

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF EDCL ARUNACHAL HYDRO PROJECTS PRIVATE LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **OPINION**

We have audited the accompanying financial statements of EDCL Arunachal Hydro Projects Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement 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 "the 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 Indian Accounting Standards notified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2022, its loss (including other comprehensive income), 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 (ICAI) 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 ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

#### **INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON**

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Annual Report 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 the financial statements, or our knowledge obtained during the course of our 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 with respect to the above.

## **RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE 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 financial position, 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 notified under section 133 of the Act read with relevant rules, 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 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is 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;
- 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.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2020 ("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 notified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time;
  - e) On the basis of the written representations received from the directors as at 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as at 31st March, 2022 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
3. 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 (as amended from time to time), 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 having material impact on the financial position of the Company which have not been disclosed in the financial statements as required in terms of the Indian Accounting Standards and provisions of the Act;
  - 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. a. The management has represented that, to the best of its knowledge and belief as disclosed in note no. 31 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - b. The management has represented that, to the best of its knowledge and belief as disclosed in note no. 31 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
  - c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
  - v. The Company has not declared or paid any dividend and has also not proposed any dividend during the year and as such requirement for complying with the provisions of section 123 of the Act in this respect are not applicable to the Company.
4. With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of section 197(16) of the Act, as amended from time to time, in our opinion and according to the information and explanations given to us, the Company is a private limited company and hence, provisions of section 197 are not applicable.

**FOR A L P S & CO.**  
**CHARTERED ACCOUNTANTS**  
**FIRM'S REGISTRATION NO: 313132E**

Sd/-  
**A.K.KHETAWAT**  
**(PARTNER)**  
**MEMBERSHIP NO. 052751**  
**UDIN: 22052751AKAGQP3292**

PLACE: Kolkata  
DATE: 26th May, 2022

**ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT**  
**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of M/s EDCL Arunachal Hydro Projects Private Limited)**

- i. In respect of the Company's property, plant and equipment and intangible assets
  - a. A. The Company has maintained proper records showing full particulars, including quantitative details and situations of its property, plant and equipment;  
B. The Company does not have any intangible assets, accordingly, reporting under paragraph 3(i)(a)(B) of the Order is not applicable;
  - b. During the year, property, plant and equipment have been physically verified by the management according to a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification;
  - c. According to the information and explanations given to us and based on our examination of the relevant records of the Company, the Company does not have any immovable properties, accordingly, reporting under paragraph 3(i)(c) of the Order is not applicable;
  - d. The Company has not revalued any of its property, plant and equipment during the year. The Company does not have any intangible assets and right-of-use assets. Accordingly, reporting under paragraph 3(i)(d) of the Order is not applicable;
  - e. According to the information and explanations given to us and as represented by the management, no proceedings have been initiated during the year or are pending against the Company as at the 31st March, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder, as amended from time to time. Accordingly, reporting under paragraph 3(i)(e) of the Order is not applicable.
- ii. According to the information and explanations given to us and based on our examination of the books of account of the Company:
  - a. The Company does not have any inventories, accordingly, reporting under paragraph 3(ii)(a) of the Order is not applicable;
  - b. The Company has not been sanctioned working capital limits from banks and financial institutions at any point of time during the year. Accordingly, reporting under paragraph 3(ii)(b) of the Order is not applicable.
- iii. The Company has not made investments or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. Accordingly, reporting under paragraph 3(iii) of the Order is not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has not granted any loan to directors or to any other parties, provided guarantee or security or made investments, hence provision of sections 185 and 186 of the Act is not applicable to the Company. Accordingly, reporting under paragraph 3(iv) of the Order is not applicable.
- v. According to the information and explanation given to us and based on our examination of the books and records of the Company, the Company has neither accepted any deposits or amount deemed to be deposits from public covered under Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder. Accordingly, reporting under paragraph 3(v) of the order is not applicable to the Company.
- 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, reporting under paragraph 3(vi) of the Order is not applicable.

- vii. According to the information and explanations given to us and based on our examination of the books of account:
  - a. During the year, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable to it. There are no undisputed amounts in respect of goods and services tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues, in arrears as at 31st March, 2022 for a period of more than six months from the date they became payable;
  - b. According to the information and explanations given to us and based on our examination of the records of the Company, there are no statutory dues referred to in sub clause (vii)(a) above 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 and as represented by the management, we have neither come across nor have been informed of transactions which were previously not recorded in books of account and that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 and accordingly reporting under paragraph 3(viii) of the Order is not applicable.
- ix. In our opinion and on the basis of information and explanations given to us and based on our examination of the books of account of the Company:
  - a. During the year, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender except interest accrued and due on borrowings Rs. 9.64 Lakhs;
  - b. The Company has not been declared wilful defaulter by any bank or financial institution or any other lenders;
  - c. During the year, no term loan has been availed by the Company and accordingly, reporting under paragraph 3(ix)(c) of the Order is not applicable;
  - d. According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short term basis have been used for long term purposes by the Company;
  - e. The Company does not have any investment in subsidiaries, associates or joint ventures and accordingly reporting under paragraph 3(ix)(e) of the Order is not applicable;
  - f. The Company does not have any investment in subsidiaries, associates or joint ventures and accordingly reporting under paragraph 3(ix)(f) of the Order is not applicable.
- x. According to the information and explanations given to us and based on our examination of the books of account of the Company:
  - a. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year and hence, reporting under paragraph 3(x)(a) of the Order is not applicable;
  - b. The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially, or optionally convertible) during the year and accordingly, reporting under paragraph 3(x)(b) of the Order is not applicable.
- xi.
  - a. During the course of our examination of books and records of the Company carried out in accordance with generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of fraud by the Company or on the Company noticed or reported during the year, nor have been informed of any such cases by the management;
  - b. According to the information and explanations given to us and based on our examination of the books and records of the Company, no report under sub-section (12) of section 143 of the Act, in Form ADT-4, as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 (as amended from time to time) has been filed with the Central Government. Accordingly, reporting under paragraph 3(xi)(b) of the Order is not applicable;
  - c. According to the information and explanation given to us and based on our examination of the books of account of the company, no whistle blower complaints have been received during the year by the company. Accordingly reporting under paragraph 3(xi)(c) of the Order is not applicable.

- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and accordingly the Nidhi Rules, 2014 is not applicable to it, hence, the reporting under paragraph 3(xii)(a, b, & c) of the Order is not applicable.
- 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 provisions of 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. In our opinion and based on our examination, the Company is not required to have an internal audit system as per the provisions of section 138 of the Act read with relevant rules issued thereunder from time to time and accordingly, reporting under paragraph 3(xiv) of the Order is not applicable.
- 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 directors or persons connected with them and hence, reporting under paragraph 3(xv) of the Order is not applicable.
- xvi. According to the information and explanations given to us and based on our examination of the books and records of the Company:
  - a. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934;
  - b. The Company has not conducted any non-banking financial or housing finance activities during the year;
  - c. The Company is not a Core Investment Company (hereinafter referred to as "CIC") as defined in the Core Investment Companies (Reserve Bank) Directions, 2016, as amended from time to time, issued by the Reserve Bank of India and hence, reporting under paragraph 3(xvi)(c) of the Order is not applicable; and
  - d. In our opinion and based on the representation received from the management, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly, reporting under paragraph 3(xvi)(d) of the Order is not applicable.
- xvii. Based on the examination of the books of accounts we report that the Company has incurred cash losses of Rs. 1.40 Lakhs and Rs. 0.45 Lakhs in the current financial year covered by our audit and in the immediately preceding financial year respectively.
- xviii. There has been no resignation of statutory auditors during the year and hence, reporting under paragraph 3(xviii) of the Order is not applicable.
- xix. According to the information and explanations given to us and based on the financial ratios (refer note no. 29A to the financial statements), ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither given any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. According to the information and explanation given to us and based on our examination of the books of account, the requirement for making expenditure towards corporate social responsibility activities is not applicable as per the criteria specified under section 135 of the Act read with relevant rules issued thereunder from time to time and accordingly, reporting under paragraph 3(xx)(a&b) of the Order is not applicable.

xxi. The Company does not have any subsidiaries, associate or joint ventures hence reporting under paragraph 3(xxi) of the Order is not applicable.

**FOR A L P S & CO.  
CHARTERED ACCOUNTANTS  
FIRM'S REGISTRATION NO.: 313132E**

**Sd/-  
A.K.KHETAWAT  
(PARTNER)  
MEMBERSHIP NO. 052751  
UDIN: 22052751AKAGQP3292**

PLACE: Kolkata  
DATE: 26th May, 2022



## **ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT**

**(Referred to in point (f) of paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date to the members of M/s EDCL Arunachal Hydro Projects Private Limited)**

### **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 Projects Private Limited (“the Company”) as at 31st March, 2022 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 WITH REFERENCE TO THE FINANCIAL STATEMENTS**

The Board of Directors of the company 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 (“the Guidance Note”) 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 issued by ICAI 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 the 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 the financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the 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 the financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control with reference to the 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 the 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 the 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 the financial statements to future periods are subject to the risk that the internal financial control with reference to the 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 maintained, in all material respects, an adequate and effective internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March, 2022, 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.

**FOR A L P S & CO.  
CHARTERED ACCOUNTANTS  
FIRM'S REGISTRATION NO: 313132E**

**Sd/-  
A.K.KHETAWAT  
(PARTNER)  
MEMBERSHIP NO. 052751  
UDIN: 22052751AKAGQP3292**

PLACE: Kolkata  
DATE: 26th May, 2022

EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED  
CIN: U40104WB2010PTC152829  
Balance Sheet as at 31st March, 2022

(Rs. in Lakhs)

| Particulars  | Note no. | As at 31st March, 2022 | As at 31st March, 2021 |
|--|----------|------------------------|------------------------|
| <b>ASSETS</b>  |          |                        |                        |
| <b>(1) Non current assets</b>  |          |                        |                        |
| (a) Property, plant and equipment  | 5        | 12.39                  | 16.05                  |
| (b) Deferred tax assets (net)  | 6        | 3.13                   | 2.54                   |
| (c) Non current tax assets (net)   | 7        | 0.09                   | 0.09                   |
| <b>Total non current assets</b>  |          | <b>15.61</b>           | <b>18.68</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                   | 0.59                   |
| <b>Total current assets</b>  |          | <b>5.00</b>            | <b>5.00</b>            |
| <b>TOTAL ASSETS</b>  |          | <b>20.61</b>           | <b>23.68</b>           |
| <b>EQUITY AND LIABILITIES</b>  |          |                        |                        |
| <b>EQUITY</b>  |          |                        |                        |
| (a) Equity share capital   | 10       | 101.00                 | 101.00                 |
| (b) Other equity   | 11       | (109.61)               | (103.32)               |
| <b>TOTAL EQUITY</b>  |          | <b>(8.61)</b>          | <b>(2.32)</b>          |
| <b>LIABILITIES</b>   |          |                        |                        |
| <b>(1) Non current liabilities</b>   |          |                        |                        |
| (a) Financial liabilities  |          |                        |                        |
| (i) Borrowings   | 12       | -                      | 15.18                  |
| <b>Total non current liabilities</b>   |          | <b>-</b>               | <b>15.18</b>           |
| <b>(2) Current liabilities</b>   |          |                        |                        |
| (a) Financial liabilities  |          |                        |                        |
| (i) Borrowings   | 13       | 17.00                  | -                      |
| (ii) Trade payables  |          |                        |                        |
| Total outstanding dues of micro enterprises and small enterprises                      | 14       | -                      | -                      |
| Total outstanding dues of creditors other than micro enterprises and small enterprises |          | 2.57                   | 1.16                   |
| (iii) Other financial liabilities  | 15       | 9.64                   | 9.64                   |
| (b) Other current liabilities  | 16       | 0.01                   | 0.02                   |
| <b>Total current liabilities</b>   |          | <b>29.22</b>           | <b>10.82</b>           |
| <b>TOTAL LIABILITIES</b>   |          | <b>29.22</b>           | <b>26.00</b>           |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |          | <b>20.61</b>           | <b>23.68</b>           |

