Gupta Mittal & Co.
Chartered Accountants

106, Block-A, Mahadev Parisar,
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INDEPENDENT AUDITOR'S REPORT

To the Members of
DB Power (Madhya Pradesh) Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **DB Power (Madhya Pradesh) Limited** ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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 March 31, 2020, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of matter

We draw your attention to Note no. 23 to the standalone financial statements, which explains the uncertainties and the management's assessment of the financial impact related to the COVID-19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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We draw your attention on note No. 15 of accompanying Ind AS Financial Statements in respect of status of the project which resulted delay of project commencement, reproducing hereunder:

The Company is in process of setting-up a 1,320 MW power plant in Madhya Pradesh in two phases ('Phase I' and 'Phase II') of 660 MW each ('the Power Plant'). The Company had entered into implementation agreement (IA) dated 11-Feb-2010 with Madhya Pradesh (MP) Government to set up the power plant and to achieve COD within 48 months. The Schedule Commercial Operation Date (SCOD) has been revised as '1-Oct-2022' by competent authority for Phase I.

In line with the IA, the Company has entered into Power Purchase Agreement (PPA) with MPTRADCO/ MPPMC for 30% of the Gross Capacity and PPA for 5% of net generation at variable cost. The Company had secured in principle approval for land acquisition (private as well as government land) from MP State Government for factory as well as Railway Sidings and acquired around 1000 Acres of land for the power project to date.

The Company has incurred capital expenditure (including capital advance and project development expenses) of Rs. 5,581 million (31-Mar-2019: Rs. 5,388 million), which is mainly towards acquisition of land, site development activities, advance to capital goods suppliers, borrowing cost, civil construction etc. The Company has obtained statutory clearance for Phase I and also availed borrowings from financial institution (Refer note 10(a) and 10(b)).

For the purpose of coal requirement, the Company has received letter of assurance from Northern Coalfields Limited ("NCL" -- wholly owned subsidiary of Coal India Limited) for allocation of 2.1 MTPA coal for phase I, to which, on 17-May-2017 the Government has approved signing of FSA with letter of assurance holders of thermal power plant. Further, for the Phase II, the Madhya Pradesh State Mining Corporation Ltd ("MPSMCL") has allotted coal from Amelia coal mine to the tune ~57.5 MMT (~2.85 MTPA). In August 2014, the Honorable Supreme Court declared allocation of certain coal blocks as illegal which includes the Amelia coal mine and cancelled the allocation. The Company is exploring the stand by reliable source for fuel supply for Phase – II.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report but does not include the standalone Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in

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accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the standalone Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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 sub-section (11) of section 143 of the Act, we give in the "Annexure 1"a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

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

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2020;

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

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i. The Company has disclosed the impact of pending litigation on its financial position in its financial statement – Refer Note 13 to the 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 reporting on disclosure relating to Specified Bank Notes is not applicable to the company of the year ended March 2020.

For Gupta Mittal & Co.,
Firm Registration Number: 009973C
Chartered Accountants

Shilpa Gupta
Partner
Membership No. 403763
Mumbai: Dated: 18th December 2020
UDIN: 20403763AAAADT8121

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Annexure 1 referred to in paragraph I under the heading "Report on other Legal and regulatory requirements" of our report of even date

Re: DB Power (Madhya Pradesh) Limited

i. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties fixed assets are held in the name of the company.

ii. The Company did not have inventory during the year. Accordingly, the provision of clause (ii) (a) to (c) of the order is not applicable to the Company and hence not commented upon.

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. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

v. The Company has not accepted any deposits from the public

vi. As informed to us the maintenance of cost records has not been prescribed by the Central Government under section 148(1) of the Companies Act, 2013, in respect of activities of the Company.

vii. (a)Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

viii. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or Government.

Gupta Mittal & Co.

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ix. In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way term loans for the purposes for which they were raised.

x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS Financial Statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

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/ provided any managerial remuneration covered under section 197 read with Schedule V to the Companies Act, 2013.

xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Ind AS Financial Statements, as required by 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 any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of clause (xiv) of paragraph 3 of the Order are not applicable to the Company and hence not commented upon.

xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For Gupta Mittal & Co.,
Firm Registration Number: 009973C
Chartered Accountants

Gupta Mittal & Co. BHOPAL Chartered Accountants

Shilpa Gupta
Partner
Membership No. 403763
Mumbai: Dated: 18th December 2020
UDIN: 20403763AAAADT8121

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Annexure 2 to the independent auditor's report of even date on the Ind AS Financial Statements of DB Power (Madhya Pradesh) Limited

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

We have audited the internal financial controls over financial reporting of **DB Power (Madhya Pradesh) Limited** ("the Company") as of March 31, 2020 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. 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS 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,

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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 Ind AS 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 Ind AS 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 March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Gupta Mittal & Co.,
Firm Registration Number: 009973C
Chartered Accountants

Gupta Mittal & Co. BHOPAL Chartered Accountants

Shilpa Gupta
Partner
Membership No. 403763
Mumbai: Dated: 18th December 2020
UDIN: 20403763AAAADT8121

