

**Chaitanya C. Dalal & Co.**  
**CHARTERED ACCOUNTANTS**

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**INDEPENDENT AUDITOR'S REPORT**

To,  
The Members,  
Gammon Power Limited

**Report on the Standalone Ind AS Financial Statements & Internal Financial Controls over Financial Reporting**

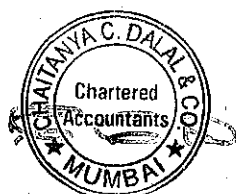
1. We have audited the accompanying standalone Ind AS financial statements of **Gammon Power Limited**, which comprise the Balance Sheet as at March 31, 2018 the Statement of Profit and Loss (including other comprehensive income), Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information. Also we have audited Internal Financial Controls over Financial Reporting as at March 31, 2018.

**Management's Responsibility for the standalone Ind AS Financial Statements & for Internal Financial Controls over Financial Reporting**

2. The Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

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

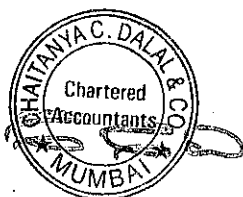
3. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the



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

### **Auditor's Responsibility**

4. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit and to express an opinion on the Company's internal financial controls over financial reporting based on our audit.
5. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
6. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and the Guidance Note on Audit of Internal Financial Controls over Financial Reporting. 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 the standalone Ind AS financial statements are free from material misstatement and whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
7. An audit involves performing procedures to obtain audit evidence about the amounts, the disclosures in the financial statements and adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risks that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.
8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting and the Ind AS financial statements.



**Meaning of Internal Financial Controls over Financial Reporting**

9. A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

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

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

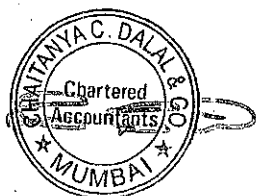
**Opinion**

11. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.
12. In our opinion considering nature of business, size of operation and organisational structure of the entity, the Company has an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018.

**Report on Other Legal and Regulatory Requirements**

13. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
14. 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;



# Chaitanya C Dalal & Co

Chartered Accountants

- B) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- C) The balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
- D) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014.
- E) On the basis of written representations received from the directors as on September 5, 2018, taken on record by the Board of Directors, none of the directors are disqualified as on date, from being appointed as a director in terms of Section 164(2) of the Act.
- F) With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- I. The Company does not have any pending litigations which would impact its financial position.
  - II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - III. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - IV. The company has not complied with provisions of section 203 of Companies Act 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, necessitated that every listed company and every other public company having paid-up share capital of Rs 5 crores or more to appoint the Company Secretary in whole-time employment.

For Chaitanya C. Dalal & Co.

Chartered Accountants

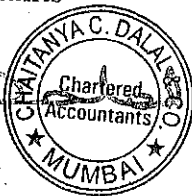
FRN: 101632W



Chaitanya C. Dalal

Partner

Membership No. 35809



Place: Mumbai

Date:

## **Chaitanya C Dalal & Co**

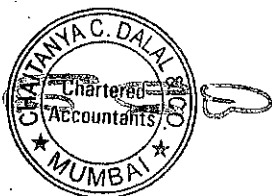
Chartered Accountants

### **Annexure "A" to the Independent Auditor's Report**

As at and for the year ended 31<sup>st</sup> March, 2018 on the standalone Ind AS Financial Statements  
To the Members of **Gammon Power Limited**

(Referred to in paragraph 12 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) The Company does not have fixed assets & immovable property. Hence reporting under clause (i) of the CARO 2016 is not applicable.
- (ii) The Company does not have inventory. Hence reporting under clause (ii) of the CARO 2016 is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has provided guarantee by way of pledging of its shares against various credit facilities provided by the bank to its holding company i.e Gammon India Limited.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have any unclaimed deposits. Hence reporting under clause (v) of the CARO 2016 is not applicable.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) CARO 2016 is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has been regular in depositing undisputed statutory dues, including Income-tax, Service Tax, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Income-tax, Service Tax, Value Added Tax, cess and other material statutory dues in arrears as at 31<sup>st</sup> March 2018 for a period of more than six months from the date they became payable.
  - (c) There are no dues of Income-tax, Service Tax, and Value Added Tax as on 31<sup>st</sup> March 2018 on account of disputes.
- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.



## **Chaitanya C Dalal & Co**

Chartered Accountants

- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud on the Company by its officers has been noticed or reported during the year.
- (xi) The Company has not paid any managerial remuneration during the year and hence the limits and approvals mandated by the provisions of section 197 are deemed to have been complied with.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and details of related party transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934

**For Chaitanya C. Dalal & Co**

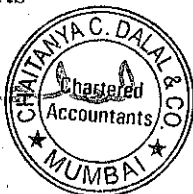
**Chartered Accountants**

**FRN: 101632W**

**Chaitanya C. Dalal**

**Partner**

**M No. 35809**



Place: Mumbai

Date:

