

## **Independent Auditors' Report**

### **To the Members of Sasan Power Limited**

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

#### **Opinion**

We have audited the financial statements of Sasan Power Limited ("the Company"), which comprise the balance sheet as at March 31, 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and loss and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

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

#### **Other Information**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual Report but does not include the financial statements and our auditor's 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

## **Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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.

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 (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) 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.
  - (A) 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 statement of cash flows dealt with by this Report are in agreement with the books of account.
    - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act, read with relevant rules made thereunder.
    - e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

g) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by provisions of section 197 read with Schedule V to the Act.

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

- i. The Company has disclosed the impact of pending litigations as at March 31, 2021 on its financial position in its financial statements - Refer Note 4 to the financial statements;
- ii. There were no foreseeable losses, on long-term contracts including derivative contracts in respect of which provisions would be required to be made, under the applicable law or accounting standards;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

**For Pathak H. D. & Associates LLP**  
Chartered Accountants  
Firm Registration No. 107783W/WI00593

**Vishal D. Shah**  
Partner  
Membership No. 119303  
UDIN: 21119303AAAAKE3701

**Date:** May 06, 2021  
**Place:** Mumbai

## **Annexure A to Independent Auditors' Report**

**Referred to in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our Independent Auditors' Report of even date to the members of Sasan Power Limited on the financial statements for the year ended March 31, 2021**

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) The title deeds of immovable properties other than self-constructed immovable property (buildings) as disclosed in fixed assets [Note 3.1] to the financial statements, are held in the name of the Company, except freehold land aggregating 5.18 hectares amounting to Rs. 303.62 Lakhs which is pending for registration/mutation.

In respect of immovable properties taken on lease and disclosed as fixed assets to the financial statements, the lease agreements are in the name of the Company.

- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- (iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to any company, firm, limited liability partnerships or other party covered in the register maintained under section 189 of the Act. Accordingly, the provisions stated in clause 3(iii) (a), (b) & (c) of the Order are not applicable.
- (iv) In our opinion and according to information and explanation given to us, the Company has not granted any loans or provided any guarantees or security to its directors or any other person in whom director is interested. As the Company is engaged in providing infrastructural facilities as specified in schedule VI of the Act, provisions of section 186 except sub-section (1) of the Act are not applicable to the Company. In our opinion and according to information and explanation given to us, the Company has complied with the provisions sub-section (1) of Section 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of sections 73 to 76 of the Act and the rules framed there under.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government

under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the company is generally regular in depositing the undisputed statutory dues in respect of Madhya Pradesh Gramin Avsanchna Tatha Sadak Vikas Adhiniyam (MPGATSVIA), Provident Fund, Income-tax, Goods and Services tax, Duty of Customs and other material statutory dues as applicable with the appropriate authorities except in the case of Electricity duty, Energy Development Cess, Royalty, Forest Transit Fees and Contribution to District Mineral Fund, Royalty and National Mineral Exploration Trust Charges where there have been significant delays in depositing these dues. As explained to us, the Company did not have any dues on account of Duty of Excise, Service tax, Value added tax, Sales tax and Employee's State Insurance.

There are no undisputed amounts payable in respect of such applicable statutory dues including interest there on as at March 31, 2021 for a period of more than six months from the date they became applicable, except for the following cases-

Name of the statute	Nature of tax	Amount (Rs. in Lakhs)	Period to which it relates	Due date
The Madhya Pradesh Electricity Duty (Amendment) Act, 2011	Electricity duty	17,431	April 2019 to August 2020	May 2019 to September 2020
Mines and Minerals (Development and Regulation) Act, 1957	Royalty	15,383	June 2019 to December 2019	June 2019 to December 2019
Indian Forests Act, 1927	Forest Transit Fees	571	August 2019 to March 2020	August 2019 to March 2020
Mines and Minerals (Development and Regulation) Act, 1957	Contribution to District mineral fund	5,935	April 2019 to December 2019	April 2019 to December 2019

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Goods and Services tax, Duty of Customs, Duty of Excise, Value added tax, Sales tax and Service Tax as at March 31, 2021 which have not been deposited on account of a dispute except for income tax dues for the following:

Name of the statute	Nature of Dues	Amount (Rs. in Lakhs)	Period to which it relates	Forum where the dispute is pending
Income Tax Act, 1961	Income tax	36 <sup>1</sup>	AY 2016-17	CIT (Appeals), Mumbai
Income Tax Act, 1961	Income tax	99 <sup>1</sup>	AY 2016-17	CIT (Appeals), Mumbai
Income Tax Act, 1961	Income tax	41 <sup>2</sup>	AY 2014-15	CIT (Appeals), Mumbai
Income Tax Act, 1961	Income tax	193	AY 2012-13	Hon'ble Delhi High Court
Income Tax Act, 1961	Income tax	32 <sup>3</sup>	AY 2008-09	Hon'ble Supreme Court

Includes <sup>1</sup>Rs. 27 Lakhs, <sup>2</sup>Rs 8 Lakhs and <sup>3</sup>Rs.24 Lakhs paid under protest.

- (viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution and banks. The Company did not have any loan and borrowings from Government and any amount due to debenture holders during the year.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments). Further on an overall basis, the term loans have been applied for the purposes for which they were raised except for the unutilized proceeds of term loans, to the extent of Rs 3,128 lakhs that were obtained for capital expenditure but temporarily parked in mutual funds.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and accordingly the provisions of clause 3(xii) of the Order are not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable.

The details of related party transactions as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, have been disclosed in the financial statements.

- (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 the provisions of clause 3(xiv) of the Order are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions during the year with its Directors or persons connected with them.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the Company.

**For Pathak H. D. & Associates LLP**

Chartered Accountants

Firm Registration No. 107783W/W100593

**Vishal D. Shah**

Partner

Membership No. 119303

UDIN: 21119303AAAAKE3701

**Date:** May 06, 2021

**Place:** Mumbai



**Annexure B to the Independent Auditors' report on the financial statements of Sasan Power Limited for the year ended March 31, 2021.**

**Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date.**

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

We have audited the internal financial controls with reference to financial statements of **Sasan Power Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls 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 ("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 and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 standalone 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 with reference to financial statements.

### **Meaning of Internal Financial controls with Reference to Financial Statements**

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

### **Inherent Limitations of Internal Financial controls with Reference to Financial Statements**

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

### **Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

### **For Pathak H. D. & Associates LLP**

Chartered Accountants

Firm Registration No. 107783W/W100593

### **Vishal D. Shah**

Partner

Membership No. 119303

UDIN: 21119303AAAAKE3701

Date: May 06, 2021

Place: Mumbai

Sasan Power Limited  
Balance Sheet as at March 31, 2021

Particulars	Note	Rupees in lakhs	
		As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3.1	21,80,429	23,20,679
Capital work-in-progress	3.2	774	790
Intangible assets	3.3	2,483	2,593
Financial assets	3.4		
Margin Money deposits	3.4(a)	1,702	1,699
Other financial assets	3.4(b)	5,508	7,062
Deferred tax assets (net)	3.5	5,293	42,961
Other non-current assets	3.6	46,069	46,307
Non-current tax assets		349	734
		22,42,607	24,22,825
<b>Current assets</b>			
Inventories	3.7	65,434	59,431
Financial assets	3.8		
Investments	3.8(a)	3,128	3,021
Trade receivables	3.8(b)	77,489	54,758
Cash and cash equivalents	3.8(c)	1,623	808
Bank balances other than cash and cash equivalents	3.8(d)	6,981	4,997
Other financial assets	3.8(e)	6,791	5,472
Other current assets	3.9	2,411	2,299
		1,63,857	1,30,786
<b>Total</b>		<b>24,06,464</b>	<b>25,53,611</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	3.10	4,32,737	4,32,737
(b) Other equity			
Instruments entirely equity in nature	3.11	23,579	23,579
Reserves and surplus	3.12	3,44,472	3,82,430
		8,00,788	8,38,746
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities	3.13		
Borrowings	3.13(a)	11,57,391	12,65,811
Other financial liabilities	3.13(b)	14,252	8,270
Provisions	3.14	3,872	3,489
Other non-current liabilities	3.15	1,28,434	1,39,233
		13,03,950	14,16,803
<b>Current liabilities</b>			
Financial liabilities	3.16		
Borrowings	3.16(a)	49,717	37,796
Trade payables	3.16(b)		
Total outstanding dues of micro enterprises and small enterprises		595	55
Total outstanding dues of creditors other than micro enterprises and small enterprises		23,459	23,128
Other financial liabilities	3.16(c)	1,53,505	1,56,099
Other current liabilities	3.17	74,185	80,698
Provisions	3.18	264	286
		3,01,725	2,98,062
<b>Total</b>		<b>24,06,464</b>	<b>25,53,611</b>

Significant accounting policies  
Notes on financial statements

2  
1 to 22

The accompanying notes are an integral part of these financial statements.

**Sasan Power Limited**  
**Statement of Profit and Loss for the Year ended March 31, 2021**

Particulars	Note no.	Rupees in lakhs	
		Year ended March 31, 2021	Year ended March 31, 2020
Revenue from Operations	3.19	4,78,746	4,56,159
Other Income	3.20	14,156	39,994
<b>Total Income</b>		<b>4,92,902</b>	<b>4,96,153</b>
<b>Expenses</b>			
Cost of fuel consumed (including cost of coal excavation)	3.21	1,51,565	1,33,960
Employee benefits expense	3.22	8,443	10,877
Finance costs	3.23	1,38,979	1,47,431
Depreciation and amortization expense	3.1	1,17,988	1,35,965
Other expenses	3.24	76,300	69,673
<b>Total expenses</b>		<b>4,93,274</b>	<b>4,97,906</b>
<b>Profit/(Loss) before tax</b>		<b>(372)</b>	<b>(1,753)</b>
<b>Income tax expense</b>			
Current tax		-	-
Deferred tax	13	37,668	7,559
<b>Profit / (Loss) for the year (A)</b>		<b>(38,040)</b>	<b>(9,312)</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of net defined benefit plans		83	(126)
<b>Tax relating to items that will not be reclassified to profit or loss</b>			
Remeasurements of net defined benefit plans		-	-
<b>Other Comprehensive Income/(loss) for the year, net of tax (B)</b>		<b>83</b>	<b>(126)</b>
<b>Total Comprehensive Income/(loss) for the year (A+B)</b>		<b>(37,957)</b>	<b>(9,438)</b>
<b>Earnings per equity share: (Face value of Rs. 10 each)</b>			
Basic (Rupees)	10	(0.87)	(0.21)
Diluted (Rupees)	10	(0.87)	(0.21)
Significant accounting policies	2		
Notes on financial statements	1 to 22		

The accompanying notes are an integral part of these financial statements.

Sasan Power Limited  
Statement of Changes in Equity

A. Equity Share Capital

Particulars	Notes	Rupees in lakhs Amount
As at April 01, 2019	3.10	4,32,737
Changes in equity share capital		-
As at April 01, 2020		4,32,737
Changes in equity share capital	3.10	-
As at March 31, 2021		4,32,737

B. Other Equity

Particulars	Notes	Instruments entirely equity in nature				Reserves and surplus			Rupees in lakhs
		Preference Shares [Refer note 3.11.3(a)]	Intercorporate Deposits [Refer note 3.11.3(b)]	Total	Securities Premium	Retained Earnings	Total	Total	
As at April 01, 2019		3,579	20,000	23,579	3,58,184	33,684	3,91,868	4,15,447	
Profit/(Loss) for the year		-	-	-	-	(9,312)	(9,312)	(9,312)	
Other comprehensive income/(loss) for the year		-	-	-	-	(126)	(126)	(126)	
Total comprehensive income for the year		-	-	-	-	(9,438)	(9,438)	(9,438)	
Balance as at March 31, 2020		3,579	20,000	23,579	3,58,184	24,246	3,82,430	4,06,009	
As at April 01, 2020		3,579	20,000	23,579	3,58,184	24,246	3,82,430	4,06,009	
Profit/(Loss) for the year		-	-	-	-	(38,040)	(38,040)	(38,040)	
Other comprehensive income/(loss) for the year		-	-	-	-	83	83	83	
Total comprehensive income for the year		-	-	-	-	(37,957)	(37,957)	(37,957)	
Balance as at March 31, 2021		3,579	20,000	23,579	3,58,184	(13,711)	3,44,473	3,68,051	

The accompanying notes are an integral part of these financial statements.

