	Nil	Nil	Nil	5/4
7.	Mr. Tantra Narayan Thakur	30/07/2015	Independent Director	7	Nil	1	2	5/5
8.	Ms. C.R. Gayathri	17/02/2017	Independent Director	9	Nil	Nil	1	5/4
9.	Mr. R.S. Sharma	17/02/2018	Independent Director	2	Nil	Nil	2	1/1
10.	Mr. Atul Mohan Nargund	07/11/2014	**Managing Director	NA	NA	NA	NA	Nil
11.	Mr. R. Murahari	07/11/2015	**Nominee Director	NA	NA	NA	NA	1/0
12.	Mr. V.K. Singh	07/11/2014	**Nominee Director	NA	NA	NA	NA	1/0

<sup>1</sup> Excludes directorship in the Company directorships in private companies, foreign companies and companies registered under Section 8 of the Companies Act, 2013 (the Act).

**\*\*Note :** Details of changes in the Board of Directors during the year have been provided separately.

Mr. Tan Cheng Guan and Mr. D.V. Chalam, directors of the Company are liable to retire by rotation at ensuing AGM. Being eligible, Mr. Tan Cheng Guan has offered himself for re-appointment at the 10<sup>th</sup> Annual General Meeting of the Company scheduled to be held on June 11, 2018.

Mr. D.V. Chalam, director of the Company who is liable to retire by rotation at ensuing Annual General Meeting, has expressed his unwillingness to get re-appointed owing to his other professional commitments. Accordingly, the resolution not to fill up the vacancy caused by his retirement in terms of Section 152 (7) (a) of the Companies Act 2013 is proposed at forthcoming AGM.

Your directors place on record its appreciation for the services rendered by Mr. D.V. Chalam during his tenure as director of the Company.

In terms of Section 149 of the Companies Act, Ms. C.R. Gayathri, Mr. R. S. Sharma and Mr. Tantra Narayan Thakur are the Independent Directors of the Company. The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the Act.

Pursuant to the provisions of the Companies Act, 2013, an annual performance evaluation of Board as a Whole, Committees of the Board and individual directors has been completed in accordance with the provisions of Companies Act, 2013 and rules made thereunder.

Details of changes in composition of the Board of Directors of the Company during the financial year 2017-18

Sl. No.	Date	Changes in Board Composition
1	April 01, 2017	Mr. Neil Garry McGregor was appointed as an Additional Director and regularised as Director at the 9 <sup>th</sup> Annual General Meeting held on September 28, 2017
2	April 16, 2017	Mr. Atul Mohan Nargund resigned from the positions of Managing Director and Member of the Board w.e.f. end of the day of April 16, 2017

<sup>2</sup> Includes memberships/chairmanships of the Audit and Risk Committee of Directors and Stakeholders Relationship Committee of Indian public companies, excluding the Company

3	April 17, 2017	Mr. Vipul Tuli joined the SGPL Board as an Additional Director on April 17, 2017. He was later appointed as Managing Director of the Company for 5 years w.e.f. May 31, 2017
4	August 24, 2017	Nomination of Mr. R. Murahari as director on Board was withdrawn by Power Finance Corporation from August 24, 2017
5	September 05, 2017	Nomination of Mr. V.K. Singh as a director on Board of the Company was withdrawn by Rural and Electrification Corporation from September 05, 2017
6	February 17, 2018	Mr. R.S. Sharma was appointed as Independent Director of your Company from February 17, 2018.

### **POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION**

The current policy is to have an appropriate mix of independent and non-independent directors to maintain the independence of the Board. Every appointment and remuneration, if any, of Directors thereon is being taken through Nomination & Remuneration Committee.

### **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3) & (5) of the Companies Act, 2013 and to the best of their knowledge and information provided, your directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation to material departures;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors had prepared the annual accounts on a going concern basis; and

- The Directors had devised proper systems to ensure Compliance with the provision of all applicable laws and that such systems were adequate and operating effectively.

### **BOARD MEETINGS**

Five Board Meetings were held during the financial year 2017-18. Dates on which said meetings were held are as follows;

Sl. No.	Board Meeting	Date
1.	66 <sup>th</sup> Board meeting	31.05.2017
2.	67 <sup>th</sup> Board meeting	13.09.2017
3.	68 <sup>th</sup> Board meeting	13.12.2017
4.	69 <sup>th</sup> Board meeting	10.01.2018
5.	70 <sup>th</sup> Board meeting	19.02.2018

### **Secretarial Standards (SS)**

During the financial year Company has complied with the Secretarial Standards as applicable.

### **Separate Independent Directors' Meetings**

The Independent Directors meet at least once in a year, without the presence of Executive Directors or Management representatives.

The Independent Directors met on March 22, 2018 during the financial year and inter alia have considered and evaluated:

- The performance of Non-Independent Directors and the Board as a whole;
- The performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- The quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties; and
- Other matters arising out of Board / Committee(s) deliberations.

In addition to these formal meetings, interactions outside the Board meetings also take place between the Chairman and Independent Directors.



## AUDIT AND RISK COMMITTEE

Composition of the Audit and Risk Committee of the Board is as follows:

S. No.	Members		Position
1	Tantra Narayan Thakur	Independent Director	Chairman
2	C.R. Gayathri	Independent Director	Member
3	R.S. Sharma	Independent Director	Member
4	D.V. Chalam	Non - Executive Director	Member

During the period under review, three meetings of the Audit and Risk Committee were held on May 26, 2017, September 05, 2017 and December 11, 2017.

The Management is responsible for the Company's Internal Control over financial reporting and financial. The Independent Auditors are responsible for performing an independent audit of the Company's Financial Statements in accordance with the Generally Accepted Auditing Principles and for issuing a report thereon. The Committee's responsibility is to monitor these processes. The Committee is also responsible for overseeing the processes related to financial reporting and information dissemination. This is to ensure that the financial statements are true, fair and sufficient and credible.

The Committee also reviews the internal control over financial reporting put in place to ensure that the accounts of the Company are properly maintained and the accounting transactions are in accordance with prevailing laws and regulations. In conducting such reviews, the Committee found no material discrepancy or weakness in the Company's internal control over financial reporting.

The Company has established a mechanism for directors and employees to report concerns about the unethical behaviour, actual or suspected fraud, or violation of Company's Code of Business Conduct. It also provides for adequate safeguards against the victimisation of employees who avail of the mechanism and allows direct access to the Chairperson of the Audit and Risk Committee in exceptional cases. We confirm that no director or employee has been denied access to the Audit and Risk committee during the year.

Majority of the Members of the Committee are Independent Directors and possess accounting and

financial management knowledge. The Company Secretary of the Company is the Secretary of the Committee.

All the recommendations of the Audit and Risk Committee were accepted by the Board.

## NOMINATION & REMUNERATION (NRC) COMMITTEE OF DIRECTORS

Nomination & Remuneration Committee of the Board consists of the following members as given below;

S. No.	Members	Category	Position
1	Tan Cheng Guan	Non-Executive Director	Chairman
2	T.N. Thakur	Independent Director	Member
3	C.R. Gayathri	Independent Director	Member
4	T.V. Sandeep Kumar Reddy	Non-Executive Director	Member

The primary purpose of the NRC is to support and advise the Company on the remuneration matters and leadership development of the Company.

In terms of the provisions of Section 178(3) of the Act, the NRC is responsible for formulating the criteria for determining qualification, positive attributes and independence of a Director. The NRC is also responsible for recommending to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees.

The Company is in compliance with applicable provisions under the Companies Act, 2013 relating to appointment of Directors and at present no remuneration is being paid to any of the Directors and suitable policy on the same would be considered as and when required by the Company.

The Nomination and Remuneration Committee of the Board met once during the financial year on June 29, 2017.

## REMUNERATION TO DIRECTORS

The Company pays sitting fee only to the Non- Executive Independent Directors. No commission is payable to any director. Following are the details of remuneration paid to NEDs during and for the year under review:

S. No	Name of the Director	Category of the Director	Sitting Fee (Amt. in Rs.)	Commission
1.	Mr. Neil Garry McGregor	Non-Executive Director	Nil	Nil
2.	Mr. T.V. Sandeep Kumar Reddy	Non-Executive Director	Nil	Nil
3.	Mr. Vipul Tuli	Managing Director	Nil	Nil
4.	Mr. Tantra Narayan Thakur	Non-Executive Independent Director	11,00,000	Nil
5.	Mr. D.V. Chalam	Non-Executive Director	Nil	Nil
6.	Mr. R.S. Sharma	Non-Executive Independent Director	2,00,000	Nil
7.	Mr. Tan Cheng Guan	Non-Executive Director	Nil	Nil
8.	Mr. Ng Meng Poh	Non-Executive Director	Nil	Nil
9.	Ms. C.R. Gayathri	Non-Executive Independent Director	9,00,000	Nil
10.	Mr. Atul Mohan Nargund	Managing Director	Nil	Nil
11.	Mr. V.K. Singh	Nominee Director	Nil	Nil
12.	Mr. R. Murahari	Nominee Director	Nil	Nil

None of the NEDs has any pecuniary relationship or transactions with the Company other than the Sitting Fees received by them. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending meetings.

Details of remuneration and perquisites paid and/or value calculated as per the Income-tax Act, 1961 to the Managing Director and Company Secretary (KMP) have been provided in Form MGT-9.

### BOARD EVALUATION

In terms of the requirement of the Companies Act, 2013 an annual performance evaluation of the Board as a whole and individual directors was undertaken by other Board of Directors separately through the evaluation forms circulated by the Company under the Board approved evaluation Policy.

Further, the Board had, during the year, had opportunities to interact and make an assessment of its functioning as a collective body and to interact with the

Chairman. In addition, there were opportunities for Committees and Independent Directors to interact amongst themselves. The Board found there was considerable value and richness in such discussions and deliberations. The Board Evaluation discussion was focused around how to make the Board more effective as a collective body in the context of the business and the external environment in which the Company functions. From time to time during the year, the Board was appraised of the business issues and the related opportunities and risks.

The Board Evaluation includes various aspects of the functioning of the Board and its Committees such as structure, composition, meetings, functions and interaction with Management and what needs to be done to further improve the effectiveness of the Board's functioning. Additionally, during the evaluation, the Board also focused on the contribution being made by the Board as a whole, through Committees and discussions on a one on one basis with the Chairman.

It was assessed that functioning as a cohesive body including the Committees of the Board that were functioning well with periodic reporting by the Committees to the Board on the work done and progress made during the period.

## IX. GOVERNANCE

### WHISTLEBLOWING POLICY

The Whistleblowing Policy provide a reliable avenue for persons to report any wrongdoings including suspected violation of the Company's Code of Business Conduct or any applicable law or policy without fear of reprisals when whistleblowing in good faith and ensure that arrangements are in place to facilitate independent investigation of the reported concern and for appropriate follow up actions to be taken.

The effective implementation of this Whistleblowing Policy is overseen by the Audit and Risk Committee. The Audit and Risk Committee is assisted by the Investigation Owner(s), the Whistleblowing Committee and Internal Audit when investigating a reported issue and taking follow up action.

The Whistleblowing Policy applies to all persons, including Employees (i.e. the Board of Directors, officers, full-time/ part-time/ permanent/ contract employees) working for your Company.



## PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE

Your Company is an equal employment opportunity company and is committed to creating a healthy working environment that enables employees to work without fear or prejudice, gender bias and sexual harassment. The Company also believes that all employees of the Company, have the right to be treated with dignity. Sexual harassment at the work place or other than work place if involving employees is a grave offence and is, therefore, punishable. The Company has implemented a policy to ensure that no employee is subjected to sexual harassment at the workplace in accordance with the applicable laws.

## HUMAN RESOURCES

The Company recognizes its people as the key resource to achievement of its business goals and strives to enable its employees to deliver on business requirements while meeting their career aspirations. Company's Human Resources play a pivotal role in enabling smooth implementation of key strategic decisions through aligned capability development, leadership development and performance management.

Organization structure changes to ensure productivity and to promote efficiency and effectiveness in achieving business goals were undertaken. Your Company continue to take measures to have strong talent and leadership pipeline across all levels. Initiatives to drive role clarity were undertaken for better synergy across Company's businesses. In addition, capability building initiatives aimed at developing and promoting internal talent as part of company's people strategy were executed during the year.

To ensure an engaged workforce, initiatives around building a Great Place to Work were launched. Also, existing employee communication channels were strengthened through structured Town Hall meetings. A number of initiatives were also undertaken to ensure that care and support is given to employees through policies which help improve quality of life for employees.

The Company recognizes the impact of wellness on our employees' overall effectiveness. The Company has established multiple channels to engage with its employees across all levels. Separate initiatives have been undertaken across various times of the year to improve the overall wellbeing of the employees and enhance team

bonding. A range of workshops and training programs focused on nutrition, stress management, change management, collaboration and team building were held to build employee capability and also to support employees' physical and mental wellbeing.

## RISK MANAGEMENT

Managing Risk is an integral part of your Company's business activity. As an entity with domestic and international stakeholders, SGPL is exposed to risks as well as opportunities in equal measure. Considering this, the Company has developed a robust Enterprise Risk Management (ERM) framework to ensure that the Company has an effective and practical approach to mitigate risks for sustainable results. By identifying and proactively addressing risks and opportunities, stakeholder value is protected at all times.

## OVERVIEW

Enterprise Risk Management (ERM) in SGPL includes the methods and processes used by organization to manage risks and seize opportunities related to the achievement of company's objectives.

## PURPOSE

Identify risks in time which have the potential effect on company's business or corporate standing or growth and manage them by calibrated action with reference rating of the risks through a structured responsibility and authority matrix. The Risk Register contains the mitigation measures to the department wise identified key top risks. Organization will continue monitoring the risk registers.

## SUPPORTING KEY POLICIES AND PROCEDURES

Under ERM framework various supporting policies and procedures have been implemented that provides detailed guidelines in management of the major risks. Adherence to policies are regularly monitored and any breach is timely notified to the higher management for taking appropriate measures.

## RISK MANAGEMENT STRUCTURE

The risk management structure spans across the enterprise at all levels. These levels also form the various lines of defense in Company's risk management.