# **GAMMON POWER LIMITED**

**CIN: U40108MH2008PLC186403**

**Register Office : Gammon House, Veer Savarkar Marg, Prabhadevi,  
Mumbai - 400025. Maharashtra**

**ANNUAL STANDALONE ACCOUNTS**

**FOR THE YEAR ENDED**

**31<sup>st</sup> MARCH 2018**

**GAMMON POWER LIMITED**

CIN: U40108MH2008PLC186403

**Audited Statement of Assets and Liabilities as at March 31, 2018**

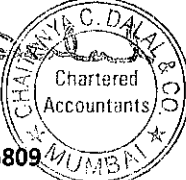
Particulars	Note	As at 31st March 2018	As at 31st March 2017
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
(a) Financial Assets			
(i) Investments	2	1,06,72,19,117	2,15,13,92,433
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,06,72,19,117</b>	<b>2,15,13,92,433</b>
<b>CURRENT ASSETS</b>			
(a) Financial Assets			
(i) Cash and cash equivalents	3	4,08,692	5,08,763
(ii) Loans	4	1,66,03,786	1,76,03,786
(ii) Other financial assets	5	54,14,781	54,14,781
(b) Other current assets	6	24,57,778	22,20,099
<b>TOTAL CURRENT ASSETS</b>		<b>2,48,85,036</b>	<b>2,57,47,429</b>
<b>TOTAL ASSETS</b>		<b>1,09,21,04,153</b>	<b>2,17,71,39,862</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share capital	7	22,55,00,000	22,55,00,000
(b) Other Equity	8	(7,37,67,086)	43,86,19,786
<b>TOTAL EQUITY</b>		<b>15,17,32,914</b>	<b>66,41,19,786</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
(a) Other non-current liabilities	9	2,00,00,000	2,00,00,000
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,00,00,000</b>	<b>2,00,00,000</b>
<b>CURRENT LIABILITIES</b>			
(a) Financial Liability			
(i) Borrowings	10	79,35,01,943	1,36,69,81,532
(ii) Other financial liabilities	11	12,33,95,815	12,26,35,450
(a) Other current liabilities	12	34,73,481	34,03,094
<b>TOTAL CURRENT LIABILITIES</b>		<b>92,03,71,239</b>	<b>1,49,30,20,076</b>
<b>TOTAL EQUITY and LIABILITIES</b>		<b>1,09,21,04,153</b>	<b>2,17,71,39,862</b>

Statement of significant accounting policies and explanatory notes forms an integral part of the financial statements.

As per our report of even date.

For Chaitanya C Dalal & Co.  
Chartered Accountants  
Firm's Regn. No.: 101632W

Chaitanya C. Dalal  
Partner  
Membership No : 35809



For and on Behalf of Board of Directors

Chayan Bhattacharjee  
Director  
DIN: 00107640

Ajay Mehrotra  
Director  
DIN : 03057591



Place : Mumbai  
Dated :

Place : Mumbai  
Dated :



**GAMMON POWER LIMITED**

CIN: U40108MH2008PLC186403

**Statement of Profit and Loss for the year ended 31st March, 2018**

Particulars		Note	April 2017 - March 2018	April 2016 - March 2017
I	Revenue from Operations			
II	Other Income	13	1,55,92,52,835	15,75,000
III	Total Income (I + II)		1,55,92,52,835	15,75,000
IV	Expenses:			
	Finance Cost	14	19,44,864	12,84,78,849
	Other Expenses	15	1,65,68,32,885	3,64,276
	Total Expenses		1,65,87,77,749	12,88,43,125
V	Profit/(Loss) before exceptional items and tax		(9,95,24,914)	(12,72,68,125)
VI	Exceptional items Income / (Expense)			
	Provision for diminution of value of investments		41,18,61,958	4,98,96,00,000
	Provision for doubtful loan		10,00,000	-
VII	Profit / (Loss) before tax		(51,23,86,872)	(5,11,68,68,125)
VIII	Tax Expenses			
	Current Income Tax		-	-
	Tax of earlier years		-	-
	Total tax expenses		-	-
IX	Profit/(Loss) for the period from continuing operations (VII-VIII)		(51,23,86,872)	(5,11,68,68,125)
X	Other Comprehensive Income			
	Items that will not be reclassified to profit & loss account		-	-
XI	Total Comprehensive income/(Loss) for the period (IX+X)		(51,23,86,872)	(5,11,68,68,125)
XII	Earning Per Equity Share (for Continuing Operation)	16		
	Basic		(2.27)	(22.69)
	Diluted		(2.27)	(22.69)

Statement of significant accounting policies and explanatory notes forms an integral part of the financial statements.

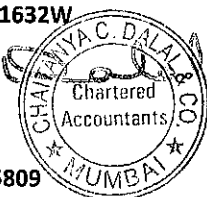
As per our report of even date.

For Chaitanya C Dalal & Co.  
Chartered Accountants  
Firm's Regn. No.: 101632W



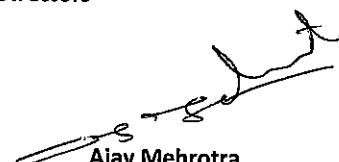
Chaitanya C. Dalal  
Partner

Membership No : 35809



For and on Behalf of Board of Directors

Chayan Bhattacharjee  
Director  
DIN: 00107640



Ajay Mehrotra  
Director  
DIN : 03057591

Place : Mumbai

Dated :

Place : Mumbai

Dated :