Accompanying notes to Financial Statements

1 - 32

These notes form an integral part of the financial statements

As per our Report of even date attached

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

Chartered Accountants

Firm's Registration No.: 313132E

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

**A. K. Khetawat**

**Partner**

Membership No.: 052751

**Sd/-**

**Satyendra Pal Singh**

**Director**

DIN: 01055370

**Sd/-**

**Pankaja Kumari Singh**

**Director**

DIN: 00199454

Place: Kolkata

Date: 26th May, 2022

Place: New Delhi

Date: 26th May, 2022

EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED  
CIN: U40104WB2010PTC152829  
Statement of Profit and Loss for the year ended 31st March, 2022

(Rs. in Lakhs)

| Sl. no. | Particulars  | Note no. | For the year ended 31st March, 2022 | For the year ended 31st March, 2021 |
|---------|--|----------|-------------------------------------|-------------------------------------|
| (I)     | <b>Total income</b>  |          | -                                   | -                                   |
| (II)    | <b>Expenses</b>  |          |                                     |                                     |
|         | (a) Finance costs  | 17       | 1.82                                | 1.63                                |
|         | (b) Depreciation and amortisation expense  | 18       | 3.66                                | 4.86                                |
|         | (c) Other expenses   | 19       | 1.40                                | 0.45                                |
|         | <b>Total expenses (II)</b>   |          | <b>6.88</b>                         | <b>6.94</b>                         |
| (III)   | <b>Loss before tax (I - II)</b>  |          | <b>(6.88)</b>                       | <b>(6.94)</b>                       |
| (IV)    | <b>Tax expense</b>   |          |                                     |                                     |
|         | Current tax  |          | -                                   | -                                   |
|         | Deferred tax - charge/(credit)   | 20       | (0.59)                              | 1.01                                |
| (V)     | <b>Loss for the year (iii - iv)</b>  |          | <b>(6.29)</b>                       | <b>(7.95)</b>                       |
|         | <b>Other comprehensive income</b>  |          |                                     |                                     |
|         | (i) Items that will not be reclassified to profit or loss  |          | -                                   | -                                   |
|         | (ii).Income tax relating to above  |          | -                                   | -                                   |
|         | <b>Total other comprehensive income (net of tax)</b>   |          | <b>-</b>                            | <b>-</b>                            |
| (VI)    | <b>Total other comprehensive income (comprising loss and other comprehensive income for the year) (i + ii)</b> |          | <b>(6.29)</b>                       | <b>(7.95)</b>                       |
| (VII)   | Earnings per equity share (Face value of Rs. 10 each fully paid up)  |          |                                     |                                     |
|         | Basic and Diluted  | 21       | (0.62)                              | (0.79)                              |

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

1 - 32

As per our Report of even date attached

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

Chartered Accountants

Firm's Registration No.: 313132E

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

**A. K. Khetawat**  
**Partner**  
Membership No. 052751

**Sd/-**  
**Satyendra Pal Singh**  
**Director**  
DIN: 01055370

**Sd/-**  
**Pankaja Kumari Singh**  
**Director**  
DIN: 00199454

Place: Kolkata  
Date: 26th May, 2022

Place: New Delhi  
Date: 26th May, 2022

EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED  
CIN: U40104WB2010PTC152829  
Statement of Changes in Equity for the year ended 31st March, 2022

(i) Equity share capital

| Particulars                   | (Rs. in Lakhs) |
|-------------------------------|----------------|
|                               | Amount         |
| <b>As at 31st March, 2020</b> | <b>101.00</b>  |
| Movement during the year      | -              |
| <b>As at 31st March, 2021</b> | <b>101.00</b>  |
| Movement during the year      | -              |
| <b>As at 31st March, 2022</b> | <b>101.00</b>  |

(ii) Other equity

| Particulars                                    | (Rs. in Lakhs)       |                 |
|--|----------------------|-----------------|
|  | Reserves and surplus | Total           |
|  | Retained earnings    |                 |
| <b>As at 31st March, 2020</b>                  | <b>(95.37)</b>       | <b>(95.37)</b>  |
| Loss for the year                              | (7.95)               | (7.95)          |
| Other comprehensive income for the year        | -                    | -               |
| <b>Total comprehensive income for the year</b> | <b>(7.95)</b>        | <b>(7.95)</b>   |
| <b>As at 31st March, 2021</b>                  | <b>(103.32)</b>      | <b>(103.32)</b> |
| Loss for the year                              | (6.29)               | (6.29)          |
| Other comprehensive income for the year        | -                    | -               |
| <b>Total comprehensive income for the year</b> | <b>(6.29)</b>        | <b>(6.29)</b>   |
| <b>As at 31st March, 2022</b>                  | <b>(109.61)</b>      | <b>(109.61)</b> |

Accompanying notes to financial statements  
These notes form an integral part of the financial statements

1 - 32

As per our Report of even date attached

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

Chartered Accountants  
Firm's Registration No.: 313132E

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

**A. K. Khetawat**  
**Partner**  
Membership No. 052751

**Sd/-**  
**Satyendra Pal Singh**  
**Director**  
DIN: 01055370

**Sd/-**  
**Pankaja Kumari Singh**  
**Director**  
DIN: 00199454

Place: Kolkata  
Date: 26th May, 2022

Place: New Delhi  
Date: 26th May, 2022

EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED  
CIN: U40104WB2010PTC152829  
Cash Flow Statement for the year ended 31st March, 2022