The key roles and responsibilities regarding risk management in the Company are summarized below:

Levels	Key roles and responsibilities
<b>Board of Directors (Board)</b>	<ul style="list-style-type: none"> <li>Corporate governance oversight of risk management performed by the Executive Management</li> <li>Review of the proposals by Audit and Risk Committee</li> </ul>
<b>Audit &amp; Risk Committee (ARC)</b>	<ul style="list-style-type: none"> <li>Assisting the Board in fulfilling its corporate governance oversight responsibilities with regard to identification, evaluation and mitigation of operational, strategic and external environment risks</li> <li>Review the adequacy of the Company's internal financial controls, operational and compliance (legal, regulatory and company policies) controls and risk management policies and systems established by the Management</li> <li>Reviewing and approving risk-related disclosures</li> </ul>
<b>Chief Risk Officer (CRO)</b>	<ul style="list-style-type: none"> <li>Providing updates to ARC and the Board from time to time on the enterprise risks and actions taken</li> </ul>
<b>Risk Management Team</b>	<ul style="list-style-type: none"> <li>Comprises the network of risk managers led by Chief Risk Officer (CRO) of SGPL</li> <li>Facilitating the execution of risk management practices in the enterprise as mandated, in the areas of risk identification, assessment, monitoring, mitigation and reporting</li> <li>Working closely with owners of risk in deploying mitigation measures and monitoring their effectiveness.</li> <li>Reviewing enterprise risks from time to time, initiating mitigation actions, identifying the owners and reviewing the progress and effectiveness of mitigation actions</li> <li>Formulation and deployment of risk management policies</li> <li>Deploying practices for the identification, assessment, monitoring, mitigation and reporting of risks</li> </ul>
<b>Risk Owners</b>	<ul style="list-style-type: none"> <li>Responsible for managing their functions as per the Company risk management philosophy</li> </ul>

	<ul style="list-style-type: none"> <li>Responsible for managing risks associated to the decisions relating to their unit or area of operations</li> </ul>
<b>Risk Champions</b>	<ul style="list-style-type: none"> <li>Adhering to risk management policies and procedures</li> <li>Implementation of prescribed risk mitigation actions</li> <li>Reporting risk events and incidents in a timely manner</li> </ul>

## RISK CATEGORIES

The following broad categories of risks have been considered in Company's risk management framework:

Category	Risk	Definition
Strategic	Competition	Risk of inability to successfully compete with other domestic / local and international players
	Concentration	Risk of over emphasis on a single counterparty (e.g. financial institutions, customer, suppliers) which is unable to meet their contractual obligations
	Political	Risk of adverse impact arising from political instability
	Economic	Risk of adverse impact arising from economic downturn, severe inflation / deflation or tightening of foreign currency control policies
	JV Partner	Risk of breakdown / disagreement between shareholders in joint venture agreements
Financial	Market	Risk of adverse fluctuations in FX and commodity prices
	Capital Liquidity	/ Any adverse impact on P&L account

Operational	Operational & HSE	Operations: Risk of unplanned shutdown or disruptions to operations. HSE: injuries/ fatalities to personnel
	Crisis management	Risk of failure to respond in an accurately and in a timely manner to queries and concerns of media, investors and the public.
	Human Resources	Risk that the company's is not staffed with an optimum number of resources with the right capabilities and competencies for the job positions / scopes
	Information Technology	Risk of disclosure of proprietary and sensitive company information as a result of IT security breakdown.
Compliance	Regulatory	Risk of non-compliance with or violations of regulatory and reporting requirements
	Fraud	Risk of significant fraud relating to financial reporting, corruption & bribery activities

#### Key Highlights

- Appointment of Marsh as an insurance broker in order to synergize joint marketing of policies for effective coverage and reduction in premium.
- A Crisis Simulation exercise code named 'RAAHAT' for crisis event natural disaster was successfully conducted on 10th Jan'18 (jointly by SEIL and SGPL) at plant site.

## X. CORPORATE SOCIAL RESPONSIBILITY AND RELATED MATTERS

### CORPORATE AND SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility (CSR) is a Company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical. Stakeholders include employees, investors, shareholders, customers, business partners, clients, civil society groups, Government and non-Government organizations, local communities, environment and society at large.

### CSR POLICY

The Corporate Social Responsibility Committee had formulated and recommended to the Board, a Corporate Social Responsibility Policy ("CSR Policy") which was subsequently adopted by it and is being implemented by the Company. The CSR Policy including a brief overview are attached with the report.

### CSR Committee

The CSR Committee was set up to formulate and monitor CSR Policy of the Company. The objective of CSR policy is to ensure that the families living in the proximity to the Project improve their standards of living, earning capacity and production levels through a process in which they participate through their own social and cultural institutions. The CSR Policy is developmental and participatory in nature with emphasis on ensuring that development in the area fosters full respect for their dignity, human rights and cultural uniqueness.

CSR Committee consists of the following members as on March 31, 2018 as given below;

S. No.	Members	Category	Position
1	Tan Cheng Guan	Non – Executive Director	Chairman
2	T.V. Sandeep Kumar Reddy	Non – Executive Director	Member
3	Tantra Narayan Thakur	Independent Director	Member

The CSR Committee is also responsible for overseeing the CSR activities, programs and execution of various initiatives.



The CSR Committee of the Board met once during the financial year on December 05, 2017.

## **XI. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

### **A. CONSERVATION OF ENERGY**

#### **Steps taken for conservation of energy and sustainability**

- SGPL recognizes the importance of energy conservation and a dedicated 'Performance Monitoring Department' has been set up to focus on reducing energy consumption, heat loss management and monitoring energy consumption pattern across the process.
- Periodic energy audits are conducted to identify and improve energy performance and for benchmarking with other plants.

#### **A. Initiatives for improvement of heat rate and auxiliary power consumption(2017-18)**

1. Around 0.65% reduction in Auxiliary power was achieved through various initiatives and in-house activities.
2. Opportunities for Heat Rate reduction were identified and implemented, through process optimization and attending gaps identified, resulting 30 Kcal/KWH saving.

#### **B. Technology absorption:**

1. SGPL had successfully integrated with GAM Centralized control room at Singapore. This will facilitate centralized monitoring of various BUs at a centralized location by a group of experts.

#### **C. Green Belt Development**

Existing green belt further improved/strengthened with 80,000 Saplings with 15 varieties of plants after conducting soil survey.

### **C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Foreign Exchange Earnings - Nil

Foreign Exchange Outgo - As referred in financial statements

## **XII. SECRETARIAL AND OTHER MATTERS**

### **SHARE CAPITAL**

During the financial year there is no change in equity capital of the Company.

### **EXTRACT OF ANNUAL RETURN**

Extracts of Annual Return as on the financial year ended on March 31, 2018, pursuant to section 92(3) of the Companies Act, 2013 read with rule 12(1) of the Companies (Management and Administration) Rules, 2014 in prescribed form MGT -9 is annexed as **Annexure I** to this report.

### **DISCLOSURE RELATING TO SWEAT EQUITY SHARE**

The Company has not issued any sweat equity shares and hence no information as per provisions of Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

### **DISCLOSURES IN RESPECT OF VOTING RIGHTS NOT DIRECTLY EXERCISED BY EMPLOYEES**

There are no shares held by trustees for the benefit of employees and hence no disclosure under Rule 16(4) of the Companies (Share Capital and Debentures) Rules, 2014 has been furnished.

### **DISCLOSURE RELATING TO EQUITY SHARES WITH DIFFERENTIAL RIGHTS**

Your Company has not issued any equity shares with differential rights and hence no information as per provisions of Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.


## **XIII. REGULATORY AND LEGAL MATTERS**

The businesses of the Company are governed primarily by the Electricity Act, 2003 (EA, 2003) and associated regulations. The Company has not received any regulatory orders during the reporting period which has an impact the "going concern" status of your Company.

### **MATERIAL CHANGES**

There are no significant material changes or commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and date of the report.

## **XIV. ACKNOWLEDGEMENT**



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The directors thank the Company's employees, customers, vendors, investors and lenders for their continuous support. The directors also thank the government of various countries, government of India, the governments of various states in India and concerned government departments / agencies for their co-operation.

For and on behalf of the Board

**VIPUL TULI**  
**Managing Director**  
(DIN: 07350892)

**T.V. SANDEEP KUMAR REDDY**  
**Director**  
(DIN: 00005573)

Date: May 21, 2018  
Place: Gurugram

**ANNEXURE I**

**MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
as on the financial year ended on March 31, 2018  
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1)  
of the Companies (Management and Administration) Rules, 2014]

**ANNEXURE II**

**FORM AOC-2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto [Pursuant to clause (h) of sub-section (3) of 24 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)]

**ANNEXURE III**

**SECRETARIAL AUDIT REPORT**  
**FORM No. MR-3**  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018  
(Pursuant to Section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014)



## Form No. MGT-9

**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on March 31<sup>st</sup>, 2018**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

CIN	U40102AP2008PLC059628
Registration Date	12/06/2008
Name of the Company	Sembcorp Gayatri Power Limited
Category / Sub-Category of the Company	Company Category – Company Limited by Shares Company Subcategory – Indian Non-Government Company
Address of the Registered office and contact details	6-3-1090, 5th Floor, A Block, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad, Telangana - 500082
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana – 500 032, India Tel: +91 40 6716 2222 Toll Free (India): 1-800-3454-001 Fax : +91 40 2342 0814 Email : <a href="mailto:einward.ris@karvy.com">einward.ris@karvy.com</a> <a href="http://www.karvycomputershare.com">www.karvycomputershare.com</a>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Generation of Power as an Operator	35102	100%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. NO	Name of the company	Address of the company	CIN/GLN	Holding/ subsidiary/ Associate	% of shareholding	Applicable Section
1.	Sembcorp Energy India Limited (Formerly, Thermal Powertech Corporation India Limited)	6-3-1090, A-5, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad, Telangana – 500082	U40103TG2008PLC057031	Holding	100%	Section 2 (46)

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2017)				No. of Shares held at the end of the year (as on 31.03.2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	-	-	-	-	-			-	
b) Central Government	-	-	-	-	-	-	-	-	
c) State Government (s)	-	-	-	-	-	-	-	-	
d) Bodies Corporate	-	-	-	-	2,87,62,77,829	-	2,87,62,77,829	100%	

[illegible]

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2017)				No. of Shares held at the end of the year (as on 31.03.2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
g) Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non Institutions</b>	-	-	-	-	-	-	-	-	-
<b>A. Bodies Corporates</b>									
i) Indian	34,57,51,704	-	34,57,51,704	12.02%					
ii) Overseas	2,53,05,25,570	-	2,53,05,25,570	87.98%					
<b>B. Individual</b>									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	
<b>Others (As Nominees of Indian Company)</b>	555	111	666	0%	-	-	-	-	
<b>Sub-total (B)(2):-</b>	287,62,77,829	111	2,87,62,77,940	100%					

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2017)				No. of Shares held at the end of the year (as on 31.03.2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-					
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-					
Grand Total (A+B+C)	287,62,77,829	111	2,87,62,77,940	100%	2,87,62,77,829	111	2,87,62,77,940	100%	

(ii) *Shareholding of Promoters*

S. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2017)			Shareholding at the end of the year (as on 31.03.2018)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	M/S Sembcorp Energy India Limited along with its nominees	-	-	-	2,87,62,77,940	100%	Nil	100%
	<b>Total</b>	-	-	-	2,87,62,77,940	100%	Nil	100%

(iii) *Change in Promoters' Shareholding (please specify, if there is no change)*

S. No.	Name of the Shareholder	Shareholding at the beginning of the year (as on 01.04.2017)		Date	Reason	Increase/Decrease in Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Sembcorp Energy India Limited	-	-	14.02.2018	Transfer of shares by Sembcorp Utilities Pte Ltd to Sembcorp Energy India Limited	2,53,05,25,570	87.98%	2,53,05,25,570	87.98%
				14.02.2018	Transfer of shares by Gayatri Energy Ventures Private Limited to Sembcorp Energy India Limited	34,57,52,370 <sup>1</sup>	12.02%	2,87,62,77,940	100%
		-	-		At the end of the year			2,87,62,77,940 <sup>2</sup>	100%

(iv) *Shareholding pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):*

Shareholding Pattern of Top 10 Shareholders (Other than Promoters, Directors and Holders of GDRs and ADRs) between 01.04.2017 and 31.03.2018

S No	Type	Name of the Shareholder	Shareholding at the beginning of the year (as on 01.04.2017)		Date	Reason	Increase/Decrease in shareholding		Cumulative Shareholding during the year	
			No of Shares	% of total shares of the Company			No. of shares	% of total shares of the company	No of Shares	% of total shares of the company
1	Equity	Sembcorp Utilities Pte Limited	2,53,05,25,570	87.98%	14.02.2018	Transfer of shares to Sembcorp	(2,53,05,25,570)	87.98%	-	-

<sup>1</sup> Includes transfer of 666 equity shares held by Gayatri Energy Ventures Private Limited through its Nominees

<sup>2</sup> Includes 111 equity shares held by Sembcorp Energy India Limited through its Nominees

						Energy India Limited				
					31.03.2018	At the end of the year	-	-	-	-
<b>2</b>	Equity	Gayatri Energy Ventures Private Limited ('GEVPL') along with its nominees	24,16,15,974	13.13%	14.02.2018	Transfer of shares to Sembcorp Energy India Limited	(34,57,52,370 <sup>3</sup> )	12.02%	-	-
					31.03.2018	At the end of the year	-	-	-	-
<b>3.</b>	Equity	Sembcorp Energy India Limited	-	-	14.02.2018	Transfer of Equity Shares by Sembcorp Utilities Pte Ltd	2,53,05,25,570	87.98%	2,53,05,25,570	87.98%
					14.02.2018	Transfer of Equity Shares by Gayatri Energy Ventures Private Limited and its Nominees	34,57,52,370	12.02%	2,87,62,77,940	100%
					31.03.2018	At the end of the year			<b>2,87,62,77,940</b>	<b>100%</b>

<sup>3</sup> Includes 666 equity shares held by Gayatri Energy Ventures Private Limited through its nominees

**(v) Shareholding of Directors and Key Managerial Personnel:**

S. No.	Name of the Director / Key Managerial Personnel	Shareholding at the beginning of the year (as on 01.04.2017)		Date	Reason	Increase/Decrease in Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the company			No. of shares	% of total Shares of the company	No. of shares	% of total Shares of the Company
1.	Mr. T.V. Sandeep Kumar Reddy <sup>4</sup>	111	Negligible	14.02.2018	Transfer to Sembcorp Energy India Limited	111	Negligible	-	-
				31.03.2018	At the end of the year	-	-	-	-
2.	Mr. Vipul Tuli	-	-	14.02.2018	Transfer by Mr. T. Rajiv Reddy to Sembcorp Energy India Limited (Nominee Mr. Vipul Tuli)	10	Negligible	10	Negligible
				31.03.2018	At the end of the year	10	Negligible	10	Negligible
3.	Mr. Juvenil Ashwinkumar Jani	-	-	14.02.2018	Transfer by Mr. T. Rajiv Reddy to Sembcorp Energy India Limited (Nominee Mr. Juvenil Ashwinkumar Jani)	12	Negligible	12	Negligible
				31.03.2018	At the end of the year	12	Negligible	12	Negligible

<sup>4</sup> Held as nominee of Gayatri Energy Ventures Private Limited



## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in Rupees Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	55,348.91	16,893.90	-	72,242.81
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	708.88	305.59	-	1,014.48
<b>Total ( I + ii + iii )</b>	<b>56,057.80</b>	<b>17,199.49</b>	<b>-</b>	<b>73,257.29</b>
Change in Indebtedness during the financial year				
Addition	32,347.58	25,506.10	-	57,853.68
Reduction	(52,926.57)	-	-	(52,926.57)
Net Change	(20,579.00)	25,506.10	-	4,927.10
Indebtedness at the end of the financial year				
Principal Amount	35,478.80	42,400.00	-	77,878.80
Interest due but not paid	-	-	-	-
Interest accrued but not due	17.70	442.84	-	460.54
<b>Total (i+ii+iii)</b>	<b>35,496.50</b>	<b>42,842.84</b>	<b>-</b>	<b>78,339.34</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration	Name of MD/WT/ Manager		Total Amount
		Mr. Vipul Tuli, Managing Director <sup>5</sup>	NA	
<b>1.</b>	Gross salary	-		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-		
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-		

<sup>5</sup> Mr. Vipul Tuli joined the Board of directors of the Company on April 17, 2017. He was later appointed as Managing Director of the Company w.e.f. May 31, 2017.

