

Independent Auditor's Report

To The Members of Vidarbha Industries Power Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Vidarbha Industries Power Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information ("together referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified opinion paragraph below, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its loss, other comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

1. We draw attention to Note no. 23 of the financial statements regarding non provision of interest amounting to Rs. 35,808 lakhs for the year ended March 31, 2022 and Rs. 34,078 lakhs upto March 31, 2021 on the borrowings of the Company. The Company has not provided for the interest for the reasons stated in the aforesaid note. The said non provision of the interest on borrowings of the Company is not in accordance with the provisions of Ind AS 23 "Borrowing Cost" and Ind AS 1 "Presentation of Financial Statements". Had the interest been provided by the Company, the finance cost for the year ended March 31, 2022 would have been higher by Rs. 35,808 lakhs and loss before tax of the Company for the year ended March 31, 2022 would have been higher by an equivalent amount. Accordingly, the Networth of the Company would have been lower by Rs. 69,886 lakhs and Rs. 34,078 lakhs as on March 31, 2022 and March 31, 2021 respectively.
2. We draw attention to Note no. 24 of the financial statements which sets out the fact that the entire networth of the Company has been eroded due to losses incurred during the year ended March 31, 2022 as well as during the previous years, its current liabilities exceeds current assets, Power Purchase Agreement with Adani Electricity Mumbai Limited stands terminated w.e.f. December 16, 2019, its plant remaining un-operational since January 15, 2019 and one of the lenders filed an application under the provision of Insolvency and Bankruptcy Code. These events and conditions indicate material uncertainty exists that may cast a significant doubt on the ability of the Company to continue as a going concern. However the accounts of the Company have been prepared on a going concern for the factors stated in the aforesaid note. We however are unable to obtain sufficient and appropriate audit evidence regarding management's use of the going concern assumption in the preparation of financial results, in view of non-provisioning of interest as explained in paragraph 1 above together with the events and conditions more explained in the note 24 of the financial statements does not adequately support the use of going concern assumption in preparation of the financial statements of the Company.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Directors 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 during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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 is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit, 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, except for matters stated in Basis of Qualified Opinion section, 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 Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account and returns.
 - d) In our opinion, except for matters described in Basis of Qualified Opinion section, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

- e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- f) The matters described in the Basis of Qualified Opinion section above, in our opinion, may have an adverse effect on the functioning of the Company.
- g) 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".
- h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and according to the information and explanations given to us, the Company has not paid/provided any managerial remuneration to directors during the year.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to in Note 04 of the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. (a) The management has represented to us that, to the best of its knowledge and belief no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The management has represented to us that, to the best of its knowledge and belief no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on our audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

- v. The Company has not declared or paid any dividend during the year.

For Pathak H. D. & Associates LLP
Chartered Accountants
Firm Registration No. 107783W/W100593

Jigar T. Shah
Partner
Membership No. 161851
UDIN: 22161851AKSMZV8345

Date: May 12, 2022
Place: Mumbai

Annexure "A" To the Independent Auditors' Report

Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report in the Independent Auditors Report of even date to the members of Vidarbha Industries Power Limited on the financial statement as of and for the year ended March 31, 2022

- i. In respect of its Property Plant and Equipment:
 - (a) (A) Based on the records examined by us and information and explanation given to us the Company has maintained proper records showing full particulars, including quantitative details and situation of Property Plant and Equipment.
 - (B) Based on the records examined by us and information and explanation given to us the Company has maintained proper records showing full particulars of Intangible Assets.
 - (b) The Property Plant and Equipment were physically verified by the Management in a phased periodical manner which, in our opinion is reasonable having regards to size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - (c) According to the information and explanations given to us and the records examined by us, the title deeds comprising all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements, are held in the name of the Company.
 - (d) Based on the records examined by us and information and explanation given to us by the Company, the Company during the year has not revalued its Property Plant and Equipment (including rights of use assets) or intangible assets, hence, the requirements of the said clause i(d) of paragraph 3 of the Order is not applicable to the Company.
 - (e) According to the information and explanation and representation given to us by the management, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- ii. (a) The physical verification of inventory has been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material. In our opinion, the frequency of verification is reasonable.
- (b) Based on the records examined by us and information and explanation given to us, the Company has been sanctioned working capital limits from banks on the basis of security of current assets, however, the Company has not filed quarterly returns and statements with such banks.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, any investments or provided any guarantees or given security and has not granted any advances in the nature of loans during the year to companies, firms, limited liability partnerships or other parties cover in the register maintained under Section 189 of the Act. Hence Clauses (iii) (a) to Clauses (iii) (f) of Paragraph 3 of the Order are not applicable.

- iv. In our opinion and according to the information and explanations given to us, the Company has not directly or indirectly advanced loan to the persons covered under Section 185 of the Act or given guarantees or securities in connection with the loan taken by such persons and has complied with the provisions of section 186 of the Act, in respect of investments, loans, guarantee or security given, to the extent as applicable.
- 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 meaning of sections 73 to 76 of the Act and the Rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- vi. We have broadly reviewed the books of account maintained by the Company in respect of sale of electricity 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 prepared 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. Based on the records examined by us and according to the information and explanations given to us, in respect of statutory dues:
 - (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 income tax, though there has been a slight delay in a few cases and is regular in depositing undisputed statutory dues, including provident fund, goods and services tax, and other material statutory dues, as applicable, with the appropriate authorities. There are no undisputed amounts payable in respect of such applicable statutory dues as at March 31, 2022 for a period of more than six months from the date they became payable. As explained to us, the Company did not have any dues on account of value added tax, employee state insurance, sales tax, cess, duty of customs and duty of excise.
 - (b) Details of statutory dues referred to in clause vii (a) above, which have not been deposited as on March 31, 2022 on account of disputes are given below:

Name of Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which it relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	76	A.Y. 2016-17	Commissioner of Income Tax Appeals CIT (A), Mumbai
Income Tax Act, 1961	Income Tax	16	A.Y. 2017-18	Commissioner of Income Tax Appeals CIT (A), Mumbai
Total		92		

- viii. According to information and explanation given to us and representation given by the management, there were no transactions relating to previously unrecorded income that were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

- ix. (a) Based on the examination of records and information and explanation given to us, the Company has defaulted in repayment of its loans and payment of interest to lender the details of which are as follows:

Nature of Borrowings	Name of Lender	Borrowings		Interest	
		As at March 31, 2022		As at March 31, 2022	
		Amount not paid on due date	Period (Maximum days)	Amount not paid on due date	Period (Maximum days)
Rupee Term Loan	Bank of Maharashtra	7,600	1096	4,705	790
	Vijaya Bank (merged with Bank of Baroda)	3,800	1096	2,211	790
	Syndicate bank (merged with Canara Bank)	5,700	1096	3,668	790
	Axis Bank	5,137	1096	2,275	790
	State Bank of Travancore (merged with State Bank of India)	1,123	1096	861	790
	State Bank of India	20,440	1096	12,968	790
	Oriental Bank of Commerce-I (merged with Punjab National Bank)	1,158	1096	806	790
	Oriental Bank of Commerce-II (merged with Punjab National Bank)	2,201	1096	1,271	790
External Commercial Borrowing	Axis Bank	20,305	1096	1,765	790
Working Capital Borrowing	Bank of Maharashtra	9,873	1006	866	702
	Axis Bank	31,539	1006	3,293	702
	State Bank of India	10,275	1006	1,198	702
	Total	1,19,151		35,887	