**Sasan Power Limited**  
**Cash flow statement for the Year ended March 31, 2021**

Particulars	Rupees in lakhs	
	Year ended March 31, 2021	Year ended March 31, 2020
<b>(A) Cash flow from operating activities</b>		
Profit/(Loss) before tax	(372)	(1,753)
Adjustments for :		
Profit/(Loss) on sale of current investments (non trade)	-	(2,340)
Gain arising on mutual fund investment mandatorily measured at fair value	(108)	1,845
(Gain) / Loss on foreign exchange fluctuation (net)	5,777	(4,536)
Government Grants	(11,546)	(12,351)
Depreciation/Amortisation (including depreciation on mining equipments)	1,33,646	1,50,744
Finance Costs	1,38,979	1,47,431
Interest Income on Bank Deposits	(347)	(392)
Provision for Gratuity & Leave encashments	348	210
Provision for doubtful advances	556	-
Excess Provisions/ Liabilities Written Back	(1,087)	(21,693)
<b>Operating Profit / (loss) before working capital changes</b>	<b>2,65,845</b>	<b>2,57,165</b>
<b>Adjustment for :</b>		
(Increase) / decrease in other financial assets and other assets	204	(24,261)
(Increase) / decrease in trade receivables	(22,732)	(4,712)
(Increase) / decrease in inventories	(6,003)	3,498
Increase / (decrease) in other financial liabilities and other liabilities	(4,683)	32,887
Increase / (decrease) in trade payables	1,411	(6,739)
	<b>2,34,042</b>	<b>2,57,838</b>
Income Taxes (paid)/refund (net)	384	(49)
<b>Net cash flow generated from operating activities</b>	<b>2,34,427</b>	<b>2,57,789</b>
<b>(B) Cash flow from investing activities</b>		
Purchase of fixed assets (including capital work-in-progress and capital advances)	(6,936)	(16,330)
Sale / (purchase) of current investments (non trade) (net)	-	19,840
(Increase) / decrease in non-current margin money bank deposits	(1,987)	(2,828)
Interest received	295	332
<b>Net cash flow (used in)/generated from investing activities</b>	<b>(8,628)</b>	<b>1,014</b>
<b>(C) Cash flow from financing activities</b>		
Proceeds from long term borrowings - secured	-	-
Repayment of long term borrowings - secured	(1,05,296)	(99,998)
Interest and finance charges paid	(1,31,607)	(1,41,338)
Proceeds/(Repayment) from Short term borrowings	11,921	(16,895)
<b>Net cash flow (used in) from financing activities</b>	<b>(2,24,983)</b>	<b>(2,58,231)</b>
<b>Net Increase in cash and cash equivalents (A+B+C)</b>	<b>816</b>	<b>572</b>
Cash and cash equivalent at beginning of the year		
Bank balances		
- in current accounts	808	236
Cash and cash equivalent at end of the year		
Bank balances		
- in current accounts	488	808
- in fixed deposits with maturity of less than three months	1,135	-

The accompanying notes are an integral part of these financial statements

**Notes :**

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.

**Sasan Power Limited****Notes to the financial statements as of and for the year ended March 31, 2021 (continued)**

Disclosure pursuant to para 44 A to 44 E of Ind AS 7 - Statement of cash flows

Rupees in lakhs

Particulars	Year Ended March 31,2021	Year Ended March 31,2020
<b>Long term Borrowings</b>		
Opening Balance		
- Non Current	12,65,811	13,34,421
- Current	1,06,424	95,141
<b>Changes in Fair Value</b>		
- Impact of Effective Rate of Interest	2,236	2,468
Repaid During the year	(1,05,296)	(99,998)
Foreign Exchange Adjustment	(11,668)	40,203
<b>Closing Balance</b>	<b>12,57,507</b>	<b>13,72,235</b>
- Non Current	11,57,391	12,65,811
- Current	1,00,115	1,06,424
<b>Short term Borrowings</b>		
Opening Balance	37,796	54,691
Availed during the year	11,921	-
Repaid During the year	-	(16,895)
<b>Closing Balance</b>	<b>49,717</b>	<b>37,796</b>
<b>Interest Expenses</b>		
Interest Accrued but not due -Opening Balance	4,223	4,523
Interest charge as per statement of Profit & Loss (Excluding Interest on delayed payment of statutory dues)	1,33,766	1,47,431
Gain on Foreign Fluctuations (Net)	-	(4,536)
<b>Changes in Fair Value</b>		
- Unwinding and EIR Adjustment	(2,459)	(2,652)
- Fair Value Adjustment	(175)	795
Interest paid to lenders	1,31,607	1,41,338
Interest Accrued but not due -Closing Balance	3,748	4,223

## 3.1 Property, plant and equipment

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipment <sup>4</sup>	Mining properties <sup>3</sup>	Furniture & fixtures	Motor Vehicles	Office equipment	Computers	Total
<b>Gross carrying amount</b>										
Balance as at April 01, 2019	39,017	22,917	69,041	27,79,403	2,99,157	1,550	156	585	174	32,11,000
Additions	258	379	1,350	40,771	81,526	-	-	97	12	1,24,393
Adjustments <sup>1</sup>	-	-	-	49,737	-	-	-	-	-	49,737
Disposal	-	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2020</b>	<b>39,275</b>	<b>23,296</b>	<b>69,391</b>	<b>28,69,911</b>	<b>3,80,683</b>	<b>1,550</b>	<b>156</b>	<b>682</b>	<b>186</b>	<b>33,85,130</b>
<b>Accumulated depreciation</b>										
Balance as at April 01, 2019	675	2,225	13,083	5,69,859	2,41,904	714	149	156	88	8,28,853
Depreciation charge during the year <sup>2</sup>	176	644	3,199	1,52,295	78,999	181	5	85	14	2,35,598
Disposal	-	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2020</b>	<b>851</b>	<b>2,869</b>	<b>16,282</b>	<b>7,22,154</b>	<b>3,20,903</b>	<b>895</b>	<b>154</b>	<b>241</b>	<b>102</b>	<b>10,64,451</b>
<b>Gross carrying amount</b>										
Balance as at April 01, 2020	39,275	23,296	69,391	28,69,911	3,80,683	1,550	156	682	186	33,85,130
Additions	-	-	-	14,236	86,309	-	-	-	2	1,00,547
Adjustments <sup>1</sup>	-	-	-	(14,563)	-	-	-	-	-	(14,563)
Disposal	-	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2021</b>	<b>39,275</b>	<b>23,296</b>	<b>69,391</b>	<b>28,69,584</b>	<b>4,66,992</b>	<b>1,550</b>	<b>156</b>	<b>682</b>	<b>188</b>	<b>34,71,114</b>
<b>Accumulated depreciation</b>										
Balance as at April 01, 2020	851	2,869	16,282	7,22,154	3,20,903	895	154	241	102	10,64,451
Depreciation charge during the year <sup>2</sup>	179	657	3,329	1,34,426	87,370	174	2	84	13	2,26,234
Disposal	-	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2021</b>	<b>1,030</b>	<b>3,526</b>	<b>19,611</b>	<b>8,56,580</b>	<b>4,08,273</b>	<b>1,069</b>	<b>156</b>	<b>325</b>	<b>115</b>	<b>12,90,685</b>
<b>Net carrying amount</b>										
Net carrying amount as on March 31, 2020	38,424	20,427	53,109	21,47,757	59,780	655	2	441	84	23,20,679
Net carrying amount as on March 31, 2021	38,245	19,770	49,760	20,13,004	58,719	481	0	357	73	21,80,429

## Notes:

- 1 Includes adjustment towards capitalisation of exchange differences (Refer note-5)
- 2 Refer note-2.1 (c) and Note 2.1(d)
- 3 Mining properties includes expenses incurred towards removal of overburden (Refer note-3.2 (a))
- 4 Includes adjustment towards government grant and transaction cost (Refer note-2.1 (i))

## Depreciation / Amortisation on Property, Plant and equipment and Intangible assets

Particulars	March 31, 2021	March 31, 2020
Statement of profit and loss		
Amortisation of mining properties	1,17,988	1,35,966
Depreciation included as part of overburden excavation expenses-Dep-Coal	87,370	78,999
Depreciation included as part of overburden excavation expenses-Dep-OB	2,945	1,426
	18,041	19,316
	<b>2,26,344</b>	<b>2,35,709</b>



Sasan Power Limited

Notes to the financial statements as of and for the year ended March 31, 2021 (continued)

3.2 Capital Work-in-Progress

Particulars	Rupees in lakhs			
	As at April 01, 2020	Incurred/Adjusted during the year	Capitalised / Adjusted	As at March 31, 2021
<b>A. Assets under Construction</b>	693	6,394	6,410	677
<b>B. Expenditure pending allocation</b>				
Legal and professional charges (including shared service charges)	32	-	-	32
Other direct and incidental expenditure	65	-	-	65
<b>Sub total</b>	97	-	-	97
<b>Total Capital Work in Progress (A+B)</b>	790	6,394	6,410	774
<b>Previous Year</b>	1,233	17,264	17,707	790

3.2(a) Mining Properties - Overburden excavation expense:

Particulars	Rupees in lakhs	
	Year ended March 31, 2021	Year ended March 31, 2020
Fuel consumed	20,414	21,052
Stores and spares consumed	32,734	28,931
Employee benefit expense		
- Salaries and other costs	2,357	2,842
- Contribution to provident and other funds (Refer note 7)	89	95
- Leave encashment (Refer note 7)	15	14
Depreciation on mining assets	18,041	19,318
Mine development charges	32	81
Rent expense	3	3
Repair and Maintenance		
-Plant and Equipment	3,739	1,514
-Building	355	11
-Others	81	36
Legal and professional charges	2	2
Insurance	19	10
Travelling and conveyance	2	1
Other expenses	8,425	7,616
	86,309	81,526
Less : Transfer to Mining properties (Tangible assets)	(86,309)	(81,526)
<b>Balance at the end of the year</b>	-	-

3.3 Intangible assets

Particulars	Rupees in lakhs		
	Computer software	Mining rights	Total
<b>Gross carrying amount</b>			
Balance as at April 01, 2019	82	3,102	3,184
Additions	-	-	-
Adjustments	-	-	-
Disposals	-	-	-
<b>Balance as at March 31, 2020</b>	<b>82</b>	<b>3,102</b>	<b>3,184</b>
<b>Accumulated amortisation</b>			
Balance as at April 01, 2020	37	443	480
Amortisation charge during the year	-	111	111
Disposals	-	-	-
<b>Balance as at March 31, 2020</b>	<b>37</b>	<b>554</b>	<b>591</b>
<b>Gross carrying amount</b>			
Balance as at April 01, 2020	82	3,102	3,184
Additions	-	-	-
Adjustments	-	-	-
Disposals	-	-	-
<b>Balance as at March 31, 2021</b>	<b>82</b>	<b>3,102</b>	<b>3,184</b>
<b>Accumulated amortisation</b>			
Balance as at April 01, 2020	37	554	591
Amortisation charge during the year	-	111	111
Disposals	-	-	-
<b>Balance as at March 31, 2021</b>	<b>37</b>	<b>665</b>	<b>702</b>
<b>Net carrying amount</b>			
Net carrying amount as on March 31, 2020	45	2,548	2,593
Net carrying amount as on March 31, 2021	45	2,438	2,483