2.	Stock Option	-		
3.	Sweat Equity	-		
4.	Commission - as % of profit - others, specify	-		
5.	Others, please specify	-		
6.	Total (A)	-		
7.	Ceiling as per the Act	-		

**B. Remuneration to other directors:**

S. No.	Name of the Director	Particulars of Remuneration	Fees for attending Board/Committee Meetings	Commission	Others, Please specify	Total Amount
1.	Mr. T.N. Thakur, Independent Director	Sitting Fees	Rs. 11,00,000	-	-	Rs. 11,00,000
2.	Ms. C.R. Gayathri Independent Director	Sitting Fees	Rs. 9,00,000	-	-	Rs. 9,00,000
3.	Mr. Radhey Shyam Sharma <sup>6</sup> Independent Director	Sitting Fees	Rs. 2,00,000	-	-	Rs. 2,00,000
4.	Other Non-Executive Directors	Other Non-executive Directors have not been paid any remuneration during the financial year 2017-18				

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				Total Amount
				NA	NA	
1.	Gross salary	Ms. Nagamani Alluri <sup>7</sup> , Company Secretary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961					
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961					

<sup>6</sup> Appointed as Independent Director w.e.f. February 17, 2018

<sup>7</sup> Appointed as Company Secretary w.e.f. January 11, 2018

	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961					
2.	Stock Option					
3.	Sweat Equity					
4.	Commission - as % of profit - others, specify					
5.	Others, please specify					
6.	Total (A)					
7.	Ceiling as per the Act					

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief description	Detail of Penalty/Punishment/Compounding fees imposed	Authority[RD/NC LT/Court	Appeal made if any
A. Company					
Penalty	None				
Punishment					
Compounding					
B. Directors					
Penalty	None				
Punishment					
Compounding					
C. Other Officers in default					
Penalty	None				
Punishment					
Compounding					

For and on behalf of the Board

**VIPUL TULI**  
Managing Director  
(DIN: 07350892)

**T.V. SANDEEP KUMAR REDDY**  
Director  
(DIN: 00005573)

Date: May 21, 2018  
Place: Gurugram

## FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

***(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)***

**I. Details of contracts or arrangements or transactions not at arm's length basis : NIL**

**II. Details of contracts or arrangements or transactions at arm's length basis:**

**1. APPROVAL OF TRANSACTIONS BETWEEN SEMBCORP GAYATRI POWER LIMITED AND THE COMPANY**

Sl No.	Particulars	Remarks
a)	Name(s) of the related party and nature of relationship	Sembcorp Energy India Limited  Nature of relationship as on date – Holding Company  Nature of relationship at the time of transaction – Fellow subsidiary
b)	Nature of contracts/ arrangements/ transactions	<ul style="list-style-type: none"> <li>• Sale purchase of Imported Coal – up to Rs. 350 Crore<sup>1</sup></li> <li>• Sale purchase of Stores and Spares – up to Rs. 100 Crore</li> <li>• Other Materials - up to Rs. 100 Crore</li> </ul>
c)	Duration of the contracts/ arrangements/ transactions	Upto March 31, 2018
d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Based on the quantum, at the prices determined based on the market conditions prevalent at the time of transaction, keeping in view the Arms' length mechanism or on a cost to cost basis plus applicable taxes
e)	Date(s) of approval by the Board, if any:	September 13, 2017
f)	Amount paid as advances, if any	Nil

For and on behalf of the Board

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

**T.V. Sandeep Kumar Reddy**  
Director  
(DIN: 00005573)

<sup>1</sup> Maximum value of transactions for sale/purchase of imported coal was increased from Rs. 350 Cores to Rs. 1,000 Crores by way of resolution approved by the Audit & Risk Committee on January 09, 2018.

**Form No. MR-3**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2018**

To,  
The Members,  
**Sembcorp Gayatri Power Limited**  
Hyderabad

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sembcorp Gayatri Power Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other documents/ records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31<sup>st</sup> March, 2018** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company and relied on the information provided by the management and its officers for the financial year ended on 31st March, 2018 according to the provisions of:

- (1) The Companies Act, 2013 (the Act) and the rules made there under;
- (2) The Depositories Act, 1996 and the regulations and bye-laws framed there under;
- (3) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment;
- (4) The Company has identified the following Acts specifically applicable to the Company:
  - i. The Environment Protection Act, 1986;
  - ii. The Water (Prevention and Control of Pollution) Act, 1974;
  - iii. The Air (Prevention and Control of Pollution) Act, 1981;
  - iv. The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008;
  - v. The Batteries (Management & Handling) Rules, 2001
  - vi. The Bio-Medical Waste Management Rules, 2016
  - vii. The E-Waste (Management) Rules, 2016
  - viii. The Boilers Act, 1923;
  - ix. The Explosives Act, 1884 read with Gas Cylinders Rules, 2016
  - x. The Petroleum Act, 1934 read with Petroleum Rules, 2002
  - xi. The Electricity Act, 2003;
  - xii. The Factories Act, 1948

xiii. The Industrial Employment (Standing Orders) Act, 1946

(5) The Central and State laws, Regulations, Guidelines, Rules etc, as identified and applicable to the Company.

We have also examined compliances with the applicable clauses of Secretarial Standards 1 & 2 issued by The Institute of Company Secretaries of India (ICSI).

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that**

- a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- b. Adequate notice was given to all directors for convening the Board/ Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and through shorter notice for some of the board and committee meetings, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c. During the period under review, resolutions were carried through majority. As confirmed by the Management, there were no dissenting views expressed by any of the members on any business transacted at the meeting held during the period under review.
- d. Based on the information, documents provided and the representations made by the Company, its officers during our audit process and also on review of the compliance reports of the Company Secretary taken on record by the Board of Directors of the Company periodically, in our opinion , there are adequate systems and processes exists in the Company to commensurate with the size and operations of the Company, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- e. The compliance by the Company of the applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed by us since the same have been subject to review by statutory auditors and other professionals.

**We further report that following were the major events during the audit period:**

1. The Company has become Wholly Owned Subsidiary of Sembcorp Energy India Limited (formerly known as Thermal Powertech Corporation India Limited).
2. The Board has approved the Scheme of Amalgamation of the Company with Sembcorp Energy India Limited ("SEIL") (formerly, Thermal Powertech Corporation India Limited) ("Holding Company").
3. The Company has altered its Memorandum of Association and the Articles of Association.
4. The Company has appointed of Mr. Neil Garry MC Gregor (DIN: 07754310) as Chairman of the Company.

5. The Company has appointed of Mr. Vipul Tuli (DIN: 07350892) as Managing Director and Key Managerial Person of the Company.
6. The Company has appointed Ms. Nagamani Alluri as the Company Secretary of the Company in place of Mr. Narendra Ande.
7. The Company has re-appointed Mr. Tantra Narayan Thakur (DIN: 00024322) as an Independent Director of the Company for a period of 5 years w.e.f July 30, 2017.
8. The Company has appointed Mr. Rajnish Garje as the Chief Financial Officer and Key Managerial Person in place of Mr. V. Rajaram Trivedi.
9. The Company has appointed Mr. Radhey Shyam Sharma (DIN 00013208) as an Independent Director of the Company.

**For BS & Company Company Secretaries LLP**

**Date:** 17<sup>th</sup> May, 2018

**Place:** Hyderabad

**K.V.S. Subramanyam**

**Designated Partner**

**FCS No. 5400**

**C P No.: 4815**

Note: This report is to be read with our letter of even date which is annexed as '**Annexure A**' and forms an integral part of this report.

**Annexure A**

To,  
The Members,  
**Sembcorp Gayatri Power Limited**  
Hyderabad.

Our report of even date is to be read along with this letter:

1. Maintenance of Secretarial records is the responsibility of the Management of the Company. Our responsibility is to express as opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of applicable laws, rules and regulations etc.
5. The compliance of the provisions of Companies Act, 2013 and other applicable laws, Rules, Regulations, secretarial standards issued by ICSI is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.
7. We further report that, based on the information provided by the Company, its officers, authorized representatives during the conduct of the audit and also on the review of quarterly compliance report by the respective departmental heads/ Company Secretary/ Managing Director taken on record by the Board of the Company, in our opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like labour laws & Environment Laws and Data protection policy.
8. We further report that the compliance by the Company of applicable fiscal laws like Direct & Indirect tax laws have not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

**For BS & Company Company Secretaries LLP**

**Date:** 17<sup>th</sup> May, 2018  
**Place:** Hyderabad

**K.V.S. Subramanyam**  
**Designated Partner**  
**FCS No. 5400**  
**C P No.: 4815**



# B S R & Associates LLP

Chartered Accountants

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## **Independent Auditor's report To the Members of Sembcorp Gayatri Power Limited**

### **Report on the Audit of the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of Sembcorp Gayatri Power Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (collectively referred to as Ind AS Financial Statements").

### **Management's Responsibility for the Ind AS Financial Statements**

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

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

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

### **Auditor's Responsibility**

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

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

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

**Independent Auditor's report (continued)**  
**Sembcorp Gayatri Power Limited**

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

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its losses (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

**Other Matters**

The comparative financial information of the Company for the year ended 31 March 2017 included in these Ind AS financial statements have been audited by the predecessor auditors who, vide their report dated 31 May 2017 expressed an unmodified opinion on those financial statements.

Our opinion is not modified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

**Independent Auditor's report (continued)**  
**Sembcorp Gayatri Power Limited**

- c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 2.28 to the Ind AS financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The disclosures in the Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

*for B S R & Associates LLP*

*Chartered Accountants*

Firm Registration Number: 116231W/W-100024



**Hemant Maheshwari**

*Partner*

Membership No.: 096537

**Place:** Hyderabad

**Date:** 21 May 2018

**Sembcorp Gayatri Power Limited****Annexure A to the Independent Auditor's Report on Ind AS financial statements**

With reference to Annexure A referred to in the Independent Auditor's Report of even date to the members of Sembcorp Gayatri Power Limited ('the Company') on the Ind AS financial statements for the year ended 31 March 2018, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified every year. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, all the fixed assets were verified during the year and no material discrepancies were observed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties as disclosed in note 2.1 on property, plant and equipment to the Ind AS financial statements are held in the name of the Company, except for the following land parcels:

Particulars of immovable property	Amount (Rs in millions)	Remarks
Land admeasuring 40.80 acres located at plant, Nellore	36.76	In respect of such land, the Company has entered in to an Agreement for purchase dated 8 April 2013 from Andhra Pradesh Industrial Infrastructure Corporation. The registration of such land is still under process.

- ii. The inventories, except materials-in-transit, have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records have been appropriately adjusted in the books of accounts.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 ('Act'). Thus, paragraph 3(iii) (a), (b) and (c) of the said Order is not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Thus, paragraph 3(iv) of the said Order is not applicable to the Company.
- v. The Company has not accepted any deposits from public within the meaning of Section 73 to 76 of the Act and Rules framed thereunder. Thus, paragraph 3(v) of the said Order is not applicable to the Company.

**Sembcorp Gayatri Power Limited****Annexure A to the Independent Auditor's Report on Ind AS financial statements (continued)**

- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for maintenance of cost records under Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident fund, Income tax, Goods and Services tax, Sales tax, Value Added tax, Service tax, Works Contract tax, Duty of customs and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the provisions of Employees' State Insurance, Duty of excise and cess are not applicable to the Company.

According to the information and explanations given to us, there are no undisputed amount payable in respect of Provident fund, Income tax, Goods and Services tax, Sales tax, Value Added tax, Service tax, Works Contract tax, Duty of customs and other material statutory dues which were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Goods and Services tax, Sales tax, Value Added tax, Service tax, Works Contract tax and Duty of customs which have not been deposited with the appropriate authorities on account of any dispute. However, the Company disputes the following Income tax dues:

Name of the statute	Nature of dues	Amount Rs. in millions	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income tax and interest	23.76	Assessment year 2012-13	Hon'ble High Court of Telangana and Andhra Pradesh
Income tax Act, 1961	Income tax and interest	18.70 (2.60)*	Assessment year 2014-15	Commissioner of Income-tax, Appeals (CIT(A))
Income tax Act, 1961	Income tax and interest	4.95	Assessment year 2015-16	Commissioner of Income-tax, Appeals (CIT(A))

\* Represent amounts paid under protest.

As explained to us, the Company did not have any dues on account of Duty of excise and cess.

- viii. According to the records of the Company examined by us and information and explanation provided to us, the Company has not defaulted in repayment of loans or borrowings to any bank or financial institution. The Company does not have any loans or borrowings from any government nor has it issued any debentures as at the balance sheet date.

- ix. The Company has not raised any moneys by way of initial public offer and further public offer (including debt instruments). According to the information and explanations given to us, the Company has applied the term loans for the purpose for which they were obtained.

- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

**Sembcorp Gayatri Power Limited**

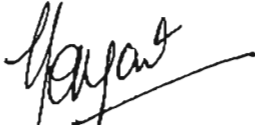
**Annexure A to the Independent Auditor's Report on Ind AS financial statements (continued)**

- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid or provided for managerial remuneration during the year under audit.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Thus, paragraph 3(xii) of the said Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has entered into transactions with related parties which are in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made the any preferential allotment or private placement of shares or fully or partly convertible debenture. Thus, paragraph 3(xiv) of the said Order is not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Thus, paragraph 3(xv) of the said Order is not applicable to the Company.
- xvi. In our opinion and according to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Thus, paragraph 3(xvi) of the said Order is not applicable to Company.