**GAMMON POWER LIMITED**

CIN: U40108MH2008PLC186403

**Cash Flow Statement for the year ended 31st March, 2018**

Particulars	April 2017 - March 2018	April 2016 - March 2017
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax and Extraordinary Items	(51,23,86,872)	(5,11,68,68,125)
Add: Finance cost	19,44,864	12,84,78,849
<b>Operating Profit Before Working Capital Changes</b>	<b>(51,04,42,008)</b>	<b>(4,98,83,89,276)</b>
<b>Changes in working capital:</b>		
Loans	10,00,000	-
Other financial assets	-	(14,17,500)
Other current Assets	(2,37,679)	(4,68,089)
Other financial liabilities	7,60,365	1,29,979
Other current liabilities	70,387	38,247
<b>CASH GENERATED FROM THE OPERATIONS</b>	<b>(50,88,48,935)</b>	<b>(4,99,01,06,639)</b>
Direct Taxes Paid	-	-
<b>Net Cash from Operating Activities</b>	<b>(50,88,48,935)</b>	<b>(4,99,01,06,639)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Investments/Provision for diminution of value of investment/Sale of Investment	1,08,41,73,316	4,98,96,00,000
<b>Net Cash from Investing Activities</b>	<b>1,08,41,73,316</b>	<b>4,98,96,00,000</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowing	(57,54,24,453)	(51,889)
<b>Net Cash from Financing Activities</b>	<b>(57,54,24,453)</b>	<b>(51,889)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(1,00,072)</b>	<b>(5,58,528)</b>
Balance as at the beginning of the period	5,08,763	10,67,291
Balance as at the end of the period	4,08,692	5,08,763
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,00,072</b>	<b>5,58,528</b>
Note: Figure in brackets denote outflows		

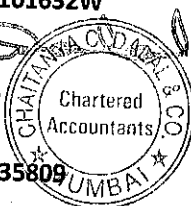
Statement of significant accounting policies and explanatory notes forms an integral part of the financial statements.

For Chaitanya C Dalal & Co.

Chartered Accountants

Firm's Regn. No. 101632W

Chaitanya C. Dalal  
Partner  
Membership No : 35809



For and on Behalf of Board of Directors

Chayan Bhattacharjee  
Director  
DIN: 00107640

Ajay Mehrotra  
Director  
DIN : 03057591

Place : Mumbai

Dated :

Place : Mumbai

Dated :

**GAMMON POWER LIMITED**

CIN: U40108MH2008PLC186403

**Statement on Change in Equity**

Particulars	Equity Share Capital	Retained Earning	Security Premium Reserve	Total
Balance as at 01 April, 2016	22,55,00,000	(96,95,12,089)	6,52,50,00,000	5,78,09,87,911
Profit for the year	-	(5,11,68,68,125)	-	(5,11,68,68,125)
Capital Contribution	-	-	-	-
Balance as at 31 March 2017	22,55,00,000	(6,08,63,80,214)	6,52,50,00,000	66,41,19,786
Profit for the year	-	(51,23,86,872)	-	(51,23,86,872)
Capital Contribution	-	-	-	-
Balance as at 31 March 2018	22,55,00,000	(6,59,87,67,086)	6,52,50,00,000	15,17,32,914

As per our report of even date.

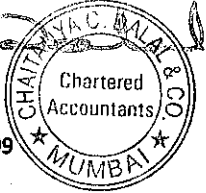
For Chaitanya C Dalal &amp; Co.

Chartered Accountants

Firm's Regn. No.: 101632W

Chaitanya C. Dalal  
Partner

Membership No : 35809



Place : Mumbai

Dated :

For and on Behalf of Board of Directors

Chayan Bhattacharjee  
Director  
DIN: 00107640

Place : Mumbai

Dated :

  
Ajay Mehrotra  
Director  
DIN : 03057591

## 1 NOTES ACCOMPANYING TO THE FINANCIAL STATEMENTS.

### i) Basis of Accounting

Ministry of Corporate Affairs notified roadmap to implement Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. As per the said roadmap, the Holding Company is required to apply Ind AS starting from financial year beginning on or after 1st October, 2014. Accordingly, the financial statements of the Company have been prepared in accordance with the Ind AS.

For all periods up to and including the year ended 31st March, 2016, the Company prepared its financial statements in accordance with the Accounting Standards notified under the Section 133 of the Companies Act 2013, read together with Companies (Accounts) Rules 2014 (Indian GAAP). These financial statements for the year ended 31st March, 2017 are the first set of financial statements that the Company has prepared in accordance with Ind AS.

These financial statements are prepared under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values which are disclosed in the Financial Statements, the provisions of the Companies Act, 2013 ('Act') (to the extent notified).

The classification of assets and liabilities of the Company is done into current and non-current based on the operating cycle of the business of the Company. The operating cycle of the business of the Company is less than twelve months and therefore all current and non-current classifications are done based on the status of reliability and expected settlement of the respective asset and liability within a period of twelve months from the reporting date as required by Schedule III to the Companies Act, 2013.

Accounting policies have been consistently applied except whereas newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

These accounts have been prepared as per Ind AS for the purpose of the facilitation of consolidation of this company into the financial of the parent Gammon India Limited. Therefore these are not general purpose financial statements.

### ii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with banks which are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### iii) Foreign currency transactions

#### (a) Initial Recognition:

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### (b) Conversion:

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

#### (c) Exchange Difference:

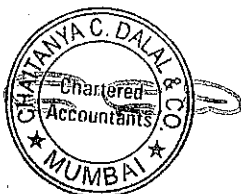
Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

### iv) Borrowing Cost

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized as a part of the cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time (generally over twelve months) to get ready for its intended use or sale.

Other borrowing costs are recognized as expenses in the period in which they are incurred.

In determining the amount of borrowing costs eligible for capitalization during a period, any income earned on the temporary investment of those borrowings is deducted from the borrowing costs incurred.



v) **Taxes on income**

Tax expense comprises both current and deferred taxes. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the prevailing applicable laws. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

vi) **Provisions, Contingent Liabilities and Contingent Assets**

**Provisions**

The Company recognizes a provision when: it has a present legal or constructive obligation as a result of past events; it is likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses. Provisions are reviewed at each balance sheet and adjusted to reflect the current best estimates.