Note:-

1. Intangible assets are other than internally generated.

	Rupees in lakhs	
	As at March 31, 2021	As at March 31, 2020
<b>3.4 Non-current financial assets</b>		
<b>3.4(a) Margin money deposits</b>		
Margin money deposits (Pledged for availing letter of credit facilities, bank guarantee and coal mining obligations)	1,702	1,699
	<u>1,702</u>	<u>1,699</u>
<b>3.4(b) Other financial assets</b>		
Derivative assets (Mark to Market) on derivative instruments (Net) [(Refer note 2(1)(k)]	5,253	6,807
Security Deposits	255	255
	<u>5,508</u>	<u>7,062</u>
<b>3.5 Deferred tax assets (net)</b>		
Deferred tax assets (net) due to temporary differences (Refer note 13)	5,293	42,961
	<u>5,293</u>	<u>42,961</u>
<b>3.6 Other non-current assets</b>		
(Unsecured and considered good unless stated otherwise)		
Capital advances		
- Unsecured, considered good	46,069	46,307
- Doubtful	556	-
Less: Provision for doubtful advances	(556)	-
	<u>46,069</u>	<u>46,307</u>
<b>Non Current Tax Assets</b>		
Advance income tax and tax deducted at source (net of provision for tax: Rs.Nil)	349	734
	<u>349</u>	<u>734</u>
<b>3.7 Inventories</b>		
(Valued at lower of cost and net realizable value)		
Fuel ( Includes Material in Transit of Rs.99 Lakhs ( March 31, 2020 Rs.154 Lakhs )	11,194	7,549
Stores and spares	54,240	51,882
	<u>65,434</u>	<u>59,431</u>
<b>3.8 Current financial assets</b>		
<b>3.8(a) Investments - Non Trade</b>		
Investments in Mutual Funds (Fair value through profit and loss)		
Quoted		
Indiabulls liquid fund - Direct Growth	2,071	2,001
[Number of units 103,205 (March 31, 2020 : 103,205) face value of Rs. 1000 each]		
Nippon India Corporate Bond Fund-Direct Growth	67	62
[Number of units 1,41,848 (March 31, 2020 : 1,41,848) face value of Rs. 10 each]		
JM Liquidity Fund Direct - Growth Option	991	958
[Number of units 1,762,291 (March 31, 2020 : 1,762,291) face value of Rs. 10 each]		
	<u>3,128</u>	<u>3,021</u>
Aggregate amount of quoted investments (Market Value)	3,128	3,021

**Sasan Power Limited**

**Notes to the financial statements as of and for the Year ended March 31, 2021 (continued)**

	Rupees in lakhs	
	As at March 31, 2021	As at March 31, 2020
<b>3.8(b) Trade receivables</b>		
(Unsecured and considered good unless stated otherwise)		
Trade Receivables considered good - Unsecured	69,684	47,370
Trade receivables [Receivable from related party (Refer note 9)]	7,805	7,388
	<u>77,489</u>	<u>54,758</u>
<b>3.8(c) Cash and cash equivalents</b>		
Balance with banks:		
-In current accounts	488	808
-Deposit account with original maturity of less than three months	1,135	-
(Pledged for availing letter of credit facilities, bank guarantee and coal mining obligations)		
	<u>1,623</u>	<u>808</u>
<b>3.8(d) Bank balances other than cash and cash equivalents</b>		
Margin money deposits	6,981	4,997
(Pledged for availing letter of credit facilities, bank guarantee and coal mining obligations)		
	<u>6,981</u>	<u>4,997</u>
<b>3.8(e) Other financial assets</b>		
(Unsecured and considered good unless stated otherwise)		
Unbilled revenue	4,681	4,681
Advances to employees recoverable in cash	45	31
Interest accrued on deposits	198	146
Derivative assets (mark to market) on derivative instruments	1,725	142
Other receivables	141	472
	<u>6,791</u>	<u>5,472</u>
<b>3.9 Other current assets</b>		
(Unsecured and considered good unless stated otherwise)		
Advance to vendors	1,230	1,024
Prepaid expenses	1,181	1,275
	<u>2,411</u>	<u>2,299</u>

	As at March 31, 2021	As at March 31, 2020
<b>3.10 Equity share capital</b>		
<b>Authorised</b>		
5,000,000,000 (March 31, 2020 : 5,000,000,000) equity shares of Rs.10 each	5,00,000	5,00,000
	<u>5,00,000</u>	<u>5,00,000</u>
<b>Issued, subscribed and paid up capital</b>		
4,327,364,250 (March 31, 2020: 4,327,364,250) equity shares of Rs.10 each fully paid up	4,32,737	4,32,737
	<u>4,32,737</u>	<u>4,32,737</u>
<b>3.10.1 Reconciliation of number of equity shares</b>		
Balance at the beginning of the year - 4,327,364,250 (March 31,2020: 43,710,750) shares of Rs.10 each	4,32,737	4,32,737
Add: Issued during the year	-	-
Balance at the end of the year - 4,327,364,250 (March 31, 2020: 4,327,364,250) shares of Rs.10 each	<u>4,32,737</u>	<u>4,32,737</u>
<b>3.10.2 Rights, preference and restriction attached to equity shares</b>		
The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of the equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts.		
<b>3.10.3 Equity shares held by Holding Company</b>		
Reliance Power Limited - Holding Company	4,32,737	4,32,737
4,327,364,250 (March 31,2020: 4,327,364,250) equity shares of Rs.10 each fully paid up		
[Out of the above, 7 (March 31, 2020,7) shares are jointly held by Reliance Power Limited and its nominees]		
	<u>4,32,737</u>	<u>4,32,737</u>
<b>3.10.4 Details of equity shares held by equity shareholders holding more than 5% of the aggregate equity shares in the Company</b>		
Equity shares of Rs.10 each fully paid up held by Reliance Power Limited - Holding Company		
Percentage of holding in the class	100%	100%
Number of shares	43273,64,250	43273,64,250

	As at March 31, 2021	As at March 31, 2020
<b>Other equity</b>		
<b>3.11 Instruments entirely equity in nature</b>		
Preference Shares	3,579	3,579
Inter-corporate deposits	20,000	20,000
	<u>23,579</u>	<u>23,579</u>
<b>3.11.1 Preference Shares</b>		
<b>Authorised</b>		
1,000,000,000 (March 31, 2020 : 1,000,000,000) preference shares of Rs.10 each	1,00,000	1,00,000
	<u>1,00,000</u>	<u>1,00,000</u>
<b>Issued, subscribed and paid up</b>		
35,788,750 (March 31, 2020 : 35,788,750) equity shares of Rs.10 each fully paid up	3,579	3,579
	<u>3,579</u>	<u>3,579</u>
<b>3.11.2 Reconciliation of number of preference shares</b>		
<b>Preference shares [refer note 3.11.3(a)]</b>		
Balance at the beginning of the year - 35,788,750 (March 31, 2020: 33,788,750) shares of Rs.10 each	3,579	3,579
Balance at the end of the year - 35,788,750 (March 31, 2020: 35,788,750) shares of Rs.10 each	<u>3,579</u>	<u>3,579</u>
<b>3.11.3 Rights, preference and restriction attached to Preference Shares and Inter corporate deposits</b>		
<b>a) 7.5% Compulsory Convertible Redeemable Non-Cumulative Preference Shares (CCRPS)</b>		
The Company has a call option on CCRPS which can be exercised by the Company in one or more tranches and in part or in full before the end of agreed tenure (20 years) of the said shares . In case the call option is exercised, CCRPS shall be redeemed at an issue price (i.e face value and premium). The holders of CCRPS however, shall have an option to convert CCRPS into equity shares at any time during the tenure of such shares. At the end of tenure and to the extent the Company or the shareholder has not exercised their options, CCRPS shall be compulsorily converted into equity shares. On conversion, in either case, each CCRPS shall be converted into one fully paid equity share of Rs. 10 each at a premium of Rs. 990 per share. If during the tenure of CCRPS, the Company declares equity dividend, CCRPS holders shall also be entitled to dividend on their shares at the same rate as the equity dividend and this dividend will be over and above the coupon rate of 7.5%. These preference shares shall continue to be non cumulative.		
<b>b) Interest free Inter corporate deposit</b>		
Interest free Inter corporate deposit, repayable to holding company after repayment of rupee term loan at a mutually agreed date i.e. on or after April 1, 2036.		
<b>3.11.4 Preference Shares held by Holding Company</b>		
<b>Preference shares [refer note 3.11.3(a)]</b>		
Reliance Power Limited - Holding Company	3,579	3,579
	<u>3,579</u>	<u>3,579</u>
<b>3.11.5 Details of shares held by Preference shareholders holding more than 5% of the aggregate preference shares in the Company</b>		
<b>Preference shares</b>		
Preference shares of Rs.10 each fully paid up held by Reliance Power Limited - Holding Company		
Percentage of holding in the class	100%	100%
Number of shares	357,88,750	357,88,750

	As at March 31, 2021	As at March 31, 2020
<b>3.11.6 Movement of instruments entirely equity in nature</b>		
<b>Preference shares</b>		
Balance at the beginning of the year	3,579	3,579
Add : issued during the year	-	-
Less : redeemed during the year	-	-
<b>Closing balance</b>	<b>3,579</b>	<b>3,579</b>
<b>Inter-corporate deposits</b>		
Opening balance	20,000	20,000
Add : received during the year	-	-
Less : repaid during the year	-	-
<b>Closing balance</b>	<b>20,000</b>	<b>20,000</b>
<b>Total</b>	<b>23,579</b>	<b>23,579</b>
<b>3.12 Reserves and surplus</b>		
<b>Balance at the end of the year</b>		
Securities premium	3,58,184	3,58,184
Retained earnings	(13,712)	8,02,245
<b>Total reserves and surplus</b>	<b>3,44,472</b>	<b>11,60,429</b>
<b>3.12.1 Securities premium</b>		
Opening balance	3,58,184	3,58,184
Less: Changes during the year	-	-
<b>Closing balance</b>	<b>3,58,184</b>	<b>3,58,184</b>
<b>3.12.2 Retained earnings</b>		
Balance at the beginning of the year	24,246	33,684
Net profit / (loss) for the year	(38,040)	(9,312)
Other comprehensive income/(loss)	83	(126)
<b>Closing balance</b>	<b>(13,712)</b>	<b>24,246</b>
	<b>3,44,472</b>	<b>3,82,430</b>

**Nature and purpose of reserves**

**Securities premium**

Securities premium is created to record premium received on issue of shares. The reserve is utilized in accordance with the provision of the Companies Act, 2013.

		Rupees in lakhs	
		As at March 31, 2021	As at March 31, 2020
<b>3.13 Non-current financial liabilities</b>			
<b>3.13(a) Non-current borrowings</b>			
At amortised cost			
Secured			
Term loans:			
Rupee loans from banks		5,00,521	5,29,147
Rupee loans from financial institutions / other parties		3,14,671	3,34,783
Foreign currency loans from financial institutions / other parties		3,42,199	4,01,881
		<u>11,57,391</u>	<u>12,65,811</u>
<b>3.13(a1) Nature of security for term loans</b>			
a) Term loans from all banks, financial Institution/other parties of Rs. 12,64,151 Lakhs (March 31, 2020: Rs. 1,381,117 lakhs ) is secured / to be secured by first charge on all the Immovable and movable assets and intangible asset of the Company and pledge of 100% of the total issued share capital of the Company held by the Holding Company on pari passu basis with working capital lenders, permitted bank guarantee providers and hedge counterparties.			
Charge over 414 Hectare of land yet to be fully acquired and de allocated Chhatrashal Coal mines which is subject to decision of Honourable High Court is pending to be executed.			
b) The Holding Company has given financial commitments/guarantees to the lenders of the Company.			
c) Current maturities of long term borrowings have been classified as other current financial liabilities (refer note 3.16(c)).			
<b>3.13(a2) Terms of Repayment and Interest</b>			
a) Rupee Term Loan outstanding as at the year end of Rs. 5,31,897 lakhs ( March 31, 2020 : Rs. 565,978 lakhs) has been obtained from banks for the project. Earlier 50% of the loan was repayable in 40 quarterly installements and remaining 50% in one single bullet payment at the end of ten years from March 31, 2015 was subsequently restructured under flexible structuring scheme of Reserve Bank of India and the outstanding balance as on October 01, 2015 is repayable in 82 structured quarterly installements commencing from December 31, 2015 and carry an interest rate of 11.55% per annum payable on a monthly basis.			
b) Rupee Term Loan outstanding as at the year end of Rs. 92,597 lakhs (March 31, 2020 : Rs. 98,199 lakhs) has been obtained from financial institutions for the project. Earlier 50% of the loan was repayable in 40 quarterly installements and remaining 50% in one single bullet payment at the end of ten years from March 31, 2015 was subsequently restructured under flexible structuring scheme of Reserve Bank of India and the outstanding balance as on October 01, 2015 is repayable in 82 structured quarterly installements commencing from December 31, 2015 and carry an interest rate of 11.55% per annum payable on a monthly basis.			
c) Rupee Term Loan outstanding as at the year end of Rs. 241,525 lakhs (March 31, 2020 : Rs. 256,014 lakhs) has been obtained from financial institutions for the project. Earlier the loan was repayable in 60 quarterly installements starting from March 31, 2015 which has now been restructured under flexible structuring scheme of Reserve Bank of India and the outstanding balance as on October 01, 2015 is repayable in 82 structured quarterly installements commencing from October 15, 2015 and carry an interest rate of 12.40% to 12.54% per annum payable on monthly/quarterly basis.			
d) 50 % of Foreign Currency Loan from financial Institutions/other parties outstanding as at the year end of Rs. 168,713 lakhs (March 31, 2020 : Rs. 190,068 lakhs) is repayable in 40 quarterly installements commenced from March 31, 2015. Remaining 50% is repayable in one single bullet at the end of ten years from March 31, 2015 and carry an interest rate of USD LIBOR plus 210 to 405 basis points per annum payable on a monthly basis.			
e) Foreign currency loan from financial institution / other parties outstanding as at the year end of Rs. 205,802 lakhs (March 31, 2020 : Rs. 239,038 lakhs) is repayable in 24 structured semi-annual installements commencing from March 20, 2015 and carry fixed interest rate of 3.66% per annum payable on a semi annual basis.			
f) Foreign currency loan from financial institution / other parties outstanding as at the year end of Rs. 23,617 lakhs (March 31, 2020 : Rs. 31,820 lakhs) is repayable in 19 structured semi-annual installements commencing from March 20, 2015 and carry an interest rate of USD LIBOR plus 425 basis point per annum payable on a semi annual basis.			
<b>3.13(a3) The amortised cost disclosed above is net off incidental cost of borrowings aggregating of Rs.6,645 lakhs (March 31, 2020 Rs. 8,882 lakhs).</b>			
<b>3.13(b) Other non-current financial liabilities</b>			
Derivative liability (Mark to Market) on derivative instruments		14,252	8,270
		<u>14,252</u>	<u>8,270</u>