*for B S R & Associates LLP*

*Chartered Accountants*

Firm Registration Number: 116231W/W-100024



**Hemant Maheshwari**

*Partner*

Membership No.: 096537

**Place:** Hyderabad

**Date:** 21 May 2018

**Sembcorp Gayatri Power Limited**

**Annexure-B to the Independent Auditor's Report on the Ind AS financial statements**

**Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

We have audited the internal financial controls over financial reporting of Sembcorp Gayatri Power Limited ('the Company') as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Sembcorp Gayatri Power Limited**

**Annexure-B to the Independent Auditor's Report on the Ind AS financial statements (continued)**

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

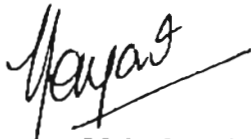
**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

*for B S R & Associates LLP*

*Chartered Accountants*

Firm Registration Number: 116231W/W-100024



**Hemant Maheshwari**

*Partner*

Membership No.: 096537

**Place:** Hyderabad

**Date:** 21 May 2018



**Sembcorp Gayatri Power Limited**
**Balance Sheet**

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

	Note	As at 31 March 2018	As at 31 March 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	2.1	90,187.51	92,966.39
(b) Capital work-in-progress	2.1	590.04	637.94
(c) Goodwill	2.2	1,234.20	1,234.20
(d) Other intangible assets	2.2	11.31	18.45
(e) Financial assets			
(i) Other financial assets	2.3	1,084.78	1,191.95
(f) Non-current tax asset		68.26	33.84
(g) Other non-current assets	2.4	582.00	745.46
<b>Total non-current assets</b>		<b>93,758.10</b>	<b>96,828.23</b>
<b>Current assets</b>			
(a) Inventories	2.5	2,701.93	1,866.01
(b) Financial assets			
(i) Trade receivables	2.6	5,358.99	2,792.26
(ii) Cash and cash equivalents	2.7	4,631.25	2,645.29
(iii) Bank balances other than (ii) above	2.7	473.33	419.70
(iv) Loans	2.8	0.64	0.90
(v) Other financial assets	2.9	2,573.07	1,564.70
(c) Other current assets	2.10	938.25	1,094.74
<b>Total current assets</b>		<b>16,677.46</b>	<b>10,383.60</b>
<b>Total assets</b>		<b>1,10,435.56</b>	<b>1,07,211.83</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	2.11	28,762.78	28,762.78
(b) Other equity	2.12	(12,067.71)	(3,883.10)
<b>Total equity</b>		<b>16,695.07</b>	<b>24,879.68</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	2.13	71,684.15	64,101.39
(ii) Other financial liabilities	2.14	24.68	-
(b) Provisions	2.15	14.15	7.31
<b>Total non-current liabilities</b>		<b>71,722.98</b>	<b>64,108.70</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	2.16	5,704.49	3,356.09
(ii) Trade payables	2.17	864.15	2,197.93
(iii) Derivatives	2.18	81.02	85.69
(iv) Other financial liabilities	2.19	11,469.62	12,192.33
(b) Current tax liabilities (net)		346.19	346.19
(c) Other current liabilities	2.20	3,549.45	40.89
(d) Provisions	2.21	2.59	4.33
<b>Total current liabilities</b>		<b>22,017.51</b>	<b>18,223.45</b>
<b>Total liabilities</b>		<b>93,740.49</b>	<b>82,332.15</b>
<b>Total equity and liabilities</b>		<b>1,10,435.56</b>	<b>1,07,211.83</b>

 The explanatory notes form an integral part of the financial statements  
 As per our report of even date attached

for B S R &amp; Associates LLP

Chartered Accountants

ICAI Firm registration number: 116231W / W-100024



 Hemant Maheshwari  
 Partner

Membership No: 096537

for and on behalf of the Board of Directors of

Sembcorp Gayatri Power Limited

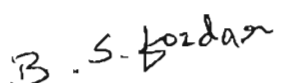
CIN: U40102AP2008PLC059628



 Vipul Tuli  
 Managing Director  
 DIN: 07350892



 T.V. Sandeep Kumar Reddy  
 Director  
 DIN: 00005673



 Biren Fozdar  
 Chief Financial Officer



 A. Nagamani  
 Company Secretary  
 Membership No: 025304

 Place: Hyderabad  
 Date: 21 May 2018

 Place: Gurugram  
 Date: 21 May 2018

**Sembcorp Gayatri Power Limited****Statement of profit and loss**

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

	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>I Revenue</b>			
Revenue from operations	2.22	32,794.20	6,421.64
Other income	2.23	383.62	242.37
<b>Total income</b>		<b>33,177.82</b>	<b>6,664.01</b>
<b>II Expenses</b>			
Cost of fuel		21,241.99	3,788.20
Purchases of traded goods	2.24	2,018.27	909.36
Transmission charges		2,417.23	670.49
Employee benefits expense	2.25	553.86	131.20
Finance costs	2.26	9,815.99	2,748.92
Depreciation and amortisation expense	2.2 (a)	3,883.30	1,035.84
Other expenses	2.27	1,434.67	662.68
<b>Total expenses</b>		<b>41,365.31</b>	<b>9,946.69</b>
<b>III Loss before tax for the year</b>		<b>(8,187.49)</b>	<b>(3,282.68)</b>
<b>IV Tax expense</b>			
Current tax		-	-
<b>V Loss after tax for the year</b>		<b>(8,187.49)</b>	<b>(3,282.68)</b>
<b>VI Other comprehensive income / (loss)</b>			
Items that will be not be reclassified subsequently to profit and loss			
Remeasurements of the defined benefit liability, net		2.88	(3.58)
		<b>2.88</b>	<b>(3.58)</b>
<b>VII Total comprehensive loss for the year</b>		<b>(8,184.61)</b>	<b>(3,286.26)</b>
<b>Earnings per equity share (face value of Rs. 10/- each)</b>			
Basic and diluted	2.30	(2.85)	(1.22)

The explanatory notes form an integral part of the financial statements

As per our report of even date attached

for **BSR & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 116231W / W-100024



Hemant Maheshwari

Partner

Membership No: 096537

for and on behalf of the Board of Directors of

**Sembcorp Gayatri Power Limited**

CIN: U40102AP2008PLC059628



Vipul Tuli

Managing Director

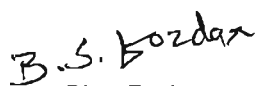
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T.V. Sandeep Kumar Reddy

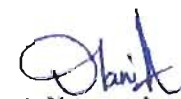
Director

DIN:00005573



Biren Fozdar

Chief Financial Officer



A. Nagamani

Company Secretary

Membership No: 025304

Place: Hyderabad

Date: 21 May 2018

Place: Gurugram

Date: 21 May 2018

**Sembcorp Gayatri Power Limited**
**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 2018	For the year ended 31 March 2017
<b>A. Cash flow from operating activities</b>		
Net loss before tax	(8,187.49)	(3,282.68)
<b>Adjustments:</b>		
Interest income	(304.17)	(2.39)
Finance costs	9,731.43	2,663.24
Depreciation and amortisation expense	3,883.30	1,035.84
Allowance for credit losses	0.93	-
Unrealised loss/(gain) on derivatives	(4.66)	85.69
Liabilities no longer required written back	(73.81)	-
Loss on sale of property, plant and equipment	1.01	0.01
Net exchange differences	102.65	(227.90)
<b>Operating cash flows before working capital changes</b>	<b>5,149.19</b>	<b>271.81</b>
Increase in inventories	(835.92)	(1,861.39)
Increase in trade receivables	(2,568.60)	(2,792.26)
Increase in unbilled revenue	(986.74)	(1,526.06)
(Increase)/Decrease in financial and non-financial assets	268.94	(347.40)
Increase in trade payable, other financial liabilities and current liabilities	2,139.71	3,180.98
Increase/(Decrease) in provisions	7.99	(9.27)
<b>Cash generated from/ (used in) operations</b>	<b>3,174.57</b>	<b>(3,083.59)</b>
Income-tax paid (net)	(34.43)	(33.84)
<b>Net cash generated from/ (used in) operating activities</b>	<b>3,140.14</b>	<b>(3,117.43)</b>
<b>B. Cash flow from investing activities</b>		
Acquisition of property, plant and equipment	(989.62)	(4,481.73)
Acquisition of intangible assets	(6.04)	(22.14)
Interest received	207.31	389.98
Proceeds from sale of other investments	113.36	7.29
<b>Net cash used in investing activities</b>	<b>(674.99)</b>	<b>(4,106.60)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from long-term borrowings (Net of borrowing costs)	29,774.53	4,715.80
Repayments of long-term borrowings	(52,217.81)	(10,132.82)
Net proceeds from short-term borrowings	2,348.40	3,356.09
Proceeds from issue of INR denominated notes	25,506.10	16,893.90
Interest and finance charges paid	(5,890.41)	(8,600.79)
<b>Net cash (used in)/ generated from financing activities</b>	<b>(479.19)</b>	<b>6,232.18</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>1,985.96</b>	<b>(991.85)</b>
Cash and cash equivalents at the beginning of the year	2,645.29	3,637.14
<b>Cash and cash equivalents at the end of the year</b>	<b>4,631.25</b>	<b>2,645.29</b>
<b>Note:</b>		
<b>Components of cash and cash equivalents comprise:</b>	<b>As at</b>	<b>As at</b>
	<b>31 March 2018</b>	<b>31 March 2017</b>
Cash on hand	0.26	0.71
Balance with scheduled banks		
-in current accounts	621.26	806.32
-in deposit accounts	4,009.73	1,838.26
<b>Total cash and cash equivalents (refer note 2.7)</b>	<b>4,631.25</b>	<b>2,645.29</b>



**Sembcorp Gayatri Power Limited****Statement of cash flow**

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

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

Particulars	As at 31 March 2017	Cash flows	Non cash transactions	As at 31 March 2018
			Borrowing cost	
Long-term borrowings	68,492.78	3,062.81	409.40	71,964.99
Short-term borrowings	3,356.09	2,348.40	-	5,704.49
	<u>71,848.87</u>	<u>5,411.21</u>	<u>409.40</u>	<u>77,669.48</u>

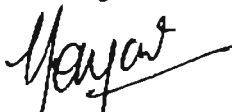
The explanatory notes form an integral part of the financial statements

As per our report 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

for and on behalf of the Board of Directors of

Sembcorp Gayatri Power Limited

CIN: U40102AP2008PLC059628



Vipul Tuli

Managing Director

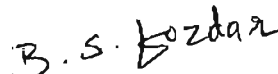
DIN: 07350892



T.V. Sandeep Kumar Reddy

Director

DIN: 00005573



Biren Fozdar

Chief Financial Officer



A. Nagamani

Company Secretary

Membership No: 025304

Place: Hyderabad

Date: 21 May 2018

Place: Gurugram

Date: 21 May 2018

**Sembcorp Gayatri Power Limited**

**Statement of changes in equity**

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

Particulars	Equity share capital	Equity portion of compulsorily convertible debentures (CCD)	Other equity			Total equity
			Reserves and surplus		Other comprehensive income (OCI)	
			Retained earnings	Securities premium	Employee benefit obligations	
<b>As at 31 March 2018:</b>						
Balance as at 1 April 2017	28,762.78	-	(3,923.25)	50.78	(10.63)	24,879.68
Loss for the year	-	-	(8,187.49)	-	-	(8,187.49)
Other comprehensive income	-	-	-	-	2.88	2.88
<b>Total comprehensive income for the year ended 31 March 2018</b>	-	-	(8,187.49)	-	2.88	(8,184.61)
<b>Balance as at 31 March 2018</b>	<b>28,762.78</b>	<b>-</b>	<b>(12,110.74)</b>	<b>50.78</b>	<b>(7.75)</b>	<b>16,695.07</b>

**As at 31 March 2017:**

Balance as at 1 April 2016	16,052.78	12,710.00	(640.57)	50.78	(7.05)	28,165.94
Loss for the year	-	-	(3,282.68)	-	-	(3,282.68)
Other comprehensive income	-	-	-	-	(3.58)	(3.58)
<b>Total comprehensive income for the year ended 31 March 2017</b>	-	-	(3,282.68)	-	(3.58)	(3,286.26)
Issue of equity shares (refer note 2.11)	12,710.00	-	-	-	-	12,710.00
CCDs converted into equity shares (refer note 2.11)	-	(12,710.00)	-	-	-	(12,710.00)
<b>Balance as at 31 March 2017</b>	<b>28,762.78</b>	<b>-</b>	<b>(3,923.25)</b>	<b>50.78</b>	<b>(10.63)</b>	<b>24,879.68</b>

The explanatory notes form an integral part of the financial statements

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants


ICAI Firm registration number: 116231W / W-100024


  
Harshant Maheshwari  
Partner  
Membership No: 096537

for and on behalf of the Board of Directors of

**Sembcorp Gayatri Power Limited**

CIN: U40102AP2008PLC059628

  
Vipul Tuli  
Managing Director  
DIN: 07350892

  
T.V. Sandeep Kumar Reddy  
Director  
DIN: 00005573

  
Biren Fozdar  
Chief Financial Officer

  
A. Nagamani  
Company Secretary  
Membership No: 025304

Place: Hyderabad

Date: 21 May 2018

Place: Gurugram

Date: 21 May 2018

## **Corporate information**

Sembcorp Gayatri Power 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. The Company has commenced the commercial operations of Unit I on 17 November 2017 and Unit II was on 21 February 2017.

### **1. Significant accounting policies**

#### **1.1 Statement of compliance**

These standalone Ind AS 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.

#### **1.2 Functional and presentation currency**

The standalone Ind AS financial statements are presented in Indian rupees (INR) all the values are rounded off to the nearest million to two decimal places (INR 1,000,000) 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 preparation and measurement**

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

<b>Items</b>	<b>Measurement basis</b>
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 standalone Ind AS financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company 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 standalone Ind AS financial statements. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.





**Sembcorp Gayatri Power Limited**  
**Notes to Ind AS financial statements (continued)**

**1. Significant accounting policies (continued)**

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**Use of estimates and judgements (continued)**

**Assumptions, estimation uncertainties and judgments**

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 standalone Ind AS financial statements are:

**Impairment of investments:**

The Company reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

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

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.

**Valuation of deferred tax assets:**

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

**Defined benefit plans:**

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

**Recognition and measurement of other provisions:**

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

**1.5 Current and Non-current classification**

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

**Assets**

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

- i) it is expected to be realised in, or is intended for sale or consumption in, the 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.



**Sembcorp Gayatri Power Limited**  
**Notes to Ind AS financial statements (continued)**

**1. Significant accounting policies (continued)**

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**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.

