

## **INDEPENDENT AUDITORS' REPORT**

**To the Members of EDCL Arunachal Hydro Project Private Limited**

**Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the accompanying financial statements EDCL Arunachal Hydro Project Private Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2020, the Statement of Profit and Loss (including other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes for the year ended on that date (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, India including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act, of the state of affairs of the Company as at 31<sup>st</sup> March, 2020, and loss, total comprehensive income/(loss), changes in equity and its cash flows for the year ended on that date.

### **Basis for Opinion**

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

### **Information Other than the Financial Statements and Auditors' Report thereon**

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Directors' Report, Management Discussion and Analysis Report and Report on Corporate Governance, but does not include the financial statements and our auditors' report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available, and, in doing so, consider whether the other information is materially inconsistent with financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the other information as stated above and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and describe necessary actions as per applicable laws and regulations.

### **Responsibilities of Management and Those Charged with Governance for the Standalone 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 financial statements that give a true and fair view of the state of affairs (financial position), Profit or Loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act.

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

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 controls;
- 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 auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and



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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Other Matters**

The comparative financial information of the Company for the corresponding year ended 31<sup>st</sup> March, 2019 were audited by the predecessor auditor M/sLodha & Co. who expressed unmodified opinion vide their report dated 30<sup>th</sup> May, 2019 and reliance has been placed by us on the same for the purpose of this report.

#### **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 A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. Further to our comments in the annexure referred to in the paragraph above, as required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid financial statements comply with the Indian 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 31<sup>st</sup> March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;



- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal control; and
- g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations as at the year end which would impact its financial position;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. With respect to the reporting under section 197(16) of the Act to be included in the Auditors' Report, in our opinion and according to the information and explanations given to us, no remuneration (including sitting fees) has been paid / payable by the Company to its Directors during the current year and accordingly, the provisions of section 197 of the Act are not applicable.



Place: Kolkata  
Date: 31<sup>st</sup> July, 2020

For ALPS & Co,  
Chartered Accountants  
Firm's ICAI Registration No.: 313132E

A.K. Khetawat  
Partner  
Membership No: 052751  
UDIN: 20052751AAAACB5388

**ANNEXURE "A" TO THE AUDITORS' REPORT OF EVEN DATE:**

- i) a. The Company has maintained proper records showing full particulars, including quantitative details and situations of its fixed assets.
- b. Fixed Assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies in respect of the assets verified during the year were noticed.
- c. The Company has no immovable property and accordingly, the provisions of paragraph 3(i)(c) of the Order is not applicable to the Company.
- ii) The Company has no inventory and accordingly, the provision of paragraph 3(ii) of the Order is not applicable to the Company.
- iii) According to the information and explanations given to us, the Company has not granted any loans secured or unsecured to companies, firms or parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loan or guarantee or provided any security in connection with loan during the year. Accordingly, the provisions of paragraph 3(iv) of the Order are not applicable.
- v) The Company has not accepted any deposits from public covered under Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder are not applicable.
- vi) In our opinion and according to the information and explanations given to us, the Company is not required to maintain cost records prescribed by the Central Government under section 148(1) of the Companies Act, 2013. Accordingly, the provisions of Clause 3(vi) of the Order are not applicable.
- vii) a. According to the information and explanations given to us, during the year, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Service Tax, Tax Deducted at Source, Goods and Services Tax (GST) and other statutory dues as applicable to it. There were no undisputed statutory dues as above outstanding as at 31<sup>st</sup> March, 2020 for a period of more than six months from the date they became payable. Other Statutory dues like Provident Fund, Employee's State Insurance, Professional Tax, Sales Tax, Income Tax, Customs Duty, Excise Duty, Value Added Tax, Cess, etc are not applicable to the Company during the year.
- b. According to the information and explanations given to us, there were no dues in respect of income tax, sales tax, service tax, custom duty, excise duty, goods and service tax and value added tax which have not been deposited on account of any dispute.
- viii) In our opinion and on the basis of information and explanations given to us by the management, we are of the opinion that the Company does not have any outstanding loans or borrowings from banks, financial institutions, government or debenture holders as at the Balance Sheet date.
- ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.



- x) During the course of our examination of books of account carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of material fraud by the Company or material fraud on the Company by its officers or employees nor have we been informed of any such cases by the management.
- 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 during the year and accordingly provisions of section 197 read with Schedule V to the Act is not applicable to the Company.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the 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, paragraph 3(xiv) of the Order is not applicable to the Company.
- xv) According to the information and explanations given to us and as represented to us by the management and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with its directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- xvi) According to the information and explanations given to us the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934 and accordingly, the provision of paragraph 3(xvi) of the Order is not applicable to the Company.



Place: Kolkata  
Date: 31<sup>st</sup> July, 2020

For ALPS & Co,  
Chartered Accountants  
Firm's ICAI Registration No.:313132E

  
A.K. Khetawat  
Partner  
Membership No: 052751  
UDIN: 20052751AAAACB5388

**ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT**  
(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

**Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of EDCL Arunachal Hydro Project Privated Limited("the Company") as of 31<sup>st</sup> March 2020 in conjunction with our audit of the 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 with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls with reference to financial statements**

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the



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

#### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



Place: Kolkata  
Date: 31<sup>st</sup> July, 2020

For ALPS & Co,  
Chartered Accountants  
Firm's ICAI Registration No.: 313132E

*A.K. Khetawat*  
A.K. Khetawat  
Partner  
Membership No: 052751  
UDIN: 20052751AAAACB5388



**EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED**  
**Balance Sheet as at 31st March, 2020**

(**₹ in Lakhs**)