**Sasan Power Limited**
**Notes to the financial statements as of and for the Year ended March 31, 2021 (continued)**

	Rupees in lakhs	
	As at March 31, 2021	As at March 31, 2020
<b>3.14 Non-current provisions</b>		
Provision for gratuity ( Refer note 7 )	940	779
Provision for leave benefit ( Refer note 7 )	936	952
Provision for mine closure expenses ( Refer note 11 )	1,996	1,758
	<u>3,872</u>	<u>3,489</u>
<b>3.15 Other non-current liabilities</b>		
Government Grant ( Refer Note 12 )	1,28,325	1,39,124
Security Deposits	109	109
	<u>1,28,434</u>	<u>1,39,233</u>
<b>3.16 Current financial liabilities</b>		
<b>3.16(a) Current borrowings</b>		
<b>At amortised cost</b>		
<b>Secured</b>		
Cash credit facility from banks	49,717	37,796
<b>Nature of security, interest and terms of repayment:</b>		
- Cash credit facility is secured / to be secured by first charge on all current and fixed assets of the Company and pledge of 100% of the total issued share capital of the Company held by the Holding Company on pari passu basis with term loan lenders, permitted bank guarantee providers and hedge counterparties.		
- Cash Credit facility carry an average interest rate of MCLR +3% per annum.		
	<u>49,717</u>	<u>37,796</u>
<b>3.16(b) Trade payables</b>		
Total Outstanding dues of micro enterprises and small enterprises ( Refer note 18 )	595	55
Total Outstanding dues of creditors other than micro enterprises and small enterprises	23,459	23,128
	<u>24,054</u>	<u>23,183</u>
<b>3.16(c) Other current financial liabilities</b>		
Current maturities of long-term borrowings ( Refer note 3.13 (a1) and 3.13 (a2) )	1,00,115	1,06,424
Interest accrued but not due on borrowings	3,748	4,223
Security deposits received	105	177
Creditors for capital expenditure ( Refer note 9 )	1,010	2,991
Employee benefits payable	2,488	2,837
Other payables (Refer note 9 )	46,040	39,447
	<u>1,53,505</u>	<u>1,56,099</u>
<b>3.17 Other current liabilities</b>		
Government grant (Refer note 12 )	10,798	11,545
Statutory dues (including electricity duty and energy development cess, provident fund etc)	63,387	69,153
	<u>74,185</u>	<u>80,698</u>
<b>3.18 Current provisions</b>		
Provision for leave encashment (Refer note 7 )	264	286
	<u>264</u>	<u>286</u>

**Sasan Power Limited**

**Notes to the financial statements as of and for the Year ended March 31, 2021 (continued)**

	Rupees in lakhs	
	Year ended	Year ended
	March 31, 2021	March 31, 2020
<b>3.19 Revenue from operations</b>		
Sale of energy	4,78,746	4,56,159
	<u>4,78,746</u>	<u>4,56,159</u>
Details of revenue from contract with customers		
Revenue from Sale of energy	4,82,628	4,63,559
Less: Significant financials components		
- Rebate	3,882	7,400
<b>Total revenue as per contract price</b>	<u>4,78,746</u>	<u>4,56,159</u>
<b>3.20 Other income</b>		
Interest income on financial assets measured at amortised cost :		
Bank deposits	347	392
Other Interest - Interest on Income Tax Refund	52	-
Gain / (Loss) from investments mandatorily measured at FVPL :		
Investment in mutual funds	108	(1,845)
Net Gain on sale of financial assets mandatorily measured at fair value :		
Investment in mutual funds	-	2,340
Government grants (Refer note 12)	11,546	12,351
Gain on foreign exchange fluctuations (Net)	-	4,536
Excess Provision / liabilities written back	1,087	21,693
Other non-operating income	1,017	527
	<u>14,156</u>	<u>39,994</u>
<b>3.21 Cost of fuel consumed</b>		
Coal excavation cost		
Opening balance of fuel	7,549	5,348
Add:		
Amortisation of mining properties	87,370	78,999
Taxes and duties	50,868	42,935
Fuel consumed	7,062	5,652
Stores and spares consumed	3,502	4,087
Depreciation	2,945	1,426
Other expenses	3,463	3,062
Less : Closing balance of fuel	(11,194)	(7,549)
	<u>1,51,565</u>	<u>1,33,960</u>
<b>3.22 Employee benefits expense</b>		
Salaries, bonus and other allowances	7,462	9,669
Contribution to provident fund and other funds (Refer Note 7)	405	381
Gratuity (Refer Note 7)	243	231
Leave encashment	147	275
Staff welfare expenses	187	321
	<u>8,443</u>	<u>10,877</u>

	Rupees in lakhs	
	Year ended	Year ended
	March 31, 2021	March 31, 2020
<b>3.23 Finance cost</b>		
Interest and finance expense on financial liabilities measured at amortised cost :		
On Rupee term loans	1,08,698	1,14,607
On Foreign currency loans	16,886	24,576
On Working capital loans	5,214	5,245
Unwinding of discount on mine closure provision (Refer note 11)	223	181
Other finance charges	7,959	2,822
	<b>1,38,979</b>	<b>1,47,431</b>
<b>3.24 Generation, administration and other expenses</b>		
Stores and spares consumed	7,024	6,803
Rent expenses	512	400
Repairs and maintenance		
- Plant and equipment	7,212	6,666
- Building	176	148
- Others	439	375
Legal and professional charges (including shared service charges) (Refer note 9)	6,869	7,372
Travelling and conveyance	219	451
Rates and taxes	210	401
Insurance	5,020	5,206
Water Charges	4,207	4,207
Electricity duty and energy development cess	34,195	33,856
Provision of doubtful advances	556	
Bad debts w/off	-	5,973
Less: Reversal of Provision of doubtful debts / assets	-	(5,973)
Miscellaneous expenses	3,883	3,788
Loss on Foreign Exchange fluctuations (net)	5,777	-
	<b>76,300</b>	<b>69,673</b>

## **Sasan Power Limited**

### **Notes to the financial statements as of and for the year ended March 31, 2021 (continued)**

#### **1) General information**

Sasan Power Limited ("the Company"), a wholly owned subsidiary of Reliance Power Limited, has set up an Ultra Mega Power project of 3,960 Mega Watt (MW) (6x660 MW) at Sasan, Madhya Pradesh. The Company has entered into a power purchase agreement (PPA) with 14 procurers located in 7 States, based on which the generated power is sold. The project has been allotted captive coal blocks to meet its fuel requirements.

The Company is a public limited company in India and is incorporated and domiciled in India under the provisions of the Companies Act. The registered office of the Company is located at Ground Floor, Reliance Centre, 19, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001.

These financial statements were authorised for issue by the board of directors on May 06, 2021.

#### **2) Significant accounting policies, critical accounting estimates and judgments:**

##### **2.1 Basis of accounting, measurement and significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **(a) Basis of preparation :**

###### **Compliance with Ind AS**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act, 2013 ("the Act") as amended from time to time. The policies set out below have been consistently applied during the years presented.

###### **Historical cost convention**

The financial statements have been prepared under the historical cost convention, as modified by the following:

- Certain financial assets and financial liabilities at fair value
- Defined benefit plans – plan assets that are measured at fair value

###### **Fair value measurement**

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

###### **Classification of current and non-current**

The assets and liabilities reported in the balance sheet are classified on a "current/non-current basis", with separate reporting of assets held for sale and liabilities. Current assets, which include cash and cash equivalents, are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Company or in the 12 months following the balance sheet date; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Company or within the 12 months following the close of the financial year. There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting date. The deferred tax assets and liabilities are classified as non-current assets and liabilities.

**Sasan Power Limited****Notes to the financial statements as of and for the year ended March 31, 2021 (continued)****(b) Property, plant and equipment (PPE) including Capital Work-in-Progress (CWIP) :**

Freehold land is carried at cost. All Items of Property, plant and equipment (PPE) are stated at cost net of recoverable taxes, duties, trade discounts and rebates, less accumulated depreciation and impairment loss, if any. The cost of PPE comprises of its purchase price, capitalised borrowing costs and adjustment arising for exchange rate variations attributable to the assets (Refer note 2.1(p) below), including any cost directly attributable to bringing the assets to their working condition for their intended use.

Subsequent costs are included in the asset's 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. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the year in which they are incurred.

Spare parts are recognised when they meet the definition of Property, plant and equipment, otherwise, such items are classified as inventory.

All project related expenditure viz, civil works, machinery under erection, construction and erection materials, pre-operative expenditure incidental / directly attributable to construction of project, borrowing cost, construction stores, revenues and direct operational expenses related to the units of power generated in the interim period, which are not ready for their intended use, pending capitalisation, are disclosed as Capital Work-in-Progress. Any gain or loss on disposal of an item of PPE is recognised in statement of profit and loss.

**Depreciation:**

The Company has determined its depreciation method for each significant component considering various factors including consumption of economic benefit, technical evaluation of useful life, assessment of expected repairs and maintenance cost etc. Based on the said assessment, depreciation on certain major assets of power plant comprising of Boiler Turbine and Generator Units (employing super critical technology), Ash Handling Plants and Coal Handling Plants been determined as WDV method and for the balance assets including coal mine assets, straight line method has been determined as the appropriate method. Depreciation on addition to PPE is calculated prorata basis. PPE is derecognized if asset is sold or discarded.

Depreciation is calculated using straight line method (SLM) / Written down value (WDV) on the respective assets as mentioned above to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives considered for the purpose of depreciation is as follows:

Particulars	Useful lives
Buildings	60 years
Temporary structure	3 years
Plant and Machinery - Power Plant related assets comprising of Boiler Turbine and Generator Units (employing super critical technology), Ash Handling Plants and Coal Handling Plants	3 to 40 years
Plant and Machinery - Coal Mine Heavy Earth Moving and Mining Equipments	30 years
Furniture and fixtures	3 to 10 years
Motor Vehicles	3 to 5 years
Office equipments	3 to 5 years
Computers	3 to 6 years

The useful lives considered are based on useful life of the assets prescribed under Part C of Schedule II to "the Act", except in respect of Coal Mine Heavy Earth Moving and Mining Equipments where the useful lives determined are based on internal assessment and technical evaluation done by the management's expert which are higher than those specified by Schedule II to "the Act", in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of asset. Tyres are amortized on the basis of Hourly Machine Rate (HMR).

**Sasan Power Limited****Notes to the financial statements as of and for the year ended March 31, 2021 (continued)**

Lease hold land is amortised over the lease period from the date of receipt of possession or execution of lease deed, whichever is earlier, except leasehold land for coal mining, which is amortised over the period of mining rights.