*During the year the Company has not made a provision of interest on borrowings amounting to Rs.35,808 lakhs (For FY 2020-21- Rs.34,078 lakhs) which is not included in the above default table. (Refer note 19 of the financial statements)

- (b) According to the information and explanations given to us and on the basis of the audit procedures, we report that the Company has not been declared as wilful defaulter by any banks, financial institution or government or any government authority.
- (c) In our opinion and information and explanation given to us and based on the examination of records of the Company, the Company has not raised term loans from any lender and hence reporting under clause ix(c) of paragraph 3 of the Order is not applicable to the Company.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short term basis have been used for long-term purposes.

- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) In our opinion and according to the information and explanations given to us, the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- x. (a) In our opinion and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and hence reporting under clause x(a) of paragraph 3 of the Order is not applicable to the Company.
- (b) In our opinion and according to the information and explanation given to us, the Company during the year has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause x(b) of paragraph 3 of the Order is not applicable to the Company.
- xi. (a) Based on the audit procedures performed by us and according to the information and explanations given to us, no material fraud by the Company or on the Company has been noticed or reported during the year.
- (b) According to the information and explanations given to us, no report under sub-section (12) of section 143 of the Act has been filed by the auditors in form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of paragraph 3 of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date, for the period under audit.
- xv. According to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them, and hence provisions of Section 192 of the Act, are not applicable.
- xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.
- (b) On the basis of examination of records and according to the information and explanation given to us by the Company, the Company has not conducted any Non-Banking Financial or

Housing Finance activities hence the reporting requirements under clause xvi(b) of paragraph 3 of the Order is not applicable.

- (c) In our opinion and according to the information and explanation given to us, the Company is not a Core Investment Company as defined in the regulations made by the Reserve Bank of India.
- (d) As represented by the management, the Group does not have more than one Core Investment Company as part of the Group as per the definition of Group contained in the Core Investment Companies (Reserve Bank) Directions, 2016.
- xvii. Based on the examination of records, the Company has incurred cash losses of Rs. 40,854 lakhs in the financial year 2021-22 and Rs. 38,196 lakhs in immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, indicate that material uncertainty exists that may cast a significant doubt on the ability of the Company to continue as a going concern. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. Based on the examination of records of the Company and information and explanations given to us, due to losses incurred, the conditions and requirements of section 135 of the act is not applicable to the company hence, paragraph 3(xx) (a) and (xx) (b) of the Order is not applicable.

For Pathak H. D. & Associates LLP
Chartered Accountants
Firm Registration No. 107783W/W100593

Jigar T. Shah
Partner
Membership No. 161851
UDIN: 22161851AKSMZV8345

Date: May 12, 2022
Place: Mumbai

Annexure “B” To the Independent Auditors’ Report

(Referred to in paragraph 2(g) under ‘Report on other legal and regulatory requirements’ section of our report of even date to the members of **Vidarbha Industries Power Limited** for the year ended March 31, 2022)

Report on the internal financial controls over financial reporting 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 Vidarbha Industries Power Limited (“the Company”) as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s responsibility for internal financial controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the “Guidance Note”). 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 Companies Act, 2013.

Auditor’s responsibility

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

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

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

Meaning of internal financial controls with reference to financial statements with reference to these financial statements

A company's internal financial control with reference to financial statements with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements with reference to these financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 with reference to these financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements with reference to these 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 these financial statements to future periods are subject to the risk that the internal financial control with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to these financial statements were operating effectively as at March 31, 2022, based on the criteria for internal financial control with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Pathak H. D. & Associates LLP
Chartered Accountants
Firm Registration No. 107783W/W100593

Jigar T. Shah
Partner
Membership No. 161851
UDIN: 22161851AKSMZV8345

Date: May 12, 2022
Place: Mumbai

Vidarbha Industries Power Limited
Balance Sheet as at March 31, 2022

Particulars	Note No.	Rupees in Lakhs	
		As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	218,618	238,414
Intangible assets	3.2	607	680
Financial assets:			
Investments	3.3(a)	220	206
Loans	3.3 (b)	750	750
Other financial assets	3.3(c)	-	14
Non-current tax assets	3.4	13	27
Other non-current assets	3.5	204	272
Total non-current assets		220,412	240,363
Current assets			
Inventories	3.6	7,085	7,098
Financial assets:			
Trade receivables	3.7(a)	107,088	107,087
Cash and cash equivalents	3.7(b)	59	857
Other financial assets	3.7(c)	17	32
Other current assets	3.8	1,134	1,379
Total current assets		115,383	116,453
Total Assets		335,795	356,816
EQUITY AND LIABILITIES			
Equity			
Equity share capital	3.9	149	149
Other equity			
Instrument entirely equity in nature	3.10	1,342	1,342
Reserves and surplus	3.11	2,126	27,815
Total equity		3,617	29,306
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	3.12	142,149	156,131
Provisions	3.13	94	106
Total non-current liabilities		142,243	156,237
Current liabilities			
Financial liabilities			
Borrowings	3.14	137,734	119,971
Trade payables			
(i) Total outstanding dues of micro and small enterprises	3.15(a)	2,417	2,424
(ii) Total outstanding dues of other than (i) above	3.15(a)	10,071	7,891
Other financial liabilities	3.15(b)	39,636	40,939
Other current liabilities	3.16	33	17
Provisions	3.17	44	30
Total current liabilities		189,935	171,272
Total Equity and Liabilities		335,795	356,815
Significant accounting policies	2		
Notes to financial statements	1 to 32		

The accompanying notes are an integral part of these financial statements

Vidarbha Industries Power Limited
Statement of Profit and Loss for the year ended March 31, 2022

Particulars	Note No.	Rupees in Lakhs	
		Year ended March 31, 2022	Year ended March 31, 2021
Revenue from Operations	3.18	429	444
Other Income	3.19	60	738
Total revenue		489	1,182
Expenses			
Cost of fuel consumed		-	-
Employee benefit expense	3.20	399	613
Finance costs	3.21	224	256
Depreciation and Amortisation expense	3.1 & 3.2	19,863	19,909
Generation, administration and other expenses	3.22	5,691	3,796
Total expenses		26,177	24,574
Profit/ (loss) before tax		(25,688)	(23,392)
Income tax expenses			
Current tax	10	-	-
Deferred tax	10	-	(42,119)
Income tax of earlier year		-	-
Profit/ (loss) for the year (A)		(25,688)	18,727
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations (net) (Refer note 6)		(1)	299
Other Comprehensive Loss for the year (B)		(1)	299
Total Comprehensive Loss for the year (A+B)		(25,689)	19,026
Profit is attributable to:			
Equity holders of the parent			
Non-controlling interests			
Earnings per equity share: (Face value of Rs. 10 each)	9		
-Basic (Rupees)	9	(1,722.15)	1,255.52
-Diluted (Rupees)	9	(172.21)	125.55
Significant accounting policies	2		
Notes to financial statements	1 to 32		