(Rs. in Lakhs)

| Particulars  | For the year ended 31st March, 2022 |             | For the year ended 31st March, 2021 |             |
|--|-------------------------------------|-------------|-------------------------------------|-------------|
|  |                                     |             |                                     |             |
| <b>(A) Cash flow from operating activities</b>                         |                                     |             |                                     |             |
| Net loss before tax  |                                     | (6.88)      |                                     | (6.94)      |
| <b>Adjustments for:</b>  |                                     |             |                                     |             |
| Interest and finance charges   | 1.82                                |             | 1.63                                |             |
| Depreciation and amortisation expense                                  | 3.66                                | 5.47        | 4.86                                | 6.49        |
| <b>Operating Loss before working capital changes</b>                   |                                     | (1.41)      |                                     | (0.45)      |
| <b>Movement in working capital</b>                                     |                                     |             |                                     |             |
| Increase/(decrease) in trade and other payables                        | 1.41                                | 1.41        | 0.45                                | 0.45        |
| <b>Cash utilised in operations</b>                                     |                                     | -           |                                     | -           |
| Direct taxes paid (net of refund)                                      |                                     | -           |                                     | -           |
| <b>Net cash generated from/ (utilised in) operating activities (A)</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>                          |                                     |             |                                     |             |
| <b>Net Cash generated from/ (utilised in) financing activities (C)</b> |                                     | -           |                                     | -           |
| <b>Net changes in cash and cash equivalents (A + B + C)</b>            |                                     | -           |                                     | -           |
| Cash and cash equivalents as at the beginning of the year              |                                     | 0.59        |                                     | 0.59        |
| <b>Cash and cash equivalents as at the end of the year</b>             |                                     | <b>0.59</b> |                                     | <b>0.59</b> |

Notes:

(1) The above Cash Flow Statement has been prepared under the indirect method as set out in Indian Accounting Standard 7 "Statement of Cash Flows".

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

(Rs. in Lakhs)

| Particulars                            | As at 31st March, 2022 | As at 31st March, 2021 |
|--|------------------------|------------------------|
| Balance with banks in current accounts | 0.59                   | 0.59                   |
| <b>Total</b>                           | <b>0.59</b>            | <b>0.59</b>            |

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

(Rs. in Lakhs)

| Particulars                                   | As at 31st March, 2021 | Cash Flows (*) | Non Cash Flows | As at 31st March, 2022 |
|---|------------------------|----------------|----------------|------------------------|
| <b>Borrowings - current</b>                   |                        |                |                |                        |
| Loan from Holding Company                     | 15.18                  | -              | 1.82           | 17.00                  |
| <b>Interest accrued and due on borrowings</b> |                        |                |                |                        |
| Related parties                               | 9.64                   | -              | -              | 9.64                   |
| <b>Total</b>                                  | <b>24.82</b>           | <b>-</b>       | <b>1.82</b>    | <b>26.64</b>           |

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

(Rs. in Lakhs)

| Particulars                                   | As at 31st March, 2020 | Cash Flows (*) | Non Cash Flows | As at 31st March, 2021 |
|---|------------------------|----------------|----------------|------------------------|
| <b>Borrowings - non current</b>               |                        |                |                |                        |
| Loan from Holding Company                     | 13.55                  | -              | 1.63           | 15.18                  |
| <b>Interest accrued and due on borrowings</b> |                        |                |                |                        |
| Related Parties                               | 9.64                   | -              | -              | 9.64                   |
| <b>Total</b>                                  | <b>23.19</b>           | <b>-</b>       | <b>1.63</b>    | <b>24.82</b>           |

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

Accompanying notes to Financial Statements

1 - 32

These notes form an integral part of the financial statements

As per our Report of even date attached

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

Chartered Accountants

Firm's Registration No.: 313132E

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

**A. K. Khetawat**

**Partner**

Membership No.: 052751

**Sd/-**

**Satyendra Pal Singh**

**Director**

DIN: 01055370

**Sd/-**

**Pankaja Kumari Singh**

**Director**

DIN: 00199454

Place: Kolkata

Date: 26th May, 2022

Place: New Delhi

Date: 26th May, 2022

**EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED**  
**Notes to the financial statements for the year ended 31st March, 2022**

**Note 1 – Corporate Information**

EDCL Arunachal Hydro Project Private Limited (“the Company”) is a private 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.

**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.

**2.2 Application of new and revised standards**

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

The Ministry of Corporate Affairs (MCA) vide Notification dated 18th June, 2021 has issued Companies (Indian Accounting Standard) Amendment Rules, 2021. The Company has applied the following standards and amendments for the first time during the year ended 31st March 2022. These amendments had no impact on the financial statements of the Company.

- a. The amendment under Ind AS 38 and Ind AS 37 clarifies that the definition of “asset” under Ind AS 38 and the definition of “liability” under Ind AS 37 are not revised following the revision of the definition of “asset” and “liability” in the Conceptual Framework respectively.
- b. Reference to the “Framework for Preparation and Presentation of Financial Statements” with Ind AS has been substituted with reference to the “Conceptual Framework” under Ind AS 1, Ind AS 8, and Ind AS 34.
- c. Certain amendments have been made under Ind AS 115 to maintain consistency with the number of paragraphs of IFRS 15.
- d. In the definition of “recoverable amount”, for the words “fair value less costs to sell”, the words “fair value less costs of disposal” have been substituted. The consequential amendments are made in Ind AS 105, Ind AS 16, and Ind AS 28.

**EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED**  
**Notes to the financial statements for the year ended 31st March, 2022**

## **2.3 Recent Pronouncements**

### **Standards issued but not yet effective**

The Ministry of Corporate Affairs (MCA) vide Notification dated 23rd March, 2022 has issued Companies (Indian Accounting Standard) Amendment Rules, 2022. These amendments to the extent relevant to the Company's operations include:

Amendment to Ind AS 16 which clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognized in the profit or loss but deducted from the directly attributable costs considered as part of the cost of an item of property, plant, and equipment.

Other amendments in various standards, including Ind AS 37, Ind AS 101, Ind AS 103, Ind AS 109, and Ind AS 41 "Agriculture", have not been listed above since these are not relevant to the Company.

Even though the Company will evaluate the impact of the above, none of these amendments are vital in nature and are not likely to have a material impact on the Company's financial statements.