**Operating cycle**

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

**1.6 Property, plant and equipment and depreciation**

**i. Recognition and measurement**

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

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

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

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

**ii. Subsequent Expenditure**

Subsequent expenditure relating to property, plant and equipment is recognised in the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the 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. Disposals**

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





**Sembcorp Gayatri Power Limited**  
**Notes to Ind AS financial statements (continued)**

**1. Significant accounting policies (continued)**

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**iv. Depreciation**

Depreciation on property, plant and equipment is provided on straight line method based on the useful life as specified in Schedule II to the Act, except in respect of following category of assets, in whose case the life of the assets has been assessed based on technical assessment, taking into account the nature of asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, maintenance etc. Freehold land is not depreciated.

Plant and Machinery – 25 years  
Electrical installations – 3 years  
Green belt – 1 year

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

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

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

**1.7 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.

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.

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

- Computer Software : 3 years

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

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

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



**1. Significant accounting policies (continued)**

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

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

**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 and loss are immediately recognised in statement of profit and loss.

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

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

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



**1. Significant accounting policies (continued)**

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**b) Financial liability**

The Company recognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

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 profit or loss.

**1.9 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.

**1.10 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 profit or 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 statement of profit and 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 statement of profit and loss.



**1. Significant accounting policies (continued)**

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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 hedging reserve in equity. The ineffective portion of changes in the fair values of the derivative is recognised immediately in profit or 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 hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedging 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 hedging reserve is reclassified to net profit in the statement of profit and loss.

**1.11 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 all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**ii) Non-financial assets**

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

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

**1.12 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 the estimated costs of completion and selling expenses.





**Sembcorp Gayatri Power Limited**  
**Notes to Ind AS financial statements (continued)**

**1. Significant accounting policies (continued)**

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**1.13 Foreign currency transactions**

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

Monetary assets and liabilities that are denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resultant exchange differences are recognised in the 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.

**1.14 Employee benefits**

**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 OCI are not to be subsequently reclassified to profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the profit and loss account as past service cost.

**Defined contribution plans:**

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

**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 a past practice that has created as contractual obligation.

**1.15 Borrowing costs**

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



**Sembcorp Gayatri Power Limited**  
**Notes to Ind AS financial statements (continued)**

**1. Significant accounting policies (continued)**

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**1.16 Revenue recognition**

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

Sales tax/ Value Added Tax ('VAT')/ Service tax/ Goods and Service Tax ('GST') is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity/service rendered by the seller on behalf of the government. Accordingly, it is excluded from revenue.

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 revenue accrued up to the end of the accounting year. Revenue from energy units sold on a merchant basis is recognised in accordance with billings made to customers based on the units of energy delivered and the rate agreed with the customers. 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.

Revenue from electrical energy transmission charges is recognised on an accrual basis in accordance with the provisions of transmission service agreements.

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

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

Interest income is recognised based on effective interest rate method.

Dividend income is recognised when the unconditional right to receive the income is established.

**1.17 Earnings / (loss) per share**

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

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

**1.18 Leases**

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

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



**Sembcorp Gayatri Power Limited**  
**Notes to Ind AS financial statements (continued)**

**1. Significant accounting policies (continued)**

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**1.19 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 profit or 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 Group 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.

**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:

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

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

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 OCI or directly in equity.

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

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

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

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





**Sembcorp Gayatri Power Limited**  
**Notes to Ind AS financial statements (continued)**

**1. Significant accounting policies (continued)**

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**1.20 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 standalone Ind AS financial statements.

**1.21 Cash flow statement**

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

**1.22 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.





**Sembcorp Gayatri Power Limited**

**2. Notes to the financial statements (continued)**

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

**2.1 Property, plant and equipment and Capital work-in-progress**

Particulars	Land	Office buildings	Factory buildings	Infrastructure (Roads, Drains, etc.)	Plant and machinery	Furniture and fixtures	Vehicles	Office equipments	Computers	Total	Capital work-in-progress
<b>Gross carrying amount</b>											
Balance as at 1 April 2016	1,479.62	7.91	-	-	13.47	12.08	10.57	32.99	14.66	1,571.30	81,156.73
Additions	26.25	-	205.74	671.53	91,536.89	1.70	9.83	5.34	4.21	92,461.49	11,895.37
Disposals	-	-	-	-	-	-	-	-	(0.27)	(0.27)	-
Capitalised during the year	-	-	-	-	-	-	-	-	-	-	(92,414.16)
<b>Balance as at 31 March 2017</b>	<b>1,505.87</b>	<b>7.91</b>	<b>205.74</b>	<b>671.53</b>	<b>91,550.36</b>	<b>13.78</b>	<b>20.40</b>	<b>38.33</b>	<b>18.60</b>	<b>94,032.52</b>	<b>637.94</b>
<b>Balance as at 1 April 2017</b>	<b>1,505.87</b>	<b>7.91</b>	<b>205.74</b>	<b>671.53</b>	<b>91,550.36</b>	<b>13.78</b>	<b>20.40</b>	<b>38.33</b>	<b>18.60</b>	<b>94,032.52</b>	<b>637.94</b>
Additions	-	431.66	23.24	119.17	440.56	18.44	12.32	3.85	43.01	1,092.25	1,022.16
Disposals	-	-	-	-	-	(0.31)	(0.56)	(1.75)	(0.29)	(2.91)	-
Capitalised during the year	-	-	-	-	-	-	-	-	-	-	(1,070.06)
<b>Balance as at 31 March 2018</b>	<b>1,505.87</b>	<b>439.57</b>	<b>228.98</b>	<b>790.70</b>	<b>91,990.92</b>	<b>31.91</b>	<b>32.16</b>	<b>40.43</b>	<b>61.32</b>	<b>95,121.86</b>	<b>590.04</b>
<b>Accumulated depreciation</b>											
Balance as at 1 April 2016	-	3.04	-	-	1.62	1.81	2.20	5.27	6.75	20.69	-
Depreciation for the year	-	2.50	9.44	24.49	994.55	1.23	1.71	6.94	4.83	1,045.69	-
Depreciation on deletions	-	-	-	-	-	-	-	-	(0.25)	(0.25)	-
<b>Balance as at 31 March 2017</b>	<b>-</b>	<b>5.54</b>	<b>9.44</b>	<b>24.49</b>	<b>996.17</b>	<b>3.04</b>	<b>3.91</b>	<b>12.21</b>	<b>11.33</b>	<b>1,066.13</b>	<b>-</b>
<b>Balance as at 1 April 2017</b>	<b>-</b>	<b>5.54</b>	<b>9.44</b>	<b>24.49</b>	<b>996.17</b>	<b>3.04</b>	<b>3.91</b>	<b>12.21</b>	<b>11.33</b>	<b>1,066.13</b>	<b>-</b>
Depreciation for the year	-	4.78	17.71	136.83	3,688.09	2.51	2.67	7.78	9.76	3,870.13	-
Depreciation on deletions	-	-	-	-	-	(0.11)	(0.23)	(1.32)	(0.25)	(1.91)	-
<b>Balance as at 31 March 2018</b>	<b>-</b>	<b>10.32</b>	<b>27.15</b>	<b>161.32</b>	<b>4,684.26</b>	<b>5.44</b>	<b>6.35</b>	<b>18.67</b>	<b>20.84</b>	<b>4,934.35</b>	<b>-</b>
<b>Carrying amounts (net)</b>											
As at 31 March 2018	1,505.87	429.25	201.83	629.38	87,306.66	26.47	25.81	21.76	40.48	90,187.51	590.04
As at 31 March 2017	1,505.87	2.37	196.30	647.04	90,554.19	10.74	16.49	26.12	7.27	92,966.39	637.94

**Notes:**

- Land includes Rs. 36.76 million being lands purchased from Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC). As per the terms of Agreement for sale of land, sale deed will be issued by APIIC after commissioning. The said sale deed is yet to be made in the name of the Company on account of certain administrative delays.
- There are certain claims against the lands owned by the Company, which are not acknowledged as debts (refer note 2.28).
- Refer note 2.41 for pre-operative expenditure capitalised during the construction phase.
- Refer note no 2.13 and 2.16 for assets pledged against the borrowings of the Company.



**Sembcorp Gayatri Power Limited**

**2. Notes to the financial statements (continued)**

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

**2.2 Goodwill and other intangible assets**

Particulars	Goodwill	Computer softwares	Total
<b>Gross carrying amount</b>			
Balance as at 1 April 2016	1,234.20	12.34	1,246.54
Additions	-	22.15	22.15
Disposals	-	-	-
<b>Balance as at 31 March 2017</b>	<b>1,234.20</b>	<b>34.49</b>	<b>1,268.69</b>
Balance as at 1 April 2017	1,234.20	34.49	1,268.69
Additions	-	6.03	6.03
<b>As at 31 March 2018</b>	<b>1,234.20</b>	<b>40.52</b>	<b>1,274.72</b>
<b>Accumulated amortisation</b>			
Balance as at 1 April 2016	-	7.21	7.21
Amortisation for the year	-	8.83	8.83
Disposals	-	-	-
<b>Balance as at 31 March 2017</b>	<b>-</b>	<b>16.04</b>	<b>16.04</b>
Balance as at 1 April 2017	-	16.04	16.04
Amortisation for the year	-	13.17	13.17
<b>As at 31 March 2018</b>	<b>-</b>	<b>29.21</b>	<b>29.21</b>
<b>Carrying amounts (net)</b>			
<b>As at 31 March 2018</b>	<b>1,234.20</b>	<b>11.31</b>	<b>1,245.51</b>
<b>As at 31 March 2017</b>	<b>1,234.20</b>	<b>18.45</b>	<b>1,252.65</b>

**Impairment tests for goodwill:**

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

The goodwill represents the excess of consideration paid under the Scheme of Amalgamation of the subsidiary company 'Nelcast Energy Corporation Limited (Nelcast)' over the net assets acquired, which mainly consists of the project lands. The Scheme of Amalgamation was approved by the High Court of Madras on 12 October 2011. Nelcast was the 100% subsidiary of the Company and upon the scheme became effective, the entire issued, subscribed and paid-up share capital of Nelcast got cancelled. The recoverable value of the goodwill has been determined as fair value less costs of disposal of the aforesaid land. As the recoverable value is higher than the carrying value of goodwill, the management did not identify any impairment on the goodwill.

**2.2 (a) Depreciation and amortisation expense:**

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Depreciation and amortisation expense</b>		
Depreciation on property, plant and equipment	3,870.13	1,045.69
Amortisation on intangible assets	13.17	8.83
	<b>3,883.30</b>	<b>1,054.52</b>
Less: transferred to capital-work-in-progress	-	(18.68)
	<b>3,883.30</b>	<b>1,035.84</b>



**Sembcorp Gayatri Power Limited**
**2. Notes to the financial statements (continued)**

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

	As at 31 March 2018	As at 31 March 2017
<b>2.3 Other non-current financial assets</b>		
<i>(Unsecured, considered good)</i>		
<b>Financial assets carried at amortised cost</b>		
- Margin money deposits with banks*	893.26	1,060.25
- Interest accrued but not due on margin money deposits	191.52	131.70
	<b>1,084.78</b>	<b>1,191.95</b>

\* Reserved against margin money for bank guarantee issued by the bank.

**2.4 Other non-current assets**

*(Unsecured considered good)*

Capital advances*	163.33	230.00
Other advances		
- Advances to suppliers	408.64	506.82
- Prepayments	3.98	4.26
- Funded asset, Gratuity (refer note 2.33)	6.05	4.38
	<b>582.00</b>	<b>745.46</b>

\* Refer note 2.40 for capital advances given to related parties.

**2.5 Inventories**

*(Valued at lower of cost and net realisable value)*

Fuel (includes material-in-transit amounting to Rs. 277.62 millions, 31 March 2017; Rs 108.29 millions)	2,356.78	1,752.95
Stores and spares	345.15	113.06
	<b>2,701.93</b>	<b>1,866.01</b>

**2.6 Trade receivables**

Unsecured		
- Considered good	5,358.99	2,792.26
- Considered doubtful	0.93	-
	5,359.92	2,792.26
Less: Allowance for credit losses	0.93	-
	<b>5,358.99</b>	<b>2,792.26</b>

**Notes:**

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

(ii) For trade receivables from related parties refer note 2.40.

(iii) The Company's exposure to credit and currency risk and loss allowances related to trade receivables are disclosed in note 2.39.



**Sembcorp Gayatri Power Limited**
**2. Notes to the financial statements (continued)**

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

	As at 31 March 2018	As at 31 March 2017
<b>2.7 Cash and cash equivalents</b>		
Balances with banks		
- In current accounts	621.26	806.32
- Deposits with original maturity of less than three months	4,009.73	1,838.26
Cash on hand	0.26	0.71
	<b>4,631.25</b>	<b>2,645.29</b>
<b>Bank balances other than those disclosed above</b>		
Deposits due to mature after three months but before twelve months from reporting date*	473.33	419.70
	<b>473.33</b>	<b>419.70</b>

\* Represents Rs. 473.33 millions (31 March 2017: Rs. 396.70 millions) held as margin money towards bank guarantees and other commitments.

Details of Specified Bank Notes (SBN) held and transacted during the period 8 November 2016 to 30 December 2016 is as under:

Particulars	SBN	Other denomination notes	Total
Closing cash on hand as on 8 November 2016	0.41	-	0.41
Add: permitted receipts	0.05	0.94	0.99
Less: permitted payments	-	0.22	0.22
Less: Amount deposited in banks	0.46	-	0.46
<b>Closing cash on hand as on 30 December 2016</b>	<b>-</b>	<b>0.72</b>	<b>0.72</b>

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

**2.8 Loans**

(Unsecured, considered good)

Loans to employees	0.64	0.90
	<b>0.64</b>	<b>0.90</b>

**2.9 Other current financial assets**

(Unsecured, considered good)

Security deposit		
- Electricity deposits	12.90	12.90
- Other deposits	2.62	18.02
Interest accrued on electricity deposits	0.93	0.90
Interest accrued but not due on margin money deposits	29.74	5.14
Interest accrued on deposits	14.08	1.68
Unbilled revenue	2,512.80	1,526.06
	<b>2,573.07</b>	<b>1,564.70</b>

**2.10 Other current assets**

(Unsecured, considered good)

Advances to suppliers	421.59	796.11
Other advances		
- Advances to related party (refer note 2.40)	34.73	34.73
- Advances to employees	0.26	0.63
Balances with government authorities	2.36	-
Prepayments	479.31	263.27
	<b>938.25</b>	<b>1,094.74</b>



**Sembcorp Gayatri Power Limited**
**2. Notes to the financial statements (continued)**

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

	As at 31 March 2018	As at 31 March 2017
<b>2.11 Share capital</b>		
<i>Authorised</i>		
<b>Equity shares</b>		
5,000.00 million (31 March 2017: 5,000.00 million) equity shares of Rs. 10 each	50,000.00	50,000.00
	<u>50,000.00</u>	<u>50,000.00</u>
<i>Issued, subscribed and fully paid up</i>		
2,876.28 million (31 March 2017: 2,876.28 million) equity shares of Rs. 10 each, fully paid up	28,762.78	28,762.78
	<u>28,762.78</u>	<u>28,762.78</u>

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

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares in millions	Amount	Number of shares in millions	Amount
Shares outstanding at the beginning of the year	2,876.28	28,762.78	1,605.28	16,052.78
Shares issued during the year (refer note a below)	-	-	1,271.00	12,710.00
Shares outstanding at the end of the year	2,876.28	28,762.78	2,876.28	28,762.78

**Notes:**

a. During the year ended 31 March 2017, pursuant to the approval of the Board of Directors during their meetings held on 25 April 2016, 22 June 2016 and upon receipt of requisite approvals, the Company had converted 613.96 millions and 657.04 millions fully and compulsorily convertible debentures in to fully paid equity shares of Rs 10 each at par.

b. Nil (31 March 2017: 2,000.77 millions) equity shares of Rs.10 each, fully paid up were pledged against secured term loans. These pledged shares were released temporarily by the lenders on 09 February 2018. The holding company has given the undertaking to lenders to pledge 60% of total equity shares within 3 months from the date of release of above pledged shares.