Vidarbha Industries Power Limited
Cash Flow Statement for the year ended March 31, 2022

	Year ended March 31, 2022	Rupees in Lakhs Year ended March 31, 2021
(A) Cash flow from Operating Activities		
Net Profit before tax	(25,688)	(23,392)
Adjusted for :		
Interest and other finance cost	224	256
Depreciation and amortisation expenses	19,863	19,909
Provision of Interest on MSME Payable	308	734
Impairment of Assets/ Loss on discarding of Assets	6	1
Loss / (profit) on foreign exchange fluctuation (net)	778	(635)
Interest income	(60)	(101)
Bad debts written off	-	1,283
Operating Profit before working capital changes	(4,569)	(1,945)
Changes in Working Capital:		
(Increase)/Decrease in other non current financial assets	14	-
(Increase)/Decrease in other non current assets	68	260
(Increase)/Decrease in trade receivables	(1)	(32)
(Increase)/Decrease in other current financial assets	15	11
(Increase)/Decrease in other current assets	244	206
Provision for gratuity and leave encashment	3	(188)
(Increase)/Decrease in inventories	13	124
Increase/ (Decrease) in trade payables	1,707	(625)
Increase/ (Decrease) in other current liabilities	16	(94)
Increase/ (Decrease) in other current financial liabilities	(1,304)	178
Taxes paid (net of refunds)	776	(159)
	16	795
Net cash flow generated from/(used in) operating activities	(3,777)	(1,309)
(B) Cash flow from Investing Activities		
Proceeds from Sale of Property, Plant and Equipment	-	3
Purchase of investments	(14)	-
Interest on bank and other deposits received	52	101
Margin Money / Deposits for a period of more than three months	-	98
Net cash flow generated from / (used in) investing activities	38	202
(C) Cash flow from financing Activities		
Inter corporate deposits taken from Fellow Subsidiary	-	4
Loans and advances from Fellow Subsidiary	214	1,993
Proceeds from short term borrowings	2,781	-
Interest and other finance cost paid	(54)	(72)
Net cash flow generated from / (used in) financing activities	2,941	1,925
Net Increase/(decrease) in Cash and Cash equivalents (A+B+C)	(798)	818
Cash and Cash equivalents at the beginning of the year:		
Bank Balance - Current Account	759	39
Deposit accounts	98	-
Cash and Cash equivalents at the end of the year:		
Bank Balance - Current Account	2	759
Deposit accounts	57	98

Statement of changes in equity as at March 31, 2022
Vidarbha Industries Power Limited
(A) Equity Share Capital

As at March 31, 2022

Rupees in Lakhs				
Equity Share Capital	Balance as at April 01, 2021	Changes in Equity Share Capital due to prior period reason	Restated Balance as at April 01, 2021	Changes in Equity Share Capital during the current year
	149	-	-	-
				149

As at March 31, 2021

Equity Share Capital	Balance as at April 01, 2020	Changes in Equity Share Capital due to prior period reason	Restated Balance as at April 01, 2020	Changes in Equity Share Capital during the current year
	149	-	-	-
				149

B. Other equity (Refer note no. 3.11)

Particulars	Instrument entirely equity in nature	Reserves & Surplus			Other items of Other Comprehensive Income	Total equity
		Preference Shares (Refer Note 3.10.1)	Securities Premium	Retained Earnings	Capital reserve (Arised pursuant to the scheme of amalgamation)	
Balance as at April 1, 2020	1,342		147,176	(150,229)	11,940	10,131
Profit for the year	-	-	-	18,727	-	18,727
Other Comprehensive Income/(expenses) for the year	-	-	-	-	299	299
Balance as at March 31, 2021	1,342		147,176	(131,502)	11,940	29,157
Profit/ (loss) for the year	-	-	-	(25,688)	-	(25,688)
Total Comprehensive Income for the year	-	-	-	-	(1)	(1)
Balance as at March 31, 2022	1,342		147,176	(157,190)	200	3,468

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

Vidarbha Industries Power Limited
Notes to the financial statements for the year ended March 31, 2022

1) General information

Vidarbha Industries Power Limited ("the Company") is a subsidiary of Reliance Power Limited. The Company has been set up as a special purpose vehicle to develop and operate 600 (300X2) mega watt coal based power project at Butibori Industrial area near Nagpur, Maharashtra.

The registered office of the Company is located at Reliance Centre ,Ground Floor, 19 Walchand Hirachand Marg, Ballard Estate, Mumbai, Maharashtra – 400 001.

These financial statements were authorised for issue by the board of directors on May 12, 2022.

2) Significant accounting policies and critical accounting estimates and judgments:

2.1 Basis of preparation, 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 and relevant provisions of the Companies Act, 2013 ("the Act"). The policies set out below have been consistently applied during the year presented, unless stated otherwise.

Functional and presentation currency

The financial statements are presented in 'Indian Rupees', which is the Company's functional currency. All amounts are rounded to the nearest lakhs, unless otherwise stated.

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 are 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

Current vis-à-vis non-current classification

The assets and liabilities reported in the balance sheet are classified on a "current/non-current basis". 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. The deferred tax assets and liabilities are classified as non-current assets and liabilities.

(b) Property, plant and equipment (PPE):

Items of property, plant and equipment are stated at cost which includes capitalised borrowing cost, less depreciation and impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. 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 derecognised when replaced. All other repairs and maintenance are charged to statement profit or loss during the reporting period in which they are incurred.

Expenditure incurred on assets which are not ready for their intended use comprising direct cost, related incidental expenses and attributable borrowing cost are disclosed under Capital Work-in-Progress.

Depreciation methods, estimated useful lives and residual value:

Depreciation on PPE is provided to the extent of depreciable amount on Straight Line Method (SLM) based on useful lives of the following assets as prescribed in Part C of Schedule II to the Companies Act, 2013.

Particulars	Estimated useful lives
Buildings	60 years
Motor vehicles	8 years
Office Equipment	5 Years
Computers and Data processing units	3-6 Years
Furniture & Fixtures	10 Years
Plant & Equipment	15 Years

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) 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".

Amortisation

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

Computer software is amortised over an estimated useful life of 3 years. Intangible assets include expenditure incurred for laying pipeline towards additional water supply and water supply rights.. As the pipeline is estimated to be used over the life of the project, the cost incurred towards right is amortised over the term of the power purchase agreement.

(d) Leases**The Company is the lessee**

The Company has taken office premises and guests houses on lease 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.

(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 other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(f) Trade Receivable

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

(g) 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.

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.