## **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.



**EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED**  
**Notes to the financial statements for the year ended 31st March, 2022**

### **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.

**EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED**  
**Notes to the financial statements for the year ended 31st March, 2022**

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:

| <b>Category of PPE</b> | <b>Useful life (in years)</b> |
|------------------------|-------------------------------|
| 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.

**EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED**  
**Notes to the financial statements for the year ended 31st March, 2022**

**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

**EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED**  
**Notes to the financial statements for the year ended 31st March, 2022**

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.

**EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED**  
**Notes to the financial statements for the year ended 31st March, 2022**

**(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.

**EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED**  
**Notes to the financial statements for the year ended 31st March, 2022**

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.

**EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED**  
**Notes to the financial statements for the year ended 31st March, 2022**

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.

**EDCL ARUNACHAL HYDRO PROJECT PRIVATE LIMITED**  
**Notes to the financial statements for the year ended 31st March, 2022**

**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.



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**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.

5 Property, plant and equipment

|          |                                 |                        |                |                  |                     | (Rs. in Lakhs) |
|----------|---------------------------------|------------------------|----------------|------------------|---------------------|----------------|
| Sl. No.  | Particulars                     | Furniture and fixtures | Motor vehicles | Office equipment | Plant and equipment | Total          |
| <b>1</b> | <b>Gross block</b>              |                        |                |                  |                     |                |
|          | As at 31st March, 2020          | 8.82                   | 0.57           | 5.08             | 47.46               | 61.93          |
|          | Additions/adjustments           | -                      | -              | -                | -                   | -              |
|          | Disposals/adjustments           | -                      | -              | -                | -                   | -              |
|          | As at 31st March, 2021          | 8.82                   | 0.57           | 5.08             | 47.46               | 61.93          |
|          | Additions/adjustments           | -                      | -              | -                | -                   | -              |
|          | Disposals/adjustments           | -                      | -              | -                | -                   | -              |
|          | As at 31st March, 2022          | 8.82                   | 0.57           | 5.08             | 47.46               | 61.93          |
| <b>2</b> | <b>Accumulated depreciation</b> |                        |                |                  |                     |                |
|          | As at 31st March, 2020          | 6.16                   | 0.44           | 4.40             | 30.01               | 41.02          |
|          | Charge during the year          | 0.69                   | 0.04           | 0.27             | 3.86                | 4.86           |
|          | Disposals/adjustments           | -                      | -              | -                | -                   | -              |
|          | As at 31st March, 2021          | 6.85                   | 0.48           | 4.67             | 33.87               | 45.88          |
|          | Charge during the year          | 0.51                   | 0.03           | 0.11             | 3.01                | 3.66           |
|          | Disposals/adjustments           | -                      | -              | -                | -                   | -              |
|          | As at 31st March, 2022          | 7.36                   | 0.51           | 4.79             | 36.88               | 49.54          |
| <b>3</b> | <b>Net block (1 - 2)</b>        |                        |                |                  |                     |                |
|          | As at 31st March, 2021          | 1.96                   | 0.09           | 0.41             | 13.59               | 16.05          |
|          | As at 31st March, 2022          | 1.45                   | 0.06           | 0.30             | 10.58               | 12.39          |

6 Deferred tax assets (net)

|  |                        |                        | (Rs. in Lakhs) |  |
|--|------------------------|------------------------|----------------|--|
| Particulars                                    | As at 31st March, 2022 | As at 31st March, 2021 |                |  |
| Deferred tax assets (net) (Refer note no. 6.1) | 3.13                   | 2.54                   |                |  |
| <b>Total</b>                                   | <b>3.13</b>            | <b>2.54</b>            |                |  |

6.1 Components of deferred tax assets/ (liabilities) are as follows:

|   |                        |   |   |                        | (Rs. in Lakhs) |
|---|------------------------|---|---|------------------------|----------------|
| Particulars   | As at 31st March, 2021 | Charge/ (credit) recognised in profit or loss | Charge/ (credit) recognised in other comprehensive income | As at 31st March, 2022 |                |
| <b>(A) Deferred Tax Assets</b>                                  |                        |   |   |                        |                |
| Timing difference with respect to property, plant and equipment | 3.02                   | (0.11)  | -   | 3.13                   |                |
| Effect of fair valuation of financial instruments               | (0.48)                 | (0.48)  | -   | -                      |                |
| <b>Total deferred tax assets (A)</b>                            | <b>2.54</b>            | <b>(0.59)</b>                                 | <b>-</b>  | <b>3.13</b>            |                |
| <b>Total deferred tax liabilities (B)</b>                       | <b>-</b>               | <b>-</b>                                      | <b>-</b>  | <b>-</b>               |                |
| <b>Deferred tax assets (net) (A - B)</b>                        | <b>2.54</b>            | <b>(0.59)</b>                                 | <b>-</b>  | <b>3.13</b>            |                |

|   |                        |   |   |                        | (Rs. in Lakhs) |
|---|------------------------|---|---|------------------------|----------------|
| Particulars   | As at 31st March, 2020 | Charge/ (credit) recognised in profit or loss | Charge/ (credit) recognised in other comprehensive income | As at 31st March, 2021 |                |
| <b>(A) Deferred Tax Assets</b>                                  |                        |   |   |                        |                |
| Timing difference with respect to property, plant and equipment | 3.17                   | 0.15  | -   | 3.02                   |                |
| Effect of fair valuation of financial instruments               | 0.38                   | 0.86  | -   | (0.48)                 |                |
| <b>Total deferred tax assets (A)</b>                            | <b>3.55</b>            | <b>1.01</b>                                   | <b>-</b>  | <b>2.54</b>            |                |
| <b>Total deferred tax liabilities (B)</b>                       | <b>-</b>               | <b>-</b>                                      | <b>-</b>  | <b>-</b>               |                |
| <b>Deferred tax assets (net) (A - B)</b>                        | <b>3.55</b>            | <b>1.01</b>                                   | <b>-</b>  | <b>2.54</b>            |                |