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
<b>ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Property, Plant and Equipment	5	20.93	27.30
(b) Deferred Tax Assets (Net)	6	3.55	3.44
(c) Non Current Tax Assets (Net)	7	0.09	0.09
<b>Total Non Current Assets</b>		<b>24.57</b>	<b>30.83</b>
<b>(2) Current Assets</b>			
(a) Financial Assets			
(i) Trade Receivables	8	4.41	4.41
(ii) Cash and Cash Equivalents	9	0.59	0.67
<b>Total Current Assets</b>		<b>5.00</b>	<b>5.08</b>
<b>TOTAL ASSETS</b>		<b>29.57</b>	<b>35.91</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	10	101.00	101.00
(b) Other Equity	11	(95.37)	(87.13)
<b>TOTAL EQUITY</b>		<b>5.63</b>	<b>13.87</b>
<b>LIABILITIES</b>			
<b>(1) Non Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	12	13.55	12.10
<b>Total Non Current Liabilities</b>		<b>13.55</b>	<b>12.10</b>
<b>(2) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Trade Payables			
Total outstanding dues of Micro enterprises and Small Enterprises	13	-	-
Total outstanding dues of creditors other than Micro enterprises and Small Enterprises		0.75	0.30
(ii) Other Financial Liabilities	14	9.64	9.64
<b>Total Current Liabilities</b>		<b>10.39</b>	<b>9.94</b>
<b>TOTAL LIABILITIES</b>		<b>23.94</b>	<b>22.04</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>29.57</b>	<b>35.91</b>

Accompanying notes on Financial Statements  
 These notes form an integral part of the financial statements

1 - 27

As per our Report of even date  
**For A L P S & Co.**  
 Chartered Accountants  
 Firm's ICAI Registration No.: 313132E

A. K. Khetawat  
 Partner  
 Membership No.: 052751

Place: Kolkata  
 Date: 31st July, 2020

**For and on behalf of the Board of Directors**

Abhijit Banerjee, Director (DIN : 00066928)

Satyendra Pal Singh, Director (DIN : 01055370)



**EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED**  
**Statement of Profit & Loss for the year ended 31st March, 2020**

(₹ in Lakhs)

Particulars	Note No.	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Other Income	15	-	9.68
<b>(A) TOTAL INCOME</b>		<b>-</b>	<b>9.68</b>
<b>EXPENSES</b>			
Finance Costs	16	1.45	1.83
Depreciation and Amortisation Expense	17	6.39	8.44
Other Expenses	18	0.51	1.21
<b>(B) TOTAL EXPENSES</b>		<b>8.35</b>	<b>11.48</b>
<b>(C) Loss before tax (A - B)</b>		<b>(8.35)</b>	<b>(1.80)</b>
<b>Tax Expense</b>			
(1) Current Tax		-	-
(2) Deferred Tax - charge/(credit)	19	(0.11)	(0.64)
<b>(D) Total Tax Expense (1 + 2)</b>		<b>(0.11)</b>	<b>(0.64)</b>
<b>(E) Loss for the year (C - D)</b>		<b>(8.24)</b>	<b>(1.16)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
i. Items that will not be reclassified to profit or loss		-	-
ii. Income tax relating to above		-	-
<b>(F) Total Other Comprehensive Income for the year (net of tax)</b>		<b>-</b>	<b>-</b>
<b>(G) Total Comprehensive Income for the year (Comprising loss and Other Comprehensive Income for the year) (E + F)</b>		<b>(8.24)</b>	<b>(1.16)</b>
Earnings per equity share (Face value of ₹ 10 each fully paid up) Basic and Diluted	20	(0.82)	(0.12)

Accompanying notes on Financial Statements  
These notes form an integral part of the financial statements

1 - 27

As per our Report of even date  
**For A L P S & Co.**  
Chartered Accountants  
Firm's ICAI Registration No.: 313132E

A. K. Khetawat  
Partner  
Membership No.: 052751

Place: Kolkata  
Date: 31st July, 2020

**For and on behalf of the Board of Directors**

Abhijit Banerjee, Director (DIN : 00066928)

Satvendra Pal Singh, Director (DIN : 01055370)



**EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED**  
**Statement of Changes in Equity for the year ended 31st March, 2020**

**(i) Equity Share Capital**

(₹ in Lakhs)

Particulars	Amount
<b>As at 1st April, 2018</b>	<b>101.00</b>
Movement during the year	-
<b>As at 31st March, 2019</b>	<b>101.00</b>
Movement during the year	-
<b>As at 31st March, 2020</b>	<b>101.00</b>

**(ii) Other Equity**

(₹ in Lakhs)

Particulars	Reserves and Surplus		Total
	Deemed Equity	Retained Earnings	
<b>As at 1st April, 2018</b>	<b>4.78</b>	<b>(85.97)</b>	<b>(81.19)</b>
Loss for the year	-	(1.16)	(1.16)
Other Comprehensive Income for the year	-	-	-
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>(1.16)</b>	<b>(1.16)</b>
Modification (gain)/loss	(4.78)	-	(4.78)
<b>As at 31st March, 2019</b>	<b>-</b>	<b>(87.13)</b>	<b>(87.13)</b>
Loss for the year	-	(8.24)	(8.24)
Other Comprehensive Income for the year	-	-	-
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>(8.24)</b>	<b>(8.24)</b>
<b>As at 31st March, 2020</b>	<b>-</b>	<b>(95.37)</b>	<b>(95.37)</b>

Accompanying notes on financial statements 1 - 27  
 These notes form an integral part of the financial statements

As per our Report of even date

**For A L P S & Co.**

Chartered Accountants

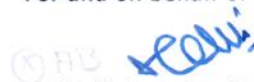
Firm's ICAI Registration No.: 313132E



A. K. Khetawat  
 Partner  
 Membership No.: 052751

Place: Kolkata  
 Date: 31st July, 2020

**For and on behalf of the Board of Directors**



Abhijit Banerjee, Director (DIN : 00066928)



Satyendra Pal Singh, Director (DIN : 01055370)



**EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED**  
Cash Flow Statement for the year ended 31st March, 2020

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020		For the year ended 31st March, 2019	
<b>(A) Cash Flow From Operating Activities</b>				
Net loss before tax		(8.35)		(1.80)
<b>Adjustments for:</b>				
Modification gain/ (loss) on financial liabilities	-		(9.68)	
Interest and Finance Charges	1.45		1.83	
Modification charges of loan prepayment	-		0.10	
Depreciation and amortisation expense	6.39	7.84	8.44	0.69
<b>Operating Loss before Working Capital Changes</b>		<b>(0.51)</b>		<b>(1.11)</b>
<b>Movement in working capital</b>				
Increase/(Decrease) in Trade and other payables	0.43	0.43	(0.05)	(0.05)
<b>Cash utilised in operations</b>		<b>(0.08)</b>		<b>(1.16)</b>
Direct Taxes paid (Net of refund)		-		-
<b>Net Cash utilised in Operating Activities (A)</b>		<b>(0.08)</b>		<b>(1.16)</b>
<b>B) Cash Flow from Investing Activities</b>				
<b>Net Cash generated from/(utilised in) Investing Activities (B)</b>		-		-
<b>C) Cash Flow from Financing Activities</b>				
Repayment of Borrowings			(1.00)	
<b>Net Cash utilised in Financing Activities (C)</b>		-		<b>(1.00)</b>
<b>Net changes in Cash and Cash Equivalents (A + B + C)</b>		<b>(0.08)</b>		<b>(2.16)</b>
Cash and Cash equivalents as at the beginning of the year		0.67		2.83
<b>Cash and Cash equivalents as at the end of the year</b>		<b>0.59</b>		<b>0.67</b>

**Notes :-**

(1) The above Cash Flow Statement has been prepared by the "Indirect Method" as set out in the Indian Accounting Standard 7 "Statement of Cash Flows"

(2) Cash and cash equivalents as at the Balance Sheet date consists of:

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance with Banks in Current Accounts	0.59	0.67
<b>Total</b>	<b>0.59</b>	<b>0.67</b>

3) Change in Company's liabilities arising from financing activities:

(₹ in Lakhs)

Particulars	As at 31st March, 2019	Cash flows(*)	Non-Cash Flows	As at 31st March, 2020
<b>Borrowings - Non Current</b>				
Loan from Holding Company	21.68	-	(8.13)	13.55
<b>Deemed Equity</b>	-	-	-	-
<b>Current maturities of long term debt</b>				
Loan from Holding Company	-	-	-	-
<b>Interest accrued and due on borrowings</b>				
Related Parties	9.64	-	-	9.64
<b>Total</b>	<b>31.32</b>	<b>-</b>	<b>(8.13)</b>	<b>23.19</b>

(\*) Includes cash flows on account of both principal and interest.



**EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED**  
**Cash Flow Statement for the year ended 31st March, 2020**

₹ in Lakhs)

Particulars	As at 1st April, 2018	Cash flows (*)	Non-Cash Flow	As at 31st March, 2019
<b>Borrowings - Non Current</b>				
Loan from Holding Company	-	21.68	-	21.68
<b>Deemed Equity</b>	4.78	(4.78)	-	-
<b>Current maturities of long term debt</b>				
Loan from Holding Company	16.07	(16.07)	-	-
<b>Interest accrued and due on borrowings</b>				
Related Parties	9.64	(1.83)	1.83	9.64
<b>Total</b>	<b>30.49</b>	<b>(1.00)</b>	<b>1.83</b>	<b>31.32</b>

(\*) Includes cash flows on account of both principal and interest.

Accompanying notes on Financial Statements  
 These notes form an integral part of the financial statements

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As per our Report of even date  
**For A L P S & Co.**  
 Chartered Accountants  
 Firm's ICAI Registration No.: 313132E

  
 A. K. Khetawat  
 Partner  
 Membership No.: 052751

Place: Kolkata  
 Date: 31st July, 2020



**For and on behalf of the Board of Directors**

  
 Abhijit Banerjee, Director (DIN : 00066928)

  
 Satyendra Pal Singh, Director (DIN : 01055370)

**EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED**  
**Notes to the financial statements for the year ended 31<sup>st</sup> March, 2020**

**Note 1 – Corporate Information**

EDCL Arunachal Hydro Project Limited (“the Company”) is a public limited company domiciled and incorporated in India under the provisions of Companies Act. The registered office of the company is at at EDCL HOUSE 1A, Elgin Road, Kolkata, West Bengal – 700020.

The Financial Statements for the year ended 31<sup>st</sup> March, 2020 was approved for issue by the Board of Directors of the Company on 31<sup>st</sup> July, 2020 and is subject to the adoption by the shareholders in the ensuing Annual General Meeting.

**Note 2 – Statement of Compliance and Recent Pronouncements**

**2.1 Statement of Compliance**

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the “Ind AS”) as notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 (“the Act”). The Ind AS issued, notified and made effective till the financial statements are authorized have been considered for the purpose of preparation of these financial statements.

The accounting policies are applied consistently to all the periods presented in the financial statements except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**2.2 Recent Pronouncements**

**Standards issued but not yet effective**

On 24<sup>th</sup> July, 2020, Ministry of Corporate Affairs (“MCA”) has issued Companies (Indian Accounting Standards) Amendment Rules, 2020 notifying amendment to existing Ind AS 1 ‘Presentation of Financial Statements’, Ind AS 8 ‘Accounting Policies, Changes in Estimates and Errors’, Ind AS 10 ‘Events after the Reporting Period’, Ind AS 34 ‘Interim Financial Reporting’, Ind AS 37 ‘Provisions, Contingent Liabilities and Contingent Assets’, Ind AS 103 ‘Business Combinations’, Ind AS 107 ‘Financial Instruments: Disclosures’, Ind AS 109 ‘Financial Instruments’. These amendments have been effective for the period beginning on or after 1<sup>st</sup> April, 2020.

Ind AS 1 has been modified to redefine the term ‘Material’ and consequential amendments have been made in Ind AS 8, Ind AS 34 and Ind AS 37. Ind AS 103 dealing with ‘Business Combination’ has defined the term ‘Business’ to determine whether a transaction or event is a business combination. Amendment to Ind AS 107 and 109 relate to exception relating to hedging relationship directly affected by Interest Rate Benchmark reforms.