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

Name of shareholder	As at 31 March 2018		As at 31 March 2017	
	Number of shares in millions	% of holding	Number of shares in millions	% of holding
Sembcorp Energy India Limited (refer note a below)	2,876.28	100.00%	-	-
Sembcorp Utilities Pte Ltd (refer note b below)	-	-	2,530.53	87.98%
NCC Infrastructure Holdings Limited and its nominees	-	-	345.75	12.02%

**Notes:**

a. Sembcorp Energy India Limited has acquired 100% equity shareholding of the Company on 15 February 2018 from the earlier shareholders through share swap agreement.

b. Pursuant to the Amended and Restated Additional Share Sale Agreement executed on 20 April 2016, between NCC Infrastructure Holdings Limited (NCCIHL) and Sembcorp Utilities Pte Ltd (SCU), NCCIHL had transferred 216.10 millions equity shares to SCU on 28 April 2016.

**Aggregate number of equity shares allotted as fully paid up by way of bonus shares during the period of five years, immediately preceding the reporting date:**

Particulars	Number of shares in millions
Equity shares allotted as fully paid bonus shares during the year during the year ended 31 March 2014	98.74

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

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

**2.12 Other equity**

**Securities premium**

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

**Retained earnings**

Retained earnings mainly represent all current and prior year profits as disclosed in the statement of profit and loss and other comprehensive income less dividend distribution.

**Other items of OCI**

**Measurement of defined benefit liability**

Re-measurements of the net defined benefit liability/(asset) comprise of actuarial gains and losses, the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset) and any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).





**Sembcorp Gayatri Power Limited**
**2. Notes to the financial statements (continued)**

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

	As at 31 March 2018	As at 31 March 2017
<b>2.13 Borrowings</b>		
<b>Non-current borrowings</b>		
<b>Term Loans, secured</b>		
- From banks	29,284.15	6,999.30
- From others	-	40,208.19
<b>INR denominated Notes, unsecured</b>		
- From related parties (refer note no 2.40)	42,400.00	16,893.90
	<b>71,684.15</b>	<b>64,101.39</b>

**Notes:**
**a) Loans refinancing:**

During the year, the term loans borrowed against the common loan agreement dated 4 June 2011 (as amended from time to time) entered with Consortium of Rural Electrification Corporation Limited (REC), Power Finance Corporation Limited (PFC), PTC India Financial Services Limited (PFS) and ICICI Bank Limited (ICICI) were repaid and refinanced with rupee term loan from consortium of lenders agreement dated 2 June 2017 lead by State Bank of India (SBI) and INR denominated notes.

**b) Term loans are secured by way of:**

First ranking pari passu charge of registered mortgage of freehold land of 150 sq. mtrs at Village Zaap, Sudhagad Taluka, Raigad, Maharashtra and equitable mortgage over 1,216.88 acres of owned land and leasehold rights on land admeasuring 38.91 acres, under lease from Sembcorp Energy India Limited (formerly Thermal Powertech Corporation India Limited) situated at Pynampuram Village, Muthukur Mandal, SPSR Nellore District in the state of Andhra Pradesh.

First ranking pari passu charge over all the present and future assets (both tangible and intangible) of the Company.

First ranking pledge of equity shares of the Company by the shareholders of the Company, aggregating to 60% of the total equity share capital of the Company.

Loans have been guaranteed by the Corporate guarantees from Sembcorp Utilities Pte Ltd to cover the outstanding exposure. Borrowings from earlier lenders were also guaranteed by NCC Infrastructure Holdings Limited and Gayatri Energy Ventures Private Limited on joint and several basis in proportionate to the percentage of their shareholding.

All securities rank pari passu on first charge basis inter se amongst all the term loan lenders and created in favour of SBICAP Trustee Company Limited, acting as security trustee for term loan lenders. Rural Electrification Corporation Limited acted as security trustee for earlier borrowings.

**c) Terms of repayment and terms of interest:**

Existing term loans facility are repayable in 78 quarterly structured unequal instalments commencing from 30 September 2017. Existing term loans carry an interest of SBI MCLR plus 1.25% p.a. The term loans carry an interest rate of 9.25% p.a (31 March 2017: 12.85% to 13.75 % p.a.). Interest rate applicable during the year was 9.25% p.a. Interest rate applicable on earlier borrowings was in the range of 12.85% to 13.75% p.a.

**d) INR denominated Notes:**

INR denominated Notes are unsecured and these notes have been subscribed fully by ultimate parent company i.e. Sembcorp Utilities Pte Ltd. Notes are repayable in single tranche and interest on Notes are payable on quarterly basis. Terms of repayment, interest rate, interest accrued and outstanding are given below:

Tranche	Amount	Date of receipt	Interest coupon	Maturity period	Interest outstanding
1	7,893.90	9 December 2016	12%	3 years	1,177.80
2	9,000.00	27 March 2017	10%	10 years	863.53
3	9,000.00	6 April 2017	10%	10 years	843.80
4	9,000.00	7 April 2017	10%	10 years	841.47
5	7,506.10	7 April 2017	10%	10 years	701.80

**2.14 Other financial liabilities**
**Non-current**

Retention bonus payable

24.68	-
<b>24.68</b>	<b>-</b>

**2.15 Provisions**
**Non-current**

Provision for employee benefits:

- Compensated absences

14.15 7.31

**14.15 7.31**



**Sembcorp Gayatri Power Limited**
**2. Notes to the financial statements (continued)**

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

	As at 31 March 2018	As at 31 March 2017
<b>2.16 Borrowings</b>		
<b>Current borrowings</b>		
<b>Secured</b>		
Loans repayable on demand and short-term loans		
- Working capital loans from banks including buyer's credit	5,704.49	3,356.09
	<u>5,704.49</u>	<u>3,356.09</u>

**Notes:**
**a) Borrowings are secured by way of:**

First ranking pari passu charge of registered mortgage of freehold land of 150 sq. mtrs at Village Zaap, Sudhagad Taluka, Raigad, Maharashtra and equitable mortgage over 1,216.88 acres of owned land and leasehold rights on land admeasuring 38.91 acres, under lease from Sembcorp Energy India Limited (formerly Thermal Powertech Corporation India Limited) situated at Pynampuram Village, Muthukur Mandal, SPSR Nellore District in the state of Andhra Pradesh.

First ranking pari passu charge over all the present and future assets (both tangible and intangible) of the Company.

The fund based working capital facilities from State Bank of India are secured by the Corporate guarantee of Sembcorp Utilities Pte Ltd till the date of supply of power under Long term Power Purchase Agreement (PPA) for 990 MW.

The working capital facilities from DBS bank and HSBC Bank are secured by corporate guarantee from Sembcorp Utilities Pte Ltd and Gayatri Energy Ventures Private Limited in proportionate to 88:12 till the date of supply of power under Long term Power Purchase Agreement (PPA) for 990 MW.

**b) Terms of Interest:**

Interest on Cash Credit facility linked to SBI MCLR plus spread of 2.55%. Interest rate applicable was 11.55% p.a (31 March 2017 : 9.65% to 10.55 % p.a). Working capital loans currently carry an interest of 8.35% to 9.70% p.a. (31 March 2017: Nil) and buyers credit carries LIBOR based interest in range of 2.00% to 2.70% p.a (31 March 2017: 1.50% to 2.28% p.a.).

**2.17 Trade payables**

Total outstanding dues of micro and small enterprises (refer note 2.35)

Total outstanding of creditors other than micro and small enterprises

- related parties (Refer note no: 2.40)

- others

85.80	120.42
<u>778.35</u>	<u>2,077.51</u>
<u>864.15</u>	<u>2,197.93</u>

The Company's exposure to currency and liquidity risk related to the above financial liabilities is disclosed in note no. 2.39.

**2.18 Derivatives**
**Current**

*Derivatives not designated as hedge*

Fair value of forward contracts used for hedging

81.02	85.69
<u>81.02</u>	<u>85.69</u>

The Company's exposure to currency and liquidity risk related to the above financial liabilities is disclosed in note no. 2.39.

**2.19 Other financial liabilities**
**Current**

Current maturity of long-term borrowings (refer note 2.13)

Interest accrued but not due on borrowings

Capital creditors (refer note 2.29)

Security deposits

Payable to employees

Retention bonus payable

Retention money payable (refer note 2.29)

280.84	4,391.39
4,446.10	1,014.48
329.19	342.13
2.35	2.00
96.18	80.77
28.43	-
6,286.53	6,361.56
<u>11,469.62</u>	<u>12,192.33</u>

**2.20 Other current liabilities**

Dues to statutory authorities

Advance from customers

Other payables (refer note 2.29)

36.62	40.89
1.96	-
3,510.87	-
<u>3,549.45</u>	<u>40.89</u>

**2.21 Provisions**
**Current**

Provision for employee benefits

- Compensated absences

2.59	4.33
<u>2.59</u>	<u>4.33</u>



**Sembcorp Gayatri Power Limited**
**2. Notes to the financial statements (continued)**

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

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>2.22 Revenue from operations</b>		
Sale of electricity	31,191.32	6,187.68
Other operating revenue:		
- Sale of coal (refer note 2.40)	1,597.83	233.96
- Sale of fly ash	5.05	-
	<b>32,794.20</b>	<b>6,421.64</b>
<b>2.23 Other income</b>		
Interest income under effective interest method on cash and cash equivalents	304.17	338.60
Gain on foreign currency transactions and translation (net)	-	227.90
Liabilities no longer required written back	73.81	-
Miscellaneous income, net	5.64	12.07
	<b>383.62</b>	<b>578.57</b>
Less: transferred to capital work-in-progress	-	336.20
	<b>383.62</b>	<b>242.37</b>
<b>2.24 Purchase of traded goods</b>		
Fuel	1,597.83	233.96
Electricity	420.44	675.40
(refer note 2.40)	<b>2,018.27</b>	<b>909.36</b>
<b>2.25 Employee benefits expense</b>		
Salaries, wages and bonus	510.97	469.44
Contribution to provident and other funds (refer note 2.33)	23.61	22.50
Staff welfare expenses	19.28	42.58
	<b>553.86</b>	<b>534.52</b>
Less: transferred to capital work-in-progress	-	403.32
	<b>553.86</b>	<b>131.20</b>
<b>2.26 Finance costs</b>		
Interest expense on financial liabilities measured at amortised cost	7,694.10	8,468.77
Other borrowing costs (refer note below)	2,037.33	426.30
Loss on derivative contracts, net	84.56	97.70
	<b>9,815.99</b>	<b>8,992.77</b>
Less: transferred to capital work-in-progress	-	6,243.85
	<b>9,815.99</b>	<b>2,748.92</b>

**Note:**

During the year, the Company has raised INR denominated Notes from Sembcorp Utilities Pte Limited (ultimate parent company) and new term loans from Indian banks to refinance the existing project term loans. Other borrowing costs for the year ended 31 March 2018 consist of loan restructuring costs amounting to Rs. 1,802.44 millions which represents the cost of prepayment and unamortised transaction costs of existing project term loans.





**Sembcorp Gayatri Power Limited****2. Notes to the financial statements (continued)**

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

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>2.27 Other expenses</b>		
Legal and professional fees (refer note 2.36)	352.29	508.05
Consumption of stores, spares and consumables	122.56	193.13
Insurance	152.98	205.78
Repairs and maintenance		
- Buildings and civil works	30.86	31.56
- Plant and equipments	367.21	53.26
- Others	53.90	0.72
Allowance for credit losses	0.93	-
Loss on foreign currency transactions and translation (net)	189.00	-
Travelling and conveyance	60.86	81.39
Health and safety expenses	12.55	1.07
Expenditure on corporate social responsibility (refer note 2.34)	6.60	54.04
Advertisement expenses	1.33	1.96
Rent (refer note 2.31)	5.23	4.49
Rates and taxes	3.34	11.53
Security charges	54.00	66.78
Directors' sitting fees	2.58	2.30
Loss on sale of property, plant and equipment	1.01	0.01
Pre-commissioning expenses	-	1,445.98
Commitment charges	-	296.74
Miscellaneous expenses	17.44	19.29
	<b>1,434.67</b>	<b>2,978.08</b>
Less: transferred to capital work-in-progress	-	2,315.40
	<b>1,434.67</b>	<b>662.68</b>



**Sembcorp Gayatri Power Limited**

**2. Notes to the financial statements (continued)**

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

Particulars	As at 31 March 2018	As at 31 March 2017
<b>2.28 Contingent liabilities and commitments (to the extent not provided for)</b>		
<b>a. Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	611.33	1,044.88
<b>b. Claims against the Company not acknowledged as debt in respect of</b>		
(i) Income tax*	47.41	73.29
(ii) Stamp duty**	-	-
(iii) Cess levied under the Buildings and Other Construction Works (RE&CS) Act, 1996**	-	-
(iv) Charges levied by lender	-	97.62
(v) Entry tax	44.64	-
(iv) Others***	-	-
<b>c. Bank guarantees given to customs and others</b>		
(i) Bank Guarantees for Customs and Excise	8,377.05	8,381.88
(ii) Bank Guarantees for PPA and other commitments	2,298.10	1,872.60

\* Tax paid under protest Rs. 2.60 millions (31 March 2017 -Rs. Nil).

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

\*\*\* 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.

**2.29 Liquidated damages and bank guarantee encashment:**

The Company during the previous year had raised a claim for an amount of Rs. 2,882.50 million and of US\$ 9.04 million, towards liquidated damages on its EPC contractor, NCC Limited ('NCCL'), towards the delay in the achievement of Provisional Acceptance, the Company 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.