DB Power (Madhya Pradesh) Limited

Balance sheet as at 31-Mar-2020

Rs. in million

	Notes	As at 31-Mar-2020	As at 31-Mar-2019
ASSETS			
Non current assets			
Property, plant and equipment	3	**1,370.53**	1,371.26
Capital work in progress	4	**3,276.66**	3,015.91
Intangible assets	5	**0.09**	0.09
Financial assets			
(i) Other financial assets	6(b)	**4.17**	7.42
Other non-current assets	7	**992.55**	1,012.19
Total non-current assets		**5,644.00**	5,406.87
Current assets			
Financial assets			
(i) Cash and cash equivalent	6(a)(i)	**26.81**	4.54
(ii) Bank balances	6(a)(ii)	**247.45**	252.67
(iii) Other financial assets	6(b)	**0.56**	1.43
Other current assets	8	**0.76**	0.48
Total current assets		**275.58**	259.12
Total assets		**5,919.58**	5,665.99
EQUITY AND LIABILITIES			
Equity			
Equity share capital	9(a)	**3,748.80**	3,748.80
Other equity	9(b)	**196.97**	196.97
Total equity		**3,945.77**	3,945.77
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	10(a)	**1,725.47**	1,680.83
Provisions	11	-	0.01
Total non-current liabilities		**1,725.47**	1,680.84
Current liabilities			
Financial liabilities			
(i) Borrowings	10(b)	**214.07**	6.10
(ii) Other financial liabilities	10(c)	**29.00**	26.85
Provisions	11	**0.02**	-
Other current liabilities	12	**5.25**	6.43
Total current liabilities		**248.34**	39.38
Total liabilities		**1,973.81**	1,720.22
Total equity and liabilities		**5,919.58**	5,665.99
The accompanying notes are an integral part of the financials statements.	1 & 2		

As per our report of even date

For Gupta Mittal & Co

Chartered Accountants

Firm Registration No.: 009973C

Shilpa Gupta

Partner

Membership No. 403763

Place: Mumbai

Date: 18-Dec-2020

For and on behalf of the Board of directors

Pawan Agarwal

Managing Director

DIN: 00465092

Girish Agarwal

Director

DIN: 00051375

Gulshan Khan

Company Secretary

Sejal Sachdev

Chief Financial Officer

D B Power (Madhya Pradesh) Limited
Cash flow statement for the year ended 31-Mar-2020

Rs. in million

		Year ended 31-Mar-2020	Year ended 31-Mar-2019
A	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets, including capital work in progress and capital advances	3.72	(4.80)
	Interest received on fixed deposits with banks	19.41	17.01
	Fixed deposit placed with banks	(234.03)	(263.74)
	Redemption / maturity of fixed deposits	241.52	310.38
		30.63	58.85
	Less: Taxes paid (net of refund)	(1.87)	(1.69)
	NET CASH GENERATED FROM INVESTING ACTIVITIES	28.76	57.16
B	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from long-term borrowings	5.97	1,480.03
	Repayment of long-term borrowings	-	(1,295.25)
	Proceeds from short-term borrowings	208.88	-
	Proceeds from inter corporate deposits	0.64	6.10
	Repayment of inter corporate deposits	(1.55)	-
	Finance cost paid	(220.42)	(250.46)
	NET CASH (USED IN) FINANCING ACTIVITIES	(6.48)	(59.58)
	Net increase / (decrease) in cash and cash equivalent	22.27	(2.42)
	Cash and cash equivalent at the beginning of the year	4.54	6.96
	Cash and cash equivalent at the end of the year (Refer note 6(a)(i))	26.81	4.54
	Components of cash and cash equivalent (Refer note 6(a)(i))		

Reconciliation of liabilities from financial liabilities

	As at 31-Mar-2019	Proceeds	Repayments	Non cash transaction	As at 31-Mar-2020
Non current borrowings (includes current maturities)	1,414.29		-	25.99	1,440.28
Liability portion on Optionally Convertible Cumulative Preference Shares	266.54	-	-	18.66	285.19
Current borrowings	6.10	209.52	(1.55)	-	214.07
Total	1,686.93	209.52	(1.55)	44.64	1,939.54

	As at 31-Mar-2018	Proceeds	Repayments	Non cash transaction	As at 31-Mar-2019
Non current borrowings (includes current maturities)	1,270.73	1,480.04	(1,295.25)	(41.23)	1,414.29
Liability portion on Optionally Convertible Cumulative Preference Shares	249.10	-	-	17.44	266.54
Current borrowings	-	6.10	-	-	6.10
Total	1,519.83	1,486.14	(1,295.25)	(23.79)	1,686.93

The accompanying notes are an integral part of the financials statements.

As per our report of even date
For Gupta Mittal & Co
Chartered Accountants
Firm Registration No. [illegible]

Shilpa Gupta
Partner
Membership No. 403763

For and on behalf of the Board of directors

Pawan Agarwal
Managing Director
DIN: 00465092

Girish Agarwal
Director
DIN: 00051375

Gulshan Khan
Company Secretary

Sejal Sachdev
Chief Financial Officer

Place: Mumbai
Date: 18-Dec-2020

D B Power (Madhya Pradesh) Limited
Statement of changes in equity for the year ended 31-Mar-2020

A. Equity share capital

	No. of shares	Rs. in million
As at 1-Apr-2018 (Rs. 10 each)	374,880,000	3,748.80
As at 31-Mar-2019 (Rs. 10 each)	374,880,000	3,748.80
As at 31-Mar-2020 (Rs. 10 each)	**374,880,000**	**3,748.80**