7 Non current tax assets (net)

|                        |                        |                        | (Rs. in Lakhs) |  |
|------------------------|------------------------|------------------------|----------------|--|
| Particulars            | As at 31st March, 2022 | As at 31st March, 2021 |                |  |
| Tax deducted at source | 0.09                   | 0.09                   |                |  |
| <b>Total</b>           | <b>0.09</b>            | <b>0.09</b>            |                |  |

8 Trade receivables

|   |                        |                        | (Rs. in Lakhs) |  |
|---|------------------------|------------------------|----------------|--|
| Particulars                                       | As at 31st March, 2022 | As at 31st March, 2021 |                |  |
| <b>At amortised cost</b>                          |                        |                        |                |  |
| Unsecured, considered good (Refer note 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:

|                             |                     |  |                 |           |           |                   | (Rs. in Lakhs) |
|-----------------------------|---------------------|--|-----------------|-----------|-----------|-------------------|----------------|
| Particulars                 | Current but not due | Outstanding for following periods from due date of payment |                 |           |           |                   | Total          |
|                             |                     | Less than 6 Months   | 6 months -1year | 1-2 years | 2-3 years | More than 3 years |                |
| Undisputed, considered good | -                   | -  | -               | -         | -         | 4.41              | 4.41           |
| Undisputed, credit impaired | -                   | -  | -               | -         | -         | -                 | -              |
| <b>Total</b>                | <b>-</b>            | <b>-</b>   | <b>-</b>        | <b>-</b>  | <b>-</b>  | <b>4.41</b>       | <b>4.41</b>    |

  

|                             |                     |  |                 |           |           |                   | (Rs. in Lakhs) |
|-----------------------------|---------------------|--|-----------------|-----------|-----------|-------------------|----------------|
| Particulars                 | Current but not due | Outstanding for following periods from due date of payment |                 |           |           |                   | Total          |
|                             |                     | Less than 6 Months   | 6 months -1year | 1-2 years | 2-3 years | More than 3 years |                |
| Undisputed, considered good | -                   | -  | -               | -         | -         | 4.41              | 4.41           |
| Undisputed, credit impaired | -                   | -  | -               | -         | -         | -                 | -              |
| <b>Total</b>                | <b>-</b>            | <b>-</b>   | <b>-</b>        | <b>-</b>  | <b>-</b>  | <b>4.41</b>       | <b>4.41</b>    |

9 Cash and cash equivalents

|  |                        |                        | (Rs. in Lakhs) |  |
|--|------------------------|------------------------|----------------|--|
| Particulars                            | As at 31st March, 2022 | As at 31st March, 2021 |                |  |
| Balance with banks in current accounts | 0.59                   | 0.59                   |                |  |
| <b>Total</b>                           | <b>0.59</b>            | <b>0.59</b>            |                |  |

10 Equity share capital

(Rs. in Lakhs)

| Particulars   | As at 31st March, 2022 | As at 31st March, 2021 |
|---|------------------------|------------------------|
| <b>Authorised</b>   |                        |                        |
| 11,00,000 (31st March, 2021 - 11,00,000) equity shares of Rs. 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, 2021 - 10,10,000) equity shares of Rs. 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 face value of Rs. 10 per share. Each holder of equity is entitled to one vote per share. The dividend, if any, proposed by the Board of Directors is subject of approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts in proportion to the number of equity shares held by them.

10.2 Reconciliation of the number of equity shares outstanding as at the beginning and at the end of the year

| Particulars                         | For the year ended 31st March, 2022 | For the year ended 31st March, 2021 |
|-------------------------------------|-------------------------------------|-------------------------------------|
| <b>At the beginning of the year</b> | <b>1,010,000</b>                    | <b>1,010,000</b>                    |
| Movement during the year            | -                                   | -                                   |
| <b>At the end of the year</b>       | <b>1,010,000</b>                    | <b>1,010,000</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

(Rs. in Lakhs)

| Particulars                             | For the year ended 31st March, 2022 | As at 31st March, 2021 |
|---|-------------------------------------|------------------------|
| Retained earnings (Refer note no. 11.2) | (109.61)                            | (103.32)               |
| <b>Total</b>                            | <b>(109.61)</b>                     | <b>(103.32)</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.

12 Borrowings - non current

(Rs. in Lakhs)

| Particulars               | As at 31st March, 2022 | As at 31st March, 2021 |
|---------------------------|------------------------|------------------------|
| <b>At amortised cost</b>  |                        |                        |
| <b>Unsecured</b>          |                        |                        |
| <b>From related party</b> |                        |                        |
| Holding company           | -                      | 15.18                  |
| <b>Total</b>              | <b>-</b>               | <b>15.18</b>           |

13 Borrowings - current

(Rs. in Lakhs)

| Particulars               | As at 31st March, 2022 | As at 31st March, 2021 |
|---------------------------|------------------------|------------------------|
| <b>At amortised cost</b>  |                        |                        |
| <b>Unsecured</b>          |                        |                        |
| <b>From related party</b> |                        |                        |
| Holding company           | 17.00                  | -                      |
| <b>Total</b>              | <b>17.00</b>           | <b>-</b>               |

14 Trade payables

(Rs. in Lakhs)

| Particulars   | As at 31st March, 2022 | As at 31st March, 2021 |
|---|------------------------|------------------------|
| <b>At amortised cost</b>  |                        |                        |
| <b>Payable for goods and services</b>   |                        |                        |
| Total outstanding dues of micro enterprises and small enterprises (Refer note no. 14.1)                     | -                      | -                      |
| Total outstanding dues of creditors other than micro enterprises and small enterprises (Refer note no.14.2) | 2.57                   | 1.16                   |
| <b>Total</b>  | <b>2.57</b>            | <b>1.16</b>            |

14.1 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.