Presently, the Company is evaluating the impact as these amendments are either not applicable or not likely to have any material impact on the Financial Statements of the Company.

### **Note 3 – Significant Accounting Policies**

#### **3.1 Basis of preparation**

The Financial Statements have been prepared under the historical cost convention on accrual basis except certain financial instruments that are measured in terms of relevant Ind AS at fair value/amortised costs at the end of each reporting period.

Historical cost convention is generally based on the fair value of the consideration given in exchange for goods and services.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Ind AS 1 "Presentation of Financial Statements" and in Division II of Schedule III to the Companies Act, 2013. Having regard to the nature of business being carried out by the Company, the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

The functional currency of the Company is determined as the currency of the primary economic environment in which it operates. Financial Statements are presented in Indian Rupees and all values are rounded off to the nearest two decimal Lakhs except otherwise stated.

#### **3.2 Measurement of Fair Values**

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 under current market conditions.

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed for such measurement:

**Level 1:** Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Inputs other than quoted prices included within level 1 that are observable either directly or indirectly for the asset or liability.

**Level 3:** Inputs for the assets or liabilities which are not based on observable market data (unobservable inputs).

For Financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amount approximates fair value due to the short maturity of these instruments.



The Company has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements who regularly review significant observable and unobservable inputs, valuation adjustments and fair value hierarchy under which the valuation should be classified.

### 3.3 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost which comprise its purchase price and any cost of bringing the assets to its working condition for its intended use. In case of construction/erection of property, plant and equipment, cost comprise those costs that relate directly to the specific asset and those that are attributable to the construction/erection activities in general and can be allocated to the specific assets. Cost includes machinery, spares, interest and pre-operative expenses.

Pre-operative expenditure related to and incurred during implementation of capital project is included under Capital Work-in-progress and the same is allocated to the respective PPE on completion of its construction / erection. Interest on borrowing related to qualifying asset is worked out on the basis of actual utilization of funds out of project specific loans and / or other borrowings to the extent identifiable with the qualifying asset and are capitalized with the cost of qualifying assets.

Subsequent cost are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Subsequent costs relating to day to day servicing of the item are not recognised in the carrying amount of an item of property, plant and equipment; rather, these costs are recognised in profit or loss as incurred.

#### Depreciation

Depreciation on all assets has been provided on written down value method at the rates and in the manner specified in Schedule II to the Companies Act, 2013.

Based on above, the estimated useful lives of various assets have been arrived as follows:

Category of PPE	Useful life (in years)
Plant and Equipment	12
Furniture and Fixtures	10
Office equipment	6
Vehicles	8

The residual value of an item of Property, Plant and Equipment has been kept at  $\leq 5\%$  of the cost of the respective assets.

Depreciation methods, useful lives and residual values are reviewed and adjusted as appropriate, at the end of each reporting date.





### **3.4 Derecognition of Tangible Assets**

An item of Tangible Asset is de-recognised upon disposal or when no future economic benefits are expected to arise from its continued use. Any gain or loss arising on the disposal or retirement of an item of Tangible Asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

### **3.5 Impairment of Tangible Assets**

Tangible assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of assets is determined. An impairment loss is recognized in the statement of profit and loss, whenever the carrying amount of assets exceeds recoverable amount. The recoverable amount is the higher of assets' fair value less cost to disposal and its value in use. In assessing value in use, the estimated future cash flows from the use of the assets are discounted to their present value at appropriate rate.

Impairment losses recognized earlier may no longer exist or may have come down. Based on such assessment at each reporting period the impairment loss is reversed and recognized in the Statement of Profit and Loss. In such cases the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

### **3.6 Financial Instruments – Financial assets and Financial liabilities**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

The financial assets and financial liabilities are classified as current if they are expected to be realised or settled within twelve months or otherwise these are classified as non-current.

The classification of financial instruments whether to be measured at Amortised Cost, at Fair Value through Profit and Loss (referred to as "FVTPL") or at Fair Value Through Other Comprehensive Income (referred to as "FVTOCI") depends on the objective and contractual terms to which they relate. Classification of financial instruments is determined on initial recognition.



**(i) Cash and Cash equivalents**

All highly liquid financial instruments, which are readily convertible into determinable amounts of cash and which are subject to an insignificant risk of change in value and are having original maturities of three months or less from the date of purchase, are considered as cash and cash equivalents. Cash and cash equivalents includes balances with banks which are unrestricted for withdrawal and usage.

**(ii) Financial Assets and Financial Liabilities measured at amortised cost**

Financial Assets held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Financial Assets and Financial Liabilities subsequent to initial recognition are measured at amortised cost using Effective Interest Rate (referred to as "EIR") method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (including all fees and points paid or received, transaction costs and other premiums or discounts) through the expected life of the Financial Asset or Financial Liability to the gross carrying amount of the financial asset or to the amortised cost of financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

**(iii) Financial Asset at Fair Value through Other Comprehensive Income (FVTOCI)**

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

**(iv)** For the purpose of para (ii) and (iii) above, principal is the fair value of the financial asset at initial recognition and interest consists of consideration for the time value of money and associated credit risk.



**(v) Financial Assets or Liabilities at Fair value through profit and loss (FVTPL)**

Financial Instruments which does not meet the criteria of amortised cost or fair value through other comprehensive income are classified as Fair Value through Profit and loss. These are recognised at fair value and changes therein are recognized in the statement of profit and loss.

**(vi) Impairment of financial assets**

A financial asset is assessed for impairment at each reporting date. A financial asset is considered to be impaired if objective evidence indicates that one or more events have a negative effect on the estimated future cash flows of that asset. The Company measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to twelve month expected credit losses.

Loss allowances for financial assets measured at amortised costs are deducted from the gross carrying amount of the assets.

**(vii) Derecognition of financial instruments**

The Company derecognizes a financial asset or a group of financial assets when the contractual rights to the cash flows from the asset expires, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset (except for equity instruments designated as FVTOCI), the difference between the assets carrying amount and the sum of the consideration received and receivable are recognized in statement of profit and loss.

On derecognition of assets measured at FVTOCI, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to retained earnings.