B. Other equity **Rs. in million**

	Equity portion of Optionally Convertible Preference Shares (Refer note no. 9(a)(ii))	Retained earnings	Total
Balance as at 1-Apr-2018	196.66	0.31	196.97
For the year 2018-19	-	-	-
Balance as at 31-Mar-2018	196.66	0.31	196.97
For the year 2019-20	-	-	-
Balance as at 31-Mar-2020	**196.66**	**0.31**	**196.97**

As per our report of even date
For Gupta Mittal & Co
Chartered Accountants
Firm Registration No.: 009973C

Shilpa Gupta
Partner
Membership No. 403763

For and on behalf of the Board of directors

Pawan Agarwal
Managing Director
DIN: 00465092

Girish Agarwal
Director
DIN: 00051375

Gulshan Khan
Company Secretary

Sefal Sachdev
Chief Financial Officer

Place: Mumbai
Date: 18-Dec-2020

Gupta Mittal & Co. BHOPAL Chartered Accountants

Note 1: Corporate information

D B Power (Madhya Pradesh) Limited ("Company") is a public company domiciled in India and incorporated under the provision of the Companies Act, 1956. The Company is setting up a thermal power project at village Gorgi, Tehsil Deosar, District Singrauli, in the state of Madhya Pradesh in two phases with an ultimate capacity of 1320 MW (2 Phase * 660 MW). As the project is in construction phase and the Company has not commenced revenue operations, the expenditure incurred during the construction period are classified as "project development expenditure" pending capitalization and will be apportioned to the assets on the completion of project.

The financial statements were authorised for issue in accordance with a resolution of the directors on 18-Dec-2020.

Note 2: Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:
• Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),
• Assets held for sale measured at fair value less cost to sell.
The financial statements are presented in INR in million (INR 000,000) except when otherwise indicated

2.2 Summary of significant accounting policies

a Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:
• Expected to be realized or intended to be sold or consumed in normal operating cycle,
• Expected to be realized within twelve months after the reporting period, or
• Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
• It is expected to be settled in normal operating cycle.
• It is due to be settled within twelve months after the reporting period, or
• There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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

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

b Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either.
• In the principal market for the asset or liability, or
• In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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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

• 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 the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

c Revenue recognition

Interest Income

Interest income is recognized on a time proportion basis.

d Taxes

Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

e Property, plant and equipment

Property, plant and equipment held for use in generation of electricity or for administrative purpose are stated in the Balance sheet at cost less accumulated depreciation and impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for qualifying assets if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Freehold land is not depreciated.

Capital work in progress is stated at cost less accumulated impairment losses, if any. Such cost includes borrowing costs for qualifying assets if the recognition criteria are met

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Estimated useful lives of assets stated below are consistent with Schedule II to the Companies Act, 2013:

Sr. No.	Particulars	Tenure (in years)
1	Building	30
2	Plant and equipment	5 to 15
3	Furniture and fixtures	10
4	Computers	3
5	Vehicles	8 to 10

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss.

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.

f Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortisation is recognized on a straight-line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at least at each financial year end, the effect of changes in estimate being accounted for on a prospective basis. Intangible asset representing the cost of software capitalized is amortized over its useful life which is estimated to be period of five years.

g Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

h Leases

Where the Company is lessee:

Leases where the lessor does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Operating lease payments are recognized as expenses in the statement of profit and loss on a straight line basis over the lease term.

i Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared by considering the Company as a single CGU. To estimate cash flow projections beyond periods covered by the most recent budgets/ forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment loss of continuing operations, including impairment on inventories is recognized in the statement of profit and loss.

j Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be paid or reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

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 recognized as a finance cost.

k Retirement and other employee benefits

Defined contribution plan

Retirement benefits in the form of provident fund, Employees State Insurance Contribution and Labour Welfare Fund are defined contribution schemes. The Company has no obligation, other than the contribution payable to these funds / schemes. The Company recognizes contribution payable to these funds / schemes as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Defined benefit plan

The Company also provides for retirement benefits in the form of gratuity. The Company's liability towards these benefits is determined on the basis of actuarial valuation using Projected Unit Credit Method at the date of balance sheet. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

• The date of the plan amendment or curtailment, and
• The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

• Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
• Net interest expense or income

Compensated absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short- term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

l **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as below:

• Financial assets at amortised cost,

• Financial assets at fair value through profit or loss (FVTPL),

• Financials assets including derivatives and equity instruments at fair value through profit or loss (FVTPL), and

• Equity instruments measured at fair value through other comprehensive income (FVTOCI).

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

• The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

• Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

Derecognition

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

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

• The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

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

• Financial assets that are debt instruments, and are measured at amortised cost e.g. deposits, trade receivables and bank balance

• Financial assets that are debt instruments and are measured as at FVTOCI

• Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings.

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

Financial liabilities at fair value through profit or loss
Gains or losses on liabilities held for trading are recognized in the profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

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

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

m Optionally Convertible Cumulative Preference Shares
Convertible preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

On issuance of the convertible preference shares, the remainder of the proceeds is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

n Cash and cash equivalent

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

o Earnings per share

Basic earnings per share (EPS) amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders adjusted for the effects of potential equity shares by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

p Segment reporting

The Company has determined its business segment as power generation. Since, there are no other business segments in which the Company operates and the power generated is sold within India, there are no other primary reportable segments. Therefore the segment revenue, segment results, segment assets, segment liabilities, total cost incurred to acquire segment assets, depreciation charge are all as is reflected in the financial statements.

q Contingent liabilities

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 recognized 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 recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

r Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payment. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

s Standards issued but not yet effective

The new and amended standards that are notified, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards if applicable, when they become effective.