**Contingent liabilities and Contingent Assets**

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition. A contingent assets is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow

**Onerous contracts**

A provision for onerous contracts is measured at the present value of the lower expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Company recognizes impairment on the assets with the contract.

vii) **Earning Per Share**

Basic earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

viii) **Current and non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the reporting period,

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

ix) **Fair value measurement**

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

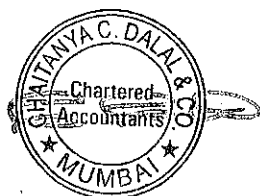
The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:



- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
  - Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or
  - Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable
- For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.
- For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

x) **Financial instruments**

a. **Financial assets:**

(i) **Initial recognition and measurement**

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

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortized cost.

(ii) **Subsequent measurement**

For purposes of subsequent measurement financial assets are classified in two broad categories:

- Financial assets at fair value
- Financial assets at amortized cost

Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognized in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortized cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- Business model test: The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).

- Cash flow characteristics test: 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.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

- Business model test: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Cash flow characteristics test: 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.

Even if an instrument meets the two requirements to be measured at amortized cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

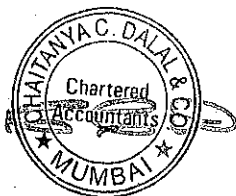
All other financial asset is measured at fair value through profit or loss.

All equity investments other than investment on subsidiary, joint venture and associates are measured at fair value in the balance sheet, with value changes recognized in the statement of profit and loss.

(iii) **Derecognition**

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

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



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

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

**(iv) Investment in associates, joint venture and subsidiaries**

The Company has accounted for its investment in associates at Fair value

**(v) Impairment of financial assets**

The Company assesses impairment based on expected credit losses (ECL) model to the Financial assets measured at amortized cost.

Expected credit losses are measured through a loss allowance at an amount equal to:

- the 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

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

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

**b. Financial liabilities:**

**(i) Initial recognition and measurement**

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

**(ii) Subsequent measurement**

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

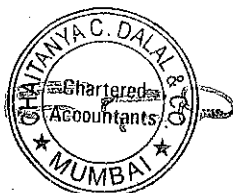
**(iii) Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.



(iv) **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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

(v) **Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

(vi) **Derecognition**

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

c. **Offsetting of financial instruments:**

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

d. **Derivative financial instruments:**

The Company enters into derivative contracts to hedge foreign currency price risk on unexecuted firm commitments and highly probable forecast transactions. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

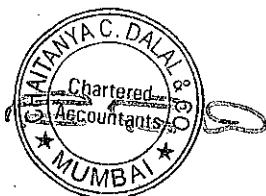
Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

e. **Trade Payables**

A payable is classified as a 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually settled as per the payment terms stated in the contract. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method.

f. **Trade Receivable**

A receivable is classified as a 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the EIR method, less provision for impairment.





**GAMMON POWER LIMITED**

**Notes on Financial Statements for the year ended 31st March, 2018**

**2 Non-current financial assets - Investments**

Particulars	March 31, 2018	March 31, 2017
NCA - Financial Assets - Investments - Trade Investments - Equity Instruments - Subsidiary (Indian)	7,14,09,92,433	7,14,09,92,433
Gammon Infrastructure Projects Limited		
52,80,00,000 share @ 2/- share (Market Value Rs. 2.94 per share)		
Less: Sale of investment (16,50,00,300 * 4.07)	2,23,15,64,193	-
Less: Provision for diminution of value of investment (Rs. 4.07 - 2.94)*No of Shares	3,84,22,09,123	4,98,96,00,000
Investment in Equity Instruments (at market price)	1,06,72,19,117	2,15,13,92,433
<b>Total</b>	<b>1,06,72,19,117</b>	<b>2,15,13,92,433</b>

**Sub note:**

**Aggregate value of quoted investment**

Particulars	March 31, 2018	March 31, 2017
Aggregate amount of quoted investments	1,06,72,19,118	2,15,13,92,433
Market Value of Quoted Investments	1,06,72,19,118	2,15,13,92,433

In previous year Investment was carried out at fair value and accordingly provision for Impairment of Investments was created for the amount of Rs. 498,96,00,000/-. During the current year the company has sold part of its investment and booked the actual loss of Rs. 165,34,23,213/-. Since the actual loss is booked in the current year, the provision made in previous year relating to those shares which are sold in current year is reversed by amount of Rs. 155,92,52,835/- and additional provision of Rs. 41,18,61,957/- is made for the remaining investment held at the yearend i.e. 31.03.2018 to carried out the same at fair value.

**3 Current financial assets - Cash and Bank Balance**

Particulars	March 31, 2018	March 31, 2017
Cash and Cash Equivalents		
Balances with Banks	4,08,692	5,08,763
<b>Total</b>	<b>4,08,692</b>	<b>5,08,763</b>

**4 Financial assets: Loans**

Particulars	March 31, 2018		March 31, 2017	
	Non Current	Current	Non Current	Current
Loans and advances to related parties				
Considered Good	-	1,03,786	-	1,76,03,786
Considered Doubtful	-	1,75,00,000	-	-
Less : Provision for Doubtful Loans	-	(10,00,000)	-	-
<b>Total</b>	<b>-</b>	<b>1,66,03,786</b>	<b>-</b>	<b>1,76,03,786</b>