Freehold land acquired for coal mining is amortised over the period of mining rights, considering that the same cannot be put to any other purpose other than mining.

Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

**(c) Mining properties under tangible assets :****i. Overburden removal costs:**

Removal of overburden and other waste material, referred to as "Stripping Activity", is necessary to extract the coal reserves in case of open pit mining operations. The stripping ratio, as approved by the regulatory authority, for the life of the mine is obtained by dividing the estimated quantity of overburden by the estimated quantity of mineable coal reserve to be extracted over the life of the mine. This ratio is periodically reviewed and changes, if any, are accounted for prospectively.

The overburden removal costs are included in Mining properties under Property, plant and equipment and amortised based on stripping ratio on the quantity of coal excavated. Overburden removal cost includes cost of explosive, spares, fuel and power related to equipments, direct labour, other direct expenditure and appropriate portion of variable and fixed overhead expenditure.

**ii. Mine closure obligation:**

The liability to meet the obligation of mine closure has been measured at the present value of the management's best estimate based on the mine closure plan in the proportion of total area exploited to the total area of the mine as a whole. These costs are updated annually during the life of the mine to reflect the developments in mining activities.

The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to the passage of time is recognized as interest expense.

The mine closure obligation cost has been included in mining properties under Property, plant and equipment and amortised over the life of the mine on a unit of production basis.

**iii. Mine development expenditure:**

Expenditure incurred on development of coal mine is grouped under Capital Work-in-Progress till the coal mine is ready for its intended use. Once the mine is ready for its intended use, such mine development expenditure is capitalised and included in Mining properties under Property, plant and equipment.

Mine development expenditure is amortised over the life of the mine on a unit of production basis.

**(d) Intangible assets :**

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization / depletion and impairment loss, if any. The cost comprises of purchase price, borrowing costs and any cost directly attributable to bringing the asset to its working condition for the intended use.

Expenditure incurred on acquisition of intangible assets which are not ready to use at the reporting date is disclosed under "intangible assets under development".

Mining right represents directly attributable cost (other than the land cost) incurred for obtaining the mining rights for a period of thirty years.

**Sasan Power Limited****Notes to the financial statements as of and for the year ended March 31, 2021 (continued)****Amortisation**

Amortisation is charged on a straight-line basis over the estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

Computer software is amortised over an estimated useful life of 3 years.

Mining rights are amortised on a straight line basis over the period of 30 years i.e. the period over which the Company has right to carry out mining activities.

**(e) Impairment of non-financial assets :**

Assets which are subject to depreciation or amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**(f) Lease****The Company is the lessee**

The Company lease assets primarily consists of office premises which are of short term lease with the term of twelve months or less and low value leases. For these short term and low value leases, the Company recognizes the lease payments as an expense in the Statement of Profit and Loss on a straight line basis over the term of lease.

**(g) Inventories :**

Inventories of tools, stores, spare parts, consumable supplies and fuel are valued at lower of weighted average cost, which includes all non-refundable duties and charges incurred in bringing the goods to their present location and condition, and net realisable value after providing for obsolescence and other losses.

In case of coal stock, the measured stock is based on a verification process adopted and the variation between measured stock and book stock is charged to Statement of Profit and Loss.

**(h) Trade Receivables :**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**(i) Financial Instruments :**

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

**Investments and other financial assets****i. Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

**Sasan Power Limited****Notes to the financial statements as of and for the year ended March 31, 2021 (continued)**

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

**ii. Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

**Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

**Amortised cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through other comprehensive income (FVOCI)**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from other equity to profit or loss and recognised in other gains / (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss (FVPL)**

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises. Interest income from these financial assets is included in other income.

**iii. Impairment of Financial Assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company measures the expected credit loss associated with its trade receivables based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

**iv. Derecognition of Financial Assets**

A financial asset is derecognised only 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 to one or more recipient.



**Sasan Power Limited****Notes to the financial statements as of and for the year ended March 31, 2021 (continued)**

- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**v. Income recognition***Interest income*

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

*Dividend*

Dividends are recognised in profit only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

**(j) Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**(k) Derivative financial instruments**

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. Further net losses arising on settlement and fair value change on derivative contracts are classified to finance cost and net gain arising on settlement and fair value change on derivative contracts are classified to other income.

**(l) Contributed equity**

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(m) Financial liabilities :****i. Classification as debt or equity**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

**Sasan Power Limited**

**Notes to the financial statements as of and for the year ended March 31, 2021 (continued)**

**ii. Initial recognition and measurement**

All financial liabilities are recognised 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, financial guarantee contracts and derivative financial instruments.

**iii. Subsequent measurement**

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

**Borrowings:** Borrowings are subsequently carried at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit and loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

**Trade and other payables:** These amounts represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These payable are classified as current liabilities if payment is due within one year or less otherwise they are presented as non-current liabilities. Trade and other payables are subsequently measured at amortised cost using the effective interest method.

**iv. Derecognition**

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/ (losses).

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 recognised in the statement of profit or loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

**(n) Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

**Sasan Power Limited****Notes to the financial statements as of and for the year ended March 31, 2021 (continued)****(o) Provisions, Contingent Liabilities and Contingent Assets :****Provisions**

Provisions are recognised when there is present or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**Contingent liabilities**

Contingent liabilities are disclosed 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 a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or reliable estimate of the amount cannot be made, is termed as contingent liability.

**Contingent Assets:**

A contingent asset is disclosed, where an inflow of economic benefits is probable.

**(p) Foreign currency transaction :****i. Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Indian Rupees', which is also the Company's functional currency and all amounts are rounded to the nearest lakhs, unless otherwise stated.

**ii. Transactions and balances**

- (i) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.
- (ii) All exchange differences arising on reporting of foreign currency monetary items at rates different from those at which they were initially recorded are recognised in the Statement of Profit and Loss.
- (iii) In respect of foreign exchange differences arising on revaluation or settlement of long term foreign currency monetary items, the Company has availed the option available in Ind AS 101 to continue the policy adopted in previous GAAP for accounting for exchange differences arising from translation of long-term foreign currency monetary items outstanding as on March 31, 2016, wherein foreign exchange differences on account of depreciable asset, are adjusted in the cost of depreciable asset and would be depreciated over the balance life of asset.
- (iv) Non-monetary items denominated in foreign currency are stated at the rates prevailing on the date of the transactions / exchange rate at which transaction is actually effected.

**(q) Revenue from contract with customers :**

The Company recognises revenue when the amount of revenue can be reliably measured at fair value of consideration received or receivable, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities, as described below. The Company bases its estimate on historical results, taking into consideration the type of transactions and specifics of each arrangement.

**Sasan Power Limited****Notes to the financial statements as of and for the year ended March 31, 2021 (continued)****i) Sale of energy**

Revenue from sale of energy including unbilled revenue is recognized when it is measurable and there is reasonable certainty for collection, in accordance with the tariff provided in the PPA and considering the petitions filed with regulatory authorities for change in tariff as per the terms of PPA.

**ii) Late payment surcharge**

The surcharge on late payment / overdue trade receivables for sale of energy is recognised when no significant uncertainty as to measurement or collectability exists.

**(r) Employee benefits :****Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**Other long-term employee benefit obligations**

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

**Post employment benefits**

The Company operates the following post-employment schemes:

- defined benefit plans such as gratuity
- defined contribution plans such as provident fund.

**Gratuity obligation**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in Rupees is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

**Sasan Power Limited****Notes to the financial statements as of and for the year ended March 31, 2021 (continued)****Defined contribution plans**

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they accrue or services are received. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**(s) Income taxes :**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**(t) Government grant :**

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and credited to Profit or loss in the proportions in which depreciation expense on those assets is recognised.

**(u) Cash and cash equivalents :**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term balances (with an original maturity of three months or less from date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**(v) Earnings per share :**

Basic earnings per share are computed by dividing the net profit or loss by the weighted average number of ordinary shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share are the net profit or loss for the year. The weighted average number of equity shares outstanding during the year and for all

**Sasan Power Limited****Notes to the financial statements as of and for the year ended March 31, 2021 (continued)**

years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential ordinary shares, if any except when results will be anti dilutive.

**(w) Cash Flow Statement :**

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

**(x) Segment Reporting :**

The Operating segments has been identified and reported taking into account its internal financial reporting, performance evaluation and organizational structure of its operations, operating segment is reported in the manner evaluated by Board considered as Chief Operating Decision-Maker under Ind AS 108 "Operating Segment".

**2.2 Critical accounting estimates and judgments**

The preparation of the financial statements under Ind AS requires management to take decisions and make estimates and assumptions that may impact the value of revenues, costs, assets and liabilities and the related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as under:

**(a) Useful lives of Property, Plant and Equipments (PPE) and Coal Mine Assets**

The Company has independently estimated the useful life and method of depreciation of power plant and coal mine assets considering factors such as consumption of economic benefit, technical evaluation of useful life, assessment of expected repairs and maintenance cost etc. In actual, the estimate considered for above factors could be different. When the useful lives differ from the original estimated useful lives, the Company will adjust the estimated useful life accordingly. It is possible that the estimates made based on existing experience are different to the actual outcomes within the next financial period and could cause a material adjustment to the carrying amount of Property, plant and equipment. (Refer note 2.1)

**(b) Stripping ratio for coal mining**

Significant estimate is involved in case of open pit mining operations for estimating quantity of overburden and mineable coal reserve which would be extracted over the life of the mine, based on which stripping ratio is determined. This ratio is periodically reviewed and changes, if any, are accounted for prospectively. The Company has considered the stripping ratio based on the coal mine plan approved by the regulator (Refer note 2.1).

**(c) Income taxes**

There are transactions and calculations for which the ultimate tax determination is uncertain and would get finalized on completion of assessment by tax authorities. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. (Refer note 13)

**(d) Deferred tax**

The Company has deferred tax assets and liabilities which are expected to be realised through the Statement of Profit and Loss over the extended periods of time in the future. In calculating the deferred tax items, the Company is required to make certain assumptions and estimates regarding the future tax consequences attributable to

**Sasan Power Limited****Notes to the financial statements as of and for the year ended March 31, 2021 (continued)**

differences between the carrying amounts of assets and liabilities as recorded in the financial statements and their tax bases. Assumptions made include the expectation of future operating performance that will be consistent with historical levels of operating results, recoverability periods for tax loss carry forwards will not change, and that existing tax laws and rates will remain unchanged into foreseeable future. (Refer note 13)

**(e) Impairment of assets**

At the end of each reporting period, the Company reviews the carrying amounts of its Property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset / residual value is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount of Property, plant and equipment is the higher of its fair value less costs of disposal and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on anticipated efficiency of the plant, fuel availability at economical rates, economic and regulatory environment, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact the carrying value of assets.

**(f) Fair value measurement and valuation process**

The Company has measured certain assets and liabilities at fair value for financial reporting purposes. The management determines the appropriate valuation technique and inputs for fair value measurement. In estimating the fair value, the management has engaged third party to perform the valuations.

**(g) Mine closure obligation**

Provision is made for costs associated with restoration and rehabilitation of mining sites as soon as the obligation to incur such costs arises. Such restoration and closure costs are typical of extractive industries and they are normally incurred at the end of the life of the mine. The costs are estimated on the basis of mine closure plans and the estimated discounted costs of dismantling and removing these facilities and the costs of restoration are capitalized when incurred reflecting the Company's obligations at that time. The provision for decommissioning assets is based on the current estimate of the costs for removing and decommissioning production facilities, the forecast timing of settlement of decommissioning liabilities and the appropriate discount rate.

**(h) Estimation of uncertainties relating to the global health pandemic from COVID-19:**

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues, goodwill and intangible assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company financial statements may differ from that estimated as at the date of approval of these financial statements.

**4) Contingent liabilities and commitments:**

- a) The Company has received net claims amounting to Rs. 974 lakhs (March 31, 2020 Rs. 974 lakhs) from contractors towards deductions made by the Company due to non-performance of certain obligations under the terms of arrangement for the certain construction works. The matter is under arbitration.
- b) The Company has received claims of Rs. 2,568 lakhs (March 31, 2020: Rs.2,568 lakhs) from some of the procurers alleging delay in achievement of commercial operation of first and second unit, which has been disputed by the Company and is pending before the High Courts.
- c) The Company has disputed the methodology for quantification of tax liability on annual value of mineral bearing land, adopted by the District Authorities under Madhya Pradesh Gramin Avsanrachna Tatha Sadak Vikas Adhiniyam (MPGATSVAA/Act). The liability as per methodology adopted by the District Authorities stands as at Rs. 57,828 lakhs (March 31, 2020: Rs. 47,807 lakhs).