(i) Amendments to Ind AS 1 and Ind AS 8: Definition of material

The amendments to Ind AS 1 Presentation of Financial Statements and Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors align the definition of 'material' across the standards and clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements.

A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

These amendments are applicable prospectively for annual periods beginning on or after the 1-Apr-2020. The amendments to the definition of material are not expected to have a significant impact on the Company's financial statements.

(ii) Amendments to Ind AS 107 and Ind AS 109: Interest rate benchmark reform

The amendments to Ind AS 109 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

The amendments to Ind AS 107 prescribe the disclosures which entites are required to make for hedging relationships to which the reliefs as per the amendments in Ind AS 109 are applied. These amendments are applicable for annual periods beginning on or after the 1-Apr-2020. These amendments are not expected to have a significant impact on the Company's financial statements.

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(iii) Appendix C to Ind AS 12: Uncertainty over income tax treatment
The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

• Whether an entity considers uncertain tax treatments separately
• The assumptions an entity makes about the examination of tax treatments by taxation authorities
• How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
• How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Company determined, based on its tax compliance, that it is probable that its tax treatments will be accepted by the taxation authorities. The Appendix did not have an impact on the financial statements of the Company.

(iv) Amendments to Ind AS 109: Prepayment features with negative compensation
Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the financial statements of the Company.

(v) Amendments to Ind AS 19: Plan amendment, curtailment or settlement
The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the financial statements of the company as it did not have any plan amendments, curtailments, or settlements during the period.

Annual improvements to Ind AS 2018
a. Ind AS 12: Income taxes
The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1-Apr-2019.

Since the Company's current practice is in line with these amendments, they had no impact on the financial statements of the Company.

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Notes to financial statements as at and for the year ended 31-Mar-2020

Note 3: Property, plant and equipment

Rs. in million

	Tangible Assets							
	Freehold land	Buildings	Plant & machinery	Furniture & fixtures	Computers	Vehicles	Leasehold improvements	Total
Cost / deemed cost								
As at 1-Apr-2018	1,366.39	1.75	3.02	0.83	0.14	2.11	*	1,374.24
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
As at 31-Mar-2019	1,366.39	1.75	3.02	0.83	0.14	2.11	*	1,374.24
Accumulated depreciation / amortisation as at 1-Apr-2018	-	0.13	0.82	0.25	-	0.92	*	2.12
Depreciation / amortisation during the year	-	0.07	0.22	0.13	-	0.44	-	0.86
Disposals	-	-	-	-	-	-	-	-
Accumulated depreciation / amortisation as at 31-Mar-2019	-	0.20	1.04	0.38	-	1.36	*	2.98
Carrying value as at 31-Mar-2019	1,366.39	1.55	1.98	0.45	0.14	0.75	*	1,371.26
Cost/ deemed cost								
As at 1-Apr-2019	1,366.39	1.75	3.02	0.83	0.14	2.11	*	1,374.24
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
As at 31-Mar-2020	1,366.39	1.75	3.02	0.83	0.14	2.11	*	1,374.24
Accumulated depreciation / amortisation as at 1-Apr-2019								
Opening accumulated depreciation / amortisation	-	0.20	1.04	0.38	-	1.36	*	2.98
Depreciation / amortisation during the year	-	0.07	0.22	0.13	-	0.31	-	0.73
Disposals	-	-	-	-	-	-	-	-
Accumulated depreciation / amortisation as at 31-Mar-2020	-	0.27	1.26	0.51	-	1.67	-	3.71
Carrying value as at 31-Mar-2020	1,366.39	1.48	1.76	0.32	0.14	0.44	*	1,370.53

* Leasehold improvement as on 31-Mar-2020 is Rs 140/-

Note 4: Capital work in progress

	As at 31-Mar-2020	As at 31-Mar-2019
Balance at the beginning of the year	3,015.91	2,788.82
Addition during the year (Refer note 17)	260.75	227.09
Balance at the end of the year	3,276.66	3,015.91

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Note 5: Intagible assets Rs. in million

	As at 31-Mar-2020	As at 31-Mar-2019
Cost / deemed cost		
Balance at the beginning of the year	1.05	1.05
Balance at the end of the year	1.05	1.05
Accumulated amortisation		
Balance at the beginning of the year	0.96	0.64
Amortisation during the year	-	0.32
Balance at the end of the year	0.96	0.96
Carrying value	0.09	0.09

Note 6: Financial assets

6(a)(i): Cash and cash equivalent Rs. in million

	As at 31-Mar-2020	As at 31-Mar-2019
Balance with banks		
Current accounts	26.80	4.01
Term deposits with original maturity of less than three months	-	0.52
Cash on hand	0.01	0.01
Total cash and cash equivalent	26.81	4.54

Note:- Term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective term deposit rates.

6(a)(ii): Bank balances other than cash & cash equivalent Rs. in million

	As at 31-Mar-2020	As at 31-Mar-2019
Term deposits	-	20.18
Margin money deposits	247.45	232.49
Total other bank balances	247.45	252.67

Fixed deposit/margin money deposit of Rs. 240.32 million (31-Mar-2019 : Rs. 224.96 million) are lien marked against various bank guarantees and others.