**Details of Loans given to Related Parties**

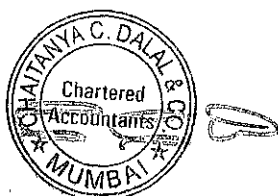
Particulars	March 31, 2018		March 31, 2017	
	Non Current	Current	Non Current	Current
<b>Considered Good:</b>				
Gammon Retail Infrastructure Private Limited	-	1,03,786	-	1,03,786
<b>Considered Doubtful:</b>				
Metropolitan Infrahousing Private Limited	-	1,75,00,000	-	1,75,00,000
<b>Total</b>	<b>-</b>	<b>1,76,03,786</b>	<b>-</b>	<b>1,76,03,786</b>

**5 Financial assets: Other financial assets**

Particulars	March 31, 2018		March 31, 2017	
	Non Current	Current	Non Current	Current
Interest Accrued Receivable:				
Considered Good	-	-	-	-
Considered Doubtful	-	54,14,781	-	54,14,781
Less : Provision for Doubtful interest	-	-	-	-
<b>Total</b>	<b>-</b>	<b>54,14,781</b>	<b>-</b>	<b>54,14,781</b>

**Interest Accrued Receivable**

Particulars	March 31, 2018		March 31, 2017	
	Non Current	Current	Non Current	Current
<b>Considered Doubtful:</b>				
Metropolitan Infrahousing Private Limited	-	54,14,781	-	54,14,781
<b>Total</b>	<b>-</b>	<b>54,14,781</b>	<b>-</b>	<b>54,14,781</b>



**GAMMON POWER LIMITED**

**Notes on Financial Statements for the year ended 31st March, 2018**

**6 Other Assets**

Particulars	March 31, 2018		March 31, 2017	
	Non Current	Current	Non Current	Current
Balance with Tax Authority	-	24,57,778	-	22,20,099
<b>Total</b>	<b>-</b>	<b>24,57,778</b>	<b>-</b>	<b>22,20,099</b>

**7 Equity Share Capital**

**(a) Authorised, Issued, Subscribed and Fully Paid up :**

Particulars	March 31, 2018		March 31, 2017	
	No of Shares	Amount	No of Shares	Amount
<b>Authorised Capital :</b>				
Equity Shares of Rs.10/- each	2,50,00,000	25,00,00,000	2,50,00,000	25,00,00,000
<b>Issued, Subscribed and Fully Paid up Capital :</b>				
Issued Capital	2,25,00,000	22,55,00,000	2,25,00,000	22,55,00,000
Equity Shares of Rs.10/- each, fully paid				
Subscribed and Fully Paid up Capital	2,25,00,000	22,55,00,000	2,25,00,000	22,55,00,000
Equity Shares of Rs.10/- each, fully paid				
<b>Total</b>	<b>2,25,00,000</b>	<b>22,55,00,000</b>	<b>2,25,00,000</b>	<b>22,55,00,000</b>

**(b) Reconciliation of Number of Shares Outstanding**

Particulars	March 31, 2018		March 31, 2017	
	No of Shares	Amount	No of Shares	Amount
As at the beginning of the year	2,25,50,000	22,55,00,000	2,25,50,000	22,55,00,000
Add: Issued during the year	-	-	-	-
<b>As at the end of the year</b>	<b>2,25,50,000</b>	<b>22,55,00,000</b>	<b>2,25,50,000</b>	<b>22,55,00,000</b>

**(c) Details of Shareholding in Excess of 5%**

Name of Shareholder	March 31, 2018		March 31, 2017	
	No of Shares	%	No of Shares	%
Gammon India Limited	2,25,45,000	99.98%	2,25,45,000	99.98%

**(d) Terms / rights attached to equity shares**

The Company has only one class of Equity Shares having a par value of Rs.10/- each. Each holder of Equity Share is entitled to one vote per share. The distribution will be in proportion to the number of Equity Shares held by the shareholder.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

**8 Other Equity**

Particulars	March 31, 2018	March 31, 2017
Securities Premium Account	6,52,50,00,000	6,52,50,00,000
Retained earnings	(6,59,87,67,086)	(6,08,63,80,214)
<b>Total</b>	<b>(7,37,67,086)</b>	<b>43,86,19,786</b>

**9 Other non-current liabilities**

Particulars	March 31, 2018	March 31, 2017
Mobilisation advance received from client *	2,00,00,000	2,00,00,000
<b>Total</b>	<b>2,00,00,000</b>	<b>2,00,00,000</b>

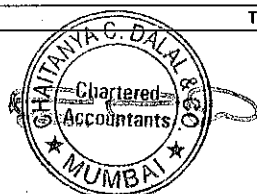
\*The Company has been allotted a contract for execution of works on Engineering Procurement and Construction (EPC) basis for a 250 MW coal based power project by M/s. Aparna InfraEnergy, for which the said mobilisation advance is received.

**10 Financial Liabilities - Borrowings**

Particulars	March 31, 2018		March 31, 2017	
	Non Current	Current Maturities	Non Current	Current Maturities
Related Parties	-	79,35,01,943	-	1,36,69,81,532
<b>Total</b>	<b>-</b>	<b>79,35,01,943</b>	<b>-</b>	<b>1,36,69,81,532</b>

**Details of Loans taken from Related Parties**

Particulars	March 31, 2018		March 31, 2017	
	Non Current	Current	Non Current	Current
Gammon India Limited	-	78,32,24,152	-	1,35,80,41,434
Gammon Realty Limited	-	1,02,77,791	-	89,40,098
<b>Total</b>	<b>-</b>	<b>79,35,01,943</b>	<b>-</b>	<b>1,36,69,81,532</b>