**Sasan Power Limited****Notes to the financial statements as of and for the year ended March 31, 2021 (continued)**

The Company had filed a writ petition before Jabalpur High Court for revised quantification, however the same was rejected by the Court by its order dated January 17, 2018. The Company had filed a Review Petition before Jabalpur High Court against its order dated January 17, 2018 and the same was also rejected by Honorable High Court. The Company has filed a Civil Appeal before Honorable Supreme court where Honorable Supreme court has passed an interim order to pay the tax under MPGATVA as per the methodology adopted by the Company and the Civil Appeal has been tagged with other Appeals filed in the Honorable Supreme Court where the constitutional validity of the Act is under consideration. In accordance with said interim order, Company is depositing tax under MPGATVA as per the quantification done by the Company.

- d) Estimated amount of contracts remaining to be unexecuted on capital account (net of advances paid) and not provided for Rs. 70,078 lakhs (March 31, 2020: Rs. 71,391 lakhs).
- e) The Company has not provided for Income Tax demand of Rs. 401 Lakhs (March 31, 2020: Rs. 261 lakhs) which is pending before various authorities.
- f) Differences in balances as per bank loan confirmation and books of accounts of Rs. Nil (March 31, 2020: Rs. 395 lakhs)

**5) Exchange differences on long term foreign currency monetary items outstanding:**

The Company has capitalised the value of PPE with an amount of Rs. (14,563) lakhs (March 31, 2020: Rs 40,203 lakhs) arising on settlement or reinstatement of the long term foreign currency monetary items outstanding as of March 31, 2021. Refer note 2.1(p) above for the policy.

**6) Details of remuneration to auditors ( Excluding Taxes ) :**

	Year ended March 31, 2021	Rupees in lakhs Year ended March 31, 2020
As auditors		
For statutory audit	58	58
For others- Certification Charges	5	6

**7) Employee Benefit Obligations**

The Company has classified various employee benefits as under:

**a) Leave obligations**

The leave obligations cover the Company liability for sick and privileged leave.

	March 31, 2021	Rupees in lakhs March 31, 2020
Current*	264	286
Non-current	936	952

\* The Company does not have an unconditional right to defer the settlements.

**b) Defined contribution plans**

- (i) Provident fund
- (ii) Superannuation fund
- (iii) State defined contribution plans
- Employees' Pension Scheme 1995

The provident fund and the state defined contribution plan are operated by the regional provident fund commissioner and the superannuation fund is administered by the trust. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.



**Sasan Power Limited****Notes to the financial statements as of and for the year ended March 31, 2021 (continued)**

The Company has recognised following amounts in the statement of Profit and Loss / overburden excavation expenses for the year:

Particulars	Rupees in lakhs	
	Year ended March 31, 2021	Year ended March 31, 2020
Contribution to provident fund	369	346
Contribution to employees' superannuation fund	1	3
Contribution to employees' pension scheme 1995	124	127

**c) Post employment obligation****Gratuity:**

The Company has a defined benefit plan, governed by the Payment of Gratuity Act, 1972. The plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days basic salary for every completed year of service or part thereof in excess of six months, based on the rate of basic salary last drawn by the employee concerned.

**(i) Significant estimates: actuarial assumptions**

Valuations in respect of gratuity have been carried out by an independent actuary, as at the Balance Sheet date, based on the following assumptions:

Particulars	March 31, 2021	March 31, 2020
Discount rate (per annum)	6.20%	6.30%
Rate of increase in compensation levels	7.50%	7.50%
Rate of return on plan assets	6.20%	6.30%

The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

**(ii) Gratuity Plan**

Particulars	Present value of obligation	Fair value of plan assets	Rupees in lakhs
			Net amount
<b>As at April 01, 2019</b>	<b>995</b>	<b>(173)</b>	<b>822</b>
Current service cost	174	-	174
Employer Contribution	-	(400)	(400)
Interest on net defined benefit liability/assets	66	(9)	57
<b>Total amount recognised in Statement of Profit and Loss / overburden excavation expenses</b>	<b>240</b>	<b>(409)</b>	<b>(169)</b>
<b>Remeasurements during the year</b>			
Return on plan assets, excluding amount included in interest expense/(income)	-	17	17
(Gain ) / loss from change in financial assumptions	67	-	67
(Gain ) / loss from change in demographic assumptions	-	-	-
Experience (gains) / losses	42	-	42
<b>Total amount recognised in Other Comprehensive Income</b>	<b>109</b>	<b>17</b>	<b>126</b>
Liabilities assumed/(settled)	-	-	-
Benefit payments	(67)	67	-
<b>As at March 31, 2020</b>	<b>1,277</b>	<b>(498)</b>	<b>779</b>

**Sasan Power Limited**
**Notes to the financial statements as of and for the year ended March 31, 2021 (continued)**

Particulars	Present value of obligation	Fair value of plan assets	Rupees in lakhs
			Net amount
<b>As at April 01, 2020</b>	<b>1,277</b>	<b>(498)</b>	<b>779</b>
Current service cost	196		196
Employer Contribution		-	-
Interest on net defined benefit liability/assets	75	(27)	48
<b>Total amount recognised in Statement of Profit and Loss / overburden excavation expenses</b>	<b>271</b>	<b>(27)</b>	<b>244</b>
<b>Remeasurements during the year</b>			
Return on plan assets, excluding amount included in interest expense/(income)		(34)	(34)
(Gain ) / loss from change in financial assumptions	9		9
(Gain) / loss arising from change in demographic assumptions			
Experience (gains) / losses	(58)		(58)
<b>Total amount recognised in Other Comprehensive Income</b>	<b>(49)</b>	<b>(34)</b>	<b>(83)</b>
Liabilities assumed/(settled)			
Benefit payments	(102)	102	-
<b>As at March 31, 2021</b>	<b>1,397</b>	<b>(457)</b>	<b>940</b>

The net liability disclosed above relates to funded plans are as follows:

Particulars	Rupees in lakhs	
	March 31, 2021	March 31, 2020
Present value of funded obligations	1,397	1,277
Fair value of plan assets	(457)	(498)
<b>Deficit of funded plan</b>	<b>940</b>	<b>779</b>

**(iii) Sensitivity analysis:**

The sensitivity analysis of the provision for defined benefit obligation to the changes in the weighted principal assumptions are:

Particulars	Change in assumptions		Impact on closing balance of provision of defined benefit obligations			
			Increase in assumptions		Decrease in assumptions	
	Mar 31, 2021	Mar 31, 2020	Mar 31, 2021	Mar 31, 2020	Mar 31, 2021	Mar 31, 2020
Discount rate	50 bps	50 bps	(3.27%)	(3.34%)	3.47%	3.55%
Rate of increase in compensation levels	50 bps	50 bps	3.41%	3.52%	(3.25%)	(3.35%)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied while calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**Sasan Power Limited****Notes to the financial statements as of and for the year ended March 31, 2021 (continued)**

- (iv) The above defined benefit gratuity plan is administrated 100% by Reliance Nippon Life Insurance Company Limited as at March 31, 2021 as well as March 31, 2020.

For unfunded plan, the Company has no compulsion to pre fund the liability of the plan. The Company's policy is not to externally fund these liabilities but to recognize the provision and pay the gratuity to its employees directly from its own resources as and when the same becomes due.

- (v) **Defined benefit liability and employer contributions:**

Expected contributions to post-employment benefit plans for the year ending March 31, 2022 is Rs. 50 lakhs.

The weighted average duration of the defined benefit obligation is 6.74 years (2020 –6.88 Years).

- (vi) The plan liabilities are calculated using a discount rate set with reference to bond yields. If plan assets under perform, this yield will create a deficit.

**8) Assets pledged as security**

Particulars	March 31, 2021	Rupees in lakhs March 31, 2020
<b>Non-current</b>		
First charge		
<b>Financial assets</b>		
Margin money deposits	1,702	1,699
Other financial assets	5,508	7,062
<b>Non-financial assets</b>		
Property, plant and equipment	2,180,429	2,320,679
Capital work-in-progress	774	790
Intangible assets	2,483	2,593
Other non-current assets	46,418	47,041
<b>Total non-current assets pledged as security (A)</b>	<b>2,237,314</b>	<b>2,379,864</b>
<b>Current</b>		
First charge		
<b>Financial assets</b>		
Investments	3,128	3,021
Trade receivables	77,489	55,106
Cash and bank balances	8,605	5,805
Other financial assets	6,791	5,472
<b>Non-financial assets</b>		
Inventories	65,434	59,431
Other current assets	2,411	2,299
<b>Total Current assets pledged as security (B)</b>	<b>163,858</b>	<b>130,786</b>
<b>Total assets pledged as security (A+B)</b>	<b>2,401,172</b>	<b>2,510,650</b>

**Sasan Power Limited**

**Notes to the financial statements as of and for the year ended March 31, 2021 (continued)**

**9) Related party transactions:**

As per Ind AS 24 'Related Party Transactions' as prescribed by the Companies (Indian Accounting Standards) Rules, 2015, the Company's related parties and transactions are disclosed below:

**A) Entity having control over the Company:**

**Holding company**

Reliance Power Limited (R Power)

**B) Parties having significant influence on the holding company directly or indirectly:**

**Individual**

Shri Anil D. Ambani

**C) Related parties with whom transactions have taken place during the year/ closing balance existed at year end :**

**i) Key Management Personnel**

- a) Shri Laxmi Dutt Vyas, Chief Financial Officer
- b) Shri Anil Kumar Singh, Chief Executive Officer
- c) Shri Murli Manohar Purohit, Company Secretary
- d) Shri Sachin Mohapatra, Director
- e) Shrimati Rashna Hoshang Khan, ( upto October 14, 2020) Independent Director
- f) Shri Ashok Kacharadas Karnavat, Independent Director
- g) Shrimati Chhya Virani ( w.e.f October 14, 2020), Independent Director
- h) Shri Umesh Mahato, Director
- i) Shri Umesh Kumar Agrawal, Director

**ii) Fellow Subsidiaries**

- a) Vidarbha Industries Power Limited (VIPL)
- b) Coastal Andhra Power Limited (CAPL)
- c) Chitrangi Power Private Limited (CPPL)
- d) Rosa Power Supply Company Limited (RPSCCL)
- e) Reliance Cleangen Limited (RCGL)
- f) Dhursar Solar Power Private Limited (DSPL)

**iii) Company over which companies/ individuals described in clause B have control / significant influence**

- a) BSES Rajdhani Power Limited (BRPL)
- b) BSES Yamuna Power Limited (BYPL)
- c) Reliance General Insurance Company Limited (RGIL)
- d) Reliance Infrastructure Limited ( R Infra)

**Sasan Power Limited****Notes to the financial statements as of and for the year ended March 31, 2021 (continued)****D) Details of transactions and closing balances:****(i) Transactions during the year:**

Particulars	Rupees in lakhs	
	March 31, 2021	March 31, 2020
<b>Sale of energy</b>		
BRPL (net of rebate)	7,237	7,258
BYPL (net of rebate)	35,610	35,300
<b>Other operating revenue</b>		
RPSCL	7	25
<b>Legal and Professional Fees(including shared service charges)</b>		
R Power	5,841	5,841
<b>Reimbursement of expenditure paid by</b>		
R Power	3	306
<b>Insurance Premium</b>		
RGIL	4,659	4,978
<b>Insurance Claim Received/Advance against Insurance Claim</b>		
RGIL	821	1,737
<b>Reimbursement of expenditure paid for</b>		
R Power	2	166
<b>Material/Services received</b>		
R Infra	125	121
VIPL	-	3
<b>Asset/Employees loans acquired</b>		
RPSCL	-	1
<b>Trade receivable provided/Written off</b>		
BYPL	-	1,512
<b>Advance paid/Debited</b>		
R Power	3,388	42,278
<b>Assignment of Liabilities</b>		
R Power	-	107,306

**Sasan Power Limited**
**Notes to the financial statements as of and for the year ended March 31, 2021 (continued)**
**Remuneration to Key Management Personnel**

- Short term employee benefits	587	446
- Post-employment defined benefits	17	15
- Director sitting fees	5	5

**(ii) Outstanding closing balances:**

Particulars	Rupees in lakhs	
	March 31, 2021	March 31, 2020
<b>Capital advance</b>		
R Infra	27,650	27,775
<b>Trade receivables and Unbilled Revenue</b>		
BRPL	487	592
BYPL	9,858	7,667
<b>Advance recoverable in cash or kind</b>		
DSPL	23	23
CPPL	3	3
RPSCL	7	-
<b>Equity Share Capital (excluding premium)</b>		
R Power	432,737	432,737
<b>Preference Share Capital (excluding premium)</b>		
R Power	3,579	3,579
<b>Inter-corporate deposit (other equity)</b>		
R Power	20,000	20,000
<b>Other current financial liabilities</b>		
CAPL	-	3
R Power	30,372	27,918
RGICL	523	-
<b>Capital Commitment</b>		
R Infra	69,535	69,855

- (iii) R Infra has given an equity support undertaking to the power procurers, that in the event of failure on part of R Power to invest, in full or in part, in the equity share capital of the Company, it shall subscribe to the balance equity.
- (iv) The Holding Company has entered into agreements with the lenders of the Company wherein it has committed/ guaranteed to extend financial support in the form of equity or debt as per the agreed means of finance, in respect

**Sasan Power Limited****Notes to the financial statements as of and for the year ended March 31, 2021 (continued)**

of the project being undertaken, including any capital expenditure over and above the project cost approved by the lenders and to meet shortfall in the expected revenues/debt servicing based on the future outcome of various uncertainties.