NCCL filed petitions under Section 9 of the Arbitration and Conciliation Act, 1996, before the Hon'ble Court of the XXIV Additional Chief Judge cum Commercial Court, City Civil Courts, Hyderabad ("Commercial Court"), and seeking injunction restraining the Company from invoking the performance bank guarantees issued in favour of the Company, pursuant to the terms of the EPC Contracts.

On 18 April 2017, the Commercial Court dismissed the petition filed by NCCL. NCCL filed an appeal before the Honorable High Court of Andhra Pradesh and Telangana to set aside the order passed by Commercial Court until the disputes are adjudicated and settled between the parties through arbitration as per the terms of the contract and restraining the Company from invoking or encashing the bank guarantee(s). In the interim, the demand notices for the bank guarantees had already been presented to the respective banks by the Company and the bank guarantee for Rs. 516.00 millions issued by the Syndicate Bank was honored on 19 April 2017 and its corresponding payment was released to the Company.

The Company has received the order of the High Court in its favour on 24 October 2017. Subsequently, NCCL filed special leave petition against the said order of the High Court in the Hon'ble Supreme Court of India. The Hon'ble Supreme Court of India dismissed the petition filed by NCCL vide its order dated 3 November 2017. The Company has encashed the balance portion of BG amounting to Rs. 2,915 million on 3 November 2017.

The Arbitration provision under the EPC Contracts was invoked by NCCL on 27 May 2017. NCCL has filed its statement of claims on 16 September 2017 for Rs. 12,010.00 million with interest, and later amended the claim amount to Rs. 15,579.00 million with interest. The Company has filed its statement of defence on 7 December 2017 along with its counter claims to the tune of Rs. 10,025.00 million and US\$ 9.04 million, which was subsequently amended to INR 10,127.00 million and US\$ 9.04 million.

The matter is pending disposal as of date and accordingly, no related adjustments have been made in these 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.



**Sembcorp Gayatri Power Limited**

**2. Notes to the financial statements (continued)**

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

**2.30 Earnings per share (EPS)**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Loss:</b>		
Loss for the year attributable to the equity shareholders	(8,187.49)	(3,282.68)
<b>Number of equity shares: (in millions)</b>		
Number of shares at the beginning of the year	2,876.28	1,605.28
Add: Weighted average number of equity shares issued during the year	-	1,079.54
<b>Weighted average number of equity shares outstanding during the year</b>	<b>2,876.28</b>	<b>2,684.82</b>
<b>Earnings per equity share (face value of share Rs.10 each)</b>		
- Basic earnings per share	(2.85)	(1.22)
- Diluted earnings per share	(2.85)	(1.22)

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

**2.31 Leases**

The Company has taken office premises under cancellable operating leases. Lease rental under such cancellable operating lease amounting to Rs. 4.80 millions (31 March 2017: Rs. 4.06 millions) has been charged to Statement of profit and loss.

The Company has taken on operating lease 37.37 acres of vacant land for a period of 15 years. The lease term may be extended by mutual agreement with the parties. The total lease rental incurred under this agreement during the period amounted Rs. 0.43 millions (31 March 2017: Rs 0.43 millions).

**2.32 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 only in India and all its assets are located only in India, disclosures under paragraphs 32-34 of Ind AS 108 are not required. Revenue to specific customers exceeding 10% of total revenue for the years ended 31 March 2018 and 31 March 2017 were as follows:

**Information about major customer**

Revenue for the year were majorly from four customers (31 March 2017 four customers) located in India, which are disclosed as follows:

Customer name	For the year ended 31 March 2018		For the year ended 31 March 2017	
	Revenue	Percentage	Revenue	Percentage
GMR Energy Trading Limited	10,525.82	33.75%	1,411.79	22.82%
Global Energy Private Limited	5,746.76	18.42%	-	-
Telangana State Power Co-ordination Committee	5,127.00	16.44%	-	-
Indian Energy Exchange Limited	5,553.64	17.81%	1,053.17	17.02%
PTC India Limited	1,366.02	4.38%	1,884.74	30.46%
Manikaran Power Limited	1,496.72	4.80%	1,060.49	17.14%



**Sembcorp Gayatri Power Limited**

**2. Notes to the financial statements (continued)**

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

**2.33 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. 17.96 millions (31st March 2017: 17.20 millions).

**i) Defined contribution 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 or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

**B) Reconciliation of the present value of defined benefit obligation**

Particulars	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the period	14.94	9.08
Current service cost	3.61	2.37
Past service cost	0.21	-
Interest cost	1.04	0.73
Benefits paid	(2.06)	(0.82)
Actuarial (gains)/ loss recognised in the other comprehensive income		
- financial assumptions	(1.04)	-
- experience adjustments	(2.12)	3.58
<b>Balance at the end of the period</b>	<b>14.58</b>	<b>14.94</b>

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

Balance at the beginning of the period	19.32	-
Contributions paid into the plan by employer	2.30	19.15
Benefits paid	(2.06)	(0.82)
Interest income	1.35	0.99
Actuarial gain/(loss) on plan assets	(0.28)	-
<b>Balance at the end of the period</b>	<b>20.63</b>	<b>19.32</b>
<b>Net defined benefit obligation/ (asset)</b>	<b>(6.05)</b>	<b>(4.38)</b>
<b>Disclosure in the balance sheet:</b>		
Funded asset - Non-current	(6.05)	(4.38)

**C) Expense recognised in the Statement of profit and loss**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current service cost	3.61	2.37
Past service cost	0.21	-
Interest cost	1.04	0.73
Interest income	(1.35)	(0.99)
	<b>3.51</b>	<b>2.11</b>
<b>Remeasurements recognised in Other comprehensive income</b>		
Actuarial (gain)/ loss on defined benefit obligation	(3.16)	3.58
Return on plan assets excluding interest income	0.28	-
	<b>(2.88)</b>	<b>3.58</b>





**Sembcorp Gayatri Power Limited****2. Notes to the financial statements (continued)**

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

**2.33 Assets and liabilities relating to employee benefits (continued)****D) Plan assets**

Plan assets comprise of the following:	As at 31 March 2018	As at 31 March 2017
New Group Gratuity Cash Accumulation Plan with LIC	20.63	19.32

**E) Summary of actuarial assumptions****Demographic assumptions**

	As at 31 March 2018	As at 31 March 2017
<b>Attrition rate</b>		
21 - 30 years	10.00%	10.00%
31 - 40 years	5.00%	6.00%
41 years and above	1.00%	1.00%

**Financial assumptions**

Discount rate	7.60%	8.00%
Future salary growth rate	5.0%	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.

**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 2018		31 March 2017	
	Increase	Decrease	Increase	Decrease
Sensitivity factor (%)	0.50%	0.50%	1.00%	1.00%
Discount rate	(0.78)	0.86	(1.36)	1.62
Future salary growth rate	0.88	(0.81)	0.37	(0.58)

**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)

**F) Expected contributions to the plan for the next annual reporting period**

The Company expects to contribute a sum of Rs. Nil (31 March 2017: Rs. Nil) to the plan for the next annual reporting period.

**G) Maturity profile of the defined benefit obligation**

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

Particulars	As at 31 March 2018	As at 31 March 2017
Within 1 year	1.06	1.06
2 to 5 years	4.26	4.26
6 to 9 years	4.18	4.18
More than 10 and above years	34.97	34.97

**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.

**2.34 Details of Corporate social responsibility expenditure**

The amount to be incurred towards Corporate Social Responsibility (CSR) for the period ended 31 March 2018, as prescribed under section 135 of the Companies Act, 2013 is Nil (31 March 2017: Nil). The company has however incurred Rs 6.60 million (31 March 2017: Rs 54.04 million) on vocational training, community development and income generating programs etc.



**Sembcorp Gayatri Power Limited**
**2. Notes to the financial statements (continued)**

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

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

Disclosure of amounts payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act. There are no overdue principal amounts / interest payable amounts for delayed payments to such vendors at the Balance Sheet date. There are no delays in payment made to such suppliers during the year or for any earlier years and accordingly, there is no interest paid or outstanding interest in this regard in respect of payments made during the year or brought forward from previous years.

**2.36 Auditor's remuneration (excluding taxes)**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
- statutory audit fee	2.50	2.10
- for other services	4.07	4.00
- for reimbursement of expenses	0.27	-
	<b>6.84</b>	<b>6.10</b>

**2.37 Deferred tax**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Deferred tax asset</b>		
Unabsorbed loss and depreciation as per Income-tax law	1,930.47	733.60
<b>Deferred tax liability</b>		
Excess of depreciation allowable under Income-tax law over	1,930.47	733.60
	<b>-</b>	<b>-</b>

In the absence of reasonable certainty supported by evidence that there will be future taxable income against which such losses can be set off, the deferred tax asset on carry forward unabsorbed depreciation and loss as at 31 March 2018 is created to the extent of deferred tax liability.

**Reconciliation of effective tax rate**

<b>Loss before tax</b>	(8,187.49)	(3,282.68)
Enacted tax rate in India	34.61%	34.61%
<b>Computed expected tax expenses/ (benefit)</b>	<b>(2,833.53)</b>	<b>(1,136.07)</b>
Unrecognised deferred tax asset on loss during the year	2,833.53	1,136.07
<b>Total tax expenses</b>	<b>-</b>	<b>-</b>

**2.38 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 was as follows:

Particulars		As at 31 March 2018	As at 31 March 2017
Debt	A	77,669.48	71,848.87
Total equity	B	16,695.07	24,879.68
<b>Total debt and equity</b>		<b>94,364.55</b>	<b>96,728.55</b>
<b>Debt-to-equity ratio</b>	<b>(A/B)</b>	<b>4.65</b>	<b>2.89</b>



**Sembcorp Gayatri Power Limited**
**2. Notes to the financial statements (continued)**

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

**2.39 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 were as follows:

As at 31 March 2018:

	Note	Carrying amount			Fair value		
		FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3
<b>Financial assets not measured at fair value</b>							
Trade receivables	2.6	-	5,358.99	5,358.99	-	-	-
Cash and cash equivalents	2.7	-	4,631.25	4,631.25	-	-	-
Other bank balances	2.7	-	473.33	473.33	-	-	-
Loans	2.8	-	0.64	0.64	-	-	-
Other financial assets	2.3&2.9	-	3,657.85	3,657.85	-	-	-
		-	14,122.06	14,122.06	-	-	-
<b>Financial liabilities measured at fair value</b>							
Forward exchange contracts used for hedging	2.18	81.02	-	81.02	-	81.02	-
		81.02	-	81.02	-	81.02	-
<b>Financial liabilities not measured at fair value</b>							
Borrowings (excluding current maturities)	2.13&2.16	-	77,388.64	77,388.64	-	-	-
Trade payables	2.17	-	864.15	864.15	-	-	-
Other financial liabilities	2.14&2.19	-	11,494.30	11,494.30	-	-	-
		-	89,747.09	89,747.09	-	-	-

As at 31 March 2017:

	Note	Carrying amount			Fair value		
		FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3
<b>Financial assets not measured at fair value</b>							
Trade receivables	2.6	-	2,792.26	2,792.26	-	-	-
Cash and cash equivalents	2.7	-	2,645.29	2,645.29	-	-	-
Other bank balances	2.7	-	419.70	419.70	-	-	-
Loans	2.8	-	0.90	0.90	-	-	-
Other financial assets	2.3&2.9	-	2,756.65	2,756.65	-	-	-
		-	8,614.80	8,614.80	-	-	-
<b>Financial liabilities measured at fair value</b>							
Forward exchange contracts used for hedging	2.18	85.69	-	85.69	-	85.69	-
		85.69	-	85.69	-	85.69	-
<b>Financial liabilities not measured at fair value</b>							
Borrowings (excluding current maturities)	2.13&2.16	-	67,457.48	67,457.48	-	-	-
Trade payables	2.17	-	2,197.93	2,197.93	-	-	-
Other financial liabilities	2.14&2.19	-	12,192.33	12,192.33	-	-	-
		-	81,847.74	81,847.74	-	-	-



**2.39 Financial instruments - Fair values and risk management (continued)****A) Accounting classifications and fair values (continued)****Valuation techniques and significant unobservable inputs**

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used.

	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward exchange contracts	The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Not applicable	Not applicable

**B) Financial risk management objectives and policies**

The Company's activities exposed it to market risk (including interest rate risk and foreign currency 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 utilises foreign exchange and various financial instruments to manage exposures to interest rate and foreign exchange risks arising from operating and financing activities. 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 and foreign exchange rates 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.

**1) Interest rate risk**

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

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'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 2018	As at 31 March 2017
<b>Fixed rate instruments</b>		
Financial liabilities	(44,202.50)	(16,893.90)
	(44,202.50)	(16,893.90)
<b>Variable rate instruments</b>		
Financial assets	5,376.32	3,318.21
Financial liabilities	(33,466.98)	(54,954.97)
	(28,090.66)	(51,636.76)





**Sembcorp Gayatri Power Limited**
**2. Notes to the financial statements (continued)**

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

**2.39 Financial Instruments - Fair values and risk management (continued)**
**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), Singapore dollar (SGD) and Great Britain pound (GBP).

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

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

Particulars	Currency	31 March 2018		31 March 2017	
		Indian Rupees	Foreign currency	Indian Rupees	Foreign currency
<b>Financial liabilities</b>					
Buyers' credit	USD	(3,146.71)	(48.38)	(2,071.32)	(31.95)
Trade payables	USD	(359.02)	(5.52)	(556.99)	(8.59)
Trade payables	SGD	(14.08)	(0.28)	(14.66)	(0.31)
Other financial liabilities	GBP	(1.69)	(0.02)	-	-
Other financial liabilities	USD	(3,437.36)	(52.85)	(3,349.21)	(51.65)
<b>Total Financial liabilities</b>		<b>(6,958.86)</b>		<b>(5,992.18)</b>	
<b>less:</b>					
Foreign exchange forward contracts	USD	2,243.88	34.50	1,243.60	19.18
<b>Total</b>		<b>2,243.88</b>		<b>1,243.60</b>	<b>19.18</b>
<b>Net exposure in respect of recognized assets/ (liabilities)</b>		<b>(4,714.98)</b>		<b>(4,748.58)</b>	

**Sensitivity analysis**

A reasonably possible strengthening (weakening) of Indian rupee against US dollar, Singapore Dollar or Great Britain Pound as at 31 March 2018 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast purchases.