**GAMMON POWER LIMITED**

**Notes on Financial Statements for the year ended 31st March, 2018**

**11 Financial Liabilities - Other financial liabilities**

Particulars	March 31, 2018		March 31, 2017	
	Non Current	Current	Non Current	Current
Interest payable to related parties	-	12,33,95,815.00	-	12,26,35,450.00
<b>Total</b>	-	<b>12,33,95,815</b>	-	<b>12,26,35,450</b>

**Details of interest payable to related parties**

Particulars	March 31, 2018		March 31, 2017	
	Non Current	Current	Non Current	Current
Gammon India Limited	-	12,22,23,730	-	12,22,23,730
Gammon Realty Limited	-	11,72,085	-	4,11,720
<b>Total</b>	-	<b>12,33,95,815</b>	-	<b>12,26,35,450</b>

**12 Other current liabilities**

Particulars	March 31, 2018		March 31, 2017	
Duty & Taxes Payable		20,44,485		20,05,747
Other Payables		14,28,996		13,97,347
<b>Total</b>		<b>34,73,481</b>		<b>34,03,094</b>

**13 Other Income**

Particulars	April 2017 - March 2018	April 2016 - March 2017
Interest Income - Others	-	15,75,000
Provision written back (diminution of value of investments)	1,55,92,52,835	-
<b>Total</b>	<b>1,55,92,52,835</b>	<b>15,75,000</b>

During the year the company has made provision for doubtful loan on Inter Corporate Deposits given to its related parties due to uncertainty of its refund. Due to the uncertainty of receipt of Inter Corporate Deposits given to its related parties, the company not charged interest income during the year for the same.

**14 Finance Cost**

Particulars	April 2017 - March 2018	April 2016 - March 2017
Interest Expenses on ICDs	8,44,850	12,26,81,197
Interest on delayed payment of taxes	11,00,014	57,97,652
<b>Total</b>	<b>19,44,864</b>	<b>12,84,78,849</b>

During the year company has not provided interest expenses on Inter Corporate Deposits taken from its related parties due to difficult financial position of the company to make payment of the same.

**15 Other Expenses**

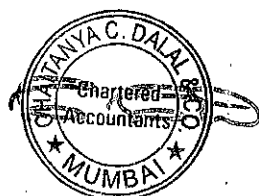
Particulars	April 2017 - March 2018	April 2016 - March 2017
Audit Fees	20,000	20,000
Bank Charges & Guarantee Commission	294	186
Fees & Consultations	48,414	3,37,260
Rates & Taxes (incl indirect taxes)	10,63,362	2,500
Loss on sale of investment	1,65,34,23,213	-
Brokerage on sale of investment	22,75,702	-
Miscellaneous Expenses	1,901	4,330
<b>Total</b>	<b>1,65,68,32,885</b>	<b>3,64,276</b>

**Remuneration to Statutory Auditors**

Particulars	April 2017 - March 2018	April 2016 - March 2017
Statutory Audit Fees	20,000	20,000
<b>Total</b>	<b>20,000</b>	<b>20,000</b>

**16 Earnings Per Share**

Particulars	April 2017 - March 2018	April 2016 - March 2017
Net Profit attributable to the Equity Share holders	(51,23,86,872)	(5,11,68,68,125)
O/s number of Equity Shares at the end of the year	22,55,00,000	22,55,00,000
Weighted Number of Shares during the period - Basic	22,55,00,000	22,55,00,000
Weighted Number of Shares during the period - Diluted	22,55,00,000	22,55,00,000
Earning Per Share - Basic (Rs.)	(2.27)	(22.69)
Earning Per Share - Diluted (Rs.)	(2.27)	(22.69)



**GAMMON POWER LIMITED**

**Notes on Financial Statements for the year ended 31st March, 2018**

**17 Financial Instruments**

The carrying value and fair value of financial instruments by categories as at March 31, 2018, and March 31, 2017 is as follows:

Particulars	Carrying Value		Fair Value	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
<b>Financial Assets</b>				
<b>Amorised Cost:</b>				
Loans	1,66,03,786	1,76,03,786	1,66,03,786	1,76,03,786
Others	54,14,781	54,14,781	54,14,781	54,14,781
Cash and cash equivalents	4,08,692	5,08,763	4,08,692	5,08,763
<b>Total Financial Assets</b>		<b>2,35,27,330</b>	<b>2,24,27,259</b>	<b>2,35,27,330</b>
<b>Financial Liabilities</b>				
<b>Amorised Cost</b>				
Borrowings	79,35,01,943	1,36,69,81,532	79,35,01,943	1,36,69,81,532
Trade payables				
Others	12,33,95,815	12,26,35,450	12,67,368	13,97,347
<b>Total Financial Liabilities</b>	<b>91,68,97,758</b>	<b>1,48,96,16,982</b>	<b>79,47,69,311</b>	<b>1,36,83,78,879</b>

**Fair Value Hierarchy**

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b)

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

Fair value of cash and short-term deposits, trade and other short-term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions

Financial instruments with fixed and floating interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the

(ii) The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

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

Level 2: other techniques for which all inputs which have significant effect on recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on recorded fair value that are not based on observable market data

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than

Particulars	Date of Valuation	Quoted prices in active markets (Level 1)	Fair Value measurement using		Valuation Technique
			Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	

**Financial assets measured at fair value**

**Investment in Non - Current Investments**

Equity shares in GIPL	31-Mar-18	1,06,72,19,117	-	-	Market Value of Shares
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**Financial Risk Management Objectives And Policies**

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Managing Board.

**Market Risk :**

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

(iii) The Company manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies.

The Company does not have any foreign currency exposure during the financial period or as at Balance sheet date and therefore there is no Foreign currency risk to the company.