- (v) The above disclosure does not include transactions with public utility service providers, viz. electricity, telecommunications in the normal course of business.

**10) Earnings per share:**

	March 31, 2021	March 31, 2020
Profit / (loss) available to equity shareholders (Rupees in lakhs) (A)	(38,040)	(9,312)
<b>Number of equity shares</b>		
Weighted average number of equity shares used as the denominator in calculating basic earnings per share (B)	4,327,364,250	4,327,364,250
Add: Adjustments on account of compulsory convertible redeemable Non-cumulative Preference Shares <sup>1</sup> (Nos.)	35,788,750	35,788,750
Weighted average number of equity shares used as the denominator in calculating basic/diluted earnings per share (C)	4,363,153,000	4,363,153,000
Basic earnings / (loss) per share (A / C) (Rs.)	(0.87)	(0.21)
Diluted earnings / (loss) per share (A / C) (Rs.)	(0.87)	(0.21)
Nominal value of an equity share (Rs.)	10	10.00

**11) Provision for mine closure obligation**

Particulars	Rupees in lakhs	
	As at March 31, 2021	As at March 31, 2020
Balance as at beginning of the year	1,758	1,496
Additions	15	81
Amount used/reversed	-	-
Unwinding of interest	223	181
<b>Balance as at the end of the year</b>	<b>1,996</b>	<b>1,758</b>

Provision for mine closure obligation represents estimates made towards the expected expenditure for restoring the mining area and other obligatory expenses as per the approved mine closure plan. The timing of the outflow with regard to the said matter would be in a phased manner based on the progress of excavation of coal and consequential restoration cost.

**12) Government Grants**

Exemptions granted by Government of India to Ultra-mega power projects under the Customs Act, 1962 are recognised at their fair value as Government Grant. (Refer note 2.1(t)).

Given below are details of the movement of Government Grant:-

**Sasan Power Limited**
**Notes to the financial statements as of and for the year ended March 31, 2021 (continued)**

Particulars	March 31, 2021	Rupees in lakhs
		March 31, 2020
Opening balance	150,669	163,020
Grants during the year	-	-
Released to statement of profit and loss	(11,545)	(12,351)
Closing balance	139,124	150,669

Particulars	March 31, 2021	Rupees in lakhs
		March 31, 2020
Current portion	10,798	11,545
Non-current portion	128,326	139,124
Closing balance	139,124	150,669

**13) Income taxes**

The Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised Provision for Income Tax and re-measured its Deferred tax assets basis the rate prescribed in the said section. The impact of this change has been recognized during the year ended March 31, 2021.

The major components of income tax expense for the years ended March 31, 2021 and March 31, 2020 are as under:

**(a) Income tax recognised in Statement of Profit and Loss**

Particulars	March 31, 2021	Rupees in lakhs
		March 31, 2020
<b>(i) Income Tax expense</b>		
Current year tax	-	-
Income tax for earlier years	-	-
<b>Total</b>	-	-
<b>(ii) Deferred tax</b>		
Decrease (increase) in deferred tax assets	37,668	7,559
(Decrease) increase in deferred tax liabilities	-	-
<b>Total</b>	37,668	7,559
<b>Total income tax expense/(Credit) (i)+(ii)</b>	<b>37,668</b>	<b>7,559</b>

**(b) The reconciliation of tax expense and the accounting profit multiplied by tax rate:**

Particulars	March 31, 2021	Rupees in lakhs
		March 31, 2020
Profit/(loss) before tax	(372)	(1,753)
Tax at the Indian tax rate of 25.17% (2019-20 : 31.20%)	(94)	(547)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income :		
-Deferred tax asset on account of temporary differences getting reversed during tax holiday period	-	8,106
- Reversal of Deferred tax asset created on account of tax holiday period due to adoption of new tax regime u/s 115BBA	(33,347)	-



**Sasan Power Limited**

**Notes to the financial statements as of and for the year ended March 31, 2021 (continued)**

Deferred tax reversal on opening balance on account of change in tax rate	(4,227)	-
<b>Income tax expense/(Credit)</b>	<b>(37,668)</b>	<b>7,559</b>

**(c) Non-current tax assets:**

<b>Particulars</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Opening balance	734	685
Current tax payable for the year	-	-
Taxes paid/ (refunded)/Adjusted	(385)	49
<b>Closing balance</b>	<b>349</b>	<b>734</b>

**(d) Deferred tax balances:**

The balance comprises temporary differences attributable to

<b>Particulars</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
<b>Deferred tax assets / (liabilities)</b>		
Property, Plant and Equipment, Unabsorbed depreciation and others	(29,724)	(4,049)
Government Grant	35,017	47,010
<b>Net deferred tax Assets</b>	<b>5,293</b>	<b>42,961</b>

**(e) Movement in deferred tax assets / (liabilities)**

<b>Particulars</b>	<b>Property, Plant and equipment, Unabsorbed depreciation and others</b>	<b>Government Grant</b>	<b>Total</b>
<b>At April 01, 2019</b>	(342)	50,862	<b>50 520</b>
(Charged)/credited to profit and loss	(3,707)	(3,852)	(7,559)
<b>At March 31, 2020</b>	<b>(4,049)</b>	<b>47,010</b>	<b>42,961</b>
(Charged)/credited to profit and loss	(25,675)	(11,993)	(37,668)
<b>At March 31, 2021</b>	<b>(29,724)</b>	<b>35,017</b>	<b>5,293</b>

**Sasan Power Limited**

Notes to the financial statements as of and for the year ended March 31, 2021 (continued)

**14) Fair value measurements**

(a) Financial instruments by category			Rupees in lakhs		
Particulars	Note	March 31, 2021		March 31, 2020	
		FVPL	Amortized cost	FVPL	Amortized cost
<b>Financial assets</b>					
Margin money deposits	3.4(a)	-	1,702	-	1,699
Derivative assets	3.4(b)	6,978	-	6,949	-
Security Deposits	3.4(b)	-	255	-	255
Investment in mutual funds	3.8(a)	3,128	-	3,021	-
Trade receivables	3.8(b)	-	77,489	-	55,106
Cash and cash equivalents	3.8(c)	-	1,623	-	808
Bank balances other than cash and cash equivalent	3.8(d)	-	6,981	-	4,997
Unbilled Revenue	3.8(e)	-	4,681	-	4,805
Advance to employees	3.8(e)	-	45	-	31
Interest accrued on deposits	3.8(e)	-	198	-	146
Other Receivables	3.8(e)	-	141	-	472
<b>Total financial assets</b>		<b>10,106</b>	<b>93,115</b>	<b>9,970</b>	<b>68,319</b>
<b>Financial liabilities</b>					
Borrowings (Refer note 1 below)	3.13(a), 3.16(a) & 3.16(c)	-	1,310,971	-	1,414,254
Creditors for capital expenditure	3.16(c)	-	1,010	-	2,991
Derivative liability	3.13(b)	14,252	-	8,270	-
Trade payables	3.16(b)	-	24,054	-	23,183
Security deposits	3.16(c)	-	105	-	177
Employee benefits payable	3.16(c)	-	2,488	-	2,837
Other payables	3.16(c)	-	46,040	-	39,447
<b>Total financial liabilities</b>		<b>14,252</b>	<b>1,384,668</b>	<b>8,270</b>	<b>1,482,889</b>

Note - Composition of items included in borrowings above:

Note 1 – Borrowings			Rupees in lakhs	
Particulars	Notes	March 31, 2021	March 31, 2020	
Long term borrowings	3.13(a)	1,157,391	1,265,811	
Short term borrowings	3.16(a)	49,717	37,796	
Current maturity of long term borrowings	3.16(c)	100,115	106,424	
Interest accrued but not due on borrowings	3.16(c)	3,748	4,223	
<b>Total</b>		<b>1,310,971</b>	<b>1,414,254</b>	

**Sasan Power Limited**
**Notes to the financial statements as of and for the year ended March 31, 2021 (continued)**
**(b) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. The Company has not disclosed fair values of financial instruments such as short term trade receivables, trade payables, cash and cash equivalents, non-current bank balances, loans, security deposits, employees benefit payable, retention money etc. as carrying value is reasonable approximation of fair values. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Rupees in lakhs				
Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2021	Level 1	Level 2	Level 3	Total
<b>Financial assets at FVPL</b>				
Derivatives		6,978		6,978
Mutual funds - Growth plan		3,128		3,128
<b>Total financial assets</b>		<b>10,106</b>		<b>10,106</b>
<b>Financial liabilities at FVPL</b>				
Derivatives		14,252		14,252
<b>Total financial liabilities</b>		<b>14,252</b>		<b>14,252</b>
Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2021	Level 1	Level 2	Level 3	Total
<b>Financial liabilities</b>				
Borrowings	-	1,247,462	-	1,247,462
<b>Total financial liabilities</b>	-	<b>1,247,462</b>	-	<b>1,247,462</b>
Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2020	Level 1	Level 2	Level 3	Total
<b>Financial assets at FVPL</b>				
Derivatives	-	6,949	-	6,949
Mutual funds - Growth plan	-	3,021	-	3,021
<b>Total financial assets</b>	-	<b>9,970</b>	-	<b>9,970</b>
<b>Financial liabilities at FVPL</b>				
Derivatives	-	8,270	-	8,270
<b>Total financial liabilities</b>	-	<b>8,270</b>	-	<b>8,270</b>

**Sasan Power Limited**
**Notes to the financial statements as of and for the year ended March 31, 2021 (continued)**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2020	Rupees in lakhs			
	Level 1	Level 2	Level 3	Total
<b>Financial liabilities</b>				
Borrowings	-	1,358,102	-	1,358,102
<b>Total financial liabilities</b>	-	1,358,102	-	1,358,102

**(c) Valuation processes**

The Company obtains assistance competent third party to perform the valuations of financial assets and liabilities required for financial reporting purposes. Discussions of valuation processes and results are held between the Company and the valuer on annual basis.

**(d) Valuation technique used to determine fair values**

Specific valuation techniques used to value financial instruments include:

- The mutual funds are valued using the closing Net Assets Value (NAV). NAV represents the price at which the issuer will issue these units and will redeem such units of mutual fund to and from the investor.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable curves.
- The fair value of forward foreign exchange contracts and foreign currency option contracts are considered as valued by third party.

**(e) Fair value of financial assets and liabilities measured at amortised cost:**

Particulars	March 31, 2021		Rupees in lakhs March 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Non-current bank balances	1,702	1,702	1,699	1,699
Security Deposits	255	255	255	255
<b>Total financial assets</b>	<b>1,957</b>	<b>1,957</b>	<b>1,954</b>	<b>1,954</b>
<b>Financial Liabilities</b>				
Borrowings*	1,261,254	1,247,462	1,376,458	1,358,102
<b>Total financial liabilities</b>	<b>1,261,254</b>	<b>1,247,462</b>	<b>1,376,458</b>	<b>1,358,102</b>

\* Carrying amount of borrowing includes long term borrowing, current maturity of long term borrowing and interest accrued but not due on borrowing.