Particulars	Profit/ (loss)		Equity increase/ (decrease) , net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2018</b>				
USD (5% movement)	234.96	(234.96)	234.96	(234.96)
SGD (5% movement)	0.70	(0.70)	0.70	(0.70)
GBP (5% movement)	0.08	(0.08)	0.08	(0.08)
<b>31 March 2017</b>				
USD (5% movement)	236.70	(236.70)	236.70	(236.70)
SGD (5% movement)	0.73	(0.73)	0.73	(0.73)
GBP (5% movement)	-	-	-	-

**Derivative financial instruments**

The fair value of foreign exchange contracts and foreign exchange commodity swaps 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 foreign exchange forward contracts and foreign exchange commodity swaps:

Particulars	Currency	31 March 2018		31 March 2017	
		Foreign currency	Indian rupees	Foreign currency	Indian rupees
Forward contracts	USD	34.50	2,243.88	19.18	1,243.60
Commodity hedge	USD	1.48	96.00	-	-
<b>Total</b>		<b>35.98</b>	<b>2,339.88</b>	<b>19.18</b>	<b>1,243.60</b>

The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date.

Particulars	As of	
	31 March 2018	31 March 2017
Not later than one month	-	-
More than one month and not later than three months	656.90	-
Later than three months and not later than one year	1,586.98	1,243.60
<b>Total</b>	<b>2,243.88</b>	<b>1,243.60</b>



## 2.39 Financial Instruments - Fair values and risk management (continued)

## iii) 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 its contractual obligation leading to financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade and other 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 no. 2.3, 2.7, 2.8 and 2.9 represent the maximum credit risk exposure.

*Trade 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 creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the creditworthiness of its customers are continuously monitored.

The credit risk for liquid funds and other current and non-current financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings and from group companies.

The average credit period on sale of electricity is 30 days. No interest is charged on trade receivables for payments received after the due date. As at 31 March 2018, the Company has 4 customers (31 March 2017: 4 customers) that owed the Company more than 95% of the all the trade receivable outstanding.

## iv) 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 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.

31 March 2018

Particulars	Carrying value	Contractual cash flows			
		within 12 months	1-5 years	More than five years	Total
Borrowings - long-term (including current maturities)*	71,964.99	7,439.29	37,311.83	89,895.78	1,34,646.90
Borrowings - short-term	5,704.49	5,704.49	-	-	5,704.49
Trade payables	864.15	864.15	-	-	864.15
Other financial liabilities (excluding current maturities of borrowings)	11,213.46	11,213.46	-	-	11,213.46
Foreign currency forward contracts and Commodity hedge (Current)	81.02	81.02	-	-	81.02
	89,828.11	25,302.41	37,311.83	89,895.78	1,52,510.02

31 March 2017

Particulars	Carrying value	Contractual cash flows			
		within 12 months	1-5 years	More than five years	Total
Borrowings - long-term (including current maturities)*	68,492.78	12,900.99	34,692.64	72,233.15	1,19,826.78
Borrowings - short-term	3,356.09	3,356.09	-	-	3,356.09
Trade payables	2,197.93	2,197.93	-	-	2,197.93
Other financial liabilities (excluding current maturities of borrowings)	7,800.94	7,800.94	-	-	7,800.94
Foreign currency forward contracts and Commodity hedge (Current)	85.69	85.69	-	-	85.69
	81,933.43	26,341.64	34,692.64	72,233.15	1,33,267.43

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



# Sembcorp Gayatri Power Limited

## 2. Notes to the financial statements (continued)

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

### 2.40 Related parties disclosure

#### a) List of related parties

Name of the party	Nature of relationship
Sembcorp Industries Ltd, Singapore	Ultimate Holding Company
Sembcorp Energy India Limited ( formerly Thermal Powertech Corporation India Limited )	Holding Company( from 15th February 2018)
Sembcorp Utilities Pte Ltd, Singapore	Holding Company (upto to 14th February 2018)
Sembcorp India Private Limited, India	Entity under common control
Sembcorp Green Infra Limited, India	Fellow subsidiary (from 15 February 2018)(Previously entity under common control)
NCC Infrastructure Holdings Limited, India	Key Management Personnel having significant influence
Gayatri Energy Ventures Private Limited, India	Key Management Personnel having significant influence
Gayatri Hi-Tech Hotels Limited, India	Key Management Personnel having significant influence
Gayatri Projects Limited, India	Key Management Personnel having significant influence
Capital Fortunes Private Limited, India	Key Management Personnel having significant influence
Deep Corporation Private Limited, India	Key Management Personnel having significant influence
Atul Mohan Nargund	Managing Director (upto 16 April 2017)
Vipul Tuli	Managing Director (from 17 April 2017)
V. Rajaram Trivedi	Chief Financial officer (upto 31 May 2017)
Rajnish Garje	Chief Financial officer (from 1 June 2017)
A. Narendra	Company Secretary (upto 10 January 2018)
Alluri Nagamani	Company Secretary (from 11 January 2018)
T V Sandeep Kumar Reddy	Director and Vice chairman
Tang Kin Fei	Chairman ( upto 31 March 2017)
Neil Mc Gregor	Chairman (from 1 April 2017)
Mr. Tan Cheng Guan	Director
Mr. Ng Meng Poh	Director
Mr. D.V. Chalam	Director
Ms. C.R. Gayathri	Independent Director
Mr. Tantra Narayan Thakur	Independent Director
Mr. Radhey Shyam Sharma	Independent Director (from 17 February 2018)

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

	For the year ended 31 March 2018	For the year ended 31 March 2017
1. Allotment of INR denominated notes		
Sembcorp Utilities Pte Ltd	25,506.10	16,893.90
2. Mobilisation/Capital /Other Advances paid/ (recovered)		
Gayatri Projects Limited	-	10.57
Gayatri Projects Limited	-	(45.54)
3. Retention Money released		
Gayatri Projects Limited	-	2.61
4. Project works executed		
Gayatri Projects Limited	12.06	63.08
5. Interest expense on INR Denominated notes		
Sembcorp Utilities Pte Ltd	4,358.42	305.59
6. Conversion of fully and compulsory convertible debenture into equity shares		
Sembcorp Utilities Pte Ltd	-	12,710.00
7. Lease rental received		
Sembcorp Energy India Limited	0.31	0.31
8. Lease rental paid		
Deep Corporation Private Limited	4.38	4.01
Gayatri Hi-Tech Hotels Limited	0.68	0.23
Sembcorp Energy India Limited	0.43	0.43
9. Reimbursement of expenses to		
Sembcorp Utilities Pte Ltd	19.46	20.46
Deep Corporation Private Limited	0.89	1.36
Capital Fortunes Private Limited.	0.20	-
Sembcorp India Private Limited	-	0.02
10. Reimbursement of expense received		
NCC Infrastructure Holdings Limited	-	5.74



**Sembcorp Gayatri Power Limited**

**2. Notes to the financial statements (continued)**

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

**2.40 Related parties disclosure (continued)**

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

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>11. Project development/consultancy expenses</b>		
Sembcorp India Private Limited	130.54	325.55
Sembcorp Utilities Pte Ltd	64.16	50.16
<b>12. Purchase of electricity and coal</b>		
Sembcorp Energy India Limited	3,539.58	541.76
<b>13. Sale of Coal</b>		
Sembcorp Energy India Limited	1,597.83	233.96
<b>14. Salaries to key managerial person *</b>		
V Rajaram Trivedi (upto 31 May 2017)	1.37	-
Rajnish Garje (from 1 June 2017)	3.64	5.79
A. Narendra	2.81	2.82
Ailuri Nagamani	0.39	-
<b>15. Sitting fees to Directors</b>		
Comal Ramachandran Gayathri	1.06	0.23
Madhabi Puri Buch	-	0.57
Radhey Shyam Sharma	0.24	-
Tantra Narayan Thakur	1.28	1.50
<b>16. Corporate Guarantees - received</b>		
Sembcorp Utilities Pte Ltd	-	27,274.50
<b>17. Corporate Guarantees - reduction</b>		
Gayatri Energy Ventures Private Limited	8,622.32	16,475.70
Sembcorp Utilities Pte Ltd	35,234.28	-

\* Key Managerial Personnel and Relatives of Promoters 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**

	As at 31 March 2018	As at 31 March 2017
<b>Related party receivables</b>		
Gayatri Projects Limited	34.73	34.73
Sembcorp Energy India Limited	0.22	-
	<u>34.95</u>	<u>34.73</u>
<b>Related party payables</b>		
Sembcorp Utilities Pte Ltd	35.13	42.56
Gayatri Projects Limited (Retention money payable)	8.92	128.15
Sembcorp India Private Limited	6.41	65.00
Sembcorp Energy India Limited	44.26	12.85
	<u>94.72</u>	<u>248.56</u>
<b>Related party borrowings</b>		
Sembcorp Utilities Pte Ltd	42,400.00	16,893.90
<b>Interest accrued but not due on borrowings</b>		
Sembcorp Utilities Pte Ltd	4,428.40	305.59
<b>Capital advances</b>		
Gayatri Projects Limited	-	51.53
<b>Corporate Guarantees received from *</b>		
Gayatri Energy Ventures Private Limited	1,158.88	9,781.20
Sembcorp Utilities Pte Ltd	40,802.92	76,037.20

\* Both the entities have transferred their entire shareholding in the Company to Sembcorp Energy India Limited during the current year. However the respective corporate guarantees provided by have not been modified as on 31 March 2018.



**Sembcorp Gayatri Power Limited**
**2. Notes to the financial statements (continued)**

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

**2.41 Expenses transferred to capital work-in-progress and capitalised during the previous year ended 31 March 2017 :**

Particulars	Opening balance as at 31 March 2016	Incurred during the year	Total as at 31 March 2017	Capitalised during the previous year	Closing balance
<b>A. Employee benefits expense</b>					
Salaries and other benefits	684.34	356.43	1,040.77	1,040.77	-
Contribution to provident fund and others	27.60	14.76	42.36	42.36	-
Staff welfare expenses	23.88	32.13	56.01	56.01	-
	<b>735.82</b>	<b>403.32</b>	<b>1,139.14</b>	<b>1,139.14</b>	<b>-</b>
<b>B. Finance cost</b>					
Interest expense on financial liabilities measured at amortised cost	15,004.89	6,124.47	21,129.36	21,129.36	-
Other borrowing costs	640.94	119.38	760.32	760.32	-
	<b>15,645.83</b>	<b>6,243.85</b>	<b>21,889.68</b>	<b>21,889.68</b>	<b>-</b>
<b>C. Depreciation and amortisation expenses</b>					
Depreciation on tangible assets	21.20	13.87	35.07	35.07	-
Amortisation on intangible assets	7.91	4.81	12.72	12.72	-
	<b>29.11</b>	<b>18.68</b>	<b>47.79</b>	<b>47.79</b>	<b>-</b>
<b>D. Other expenses</b>					
Professional & consultancy charges	1,266.48	380.48	1,646.96	1,646.96	-
Corporate social responsibility expenses	471.54	54.04	525.58	525.58	-
Insurance charges	360.33	166.39	526.72	526.72	-
Travelling and conveyance	191.74	63.31	255.05	255.05	-
Loss on foreign currency transactions and translation (net)	172.23	-	172.23	172.23	-
Repairs and maintenance	158.24	83.35	241.59	241.59	-
Pre commissioning expenses	132.41	1,445.96	1,578.37	1,578.37	-
Miscellaneous expenses	47.87	9.00	56.87	56.87	-
Rent	37.72	4.19	41.91	41.91	-
Advertisement expenses	23.86	-	23.86	23.86	-
Rates and taxes	18.56	1.46	20.02	20.02	-
Consumption of stores, spares and consumables	-	107.22	107.22	107.22	-
	<b>2,880.98</b>	<b>2,315.40</b>	<b>5,196.38</b>	<b>5,196.38</b>	<b>-</b>
<b>E. Total expenses transferred to capital work-in- progress (A+B+C+D)</b>	<b>19,291.74</b>	<b>8,981.25</b>	<b>28,272.99</b>	<b>28,272.99</b>	<b>-</b>
<b>F. Other income</b>					
Interest and dividend income	1,291.60	336.20	1,627.80	1,627.80	-
<b>Total income transferred to capital work-in- progress</b>	<b>1,291.60</b>	<b>336.20</b>	<b>1,627.80</b>	<b>1,627.80</b>	<b>-</b>
<b>Net amount (E-F)</b>	<b>18,000.14</b>	<b>8,645.05</b>	<b>26,645.19</b>	<b>26,645.19</b>	<b>-</b>





**Sembcorp Gayatri Power Limited**

**2. Notes to the financial statements (continued)**

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

**2.42 Scheme of Amalgamation**

As a part of reorganization of Sembcorp Group's power sector portfolio in India, the Board of Director's of the Company and the Board of Director's of the holding company, Sembcorp Energy India Limited (SEIL), in their respective board meetings held on 19 February 2018 unanimously approved the proposal for the amalgamation of the Company with SEIL, subject to all the necessary statutory / regulatory approvals (the scheme).

The appointed date for the amalgamation is 1 April 2017. The Company is the wholly owned subsidiary of SEIL. Upon this proposed scheme coming into effect and upon transfer and vesting of all assets and liabilities and the entire business of the Company into with SEIL in accordance with the provisions of the scheme, the shares held by SEIL in the Company shall stand cancelled and extinguished in entirety. Since SEIL is the 100% shareholder of the Company, no shares shall be required to be allotted by SEIL either to itself or to any of its nominee shareholders holding shares in the Company.

Upon the proposed scheme becoming effective, SEIL shall record the assets, liabilities and reserves of the Company in its books in accordance with the 'pooling of interest' method, at their existing carrying amounts, prescribed under Appendix C to Ind AS 103 "Business Combinations" and/or such other Ind AS, as may be applicable, as amended from time to time.

The scheme has been filed with the Regional Director (RD), Ministry of Corporate Affairs under Section 230 of Chapter XV of the Companies Act, 2013 for amalgamation of the Company with SEIL. Pending approval of RD, no effect of the scheme has been given in the financial statements.

**2.43 Standards issued but not effective**

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after 1 April 2018:

**Ind AS 115, Revenue from Contracts with Customers**

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The Company has completed an initial assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its financial statements. There is no impact of adoption of Ind AS 115 on the financial statements.

**Ind AS 21 – The effect of changes in Foreign Exchange rates**

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

The Company has completed an initial assessment of the potential impact of the amendment on the financial statements. There is no material impact of adoption of clarification on the financial statements.

As per our report 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

for and on behalf of the Board of Directors of

**Sembcorp Gayatri Power Limited**

CIN: U40102AP2008PLC059628



**Vipul Tuli**

Managing Director

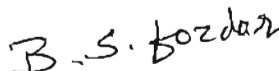
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**T.V. Sandeep Kumar Reddy**

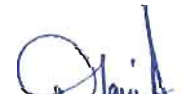
Director

DIN:00005573



**Biren Fozdar**

Chief Financial Officer



**A. Nagamani**

Company Secretary

Membership No: 025304

Place: Hyderabad

Date: 21 May 2018

Place: Gurugram

Date: 21 May 2018