The classification depends on the Company'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 investments 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 Other Comprehensive Income (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 (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the statement of 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 applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

iv. Derecognition of financial assets

A financial asset is derecognised only when:

- The Company has transferred the rights to receive cash flows from the financial asset or
- 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 the statement of profit or loss 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.

vi. 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.

(h) Contributed equity

Ordinary 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.

(i) 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.

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.

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 payable: 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.

(j) **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.

(k) **Provisions, Contingent Liabilities and Contingent Assets**

Provisions:

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

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.

(l) Foreign currency translations

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' (Rs.), which is the Company's functional and the Company's presentation currency.

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 restatement 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 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, is adjusted in the cost of depreciable asset and would be depreciated over the balance life of asset.
 - In other cases, foreign exchange difference is accumulated in "foreign currency monetary item translation difference account" and amortised over the balance period of such long term asset / liabilities.
- (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.

(m) Revenue from Contracts with Customers and Other Income

The company derives revenue primarily from sale of energy to Adani Electricity Mumbai Limited (AEML). Effective April 1, 2018 the Company has applied Ind AS 115 – "Revenue from Contracts with Customers", which establishes a comprehensive framework for determining whether, how and when revenue is to be recognized. The Company recognises revenue when it transfers control over a product or service to a customer. The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 and Ind AS 11.

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.

i. Sale of energy

Revenue from sale of energy is recognized on an accrual basis as per the tariff rates approved by Maharashtra Electricity Regulatory Commission (MERC) in accordance with the provisions of Power Purchase Agreement (PPA) with Adani Electricity Mumbai Limited with effect from August 29, 2018, which was earlier with Reliance Infrastructure Limited (Rinfra). Further, revenue is also recognised towards truing up of fixed charges and fuel adjustment charges as per the applicable MERC (Multi year tariff) Regulations. (Refer note 24)

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.

(n) 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 employee obligations

The Company operates the following post-employment schemes:

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

Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans 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.

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 are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Superannuation fund

Certain employees of the Company are participants in a defined contribution plan. The Company has no further obligations to the plan beyond its monthly contributions which are contributed to a trust fund, the corpus of which is invested with Reliance Nippon Life Insurance Company Limited.

(o) Income tax

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 for each jurisdiction 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 in the countries where the Company operate and generate taxable income. 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, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. 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 substantially 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 and when the deferred tax balances relate to the same taxation authority. 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.

(p) 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, 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 insignificant risk of changes in value.

(q) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(r) Cash flow statement

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

(s) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified the Chief Financial Officer that makes strategic decisions.

(t) 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 or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

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.

2.2 Critical accounting estimates and judgments

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 judgements 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 make 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 discussed below:

(a) Useful lives of PPE and intangible assets

The Company has independently estimated the useful life and method of depreciation of power plant and other assets based on the expected wear and tear, industry trends etc. In actual, the wear and tear can be different. When the useful lives differ from the original estimated useful lives, the Company will adjust the estimated useful life / residual value 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 the PPE. (Refer note 3.1 and 3.2).

(b) Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its intangible assets and the unguaranteed residual value of assets given on lease 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).

The recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates.

(c) Defined benefit obligations

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for post employments plans include the discount rate. Any changes in these assumptions will impact the carrying amount of such obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds of maturity approximating the terms of the related plan liability. (Refer note 6)

(d) 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 10)

(e) 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 differences between the carrying amounts of assets and liabilities as recorded in the financial statements and their tax bases. Assumptions made include the expectation that future operating performance for subsidiaries 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 10)

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

According to management's estimate, MAT credit balances will expire and may not be used to offset taxable income. The Company neither has any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these MAT credit entitlement as deferred tax assets. On this basis, the Company has determined that it cannot recognise deferred tax assets on these balances.

(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 engages third party qualified valuer to perform the valuations.

Estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. (Refer Note 11)

3.1 Property, plant and equipment

Particulars	Freehold land	Leasehold land	Transmission line land	Railway siding	Transmission line	Buildings	Plant and machinery	Furniture & fixtures	Motor Vehicles	Office equipment	Computers	Total
Carrying amount as at April 01, 2020	8,262	13,862	820	15,290	1,400	25,332	193,064	76	104	98	66	258,374
Additions during the year	-	-	-	-	-	-	-	-	-	-	-	-
Deletion/Discarded during the year	-	-	-	-	-	-	-	-	(3)	(1)	-	(4)
Carrying amount as at March 31, 2021	8,262	13,862	820	15,290	1,400	25,332	193,064	76	101	97	66	258,370
Accumulated Amortisation as at April 01, 2020	-	-	-	-	-	8	91	4	4	2	6	115
For the year	-	484	28	1,241	126	1,281	16,618	8	18	11	27	19,842
Deletion/Discarded during the year	-	-	-	-	-	-	-	-	(3)	@	-	(3)
Balance as at March 31, 2021	-	484	28	1,241	126	1,289	16,709	12	19	13	33	19,954
Carrying amount as at March 31, 2021	8,262	13,862	820	15,290	1,400	25,332	193,064	76	101	97	66	258,370
Additions during the year	-	-	-	-	-	-	-	-	-	-	-	-
Deletion/Discarded during the year	-	-	-	-	-	-	-	-	(21)	-	-	(21)
Carrying amount as at March 31, 2022	8,262	13,862	820	15,290	1,400	25,332	193,064	76	80	97	66	258,350
Accumulated Amortisation as at March 31, 2021	-	484	28	1,241	126	1,289	16,709	12	21	13	33	19,956
For the year	-	484	28	1,240	126	1,258	16,608	4	17	10	14	19,791
Deletion/Discarded during the year	-	-	-	-	-	-	-	-	(15)	-	-	(15)
Balance as at March 31, 2022	-	968	56	2,481	252	2,547	33,317	16	23	23	47	39,732
Net Carrying Amount												
Balance as at March 31, 2021	8,262	13,378	792	14,049	1,274	24,043	176,355	64	80	84	33	238,415
Balance as at March 31, 2022	8,262	12,894	764	12,809	1,148	22,785	159,747	60	57	74	19	218,518

Notes:

- 1) @ Amount is below the rounding off norm adopted by the company.
- 2) Out of above Property, Plant and Equipment of Rs. 218,618 lakhs (March 31, 2021: 238,414 lakhs) has been pledged as security (Refer note 7).

Vidarbha Industries Power Limited

Notes to the financial statements as of and for the year ended March 31, 2022 (continued)

3.2 Intangible assets

Particulars	Rupees in Lakhs		
	Water Supply Rights	Computer Software	Total
Carrying amount as at March 31, 2020	1,264	35	1,299
Additions during the year	-	-	-
Deductions during the year	-	-	-
Carrying amount as at March 31, 2021	1,264	35	1,299
Accumulated amortisation as at March 31, 2020	534	18	552
For the year	67	@	67
Balance as at March 31, 2021	601	18	619
Carrying amount as at March 31, 2021	1,264	35	1,299
Additions during the year	-	-	-
Deductions during the year	-	-	-
Carrying amount as at March 31, 2022	1,264	35	1,299
Accumulated amortisation as at March 31, 2021	601	18	619
For the year	66	7	73
Balance as at March 31, 2022	667	25	692
Net Carrying Amount			
Balance as at March 31, 2021	663	17	680
Balance as at March 31, 2022	597	10	607

Note:

- 1) Intangible assets are other than internally generated.
- 2) @ amount is below the rounding off norm adopted by the company.