6(b): Other financial assets (At amortised cost) Rs. in million

	As at 31-Mar-2020		As at 31-Mar-2019	
	Current	Non-current	Current	Non-current
(Unsecured, considered good unless stated otherwise)				
Security deposits	-	4.04	-	4.04
Advances recoverable in cash	0.56	-	1.43	-
Margin money deposits				
Deposits with maturity of more than 12 months	-	0.13	-	3.38
Total other financial assets	0.56	4.17	1.43	7.42

No loans are due from directors as on the reporting date.

Note 7: Other non-current assets (Unsecured, considered good unless stated otherwise) Rs. in million

	As at 31-Mar-2020	As at 31-Mar-2019
Capital advances	972.23	993.86
Advance income-tax (net of provision for taxation)	7.07	5.20
Prepaid expenses	13.25	13.13
Total other non-current assets	992.55	1,012.19

Note 8: Other current assets (Unsecured, considered good unless stated otherwise) Rs. in million

	As at 31-Mar-2020	As at 31-Mar-2019
Gratuity fund (Refer note 14)	0.51	0.48
Advance to employees	0.14	-
Other advances	0.11	-
Total other current assets	0.76	0.48

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Notes to financial statements as at and for the year ended 31-Mar-2020

Note 9: Equity share capital and other equity
9(a): Share Capital
(i) Authorised share capital

Rs. in million

	Equity Share Capital		7% Optionally Convertible Cumulative Redeemable Preference Shares (OCRPS)	
	No. of shares	Amount	No. of shares	Amount
Shares of Rs. 10/- each				
As at 1-Apr-2018	1,800,000,000	18,000.00	200,000,000	2,000.00
As at 31-Mar-2019	1,800,000,000	18,000.00	200,000,000	2,000.00
As at 31-Mar-2020	**1,800,000,000**	**18,000.00**	**200,000,000**	**2,000.00**

(ii) Movements in share capital

Rs. in million

Issued, subscribed and paid - up	As at 31-Mar-2020		As at 31-Mar-2019	
	No. of shares	Amount	No. of shares	Amount
Equity Shares of Rs. 10/- each fully paid	374,880,000	3,748.80	374,880,000	3,748.80
Equity portion of 7% Optionally Convertible Cumulative Redeemable Preference Shares (OCRPS) of Rs. 10/- each fully paid *	40,000,000	196.66	40,000,000	196.66

(iii) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Rs. in million

Issued, subscribed and paid - up	As at 31-Mar-2020		As at 31-Mar-2019	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
At the beginning of the year	374,880,000	3,748.80	374,880,000	3,748.80
Add: Issued during the year	-	-	-	-
At the end of the year	374,880,000	3,748.80	374,880,000	3,748.80
Equity portion of 7% Optionally Convertible Cumulative Redeemable Preference Shares (OCRPS) *				
At the beginning of the year	40,000,000	196.66	40,000,000	196.66
Add: Issued during the year	-	-	-	-
At the end of the year	40,000,000	196.66	40,000,000	196.66

* The liability portion is reflected under long term borrowings in financial liabilities (Refer note 10(a)).

Terms and rights attached to equity shares
Equity shares
The Company has only one class of equity shares having a par value Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The equity share holders are entitled to dividend only if dividend in a particular financial year is recommended by the Board of the Directors and approved by the members at annual general meeting of that year.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

7% Optionally Convertible Cumulative Redeemable Preference Shares (OCRPS)
The Company has only one class of preference shares which is optionally convertible cumulative redeemable having face value of Rs. 10/- each. The preference shareholders shall be entitled to participate in dividends distributed by the Company @ 7% p.a.

The preference shares are redeemable at par at the end of expiry of 10 years from the date of issue.
Each preference shares are convertible into fully paid equity shares at par, if converted at the option of preference shareholders.

(iv) Shares of the Company held by holding / ultimate holding company
Out of equity shares issued by the Company, shares held by its holding company are as follows.

Rs. in million

	As at 31-Mar-2020	As at 31-Mar-2019
Equity shares		
374,880,000, equity shares of Rs. 10/- each fully paid	3,748.80	3,748.80
Equity portion of 7% Optionally Convertible Cumulative Redeemable Preference Shares		
40,000,000, 7% Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 10/- each	196.66	196.66
	3,945.46	3,945.46

(v) Details of shareholders holding more than 5% shares in the Company

	As at 31-Mar-2020		As at 31-Mar-2019	
	No. of shares	% Holding	No. of shares	% Holding
Equity shares of Rs. 10/- each fully paid				
Decore Thermal Power Private Limited, the holding company	374,880,000	100%	374,880,000	100%
7% Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid				
Decore Thermal Power Private Limited, the holding company	40,000,000	100%	40,000,000	100%

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

(vi) No equity shares have been issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

9(b) Other equity — Rs. in million

	As at 31-Mar-2020	As at 31-Mar-2019
Retained earnings	0.31	0.31
Equity portion of Optionally Convertible Cumulative Redeemable Preference Shares (Refer note 9(a)(i)	196.66	196.66
Total other equity	196.97	196.97

(i) Retained earnings — Rs. in million

	As at 31-Mar-2020	As at 31-Mar-2019
Balances at the beginning of the year	0.31	0.31
Balances at the end of the year	0.31	0.31

Note 10: Financial liabilities

10(a): Non-current borrowings (at amortised cost) — Rs. in million

	As at 31-Mar-2020	As at 31-Mar-2019
Rupee term loan- Secured		
From financial institutions	1,440.28	1,414.29
Liability portion on Optionally Convertible Cumulative Redeemable Preference Shares (Refer note 9)	285.19	266.54
Total non-current borrowings	1,725.47	1,680.83

i) Repayment: Bullet payment at the end of tenor in financial year 21-22 i.e. 3 years from the date of disbursement.
ii) Interest rate: 13.35% p.a. payable quarterly.
iii) The rupee term loans and line of credit facility taken by the Company is secured by mortgage of certain land of the Company, properties owned by other companies, personal property and hypothecation/charge on other project assets, project contracts, approvals and allocations received by the Company. The facilities are also secured by pledge of 100% shares of the Company, corporate guarantee of Diligent Power Private Limited, Writers & Publishers Private Limited, Decore Thermal Power Private Limited and personal guarantee.