The carrying amount of current financial assets and liabilities (other than current maturity of long term borrowing and interest accrued but not due on borrowing which have been considered as part of borrowing) are considered to be the same as their fair values, due to their short term nature.

**Sasan Power Limited****Notes to the financial statements as of and for the year ended March 31, 2021 (continued)**

The fair value of the long-term Borrowings with floating-rate of interest is not impacted due to interest rate changes, and will not be significantly different from their carrying amounts as there is no significant change in the under-lying credit risk of the Company borrowing (since the date of inception of the loans).

For financial assets and liabilities that are measured at fair value, the carrying amount is equal to the fair values.

**Note**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no transfers between any levels during the year.

**15) Financial risk management**

The Company's business activities expose it to a variety of financial risks, namely credit risk, liquidity risk and market risks.

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
Credit Risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Ageing analysis	Diversification of bank deposits, letters of credit
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial liabilities not denominated in Indian rupee (Rs.)	Sensitivity analysis	Partly hedge by Foreign exchange forward contract and Call Spread Options
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps

**(a) Credit risk**

The Company is exposed to credit risk, which is the risk that counterparty will default on its contractual obligation resulting in a financial loss to the Company. Credit risk arises from cash and cash equivalents, mutual funds, financial assets carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures with trade customers towards sale of electricity as per the terms of PPA under respective state regulations and respective state distribution companies including outstanding receivables.

**Credit risk management**

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 credit risk arises from accounts receivable balances on sale of electricity based on the PPA entered with power procurers and inter-corporate deposits / loans given to group entities. The credit risk is low as the sale of electricity is based on the terms of the PPA which has been approved by the regulator. The Inter-corporate deposits / loan have been given only to entities within the group. There is no change in the risk status of such corporates.

For banks and financial institutions, only highly rated banks/institutions are accepted. Generally all policies surrounding credit risk have been managed at company level. The Company's policy to manage this risk is to invest in debt securities that have a good credit rating.

**Sasan Power Limited****Notes to the financial statements as of and for the year ended March 31, 2021 (continued)****(i) Trade receivables**

Trade receivables consists of Power Procurers with whom Company has entered into Power Purchase agreement (PPA) in order to sell the electricity generated at its power station. Credit risk in case of trade receivables would arise if the counter party would not be able to settle their obligations as agreed in the Power Purchase agreement (PPA). To manage the above risk the Company on a monthly basis assesses the financial reliability of the customers, taking into account the financial condition, current economic trends and analysis of bad-debts and ageing of accounts receivables. In addition the receivable balances are monitored by the Company on an ongoing basis, with the result that the Company's exposure to bad-debts is not significant.

Further trade receivable of the Company consists of customers which are mainly state government owned power distribution companies and receivables are secured by letter of credit given by customers as per PPA terms.

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables and unbilled revenue as disclosed in note 3.8(b) and note 3.8(e).

**(ii) Other financial assets**

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and bank balances including fixed deposits, derivative instruments, security deposits, advances to employees and related parties, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments on the reporting date as disclosed in note 3.4(a), 3.4(b), 3.8(c), 3.8(d) and 3.8(e). The Company limits its counter party risk on the assets by dealing with banks/FI which are high rated. Further, there is no credit risk perceived pertaining to investments, advances to employees, derivative instruments and security deposits as disclosed in note 3.8(a), 3.8(c) and 3.4(b).

**(b) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

In respect of its existing operations, the Company funds its activities primarily through long-term loans secured against plant and machinery and long terms loans and advances. In addition, the Company has working capital loans available which are renewable annually, together with certain intra-group loans. The Company's objective in relation to its existing operating business is to maintain sufficient funding to operate at an optimal level.

The Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Current liabilities is exceeding current assets due to disclosure of Current maturities of Long term Borrowing as Current Liabilities as per requirement of Schedule III of the Companies Act, 2013.

**(i) Maturities of financial liabilities**

The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

**Sasan Power Limited**
**Notes to the financial statements as of and for the year ended March 31, 2021 (continued)**

March 31, 2021	Less than 1 year	Between 1 year and 5 years	More than 5 years	Rupees in lakhs Total
<b><u>Non-derivatives liabilities</u></b>				
Borrowings*	220,466	913,734	999,121	2,133,321
Creditors for capital expenditure	1,010	-	-	1,010
Trade payables	24,054	-	-	24,054
Security deposits received	105	-	-	105
Employee benefit payable	2,488	-	-	2,488
Other Payables	46,040	-	-	46,040
<b>Total non-derivative liabilities</b>	<b>294,163</b>	<b>913,734</b>	<b>999,121</b>	<b>2,207,018</b>
<b><u>Derivatives</u></b>				
Forward exchange contracts used for hedging:				
Outflow	-	-	98,501	98,501
Inflow	-	-	(84,249)	(84,249)
<b>Total derivative liabilities</b>	<b>-</b>	<b>-</b>	<b>14,252</b>	<b>14,252</b>

The company has recognised MTM (loss)/gain of Rs. (5,953) Lakhs (March 31, 2020 Rs. 794 Lakhs) on outstanding derivative contract as on reporting date.

March 31, 2020	Less than 1 year	Between 1 year and 5 years	More than 5 years	Rupees in lakhs Total
<b><u>Non-derivative liabilities</u></b>				
Borrowings*	234,194	958,555	1,174,766	2,367,515
Creditors for capital expenditure	2,991	-	-	2,991
Trade payables	23,183	-	-	23,183
Security deposits received	177	-	-	177
Employee benefits payable	2,837	-	-	2,837
Other Payables	39,447	-	-	39,447
<b>Total non-derivative liabilities</b>	<b>302,829</b>	<b>958,555</b>	<b>1,174,766</b>	<b>2,436,150</b>
<b><u>Derivatives</u></b>				
Forward exchange contracts used for hedging:				
Outflow	-	-	98,501	98,501
Inflow	-	-	(90,231)	(90,231)
<b>Total derivative liabilities</b>	<b>-</b>	<b>-</b>	<b>8,270</b>	<b>8,270</b>

\* Borrowing includes interest for future period.

**(c) Market risk**

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of volatility of prices in the financial markets. Market risk can be further segregated as: a) Foreign exchange risk and b) Interest rate risk

**(i) Foreign currency risk**

The Company has long term monetary liabilities which are in currency other than its functional currency. Foreign currency risk, as defined in Ind AS 107, arises as the value of recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates.

**Sasan Power Limited****Notes to the financial statements as of and for the year ended March 31, 2021 (continued)****Foreign currency risk exposure:**

The Company's exposure to foreign currency risk at the end of the reporting period expressed in Rs. are as follows:

	Rupees in lakhs	
	March 31, 2021	March 31, 2020
<b>Financial liabilities</b>		
Borrowings including accrued interest	398,512	461,333
Import payables	6,121	8,358
<b>Gross foreign currency exposure</b>	<b>404,633</b>	<b>469,691</b>
<b>Covered by derivatives</b>		
Forward contracts	(73,505)	(75,386)
Call spread/option	(61,009)	(73,878)
<b>Net exposure to foreign currency risk</b>	<b>270,120</b>	<b>320,427</b>

**Sensitivity of foreign currency exposure**

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments. Also Refer 2.1(P) for accounting policy on exchange differences.

	Rupees in lakhs	
	March 31, 2021	March 31, 2020
<b>Impact on profit before tax / PPE</b>		
<b>USD sensitivity</b>		
INR/USD -Increase by 6% (March 31, 2020- 6%)*	(19,868)	(23,642)
INR/USD -Decrease by 6% (March 31, 2020- 6%)*	16,207	19,194
* Holding all other variables constant		

**(ii) Interest rate risk**

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

**Interest rate risk exposure**

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

	Rupees in lakhs	
	March 31, 2021	March 31, 2020
Variable rate borrowings	1,057,767	1,142,050

**Sensitivity of Interest**

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of change in interest rates:

	Rupees in lakhs	
	Impact on profit before tax	
Particulars	March 31, 2021	March 31, 2020
Interest cost – increase by 5% on existing interest cost *	(5,791)	(5,982)
Interest cost – decrease by 5% on existing interest cost *	5,791	5,982
* Holding all other variables constant		



**Sasan Power Limited****Notes to the financial statements as of and for the year ended March 31, 2021 (continued)****16) Capital Management****(a) Risk Management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on basis of total equity and debt on a periodic basis. Equity comprises all components of equity. Debt includes long term borrowing including current maturity of long term borrowing and short term borrowing. The following table summarizes the capital of the Company:

Particulars	March 31, 2021	Rupees in lakhs
		March 31, 2020
Debt	1,307,223	1,410,031
Equity	800,788	838,746
<b>Total</b>	<b>2,108,011</b>	<b>2,248,777</b>

(b) The Company has not received any communication from lenders for non-compliance of any debt covenant.

- 17) Presently, the Company is engaged in only one segment viz 'Generation of Power' and as such there is no separate reportable segment as per Ind AS 108 'Operating Segments'. Presently, the Company's operations are predominantly confined in India. Operating Segment is reported in the manner evaluated by Board, considered as Chief Operating Decision Maker under Ind AS 108 "Operating Segment".

**Information about major customers**

Revenue for the years ended March 31, 2021 and March 31, 2020 were from customers located in India. Customers include government controlled public electricity distribution entities as well as private distribution entities.

Customer name	March 31, 2021		Rupees in lakhs	
	Revenue	% age of total revenue	March 31, 2020 Revenue	% age of total revenue
MP Power Management Company Limited	183,721	38%	179,068	36%
Punjab State Power Corporation Limited	65,739	14%	64,079	13%
Haryana Power Purchase Centre	49,368	10%	47,813	10%

**18) Disclosure under Micro, Small and Medium Enterprises Development Act, 2006**

(i) The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information collected by the Management.

(ii) The disclosures relating to Micro and Small Enterprises are as under:	As at March 31, 2021	Rs. In Lakhs As at March 31, 2020
(a) The principal amount remaining unpaid to supplier as at the end of the accounting year	595	55
(b) The interest due thereon remaining unpaid to supplier as at the end of the accounting year	160	-
(c) The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-

**Sasan Power Limited****Notes to the financial statements as of and for the year ended March 31, 2021 (continued)**

(d)The amount of interest due and payable for the year	160	-
(e)The amount of interest accrued and remaining unpaid at the end of the accounting year	160	-
(f)The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

19) COVID-19 has impacted businesses globally and in India. The Company has continued its assessment of likely adverse impact on economic environment in general and financial risks on account of COVID-19. The Company is in the business of generation of electricity which is an essential service as emphasized by the Ministry of Power, Government of India and hence, the Company has ensured the availability of its power plant to generate power and honour commitments made under various power purchase agreements. The demand for electricity nearly bounced back to normal levels in keeping with the resumption of economic activities since easing of lockdown in various States during the 1<sup>st</sup> wave of COVID-19 pandemic. However, now the country is faced with the 2<sup>nd</sup> wave of COVID -19 pandemic and there exists uncertainty over its impact on future business performances, arising from among other things, any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company and its evolving impact on distribution utilities in terms of demand for electricity; consumption mix; resultant average tariff realization; bill collections from consumers; and support from respective State Governments and banks & financial institutions, including those focused on power sector financing. However, in view of power generation being considered as essential activity as also given the experience of sustaining its operation successfully during the pandemic year, the Company is confident of another year of successful operations with the support from its power procurers and other stakeholders.

20) The Company lease assets primarily consists of office premises which are of short term lease with the term of twelve months or less and low value leases. For these short term and low value leases, the Company recognizes the lease payments as an expense in the Statement of Profit and Loss on a straight line basis over the term of lease.

During the year, the Company has recognized Lease rentals in the statement of profit and loss is amounting to Rs. 512 lakhs (March 2020 Rs.400 lakhs)

21) The Indian parliament has approved the Code of Social Security 2020, which would impact contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Welfare Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact once the subject rules under the Code are notified and will give appropriate impact in the financial statements when the code becomes effective.

22) Previous year's figures are regrouped wherever it was necessary to compare the current year figures.