Vidarbha Industries Power Limited
Notes to the financial statements as of and for the year ended March 31, 2022 (continued)

	As at March 31, 2022	Rupees in Lakhs As at March 31, 2021
Non- current Financial assets		
3.3(a) Investments		
A Equity share (unquoted, fully paid-up)		
In joint venture (Refer note 8 G) (valued at cost)		
2,500 (March 31, 2021: 2,500) equity shares of Reliance Geothermal Power Private Limited (Face value of Rs.10 each)	@	@
B Preference shares (Unquoted, fully paid up,) ¹		
In fellow subsidiary (Refer note 8 G) (valued at cost)		
1,082,000 (March 31, 2021: 1,082,000) preference shares in Siyom Hydro Power Private Limited# (Face value of Rs. 1 each))	5,548	5,548
Less: Provision for diminution in the value of Investment in Siyom Hydro Power Private Limited	(5,366)	(5,366)
	182	182
C Government Bond (Quoted) (Fair value through Profit & Loss account)		
14,000 (March 31, 2021:14,000) 9.33% Government Bond of Rajasthan Government (Face value of Rs. 100 each)	16	16
7,000 (March 31, 2021: 7,000) 8.22% Government Bond of Tamilnadu Government (Face value of Rs. 100 each)	8	8
6,800 (March 31, 2021: nil) 7.48% Government Bond of West Bengal SDL 2037 (Face value of Rs. 100 each)	7	-
6,800 (March 31, 2021: nil) 7.10% Government Bond of Maharashtra SDL 2036 (Face value of Rs. 100 each)	7	-
	220	206
@ Amount is below the rounding off norm adopted by the company		
Aggregate book value of unquoted investments	182	182
Aggregate book value of quoted investments	38	24
Aggregate value of impairment in value of investment	5,366	5,366
Market value of quoted investments	36	23

¹7.5% Compulsory Convertible Redeemable Non-Cumulative Preference Shares (CCRPS)

As per terms and conditions of the investment made in preference shares, the issuer companies shall have a call option on the CCRPS which can be exercised by them 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, the CCRPS shall be redeemed at an issue price (i.e. face value and premium). The Company, however, shall have an option to convert the CCRPS into equity shares at any time during the tenure of such CCRPS. At the end of tenure and to the extent the issuer Companies or the share holders thereof have not exercised their options, the CCRPS shall be compulsorily converted into equity shares. On conversion, in either case, each preference share shall be converted into equity shares of corresponding value (including the premium applicable thereon). In case the Issuer companies declare dividend on their equity shares, the CCRPS will also be entitled to the equity dividend in addition to the coupon rate of dividend.

The shares in these companies are carried at cost arrived in accordance with the terms specified in Scheme of Amalgamation and Arrangement sanctioned by the High Court of Bombay on March 15, 2013. (Refer note 16)

Vidarbha Industries Power Limited
Notes to the financial statements as of and for the year ended March 31, 2022 (continued)

	As at March 31, 2022	Rupees in Lakhs As at March 31, 2021
3.3 (b) Non-current loans		
(Unsecured, considered good)		
Subordinate debt given	750	750
(Subordinate debt is repayable in 30 years commencing from June 13, 2014 and carries an interest rate of 6% per annum)		
	<u>750</u>	<u>750</u>
3.3(c) Other financial assets		
Deposits with original maturity of more than twelve months	-	14
(includes margin money deposit against bank guarantee)		
	<u>-</u>	<u>14</u>
3.4 Non-current tax assets		
Tax Deducted at Source	13	27
	<u>13</u>	<u>27</u>
3.5 Other non-current assets		
(Unsecured, considered good)		
Capital advances	187	187
Security deposits	17	40
Balance with statutory authorities (including VAT recoverable)	-	45
	<u>204</u>	<u>272</u>
3.6 Inventories		
Fuel	2,617	2,628
Stores and spares	4,468	4,470
	<u>7,085</u>	<u>7,098</u>
(Inventories are valued at lower of cost and net realisable value)		

Vidarbha Industries Power Limited
Notes to the financial statements for the year ended March 31, 2022 (Continued)
**3.7(a) Trade receivables
(Unsecured, considered good)**

Rupees in Lakhs
As at
March,31,2022 As at
March 31,2021

Trade receivables 107,088
{includes amount receivables from related party (refer Note 8G (ii))} 107,087

Particulars	Outstanding for following periods from due date of payment as at 31.03.2022					Total
	< 6 months	6 months -1 year	1 - 2 years	2 - 3 years	> 3 years	
(i) Undisputed Trade receivables – considered good	111	-	-	-	-	111
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables considered good	-	-	-	-	106,977	106,977
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

Particulars	Outstanding for following periods from due date of payment as at 31.03.2021					Total
	< 6 months	6 months -1 year	1 - 2 years	2 - 3 years	> 3 years	
(i) Undisputed Trade receivables – considered good	110	-	-	-	-	110
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables considered good	-	-	-	-	106,977	106,977
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

Vidarbha Industries Power Limited**Notes to the financial statements as of and for the year ended March 31, 2022 (continued)**

	As at March 31, 2022	Rupees in Lakhs As at March 31, 2021
Current Financial assets		
3.7(b) Cash and cash equivalents		
Balance with banks (Refer note 7)		
In current account	2	759
In deposit account with original maturity of less than three months	57	98
	59	857
3.7(c) Other financial assets		
(Unsecured, considered good)		
Interest accrued-Others	5	24
Interest accrued on Fixed Deposits	12	8
	17	32
3.8 Other current assets		
(Unsecured, considered good)		
Prepaid expenses	77	39
Advance to vendors (Refer note 8 (G)(ii))	771	993
Security deposits	286	347
	1,134	1,379

	As at March 31, 2022	Rupees in Lakhs As at March 31, 2021
3.9 Equity Share capital		
Authorised share capital		
1500,00,000 (March 31, 2021: 1500,00,000) equity shares of Rs. 10 each	15,000	15,000
	15,000	15,000
Issued, subscribed and fully paid up share capital		
1,491,626 (March 31, 2021: 1,491,626) equity shares of Rs. 10 each	149	149
	149	149

3.9.1 Reconciliation of number of equity shares

Balance at the beginning of the year - 1,491,626 (March 31, 2021: 1,491,626) equity shares of Rs. 10 each	149	149
Add: issued and subscribed during the year - Nil (March 31, 2021: Nil) equity shares of Rs. 10 each	-	-
Balance at the end of the year - 1,491,626 (March 31, 2021: 1,491,626) equity shares of Rs. 10 each	149	149

3.9.2 Terms / rights attached to equity shares

The Company has only one class of equity shares having face 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 remaining assets of the Company, after distribution of all preferential amounts.