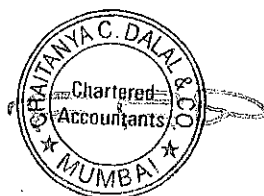
**(a) Credit risk**

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company monitors whether the collections are made within the contractually established deadlines. In addition to this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly. The Company does not have any Trade receivable and therefore is not exposed to Credit risk from Customers.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward-looking information such as :

- (b) (i) Actual or expected significant adverse changes in business,
- (ii) Actual or expected significant changes in the operating results of the counterparty,
- (iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- (iv) Significant increases in credit risk on other financial instruments of the same counterparty,
- (v) Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a loan or receivable for write off when a debtor fails to make contractual payments. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.



**GAMMON POWER LIMITED**

**Notes on Financial Statements for the year ended 31st March, 2018**

**(c) Interest rate risk**

The Company does not have any borrowings other than group companies primarily from Holding Company. Interest rate charged by the holding company is @9% p.a. Therefore the Company is not exposed to market Interest rate risk.

**(d) 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's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

**Current Financial Assets of the Company**

Particulars	March 31, 2018	March 31, 2017
Cash and Cash Equivalent	4,08,692	5,08,763
Current Investments in mutual Funds and Shares	1,06,72,19,117	2,15,13,92,433
Loans & Advances Current	1,66,03,786	1,76,03,786
Other Financial Assets Current	54,14,781	54,14,781
<b>Total</b>	<b>1,08,96,46,376</b>	<b>2,17,49,19,763</b>

**Maturity profile of financial liabilities**

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

Particulars	Within One year	One - Five year	Total
<b>As at March 31, 2018</b>			
Short term borrowings	79,35,01,943	-	79,35,01,943
Other financial liabilities	12,33,95,815	-	12,33,95,815
<b>Total</b>	<b>91,68,97,758</b>	<b>-</b>	<b>91,68,97,758</b>
<b>As at March 31, 2017</b>			
Short term borrowings	1,36,69,81,532	-	1,36,69,81,532
Other financial liabilities	12,26,35,450	-	12,26,35,450
<b>Total</b>	<b>1,48,96,16,982</b>	<b>-</b>	<b>1,48,96,16,982</b>

**18 Standards issued but not yet effective**

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the group from April 1, 2017.

**Amendment to Ind AS 7:**

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

**Amendment to Ind AS 102:**

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

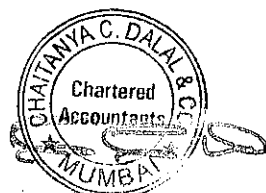
The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

**19 Capital Management**

For the purpose of the Group's capital management, capital includes issued equity capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The gearing ratio in the infrastructure business is generally high. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

Particulars	March 31, 2018	March 31, 2017
Gross Debt	91,68,97,758.06	1,48,96,16,982
Less:		
Cash and Cash Equivalent	-	-
Bank Balance	4,08,691.56	5,08,763
Net debt (A)	91,64,89,067	1,48,91,08,219
Total Equity (B)	15,17,32,914	66,41,19,786
<b>Gearing ratio (A/B)</b>	<b>6.04</b>	<b>2.24</b>



# GAMMON POWER LIMITED

## Notes on Financial Statements for the year ended 31st March, 2018

### 20 Significant Accounting Judgments, Estimates And Assumptions

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

#### Judgments

In the process of applying the company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the separate financial statements.

#### Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

#### Defined benefit plans (gratuity benefits)

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. For plans operated outside India, the management considers the interest rates of high quality corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### Impairment of non-financial assets

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

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

### 21 Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006

The Company has not received any intimation from 'suppliers' regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure requirements in this regard as per schedule VI of the Companies Act, 1956 could not be provided.

### 22 Disclosure of transactions with Related Parties, as required by Indian Accounting Standard (Ind AS) - 24 "Related Party Disclosures" has been set out in a separate Annexure - 1.

### 23 Deferred Tax

No deferred tax assets provide under IND AS - 12, as there are no profit likely in forcible future to set off the losses.

### 24 IND AS - 19 Employee Benefits and IND AS - 108 Operating Segments are not applicable to the company and required informations are not given.

### 25 Previous Year's figures have been rearranged or regrouped wherever applicable necessary.

As per our report of even date.

For Chaitanya C Dalal & Co.

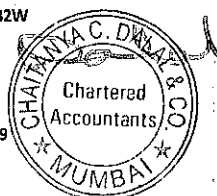
Chartered Accountants

Firm's Regn. No.: 101632W

Chaitanya C. Dalal

Partner

Membership No : 35809



Place : Mumbai

Dated :

For and on Behalf of Board of Directors

Chayan Bhattacharjee

Director

DIN: 00107640

Place : Mumbai

Dated :

  
Ajay Mehrotra  
Director  
DIN : 03057591

# GAMMON POWER LIMITED

Groupings of Financial Statements for the year ended 31st March, 2018

## Balances with banks

Particulars	March 31, 2018	March 31, 2017
Syndicate Bank	3,97,941	4,98,875
HDFC Bank	9,888	9,888
IDBI Bank	863	-
<b>Total</b>	<b>4,08,692</b>	<b>5,08,763</b>