14.2 Includes Rs. 1.96 Lakhs (31st March, 2021 - Rs. 0.63 Lakhs) payable to Holding Company.

14.3 Ageing analysis of Trade payables is as follows:

31st March 2022

(Rs. in Lakhs)

| Particulars        | Current but not due | Outstanding for following periods from due date of payment |             |             |                   | Total       |
|--------------------|---------------------|--|-------------|-------------|-------------------|-------------|
|                    |                     | Less than 1 year   | 1-2 years   | 2-3 years   | More than 3 years |             |
| Undisputed, MSME   | -                   | -  | -           | -           | -                 | -           |
| Undisputed, others | 0.31                | 1.52   | 0.20        | 0.44        | 0.10              | 2.57        |
| <b>Total</b>       | <b>0.31</b>         | <b>1.52</b>  | <b>0.20</b> | <b>0.44</b> | <b>0.10</b>       | <b>2.57</b> |

31st March 2021

(Rs. in Lakhs)

| Particulars        | Current but not due | Outstanding for following periods from due date of payment |           |           |                   | Total |
|--------------------|---------------------|--|-----------|-----------|-------------------|-------|
|                    |                     | Less than 1 year   | 1-2 years | 2-3 years | More than 3 years |       |
| Undisputed, MSME   | -                   | -  | -         | -         | -                 | -     |
| Undisputed, others | 0.53                | 0.09   | 0.44      | -         | 0.10              | 1.16  |

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|       |      |      |      |   |      |      |
|-------|------|------|------|---|------|------|
| Total | 0.53 | 0.09 | 0.44 | - | 0.10 | 1.16 |
|-------|------|------|------|---|------|------|

15 Other financial liabilities - current

(Rs. in Lakhs)

| Particulars                            | As at 31st March,<br>2022 | As at 31st March,<br>2021 |
|--|---------------------------|---------------------------|
| <b>At amortised cost</b>               |                           |                           |
| Interest accrued and due on borrowings | 9.64                      | 9.64                      |
| <b>Total</b>                           | <b>9.64</b>               | <b>9.64</b>               |

16 Other current liabilities

(Rs. in Lakhs)

| Particulars                   | As at 31st March,<br>2022 | As at 31st March,<br>2021 |
|-------------------------------|---------------------------|---------------------------|
| Statutory dues (includes TDS) | 0.01                      | 0.02                      |
| <b>Total</b>                  | <b>0.01</b>               | <b>0.02</b>               |

17 Finance costs

(Rs. in Lakhs)

| Particulars                    | For the year ended<br>31st March, 2022 | For the year ended<br>31st March, 2021 |
|--------------------------------|--|--|
| Interest expense on borrowings | 1.82                                   | 1.63                                   |
| <b>Total</b>                   | <b>1.82</b>                            | <b>1.63</b>                            |

18 Depreciation and amortisation expense

(Rs. in Lakhs)

| Particulars  | For the year ended<br>31st March, 2022 | For the year ended<br>31st March, 2021 |
|--|--|--|
| Depreciation of Property, plant and equipment (Refer note no. 5) | 3.66                                   | 4.86                                   |
| <b>Total</b>   | <b>3.66</b>                            | <b>4.86</b>                            |

19 Other expenses

(Rs. in Lakhs)

| Particulars            | For the year ended<br>31st March, 2022 | For the year ended<br>31st March, 2021 |
|------------------------|--|--|
| Rates and taxes        | 0.23                                   | 0.05                                   |
| Professional charges   | 0.32                                   | 0.19                                   |
| Payment to auditor     | -                                      | -                                      |
| Statutory audit        | 0.20                                   | 0.20                                   |
| Miscellaneous expenses | 0.65                                   | 0.01                                   |
| <b>Total</b>           | <b>1.40</b>                            | <b>0.45</b>                            |

20 Components of tax expense

(Rs. in Lakhs)

| Particulars   | For the year ended<br>31st March, 2022 | For the year ended<br>31st March, 2021 |
|---|--|--|
| <b>Current tax</b>  |  |  |
| In respect of the current year  | -                                      | -                                      |
| <b>Total current tax expense recognised in the current year</b>           | <b>-</b>                               | <b>-</b>                               |
| <b>Deferred tax</b>   |  |  |
| In respect of the current year  | (0.59)                                 | 1.01                                   |
| <b>Total deferred tax charge/ (credit) recognised in the current year</b> | <b>(0.59)</b>                          | <b>1.01</b>                            |
| <b>Total Tax expense/(credit) recognised in the current year</b>          | <b>(0.59)</b>                          | <b>1.01</b>                            |

20.1 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, 2022 and 31st March, 2021, reconciliation of income tax expense has not been provided for the same.

- 20.1.1 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, 2022 as per the existing provisions.

21 Earnings per share

(Amount in Rs., except otherwise stated)

| Particulars  | For the year ended<br>31st March, 2022 | For the year ended<br>31st March, 2021 |
|--|--|--|
| (a) Net profit/ (loss) for basic and diluted earnings per share as per Statement of Profit and Loss                                | (6.29)                                 | (7.95)                                 |
| (b) Weighted average number of equity shares for calculation of basic and diluted earnings per share (Face value Rs. 10 per share) | 1,010,000                              | 1,010,000                              |
| <b>(c) Earnings per equity share (a/b)</b>   |  |  |
| Basic and Diluted (in Rs.)   | (0.62)                                 | (0.79)                                 |

22 Segment reporting

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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".

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23 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:

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

(Rs. in Lakhs)

| Particulars   | For the year ended<br>31st March, 2022 | For the year ended<br>31st March, 2021 |
|---|--|--|
| Interest expense  | 1.82                                   | 1.63                                   |
| Expenses incurred by the party on behalf of the company | 1.33                                   | 0.19                                   |

(ii) Balances outstanding as at the Balance Sheet date

(Rs. in Lakhs)

| Particulars                                | As at 31st March, 2022 | As at 31st March, 2021 |
|--|------------------------|------------------------|
| Unsecured loans (Borrowings - Non current) | 17.00                  | 15.18                  |
| Trade payables                             | 1.96                   | 0.63                   |

(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, 2022 and 31st March, 2021.