3.9.3 Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the company

	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	Percentage of shareholding	No. of Shares	Percentage of shareholding
Equity Shares				
Reliance Power Limited - 1,126,656 (March 31, 2021: 1,126,656) shares of Rs. 10 each	1,126,656	75.53%	1,126,656	75.53%
(Of the above, 1,126,650 (March 31, 2021: 1,126,650) shares are held by Reliance Power Limited, the holding company and 6 (March 31, 2021: 6) shares are jointly held by Reliance Power Limited and its nominees)				
Rosa Power Supply Company Limited (subsidiary of Reliance Power Limited) - 364,970 (March 31, 2021: 364,970) equity shares of Rs. 10 each	364,970	24.47%	364,970	24.47%
	1,491,626	100%	1,491,626	100%

3.9.4 Disclosure of shareholding of Promoters as at March 31, 2022 is as follows:

Name of Promoter	As at March 31, 2022		As at March 31, 2021		% change during the year
	No. of Shares	% of Shareholding	No. of shares	% of shareholding	
Reliance Power Limited	11,26,656	76%	11,26,656	76%	-
Rosa Power Supply Company Limited	364,970	24%	364,970	24%	-
	14,91,626	100%	14,91,626	100%	-

Name of Promoter	As at March 31, 2021		As at March 31, 2020		% change during the year
	No. of Shares	% of Shareholding	No. of shares	% of shareholding	
Reliance Power Limited	11,26,656	76%	11,26,656	76%	-
Rosa Power Supply Company Limited	364,970	24%	364,970	24%	-
	14,91,626	100%	14,91,626	100%	-

Other Equity

3.10 Instrument entirely equity in nature

Authorised share capital

850,000,000 (March 31, 2021: 850,000,000) preference shares of Rs.10 each

Preference Share Capital

Issued, subscribed and fully paid up

13,424,634 (March 31, 2021: 13,424,634) preference shares of Rs.10 each

[Refer note 3.10.2 below for terms]

3.10.1 Reconciliation of number of shares - subscribed and fully paid up

Preference shares

Balance at the beginning of the year - 13,424,634 (March 31, 2021: 13,424,634) preference shares of Rs. 10 each

Balance at the end of the year - 13,424,634 (March 31, 2021: 13,424,634) preference shares of Rs. 10 each

3.10.2 Terms / rights attached to shares

7.5% Compulsory Convertible Redeemable Non-Cumulative Preference Shares (CCRPS)

Pursuant to the terms of issue, the Company shall have 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 CCRPS holders have 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 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.

3.10.3 Details of preference shares held by shareholders holding more than 5% of the aggregate shares in the company

	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	Percentage of shareholding	No. of Shares	Percentage of shareholding
Preference Shares				
Reliance Power Limited - 9,404,432 (March 31, 2021: 9,404,432) shares of Rs. 10 each.	9,404,432	70.05%	9,404,432	70.05%
Rosa Power Supply Company Limited (subsidiary of Reliance Power Limited) - 4,020,202 (March 31, 2021: 4,020,202) preference shares of Rs. 10 each.	4,020,202	29.95%	4,020,202	29.95%
	13,424,634	100%	13,424,634	100%

3.10.4 Disclosure of shareholding of Promoters as at March 31, 2022 is as follows:

Name of Promoter

	As at March 31, 2022		As at March 31, 2021		% change during the year
	No. of Shares	Percentage of shareholding	No. of Shares	Percentage of shareholding	
Reliance Power Limited	9,404,432	70%	9,404,432	70%	-
Rosa Power Supply Company Limited	4,020,202	30%	4,020,202	30%	-
	13,424,634	100%	13,424,634	100%	

Name of Promoter

	As at March 31, 2021		As at March 31, 2020		% change during the year
	No. of Shares	Percentage of shareholding	No. of Shares	Percentage of shareholding	
Reliance Power Limited	9,404,432	70%	9,404,432	70%	-
Rosa Power Supply Company Limited	4,020,202	30%	4,020,202	30%	-
	13,424,634	100%	13,424,634	100%	

Vidarbha Industries Power Limited
Notes to the financial statements as of and for the year ended March 31, 2022 (continued)

	As at March 31, 2022	Rupees in Lakhs As at March 31, 2021
3.11 Reservs and surplus		
Balance at the end of the year		
3.11.1 Capital reserve	11,940	11,940
3.11.2 Securities premium	147,176	147,176
3.11.3 Retained earnings	(157,190)	(131,502)
3.11.4 Other Comprehensive Income	200	201
Total	2,126	27,815
 3.11.1 Capital reserve (arisen pursuant to scheme of amalgamation) (Refer note 16)	 11,940	 11,940
3.11.2 Securities premium	147,176	147,176
3.11.3 Retained earnings		
Balance at the beginning of the year	(131,502)	(150,229)
Profit/(Loss) for the year	(25,688)	18,727
Balance at the end of the year	(157,190)	(131,502)
3.11.4 Other Comprehensive Income		
Balance at the beginning of the year	201	(98)
ADD/ (Less):Remeasurements of post- employment benefit obligations (net)	(1)	299
Balance at the end of the year	200	201
	2,126	27,815

Nature and purpose of other reserves:
a) Capital reserve

Capital reserve has arisen pursuant to the scheme of amalgamation on account of net assets taken over from Reliance Fuel Resources Limited. (Refer note 16)

b) Securities premium

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

c) Other Comprehensive Income

Remeasurements of post- employment benefit obligations (net)

Vidarbha Industries Power Limited

Notes to the financial statements as of and for the year ended March 31, 2022 (continued)

	<u>As at</u> <u>March 31, 2022</u>	<u>Rupees in Lakhs</u> <u>As at</u> <u>March 31, 2021</u>
Non-current financial liabilities		
3.12 Non-current borrowings		
At amortised cost		
Secured		
Term loans:		
Rupee loans from banks	142,149	156,131
	<u>142,149</u>	<u>156,131</u>

3.12.1 Nature of security for term loans

- a) Rupee loans from banks of Rs. 181,992 lakhs (March 31, 2021: Rs.181,992 lakhs) is secured by first charge on all the Immovable and movable assets and intangible asset of the Company on a pari passu basis with foreign currency loan and working capital and pledge of 51% of the equity share capital of the Company
- b) Rupee loans from bank of Rs 19,346 lakhs (March 31, 2021: Rs. 19,346 lakhs) is secured by pledge of 23% of the equity share capital of the Company.
- c) Foreign Currency Loans from bank of Rs. 20,305 lakhs (March 31, 2021: Rs. 19,685 lakhs) is secured by first charge on all the Immovable and movable assets of the Company on pari passu basis with rupee loans and working capital and pledge of 51% of the equity share capital of the Company.
- d) The Holding Company has given financial commitments / guarantee to the lenders of the Company. (refer note 8G (ii)).
- e) Current maturities of long term borrowings have been classified as other current financial liabilities (refer note 3.14)

3.12.2 Terms of repayment and interest

- a) The rupee loans from banks of Rs.181,992 lakhs (March 31, 2020: Rs.181,992 lakhs) is repayable in 56 structured quarterly instalments commencing from June 30, 2015 and carry an average interest rate of 13.58% per annum.
- b) Foreign currency term loan is repayable in 28 equal quarterly installments commencing from June 30, 2013 and carries an interest rate of USD three month LIBOR plus 4.60% per annum, payable on a quarterly basis.
- c) Rupee loans from banks of Rs 19,346 lakhs (March 31, 2021: 19,346 lakhs) is repayable in 48 structured quarterly installments commencing from June 30, 2018 and carry an interest rate of 11.25 % p.a.