Financial liabilities are derecognized if the Company's obligations specified in the contract expire or are discharged or cancelled. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in Statement of Profit and Loss.



### **3.7 Equity Share Capital**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as Securities Premium. Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

### **3.8 Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a legal or constructive obligation as a result of past events and it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Contingent liabilities are not recognized and are disclosed by way of notes to the financial statements when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or when there is a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the same or a reliable estimate of the amount in this respect cannot be made.

Contingent assets are not recognised but disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

### **3.9 Revenue Recognition**

#### **Revenue from Operations**

Revenue is measured based on the consideration that is specified in the contract with a customer or is expected to be received in exchange for the products or services and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over the products or services to a customer.

#### **Other Income**

#### **Interest Income**

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.



### **3.10 Borrowing Cost**

Borrowing cost comprises of interest and other costs incurred in connection with the borrowing of the funds. All borrowing costs are recognized in the Statement of Profit and Loss using the effective interest method except to the extent attributable to qualifying Property Plant Equipment which is capitalized to the cost of the related assets. A qualifying PPE is an asset that necessarily takes a substantial period of time to get ready for its intended use.

### **3.11 Taxes on income**

Income tax expense representing the sum of current tax expense and the net charge of the deferred taxes is recognized in the profit and loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

#### **Current Tax**

Current tax is provided on the taxable income and recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Advance tax and provisions are presented in the balance sheet after setting off advance tax paid and income tax provision for the current year.

Interest expenses and penalties, if any, related to income tax are included in finance cost and other expenses respectively. Interest Income, if any, related to Income tax is included in Other Income.

#### **Deferred Tax**

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit as well as for unused tax losses or credits. In principle, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Deferred Tax Asset & Liabilities have been offset wherever the company has a legally enforceable right to set off current tax assets against current tax liabilities & where deferred tax assets & liabilities relate to income tax levied by the same taxation authority.

Deferred taxes are calculated at the enacted or substantially enacted tax rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited to the profit and loss, except when it relates to items credited or charged directly to other comprehensive income in equity, in which case the corresponding deferred tax is also recognized directly in equity.



The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 deferred tax asset to be utilized.

### **3.12 Earnings per share**

Basic Earnings per share is calculated by dividing the net profit/loss for the year by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is computed using the net profit/loss for the year and weighted average number of equity and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

### **3.13 Cash Flow Statement**

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

### **Note 4 - Critical accounting judgments, assumptions and key sources of estimation and uncertainty**

The preparation of the financial statements in conformity with the recognition and measurement principle of Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and could change from period to period. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Revisions to accounting estimates are recognised prospectively. Actual results may differ from these estimates. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized and, if material, their effects are disclosed in the notes to the financial statements.

The application of accounting policies that require significant areas of estimation, uncertainty and critical judgments and the use of assumptions in the financial statements have been disclosed below. The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:



#### **4.1 Depreciation and impairment loss on property, plant and equipment**

Depreciation on all assets has been provided on written down value method at the rates and in the manner specified in Schedule II to the Companies Act, 2013. The Company reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation to be recorded during any reporting period. This reassessment may result in change in such expenses in future periods.

The company reviews its carrying value of its Tangible Assets whenever there is objective evidence that the assets are impaired. In such situation assets recoverable amount is estimated which is higher of assets or its value in use. In assessing value in use the estimated future cash flows are discounted using pre-tax discount rate which reflects the current assessment of time value of money. In determining fair value less cost of disposal, recent market realisations are considered or otherwise in absence of such transactions appropriate valuations are adopted.

#### **4.2 Impairment allowances on financial assets**

The Company evaluates whether there is any objective evidence that financial asset including trade and other receivables are impaired and determines the amount of impairment allowance as a result of the inability of the concerned parties to make required payments. The Company bases the estimates on the ageing of the trade receivables balance, credit-worthiness of the trade receivables, historical write-off experience and these factors are subject to variations leading to consequential impact on the amounts considered in the financial statements.

#### **4.3 Current Tax and Deferred Tax**

Significant judgment is required in determination of taxability of certain income and deductibility of certain expenses during the estimation of the provision for income taxes.

The extent to which deferred tax assets can be recognised is based on the assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic benefits.

#### **4.4 Provisions and Contingencies**

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change.

Management judgment is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

The carrying amounts of provisions and liabilities and estimation for contingencies are reviewed regularly and revised to take account of changing facts and circumstances.



**EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED**  
Notes to Financial Statements as at 31st March, 2020

**5 Property, Plant and Equipment**

Sl. No.	Particulars	Furniture and Fixtures	Motor Vehicles	Office Equipment	Plant and Equipment	Total
1	<b>Gross Carrying Amount</b>					
	<b>As at 1st April, 2018</b>	8.82	0.57	5.08	47.46	61.93
	Additions	-	-	-	-	-
	Disposals/Adjustments	-	-	-	-	-
	<b>As at 31st March, 2019</b>	8.82	0.57	5.08	47.46	61.93
	Additions	-	-	-	-	-
	Disposals/Adjustments	-	-	-	-	-
	<b>As at 31st March, 2020</b>	8.82	0.57	5.08	47.46	61.93
2	<b>Accumulated Depreciation</b>					
	<b>As at 1st April, 2018</b>	3.98	0.30	3.22	18.68	26.19
	Charge during the year	1.25	0.08	0.73	6.37	8.44
	Disposals/Adjustments	-	-	-	-	-
	<b>As at 31st March, 2019</b>	5.24	0.39	3.96	25.05	34.63
	Charge during the year	0.93	0.06	0.44	4.96	6.39
	Disposals/Adjustments	-	-	-	-	-
	<b>As at 31st March, 2020</b>	6.16	0.44	4.39	30.01	41.00
3	<b>Net Carrying Amount (1-2)</b>					
	<b>As at 31st March, 2019</b>	3.58	0.18	1.12	22.41	27.30
	<b>As at 31st March, 2020</b>	2.66	0.13	0.69	17.45	20.93

(₹ in Lakhs)





EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED  
Notes to Financial Statements as at 31st March, 2020

6 Deferred Tax Assets (Net)

Particulars	(₹ in Lakhs)	
	As at 31st March, 2020	As at 31st March, 2019
Deferred Tax Assets (Net) (Refer Note 6.1)	3.55	3.44
<b>Total</b>	<b>3.55</b>	<b>3.44</b>

6.1 Components of Deferred Tax Assets/(Liabilities) are as follows:

Particulars	(₹ in Lakhs)			
	As at 31st March, 2019	Charge/(Credit) recognised in Profit and Loss	Charge/(Credit) recognised in OCI	As at 31st March, 2020
<b>(A) Deferred Tax Assets</b>				
Timing difference with respect to Property, Plant and Equipment	2.93	(0.24)	-	3.17
Effect of fair valuation	0.51	0.13	-	0.38
<b>Total Deferred Tax Assets (A)</b>	<b>3.44</b>	<b>(0.11)</b>	-	<b>3.55</b>
<b>Total Deferred Tax Liabilities (B)</b>	-	-	-	-
<b>Deferred Tax Assets (Net) (A - B)</b>	<b>3.44</b>	<b>(0.11)</b>	-	<b>3.55</b>

Particulars	(₹ in Lakhs)			
	As at 1st April, 2018	Charge/(Credit) recognised in Profit and Loss	Charge/(Credit) recognised in OCI	As at 31st March, 2019
<b>(A) Deferred Tax Assets</b>				
Timing difference with respect to Property, Plant and Equipment	2.40	(0.54)	-	2.93
Effect of fair valuation	0.40	(0.10)	-	0.51
<b>Total Deferred Tax Assets (A)</b>	<b>2.80</b>	<b>(0.64)</b>	-	<b>3.44</b>
<b>Total Deferred Tax Liabilities (B)</b>	-	-	-	-
<b>Deferred Tax Assets (Net) (A - B)</b>	<b>2.80</b>	<b>(0.64)</b>	-	<b>3.44</b>



**EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED**  
**Notes to Financial Statements as at 31st March, 2020**

**7 Non Current Tax Assets (Net)**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Tax Deducted at Source	0.09	0.09
<b>Total</b>	<b>0.09</b>	<b>0.09</b>

**8 Trade Receivables**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>At Amortised Cost</b>		
Unsecured, considered good (Refer Note 8.1)	4.41	4.41
<b>Total</b>	<b>4.41</b>	<b>4.41</b>

**8.1 Ageing analysis of Trade Receivables is as follows:**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Within Credit period	-	-
1-180 days past due	-	-
More than 180 days past due	4.41	4.41
<b>Total</b>	<b>4.41</b>	<b>4.41</b>

**9 Cash and Cash Equivalent**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance with Banks in Current Accounts	0.59	0.67
<b>Total</b>	<b>0.59</b>	<b>0.67</b>



**EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED**  
Notes to Financial Statements as at 31st March, 2020

**10 Equity Share Capital**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Authorised</b>		
11,00,000 (31st March, 2019 - 11,00,000) Equity shares of ₹ 10 each	110.00	110.00
<b>Total</b>	<b>110.00</b>	<b>110.00</b>
<b>Issued, Subscribed and Paid up</b>		
10,10,000 (31st March, 2019 - 10,10,000) Equity shares of ₹10 each fully paid up	101.00	101.00
<b>Total</b>	<b>101.00</b>	<b>101.00</b>

**10.1** The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity is entitled to one vote per share. The dividend, if any proposed by the Board of Directors of the Company is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company.

**10.2 Reconciliation of outstanding number of Equity Shares**

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>At the beginning of the year</b>	<b>10,10,000</b>	<b>10,10,000</b>
Movement during the year	-	-
<b>At the end of the year</b>	<b>10,10,000</b>	<b>10,10,000</b>

**10.3 Shareholders holding more than 5% of shares**

Entire Equity Shares are held by the Holding Company "Energy Development Company Limited".

**11 Other Equity**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Retained Earnings (Refer Note 11.2)	(95.37)	(87.13)
Deemed Equity (Refer Note 11.3)	-	-
<b>Total</b>	<b>(95.37)</b>	<b>(87.13)</b>

**11.1** Refer Statement of Changes in Equity for movement in balances of reserves.

**Nature and purpose of reserves:**

**11.2 Retained Earnings**

Retained Earnings generally represents the undistributed profit/ amount of accumulated earnings of the Company.

**11.3 Deemed Equity**

It comprises of the difference between the fair value and the transaction value of loan received from Holding Company.



**EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED**  
**Notes to Financial Statements as at 31st March, 2020**

**12 Borrowings - Non Current**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>At Amortised Cost</b>		
<b>Unsecured</b>		
<b>From Related Party</b>		
Holding Company [Refer Note 12.1 and 22(B)(I)]	13.55	12.10
<b>Total</b>	<b>13.55</b>	<b>12.10</b>

12.1 Unsecured Loan from Holding Company are repayable in financial year 2021-22.

**13 Trade Payables**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>At Amortised Cost</b>		
<b>Payable for Goods and Services</b>		
Total Outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 13.1)	-	-
Total Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises (Refer Note 13.2)	0.75	0.30
<b>Total</b>	<b>0.75</b>	<b>0.30</b>

13.1 The company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 ( the Act) and hence disclosure relating to amounts unpaid as at the year end together with interest paid/ payable under the Act has not been given.