10(b) : Current borrowings (at amortised cost) — Rs. in million

	As at 31-Mar-2020	As at 31-Mar-2019
Current		
Line of credit facility from financial institution (Refer note 10(a)(iii))	208.88	-
Inter corporate deposits from related party	5.19	6.10
Total current borrowings	214.07	6.10

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10(c) Other financial liabilities (at amortised cost)

Rs. in million

	As at 31-Mar-2020	As at 31-Mar-2019
Current		
Interest accrued but not due on borrowings	-	2.17
Capital creditors*	29.00	24.68
Total other current financial liabilities	**29.00**	26.85

* Capital creditors are non interest bearing and are normally settled on 1-60 days credit terms.

Note 11: Provisions

Rs. in million

	As at 31-Mar-2020		As at 31-Mar-2019	
	Current	Non-current	Current	Non-current
Provision for leave encashment (* Rs. 1,735)	0.02	-	*	0.01
Total provisions	0.02	-	-	0.01

Note 12: Other liabilities

Rs. in million

	As at 31-Mar-2020		As at 31-Mar-2019	
	Current	Non-current	Current	Non-current
Statutory liabilities	5.17	-	6.43	-
Other payables	0.08	-	-	-
Total other liabilities	5.25	-	6.43	-

Note 13: Contingent liabilities and commitments

	As at 31-Mar-2020	As at 31-Mar-2019
I. Contingent liabilities		
a) Legal claims against the Company not acknowledged as debts *	4.23	4.23
b) Bank guarantee provided in favour of Ministry of Coal for block/NCL for long term linkage.	350.24	350.24
c) Performance bank guarantee issued for long term PPA in favour of Madhya Pradesh Power Trading Company Ltd. (MPPTCL) for 30% of 1320 MW (on CERC tariffs) and 5% of 1320 with Government of Madhya Pradesh (on variable cost).	168.30	168.30
II. Commitment		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	20,279.56	20,279.56

*Future cash outflows in respect of contingent liabilities are determinable only on receipt of judgments/decisions pending with various forums/authorities.

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Note 14: Gratuity and other post-employment benefits plans

Rs. in million

	Year ended 31-Mar-2020	Year ended 31-Mar-2019
a) Defined contribution plan		
The company has recognised expenses towards the defined contribution plan as under:		
Contribution to provident fund (Government)	**0.02**	0.05

b) Gratuity

The Company operates a defined plan, viz. gratuity for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans.

Rs. in million

	Year ended 31-Mar-2020	Year ended 31-Mar-2019
(i) Net employee benefit expense recognised in the employee cost		
Current service cost	0.01	0.02
Net interest expense / (income)	(0.04)	(0.04)
Return on plan assets excluding interest income (* Rs. 2,262.00, # Rs. (239.00))	*	#
Net actuarial (gain)/loss on obligation for the year (* Rs. 1,077.00)	*	(0.01)
Net benefit expense	(0.03)	(0.03)

Rs. in million

	As at 31-Mar-2020	As at 31-Mar-2019
(ii) Balance sheet		
Net assets/(liability) recognised in the balance sheet		
Present value of defined benefit obligation	(0.07)	(0.0500)
Fair value of plan assets	0.58	0.5400
Plan asset/(liability)	**0.51**	0.4900
(iii) Changes in the present value of defined benefit obligation are as follows:		
Opening defined benefit obligation	**0.05**	0.25
Current service cost	**0.01**	0.02
Interest cost (# Rs. 4,120.00)	#	0.02
Benefit paid from the fund	-	(0.23)
Actuarial (gains)/losses on obligation (* Rs. 1,077.00)	*	(0.01)
Closing defined benefit obligation	**0.07**	0.05
(iv) Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	**0.54**	0.71
Expected return	**0.04**	0.06
Benefit paid from the fund	-	(0.23)
Actuarial gains/(losses) (* Rs. 2,262.00, # Rs. (239.00))	*	#
Closing fair value of plan assets	**0.58**	0.54
(c) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows :		
Investment with insurer	**100%**	100%

(d) Post employment benefits (Gratuity)
Significant estimates: Acturial assumptions and sensitivity
The Significant acturial assumptions were as follows:

	As at 31-Mar-2020	As at 31-Mar-2019
Discount rate	**6.82%**	7.47%
Expected rate of return on plan assets	**6.82%**	7.47%
Attrition rate	**5.00%**	5.00%
Salary escalation rate	**7.00%**	7.00%
Mortality rate during employment	**Indian assured lives mortality (2006-08)**	Indian assured lives mortality (2006-08)

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

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.