3.12.3 The amortised cost disclosed above is net of incidental cost of borrowings aggregating of Rs.659 lakhs (March 31, 2021: Rs.829 lakhs)

3.12.4 The Company has defaulted in repayment of principal and interest on the above borrowings as on March 31,2022 (Refer note 23)

Vidarbha Industries Power Limited
Notes to the financial statements as of and for the year ended March 31, 2022 (continued)

	Rupees in Lakhs	
	As at March 31, 2022	As at March 31, 2021
3.13 Non-current provisions		
Provision for gratuity (Refer note 6)	59	62
Provision for leave encashment (Refer note 6)	35	44
	94	106
Current financial liabilities		
3.14 Borrowings		
Secured		
Working Capital Loans	54,468	51,687
Current maturities of long-term borrowings (Refer note 3.12.3)	78,834	64,066
Unsecured - at amortised cost		
Loan repayable on demand		
Loans and advances from holding and fellow subsidiary (Refer note 8G (ii))	1,364	1,150
Inter Corporate deposit received from fellow subsidiary (Refer note 8G (ii))	244	244
Inter Corporate deposit received from Holding Company (Refer note 8G (ii))	2,824	2,824
	137,734	119,971
3.14(a) Nature of Security for Short term borrowings		
(i) Cash Credit facility outstanding balance as at the year end of Rs 54,468 lakhs (Rs 51,687 lakhs as on March,31 2021) which are repayable on demand is secured pari pasu along with term loan lenders by first charge on all the immovable and movable assets and intangible assets of the Company on a pari pasu basis and pledge of 51% of the equity share capital of the Company.		
(ii) Lenders have not renewed the facility as interest and principle payment is overdue, accordingly stock statement is not submitted and it will be complied upon renewal / resolution.		
3.14(b) Interest		
Cash Credit Facility carry an average rate of interest of 13.11% per annum.		

Vidarbha Industries Power Limited

Notes to the financial statements for the year ended March 31, 2022 (Continued)

3.15(a) Trade payables

Rupees in Lakhs

	As at March 31, 2022	As at March 31, 2021
Total Outstanding dues of micro enterprises and small enterprises	2,417	2,424
Total Outstanding dues of creditors other than micro enterprises and small Enterprises. (Refer note 8G (ii) and note 17)	10,071	7,891
	<u>12,488</u>	<u>10,315</u>

Particulars	Outstanding as at 31.03.2022 for following periods from due date of payment				Total
	< 1 year	1 - 2 years	2 -3 years	> 3 years	
(i) MSME	49	32	752	1,584	2,417
(ii) Others	2,063		1,589	6,419	10,071
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-
Total	2,112	32	2,341	8,003	12,488

Particulars	Outstanding as at 31.03.2021 for following periods from due date of payment				Total
	< 1 year	1 - 2 years	2 -3 years	> 3 years	
(i) MSME	88	752	1,559	25	2424
(ii) Others	28	1,100	6,059	704	7,891
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-
Total	116	1,852	7,618	729	10,315

Vidarbha Industries Power Limited**Notes to the financial statements as of and for the year ended March 31, 2022 (continued)**

	As at March 31, 2022	Rupees in Lakhs As at March 31, 2021
3.15(b) Other financial liabilities		
Interest accrued and due on borrowings	35,887	35,887
Security deposits received	2	2
Creditors for capital expenditure (Refer note 8G (ii) and note 17)	1,340	1,311
Retention money payable	707	711
Interest accrued and dues of micro enterprises and small enterprises	1,042	734
Others*	658	2,294
*(Includes Gram panchayat tax and other miscellaneous payables)		
	39,636	40,939
3.16 Other current liabilities		
Other Liabilities (Includes statutory dues)	33	17
	33	17
3.17 Provisions		
Provision for gratuity (Refer note 6)	29	13
Provision for leave encashment (Refer note 6)	15	17
	44	30

Vidarbha Industries Power Limited
Notes to the financial statements as of and for the year ended March 31, 2022 (continued)

	Year ended March 31, 2022	Rupees in Lakhs Year ended March 31, 2021
3.18 Revenue from operations		
Sale of energy (Refer Note 8G (i), 14 and 20)	429	444
	<u>429</u>	<u>444</u>
3.19 Other income		
Interest income:		
Bank deposits	5	3
Others	55	98
Profit on foreign exchange fluctuations (net)	-	635
Other Non operating income	-	2
	<u>60</u>	<u>738</u>
3.20 Employee benefit expense		
Salaries, bonus and other allowances	367	551
Contribution to provident fund and other funds (Refer note 6)	15	40
Gratuity and leave encashment (Refer note 6)	17	21
Staff welfare expenses	-	1
	<u>399</u>	<u>613</u>
3.21 Finance cost		
Interest on:		
Rupee term loans	-	-
Foreign currency loans	-	-
Working capital loans	-	-
Other finance charges	224	256
	<u>224</u>	<u>256</u>
3.22 Generation, administration and other expenses		
Stores and spares consumed	6	3
Rent expenses (Refer note 8G (i))	45	44
Repairs and maintenance:		
Plant and Machinery	54	73
Others	220	15
Legal and professional charges	166	187
Provision of Interest on MSME Payable	308	734
Director's sitting fees	5	4
Travelling and conveyance	16	18
Rates and taxes	286	105
Insurance [including insurance charges to related party (Refer note 8G (i))]	103	155
Water charges	86	1,085
Impairment of Assets/ Loss on discarding of Assets	6	1
Loss on foreign exchange fluctuations (net)	778	-
Electricity expenses	524	-
Bad debts written off (Refer note 8G (i))	-	1,283
Bank guarantee invocation	3,006	-
Miscellaneous expenses	83	89
	<u>5,691</u>	<u>3,796</u>

Vidarbha Industries Power Limited**Notes to the financial statements for the year ended March 31, 2022 (Continued)****4) Contingent Liabilities****Claims against the Company not acknowledged as debt:**

Income tax claims under dispute aggregating to Rs 92 lakhs (March 31, 2021 – Rs.92 lakhs).

5) Details of Remuneration to Auditors:

	Year ended March 31, 2022	Year ended March 31, 2021
Audit fees (excluding Goods and Service Tax)	5	5

6) Employees benefit obligation:

The Company has classified various employee benefits as under:

a) Leave obligations

The leave obligations cover the company's liability for sick and privileged leave.