13.2 Includes ₹ 0.44 Lakhs(31st March, 2019 - ₹ Nil) payable to Holding Company [Refer Note 22(B)(I)]

**14 Other Financial Liabilities - Current**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>At Amortised Cost</b>		
Interest accrued and due on borrowings [Refer Note 22(B)(II)]	9.64	9.64
<b>Total</b>	<b>9.64</b>	<b>9.64</b>



**EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED**  
**Notes to Financial Statements for the year ended 31st March, 2020**

**15 Other Income**

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Modification gain on financial liabilities [Refer Note 22(B)(I)]	-	9.68
<b>Total</b>	<b>-</b>	<b>9.68</b>

**16 Finance Costs**

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest Expense on Borrowings [Refer Note 22(B)(I)]	1.45	1.83
<b>Total</b>	<b>1.45</b>	<b>1.83</b>

**17 Depreciation and Amortisation Expense**

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Depreciation of Property, Plant and Equipment (Refer Note 5)	6.39	8.44
<b>Total</b>	<b>6.39</b>	<b>8.44</b>

**18 Other Expenses**

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Rates and Taxes	0.10	0.57
Professional Charges	0.21	0.27
Payment to Auditor (Refer Note 18.1)		
Statutory Audit	0.20	0.20
Fair value adjustment on prepayment of loan	-	0.10
Miscellaneous Expenses	0.00	0.07
<b>Total</b>	<b>0.51</b>	<b>1.21</b>

**18.1** Includes payment to previous auditor

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Statutory Audit	-	0.20
<b>Total</b>	<b>-</b>	<b>0.20</b>

**19 Tax Expense - Current Tax**

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Provision for Current Tax	-	-
<b>Total</b>	<b>-</b>	<b>-</b>



**EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED**  
Notes to Financial Statements for the year ended 31st March, 2020

**19.1 Components of Tax Expense**

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>Current Tax</b> In respect of the current year	-	-
<b>Total Current tax expense recognised in the current year</b>	-	-
<b>Deferred Tax</b> In respect of the current year	(0.11)	(0.64)
<b>Total Deferred tax charge/(credit) recognised in the current year</b>	<b>(0.11)</b>	<b>(0.64)</b>
<b>Total Tax expense/(credit) recognised in the current year</b>	<b>(0.11)</b>	<b>(0.64)</b>

**19.2 Reconciliation of Income tax expense for the year with accounting profit is as follows:**

In the absence of taxable profits during the year ended 31st March, 2020 and 31st March, 2019, reconciliation of income tax expense has not been provided for the same.

- 19.2.1** In pursuance to Section 115BAA of the Income Tax Act, 1961 announced by the Government of India through Taxation Laws (Amendment) Ordinance, 2019, Company has an irrevocable option of shifting to a lower tax rate along with consequent reduction in certain tax incentives including lapse of accumulated MAT credit. The Company has not exercised this option and continues to recognise the taxes on income for the year ended 31st March, 2020 as per the existing provisions.

**20 Earnings per share**

(₹ in Lakhs, except otherwise stated)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Net Profit/(Loss) for the year	(8.24)	(1.16)
Weighted Average Number of Equity Shares issued (Number)	10,10,000	10,10,000
Basic and Diluted Earnings per Share (Face Value ₹ 10 per share, fully paid up)	(0.82)	(0.12)

**21 Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Segment manager who allocates resources and assess the operating activities, financial results, forecasts, or plans for the segment.

The Company has not commenced any activity and accordingly, there are no operating segments required to be disclosed as per Ind AS 108 "Operating Segments".



**EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED**  
Notes to Financial Statements for the year ended 31st March, 2020

**22 Details of Related party transactions in accordance with Indian Accounting Standard 24 "Related Party Disclosures"**

**(A) Name of the Related Parties and their relationship with the Company:**

	<b>Relationship with the Company</b>	<b>Name of the Related Parties</b>
(i)	<b>Holding Company</b>	Energy Development Company Limited
(ii)	<b>Fellow Subsidiaries through the Holding Company</b>	EDCL Power Projects Limited
		Ayyappa Hydro Power Limited
		Eastern Ramganga Valley Hydel Projects Company Private Limited
		Sarju Valley Hydel Projects Company Private Limited
(iii)	<b>Key Managerial Personnel (KMP) and their relatives</b>	Satyendra Pal Singh (Director)
		Abhijit Banerjee (Director)
(iv)	<b>Individuals having significant influence directly or indirectly ( Promoter and their relatives )</b>	Amar Singh (Promoter and Non Executive Director)
		Pankaja Kumari Singh (Non Executive Director)
(v)	<b>Enterprise over which individuals mentioned in (iv) above exercises significant influence</b>	Startrack Vinimay Private Limited

**(B) Details of Transactions with Related Parties during the year and the Balances outstanding thereof as at the Balance Sheet date are as follows:**

**(I) Details of Transactions with Holding Company**

(i) Transactions during the year

<b>Particulars</b>	<b>(₹ in Lakhs)</b>	
	<b>For the year ended 31st March, 2020</b>	<b>For the year ended 31st March, 2019</b>
Unsecured loan repaid (Net)	-	1.00
Interest expense	1.45	1.83
Modification gain	-	9.68
Expenses incurred by the party on behalf of the company	0.44	0.02
Expenses Reimbursed to the party	-	0.02

(ii) Balances outstanding as at the Balance Sheet date

<b>Particulars</b>	<b>(₹ in Lakhs)</b>	
	<b>As at 31st March, 2020</b>	<b>As at 31st March, 2019</b>
Unsecured Loans (Borrowings - Non Current)	13.55	12.10
Trade Payables	0.44	-

**(II) Details of transactions with company under significant influence of Promoters and their relatives**

(i) Transactions during the year

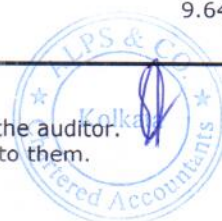
There are no transactions with company under significant influence of Promoters and their relatives during the year ended 31st March, 2020 and 31st March, 2019.

(ii) Balances outstanding as at the Balance Sheet date

<b>Particulars</b>	<b>(₹ in Lakhs)</b>	
	<b>As at 31st March, 2020</b>	<b>As at 31st March, 2019</b>
Interest accrued and due on borrowings (Other Financial Liabilities - Current)	9.64	9.64

**Notes:**

- The above Related Party information is as identified by the Management and relied upon by the auditor.
- In respect of above parties, no amount has been written back during the year for debts due to them.
- All transactions from related parties are made in the ordinary course of business.



**EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED**  
Notes to Financial Statements for the Year ended 31st March, 2020

**23 Capital Management**

The Company follows a capital management strategy. The primary objective is to ensure that Company maintains a healthy capital ratio in order to support its business operations, have sufficient financial flexibility for borrowing requirements, if any, in future and to maximise shareholder value. The Company's objective when managing capital is to safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stake holders.

The Company also uses gearing ratio to monitor capital. Gearing ratio is net debt divided by total capital. The gearing ratios are as follows:

**Gearing Ratio**

Particulars	(₹ in Lakhs)	
	As at 31st March, 2020	As at 31st March, 2019
<b>Total Borrowings</b>	<b>13.55</b>	<b>12.10</b>
Less: Cash and Cash Equivalents	0.59	0.67
<b>Net Debt (A)</b>	<b>12.96</b>	<b>11.43</b>
Total Equity	5.63	13.87
Total Equity and Net Debt (B)	18.59	25.30
<b>Gearing Ratio (A/B)</b>	<b>0.70</b>	<b>0.45</b>

**24 Disclosure on Financial Instruments**

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contains financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3.6 to the financial statements.

**(A) Fair Value Measurement**

The following table shows the carrying amount and fair values of financial assets and liabilities by category:

Particulars	(₹ in Lakhs)	
	As at 31st March, 2020	As at 31st March, 2019
<b>Measured at Amortised Cost</b>		
<b>Financial Assets (Current)</b>		
Trade Receivables	4.41	4.41
Cash and Cash Equivalents	0.59	0.67
<b>Total Financial Assets</b>	<b>5.00</b>	<b>5.08</b>

Particulars	(₹ in Lakhs)	
	As at 31st March, 2020	As at 31st March, 2019
<b>Measured at amortised Cost</b>		
<b>Financial Liabilities (Non Current)</b>		
Borrowings	13.55	12.10
<b>Total (a)</b>	<b>13.55</b>	<b>12.10</b>
<b>Financial Liabilities (Current)</b>		
Trade Payables	0.75	0.30
Interest accrued on borrowings	9.64	9.64
<b>Total (b)</b>	<b>10.39</b>	<b>9.94</b>
<b>Total Financial Liabilities (a + b)</b>	<b>23.94</b>	<b>22.04</b>

**(B) Fair Valuation Techniques**

transfer a liability in an orderly transaction between market participants at the measurement date.

**The following methods and assumptions were used to estimate the fair values:**

The fair value of cash and cash equivalents, trade receivables, trade payables, other current financial liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Board considers that the carrying amounts of financial assets and financial liabilities recognised at nominal cost/amortised cost in the financial statements approximate their fair values.

**25 Financial risk management objectives and policies**

The Company's activities expose it to the following risks:

- (a) Credit Risk
- (b) Liquidity Risk
- (c) Market Risk

**(a) Credit Risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Trade Receivables of the company mainly comprises of receivables from state electricity boards and hence such risk is negligible. The company has a policy to monitor such risk on an ongoing basis.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables.

The carrying amount of respective financial assets recognised in the financial statements, (net of impairment losses, if any) represents the Company's maximum exposure to credit risk.





**EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED**  
**Notes to Financial Statements for the Year ended 31st March, 2020**

**Financial assets that are neither past due nor impaired**

Cash and cash equivalents with banks are neither past due nor impaired. Cash and cash equivalents with banks are held with reputed and credit worthy banking institutions.

Trade receivables disclosed include amounts that are past due at the end of the reporting period. However, no impairment losses have been provided since the same is considered recoverable.

**(b) Liquidity Risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The information included in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	₹ in Lakhs		
	Less than 1 year	1 year – 3 years	Total
<b>As at 31st March, 2020</b>			
Loan from Holding Company	-	17.00	17.00
Trade Payables	0.75	-	0.75
Interest Accrued and due on borrowings	9.64	-	9.64
<b>Total</b>	<b>10.39</b>	<b>17.00</b>	<b>27.39</b>
<b>As at 31st March, 2019</b>			
Loan from Holding Company	-	17.00	17.00
Trade Payables	0.30	-	0.30
Interest Accrued and due on borrowings	9.64	-	9.64
<b>Total</b>	<b>9.94</b>	<b>17.00</b>	<b>26.94</b>

The Company has current financial assets which will be realised in ordinary course of business. The Company monitors its rolling forecast of its liquidity requirements to ensure it has sufficient cash to meet expected operational requirements.

The Company relies on mix of borrowings and operating cash flows to meet its need for funds and ensures that it does not breach any financial covenants stipulated by the lender.

**(c) Market Risk**

Market risk is the risk or uncertainty arising from possible market price movements resulting in fluctuation of the fair value of future cash flows of a financial instrument. The major components of Market risks are foreign currency risk, interest rate risk and other price risk.

Financial instruments affected by market risk includes borrowings.

**(i) Foreign Currency Risk**

The company does not have transaction in foreign currency and accordingly it is not exposed to foreign currency risk. There are no outstanding derivative contracts as at 31st March, 2020.

**(ii) Interest Rate Risk**

The Company's debt exposure includes borrowings from Holding Company. Borrowings from Holding Company are strategic in nature and accordingly, do not carry any interest component. Hence, the Company does not have any significant exposure to interest rate risk.

**(iii) Other price risk**

The company is not exposed to any other price risk.

26 The previous year's figures have been regrouped and rearranged wherever necessary to make them comparable with those of current year's figures.

27 These financial statements have been approved by the Board of Directors of the Company on 7th August, 2020 for issue to the shareholders for their adoption.

As per our Report of even date  
**For A L P S & Co.**  
 Chartered Accountants  
 Firm's ICAI Registration No.: 313132E




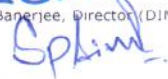
A. K. Khetawat  
 Partner  
 Membership No.: 052751

Place: Kolkata  
 Date: 31st July, 2020



**For and on behalf of the Board of Directors**

  
 Abhijit Banerjee, Director (DIN : 00066928)

  
 Satvendra Pal Singh, Director (DIN : 01055370)