Rs. in million

	1st following year	2nd following year	3rd - 5th following year	Over 5th following years	Total
31-Mar-2020					
Defined benefit obligation (gratuity)	*	*	**0.01**	**0.11**	**0.12**
31-Mar-2019					
Defined benefit obligation (gratuity)	*	*	0.01	0.10	0.11

* represents amount less than Rs. 5,000/-

(c)Sensitivity analysis Rs. in million

	Year ended 31-Mar-2020	Year ended 31-Mar-2019
Projected benefit obligation on current assumptions	**0.07**	0.06
Delta effect of +1% in discount rate	**(0.01)**	-
Delta effect of -1% in discount rate	**0.01**	0.01
Delta effect of +1% change in salary escalation rate	**0.01**	0.01
Delta effect of -1% change in salary escalation rate	**(0.01)**	-
Delta effect of +1% change in attrition rate	-	-
Delta effect of -1% change in attrition rate	-	-

Note 15:
The Company is in process of setting-up a 1,320 MW power plant in Madhya Pradesh in two phases ('Phase I' and 'Phase II') of 660 MW each ('the Power Plant'). The Company had entered into implementation agreement (IA) dated 11-Feb-2010 with Madhya Pradesh (MP) Government to set up the power plant and to achieve COD within 48 months. The Schedule Commercial Operation Date (SCOD) has been revised as '1-Oct-2022' by competent authority for Phase I.

In line with the IA, the Company has entered into Power Purchase Agreement (PPA) with MPTRADCO/ MPPMC for 30% of the Gross Capacity and PPA for 5% of net generation at variable cost. The Company had secured in principle approval for land acquisition (private as well as government land) from MP State Government for factory as well as Railway Sidings and acquired around 1000 acres of land for the power project to date.

The Company has incurred capital expenditure (including capital advance and project development expenses) of Rs. 5,581 million (31-Mar-2019: Rs. 5,388 million), which is mainly towards acquisition of land, site development activities, advance to capital goods suppliers, borrowing cost, civil construction etc. The Company has obtained statutory clearance for Phase I and also availed borrowings from financial institution (Refer note 10(a) and 10(b)).

For the purpose of coal requirement, the Company has received letter of assurance from Northern Coalfields Limited ("NCL" - wholly owned subsidiary of Coal India Limited) for allocation of 2.1 MTPA coal for phase I, to which, on 17-May-2017 the Government has approved signing of FSA with letter of assurance holders of thermal power plant. Further, for the Phase II, the Madhya Pradesh State Mining Corporation Ltd ("MPSMCL") has allotted coal from Amelia coal mine to the tune ~57.5 MMT (~2.85 MTPA). In August 2014, the Honorable Supreme Court declared allocation of certain coal blocks as illegal which includes the Amelia coal mine and cancelled the allocation. The Company is exploring the stand by reliable source for fuel supply for Phase - II.

Note 16:
As per the scheme of arrangement under Sections - 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013 between Diligent Power Private Limited ("Demerged Company") and Decore Thermal Power Private Limited (Resulting Company) and their respective shareholders and creditors and also sanctioned by the Hon'ble High Court of Madhya Pradesh ("the Court"), vide its order dated 10-May-2016 and filed with Registrar of Companies, Madhya Pradesh on 26-May-2016, investment in shares of DB Power (Madhya Pradesh) Limited held by Diligent Power Private Limited is demerged to Decore Thermal Power Private Limited during the FY 15-16 w.e.f appointed date i.e. 31-Jul-2015.

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Notes to financial statements as at and for the year ended 31-Mar-2020

Note 17: Capital work in progress

Rs. in million

	As at 31-Mar-2020	As at 31-Mar-2019
A) **Direct cost**	1,668.42	1,668.42
B) **Expenditure incurred during construction period**		
Opening balance	1,347.49	1,120.40
Add: Expenditure incurred during the year		
Employee benefit expenses		
Salaries, wages and bonus	0.38	1.29
Contribution to provident fund and other fund	0.02	0.05
Gratuity expenses (Refer note 14)	(0.03)	(0.04)
Staff welfare expenses	0.06	0.02
Electricity charges	0.21	0.23
Travelling and conveyance	0.09	0.10
Communication expenses	-	0.02
Legal and professional charges	12.48	6.09
Payment to auditors **	0.41	0.41
Miscellaneous expenses	7.89	7.05
Depreciation	0.73	1.18
Finance costs	256.94	228.84
	1,626.67	1,365.64
Less:- Income during construction period		
Interest income	(18.43)	(18.15)
Total "B"	1,608.24	1,347.49
Total (A+B)	3,276.66	3,015.91

****Payment to auditors (inclusive of taxes)**

	As at 31-Mar-2020	As at 31-Mar-2019
Audit fees	0.41	0.41
In other capacities		
Other services certification fees (* Rs. 4,720.00, ** Rs. 2,360.00)	*	**
Total payment to auditors	0.41	0.41

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Notes to financial statements as at and for the year ended 31-Mar-2020

Note 18: Related party disclosures

Disclosure of related party transactions as required by Accounting Standard 18 Related Party Disclosures

a) **Holding company**
Decore Thermal Power Private Limited

b) **Key management personnel**
Shri Pawan Agarwal, Managing Director

c) **Enterprises owned or significantly influenced by key management personnel or their relatives**
Diligent Power Private Limited
Writers and Publishers Private Limited

d) **The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:**

Rs. in million

		Transactions during the year ended		Outstanding as at	
		31-Mar-2020	31-Mar-2019	**31-Mar-2020**	31-Mar-2019
(i)	**Loan repaid / (taken)**				
	Diligent Power Private Limited	**(0.64)**	-	-	-
	Decore Thermal Power Private Limited (net)	**0.91**	(6.10)	**(5.19)**	(6.10)
(ii)	**Loan repaid / (taken)**				
	Diligent Power Private Limited	**0.64**	-	-	-
(iii)	**Corporate guarantee (net)**				
	Diligent Power Private Limited	**(500.00)**	(20.00)	**(1,980.00)**	(1,480.00)

Terms and conditions of transactions with related parties: Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash.