(ii) Balances outstanding as at the Balance Sheet date

(Rs. in Lakhs)

| Particulars  | As at 31st March, 2022 | As at 31st March, 2021 |
|--|------------------------|------------------------|
| Interest accrued and due on borrowings (Other financial liabilities - current) | 9.64                   | 9.64                   |

Notes:

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



**24 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                     | (Rs. in Lakhs)         |                        |
|---------------------------------|------------------------|------------------------|
|                                 | As at 31st March, 2022 | As at 31st March, 2021 |
| <b>Total borrowings</b>         | 17.00                  | 15.18                  |
| Less: cash and cash equivalents | 0.59                   | 0.59                   |
| <b>Net debt (A)</b>             | <b>16.41</b>           | <b>14.59</b>           |
| Total equity                    | (8.61)                 | (2.32)                 |
| Total equity and net debt (B)   | 7.81                   | 12.27                  |
| <b>Gearing ratio (A/ B)</b>     | <b>2.10</b>            | <b>1.19</b>            |

**25 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 no. 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                       | (Rs. in Lakhs)         |                        |
|-----------------------------------|------------------------|------------------------|
|                                   | As at 31st March, 2022 | As at 31st March, 2021 |
| <b>Measured at amortised cost</b> |                        |                        |
| <b>Financial assets (current)</b> |                        |                        |
| Trade receivables                 | 4.41                   | 4.41                   |
| Cash and cash equivalents         | 0.59                   | 0.59                   |
| <b>Total financial assets</b>     | <b>5.00</b>            | <b>5.00</b>            |

| Particulars                                | (Rs. in Lakhs)         |                        |
|--|------------------------|------------------------|
|  | As at 31st March, 2022 | As at 31st March, 2021 |
| <b>Measured at amortised cost</b>          |                        |                        |
| <b>Financial Liabilities (non current)</b> |                        |                        |
| Borrowings                                 | -                      | 15.18                  |
| <b>Total (a)</b>                           | -                      | <b>15.18</b>           |
| <b>Financial liabilities (current)</b>     |                        |                        |
| Borrowings                                 | 17.00                  | -                      |
| Trade payables                             | 2.57                   | 1.16                   |
| Interest accrued on borrowings             | 9.64                   | 9.64                   |
| <b>Total (b)</b>                           | <b>29.21</b>           | <b>10.80</b>           |
| <b>Total financial liabilities (a + b)</b> | <b>29.21</b>           | <b>25.98</b>           |

**(B) Fair valuation techniques**

The fair values of the financial assets and liabilities are included at the amount 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 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.

**26 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. 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.

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

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**Notes to Financial Statements for the year ended 31st March, 2022**

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.

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**(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.

| (Rs. in Lakhs)                         |                  |                  |              |
|--|------------------|------------------|--------------|
| Particulars                            | Less than 1 year | 1 year – 3 years | Total        |
| <b>As at 31st March, 2022</b>          |                  |                  |              |
| Loan from Holding Company              | 17.00            | -                | 17.00        |
| Trade payables                         | 2.57             | -                | 2.57         |
| Interest accrued and due on borrowings | 9.64             | -                | 9.64         |
| <b>Total</b>                           | <b>29.21</b>     | <b>-</b>         | <b>29.21</b> |
| <b>As at 31st March, 2021</b>          |                  |                  |              |
| Loan from Holding Company              | -                | 17.00            | 17.00        |
| Trade Payables                         | 1.16             | -                | 1.16         |
| Interest accrued and due on borrowings | 9.64             | -                | 9.64         |
| <b>Total</b>                           | <b>10.80</b>     | <b>17.00</b>     | <b>27.80</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, 2022.

**(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.

29A Ratio analysis and its elements (to the extent applicable to the Company)

| Sl. No. | Ratio                         | Numerator  | Denominator  | 2021 - 2022 | 2020 - 2021 | % change with respect to previous year | Reason for variance (where change is more than 25%) |
|---------|-------------------------------|--|--|-------------|-------------|--|---|
| (1)     | Current ratio                 | Current assets   | Current liabilities                                  | 0.17        | 0.46        | (63.04%)                               | Increase in current liabilities                     |
| (2)     | Debt-equity ratio             | Borrowings   | Total equity   | (1.98)      | (6.55)      | (69.83%)                               | Decrease in total equity                            |
| (3)     | Debt service coverage ratio   | Loss after tax + Depreciation and amortisation + Finance costs | Finance costs  | (0.45)      | (0.90)      | (50.00%)                               | Decrease in loss after tax                          |
| (4)     | Return on equity ratio        | Loss after tax   | Average total equity                                 | 115.12%     | (480.04%)   | (123.98%)                              | Decrease in total equity                            |
| (5)     | Trade payables turnover ratio | Total purchases  | Closing trade payables                               | 0.54        | 0.39        | 39.97%                                 | Increase in expenditure                             |
| (6)     | Return on capital employed    | Loss before tax + Finance costs                                | Tangible net worth + Borrowings -Deferred tax assets | (96.25%)    | (51.49%)    | 86.91%                                 | Decrease in total equity                            |

29B The Company, neither had any transactions during the years ended 31st March, 2022 and 31st March, 2021 with companies, which have been struck off by the Registrar of Companies, nor any balance is outstanding from such companies as at the end of reporting year.

30 The Company has assessed the possible impact of COVID-19 on its financial statements based on the internal and external information available up to the date of approval of these financial statements and no adjustment in the carrying amount of assets and liabilities is expected to arise.

31 No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

32 The Schedule III to the Companies Act 2013 vide notification dated 24th March, 2021 issued by Ministry of Corporate Affairs (MCA) has been amended with effect from 1st April, 2021 and these financial statements have been prepared giving effect to the said amendments. Accordingly, comparative figures of the previous year have been regrouped/ rearranged/ reclassified and disclosed wherever applicable to make them comparable with those of the current years' figures.

As per our report of even date attached  
 For A L P S & CO.  
 Chartered Accountants  
 Firm's Registration No. 313132E

For and on behalf of the Board of Directors

A. K. Khetawat  
 Partner  
 Membership No.: 052751

Sd/-  
 Satyendra Pal Singh  
 Director  
 DIN: 01055370

Sd/-  
 Pankaja Kumari Singh  
 Director  
 DIN: 00199454

Place: Kolkata  
 Date: 26th May, 2022

Place: New Delhi  
 Date: 26th May, 2022