## Balance with Tax Authority

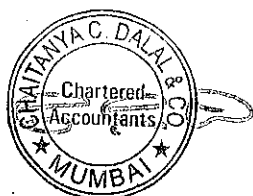
Particulars	March 31, 2018	March 31, 2017
Self Assessment Tax A.Y. 2013-14	2,26,670	2,26,670
Self Assessment Tax A.Y. 2014-15	3,44,429	3,44,429
Self Assessment Tax A.Y. 2015-16	2,55,573	2,55,573
Self Assessment Tax A.Y. 2016-17	3,10,589	3,10,589
Self Assessment Tax A.Y. 2017-18	2,37,679	-
TDS for A.Y. 2012-13	3,27,141	3,27,141
TDS for A.Y. 2013-14	1,13,886	1,13,886
TDS for A.Y. 2014-15	1,50,673	1,50,673
TDS for A.Y. 2015-16	1,76,138	1,76,138
TDS for A.Y. 2016-17	1,57,500	1,57,500
TDS for A.Y. 2017-18	1,57,500	1,57,500
<b>Total</b>	<b>24,57,778</b>	<b>22,20,099</b>

## Duty & Taxes Payable

Particulars	March 31, 2018	March 31, 2017
TDS Payable	86,485	47,747
Provision for Income Tax	19,58,000	19,58,000
<b>Total</b>	<b>20,44,485</b>	<b>20,05,747</b>

## Other payable

Particulars	March 31, 2018	March 31, 2017
Audit fees payable	18,000	18,000
Custody Fees - ICICI Bank	2,00,000	2,00,000
Director sitting fees	18,000	9,000
Professional fees payable		
A. G. Mundra & Co.	1,685	1,685
B. F. Pavari & Co.	28,480	13,376
Chaitanya Dalal & Co.	31,500	31,500
Natvarlal Vepari & Co.	17,697	17,697
Neha Sathe & Co.	-	-
V. V. Chakradeo & Co.	24,720	-
Depository Charges payable		
Link Intime India Pvt Ltd	-	17,175
Sharekhan Limited	10,88,914	10,88,914
<b>Total</b>	<b>14,28,996</b>	<b>13,97,347</b>

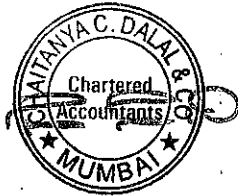


**GAMMON POWER LIMITED****Groupings of Financial Statements for the year ended 31st March, 2018****Fees & Consultations**

<b>Particulars</b>	<b>April 2017 - March 2018</b>	<b>April 2016 - March 2017</b>
Custody Fees	-	2,00,000
Depository Charges	-	20,610
Director's Sitting Fees	10,000	40,000
Legal and Professional fees	20,000	73,650
Roc Fees	18,414	3,000
<b>Total</b>	<b>48,414</b>	<b>3,37,260</b>

**Rates & Taxes ( incl indirect taxes)**

<b>Particulars</b>	<b>April 2017 - March 2018</b>	<b>April 2016 - March 2017</b>
Profession Tax (Company)	2,500	2,500
CGST @ 9%	2,10,097	-
SGST @ 9%	2,10,097	-
Security Transaction Tax	5,78,051	-
Stamp Duty	62,617	-
<b>Total</b>	<b>10,63,362</b>	<b>2,500</b>





**GAMMON POWER LIMITED**

ANNEXURES ATTACHED TO AND FORMING PART OF THE NOTES ON FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 31ST MARCH, 2018

**Annexure - I : Related Party Disclosure**  
**A. List of Related Parties and Relationship**

- a) Holding Company**  
1. Gammon India Limited
- b) Directors**  
1. Rajul Bhansali  
2. Ajay Singh Mehrotra  
3. Gita Bede  
4. Atul Kumar Shukla  
5. Naval Choudhary
- c) Step down Subsidiary**  
1. Aparna Infraenergy India Private Limited
- d.) Subsidiary Company**  
1. Gammon Infrastructure Projects Limited.
- e) Fellow Subsidiary**  
1. Gammon Realty Limited  
2. Gammon Retail Infrastructure Private Limited  
3. Metropolitan Infrahousing Private Limited

Particulars	Holding Company		Subsidiary Company		Metropolitan Infrahousing Private Limited		Fellow Subsidiaries		Step down Subsidiary		Key Management Personnel			
	April 2017- March 2018	April 2016 - March 2017	April 2017- March 2018	April 2016 - March 2017	April 2017- March 2018	April 2016 - March 2017	April 2017- March 2018	April 2016 - March 2017	April 2017- March 2018	April 2016 - March 2017	Abul Kumar Shukla	April 2017- March 2018	April 2016 - March 2017	Neval Choudhary
<b>Transactions with Related Parties</b>														
<b>Transactions during the year</b>														
Repayment of loan	57,48,17,282	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans Taken	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Directors Sitting Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expenses	-	12,22,23,730	-	-	-	-	-	-	-	-	9,000	-	18,000	-
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Investment	-	-	2,23,15,64,192	-	-	-	-	-	-	-	-	-	-	-
Investment in Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of Provision for diminution of value of investment	-	-	1,55,92,52,835	-	-	-	-	-	-	-	-	-	-	-
Provision for diminution of value of investment	-	-	3,84,22,09,123	4,98,95,00,000	-	-	-	-	-	-	-	-	-	-
<b>Closing Balances</b>														
Other non-current liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding Balances Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding Balances Payable	78,32,24,152	1,35,80,41,434	-	-	1,75,00,000	1,03,786	1,03,786	1,03,786	-	-	-	-	-	-
Interest Receivable	-	-	-	-	54,14,781	-	-	-	-	-	-	-	-	-
Interest Payable	12,22,23,730	12,22,23,730	-	-	-	-	-	-	-	-	-	-	-	-
Investment in Subsidiary	-	-	1,06,72,19,117	2,15,13,92,433	-	-	-	-	2,00,00,000	2,00,00,000	9,000	-	-	9,000