Note 19: Fair value

(i) Financial instruments by category

Rs. in million

	As at 31-Mar-2020		As at 31-Mar-2019	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Cash and cash equivalent	**26.81**	**26.81**	4.54	4.54
Term deposits	-	-	20.18	20.18
Margin money deposits	**247.58**	**247.58**	235.87	235.87
Advance recoverable in cash	**0.56**	**0.56**	1.43	1.43
Security deposit	**4.04**	**4.04**	4.04	4.04
Total financial asset	278.99	278.99	266.06	266.06
Financial liabilities				
Borrowings	**1,939.54**	**1,939.54**	1,686.93	1,686.93
Capital creditors	**29.00**	**29.00**	24.68	24.68
Interest accrued but not due on borrowings	-	-	2.17	2.17
Total financial liabilities	1,968.54	1,968.54	1,713.78	1,713.78

(a) The carrying amounts of term deposits, other payables, cash and cash equivalent and advances receivable in cash are considered to be the same as their fair values, due to their short term nature.

(b). The fair value of the financial assets and financial liabilities are included at the amount at which the instrument could be exchanged in the current transaction between willing parties, other than in a forced or liquidation sale.

Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

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(ii) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair value of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Rs. in

Assets and liabilities, which are measured at amortised cost for which fair values are disclosed	As at 31-Mar-2020			As at 31-Mar-2019		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets						
Cash and cash equivalent		26.81			4.54	
Term deposits		-			20.18	
Margin money deposits		247.58			235.87	
Advance recoverable in cash		0.56			1.43	
Security deposit		4.04			4.04	
Total financial assets	-	278.99	-	-	266.06	-
Financial liabilities						
Borrowings		1,939.54			1,686.93	
Capital creditors		29.00			24.68	
Interest accrued but not due on borrowings		-			2.17	
Total financial liabilities	-	1,968.54	-	-	1,713.78	-

Note 20: Financial risk management

Objectives

The Company's principal financial liabilities comprise borrowings and other payables. The Company's principal financial assets include term deposits, receivables and cash and cash equivalent that derive directly from its operations.

The Company is exposed to credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(A) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its financing activities, including deposits with banks and financial institutions and other financial instruments.

a. Other financial instruments

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and fixed deposits the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments on the reporting date as disclosed in note 19. The Company limits its counterparty credit risk on these assets by dealing only with banks and financial institutions with good credit rating.

(B) Liquidity risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Company invests its surplus funds in bank fixed deposit, which carry no or low market risk.

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The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows as at the balance sheet date.

Rs. in million

As at 31-Mar-2020	Contractual maturities of financial liabilities				
	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
Borrowings	214.07	-	1,725.47	-	1,939.54
Other financial liabilities	29.00	-	-	-	29.00
Total liabilities	243.07	-	1,725.47	-	1,968.54

Rs. in million

As at 31-Mar-2019	Contractual maturities of financial liabilities				
	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
Borrowings	6.10	-	1,414.29	266.54	1,686.93
Other financial liabilities	26.85	-	-	-	26.85
Total liabilities	32.95	-	1,414.29	266.54	1,713.78

Note 21: Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(A). Employee benefit plans:

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans , the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

Further details about gratuity obligations are given in note 14.

(B). Useful life of property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events.

(C). Fair value of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. (Refer note 19 and 20)

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D B Power (Madhya Pradesh) Limited
Notes to financial statements as at and for the year ended 31-Mar-2020

Note 22:
There are no Micro, Small and Medium Enterprises, as defined in Micro, Small, Medium Enterprises Development Act, 2006, to whom the Company owes dues. This information has been determined to the extent such parties has been identified on the basis of information available with the Company.

Note 23:
The Company has assessed the impact of COVID-19 on its financial statements based on the internal and external information upto the date of approval of these financial statements and expects to recover the carrying amounts of its investments, intangible assets, trade receivable, project work-in-progress and inventories. The Company will continue to monitor the future economic conditions and update its assessment.

Note 24:
Figures less than Rs.5,000 have been shown at actual wherever statutorily required to be disclosed as the figures have been rounded off to the nearest ten thousand.

Note 25:
Figures of the previous year have been regrouped/reclassified where necessary, to conform to the current year's classification.

Signature to notes '1' to '25'

As per our report of even date

For Gupta Mittal & Co
Chartered Accountants
Firm Registration No.: 099773C

Shipla Gupta
Partner
Membership No. 403763

Place: Mumbai
Date: 18-Dec-2020

For and on behalf of the Board of Directors

Pawan Agarwal
Managing Director
DIN: 00465092

Girish Agarwal
Director
DIN: 00051375

Gulshan Khan
Company Secretary

Sejal Sachdev
Chief Financial Officer