	Rupees in lakhs	
	March 31, 2022	March 31, 2021
Provision for leave encashment		
Current*	15	17
Non-current	35	44

* 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.

The Company has recognised the following amounts in the Statement of Profit and Loss for the year:

	Rupees in lakhs	
Particulars	March 31, 2022	March 31, 2021
(i) Contribution to provident fund	12	29
(ii) Contribution to employees' superannuation fund	-	1
(iii) Contribution to employees' pension scheme 1995	3	11
Total	15	41

c) Post employment obligation**Gratuity**

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

(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, 2022	March 31, 2021
Discount rate (per annum)	6.55%	6.20%
Rate of increase in compensation levels	7.50%	7.50%
Rate of return on plan assets	6.20%	6.20%
Expected average remaining working lives of employees in number of years	4.39	5.20

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	Rupees in lakhs		
	Present value of obligation	Fair value of plan assets	Net amount
As at April 01, 2021	89	14	75
Current service cost	8	-	8
Interest cost	5	1	4
Total amount recognised in Statement of profit and loss	13	1	12
Remeasurements			
Return on plan assets, excluding amount included in interest expense/(income)	-	@	@
(Gain) / loss from change in demographic assumptions			
(Gain) / loss from change in financial assumptions	(1)	-	(1)
Experience (gains) / losses	3	-	3
Total amount recognised in other comprehensive income	2	@	2
Employer contributions	-	-	-
Benefit payments	(3)	(3)	-
As at March 31, 2022	101	12	89

Particulars	Rupees in lakhs		
	Present value of obligation	Fair value of plan assets	Net amount
As at April 01, 2020	447	127	320
Current service cost	44	-	44
Interest cost	25	6	19
Total amount recognised in Statement of profit and loss	69	6	63
Remeasurements			
Return on plan assets, excluding amount included in interest expense/(income)	-	6	(6)
(Gain) / loss from change in demographic assumptions			
(Gain) / loss from change in financial assumptions	1	-	1
Experience (gains) / losses	(293)	-	(293)
Total amount recognised in other comprehensive income/(loss)	(292)	6	(298)
Employer contributions	-	10	(10)
Benefit payments	(135)	(135)	-
As at March 31, 2021	89	14	75

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

Particulars	Rupees in lakhs	
	March 31, 2022	March 31, 2021
Present value of funded obligations	101	89
Fair value of plan assets	(12)	(14)
Deficit of funded plan	89	75
Current Portion	29	13
Non-Current portion	60	62

(iii) Sensitivity analysis:

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Change in assumptions		Increase in assumptions		Decrease in assumptions	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Discount rate	0.50%	0.50%	-2.14%	-2.56%	2.25%	2.71%
Salary escalation rate	0.50%	0.50%	2.22%	2.66%	-2.13%	-2.54%

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 as when 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.

(iv) The above defined benefit gratuity plan was administrated 100% by Reliance Nippon Life Insurance Company Limited as at March 31, 2022 and as at March 31, 2021.

(v) Defined benefit liability and employer contributions:

The Company will pay demand raised by RNLIC towards gratuity liability on time to time basis to eliminate the deficit in defined benefit plan.

The weighted average duration of the defined benefit obligation is 4.39 years (2020-21 – 5.26 years).

(vi) The actuarial valuation of gratuity liability does not include liability of seconded employees as the gratuity will be paid by the Holding Company as per term of secondment.

7) Assets pledged as security

Particulars	Note no	Rupees in lakhs	
		March 31, 2022	March 31, 2021
Non –Current			
First Charge			
Financial Assets			
Non-current investments	3.3(a)	220	206
Loans	3.3(b)	750	750
Other financial assets	3.3(c)	-	14
Non-financial assets			
Property, Plant & Equipment	3.1	218,618	238,414
Intangible Assets	3.2	607	680
Non-current tax assets	3.4	13	27
Other Non-Current Assets	3.5	204	272
Total Non- current assets pledged as security (A)		220,412	240,363

Vidarbha Industries Power Limited

Notes to the financial statements for the year ended March 31, 2022 (Continued)

Rupees in lakhs			
Particulars	Note no	March 31, 2022	March 31, 2021
Current			
First Charge			
Financial assets			
Trade receivables	3.7(a)	107,088	107,087
Cash and Bank balances	3.7(b)	59	857
Other current financial Assets	3.7(c)	17	32
Non-financial assets			
Inventories	3.6	7,085	7,098
Other current assets	3.8	1,134	1,379
Total current assets pledged as security (B)		115,383	116,453
Total assets pledged as security (A+B)		335,795	356,816

8) Related party transactions:

A. Parties where Control exists:

Holding Company:

1. Reliance Power Limited (R Power)

B. Fellow Subsidiaries

1. Siyom Hydro Power Private Limited (SHPPL)
2. Reliance CleanGen Limited (RCGL)
3. Dhursar Solar Power Private Limited (DSPL)

C. Joint Venture

1. Reliance Geothermal Power Private Limited (RGPPPL)

D. Investing / promoters having significant influence on the holding company directly or indirectly:

(a) Individual

Shri Anil D. Ambani (upto March 25, 2022)

(b) Company

Reliance Infrastructure Limited (From July 15, 2021)

(c) Major Investing Party

Rosa Power Supply Company Limited (RPSL)

E. Enterprises over which, individual mentioned in clause D above, have control

Reliance General Insurance Company Ltd. (RGICL) (upto November 29, 2021)

Reliance Infrastructure Limited (R Infra) (upto July 14, 2021)

F. Key Management Personnel

1. Shri Abhishek Hegde- Manager and Company Secretary (upto April 29, 2022)
2. Shri Mantu Kumar Ghosh - Chief Financial Officer

Vidarbha Industries Power Limited

Notes to the financial statements for the year ended March 31, 2022 (Continued)

G. Details of transactions and closing balances:

		Rupees in lakhs	
	Particulars	2021-22	2020-21
(i)	Transactions during the year :		
	Professional Fees/Service Charges/Rent (Including Shared Services Charges)		
	R Infra	-	17
	Insurance Premium		
	RGICL	182	53
	Reimbursement of expenses paid on the Company's behalf/ advances taken from		
	SPL	-	37
	R Power	220	1,767
	RCGL	-	226
	Inter- corporate deposits Received by the Company from		
	RCGL	-	4
	Unbilled Revenue written off		
	R Infra	-	426

(ii)	Closing balances:		
	Investments in equity shares		
	RRGPPL	@	@
	Investment in preference shares		
	SHPPL	182	182
	Trade Receivables		
	R Infra	99,561	99,561
	Loans and advances		
	R Power	889	1,940
	RPSL	12	12
	RCGL	462	462
	Trade payables		
	R Infra	18	18
	Sale of Material		
	DSPL	2	2
	Inter-corporate deposits received by the Company from		
	R Power	2,824	1,553
	RPSL	240	240
	RCGL	4	4
	Equity share capital (excluding premium)		
	R Power	113	113
	RPSL	36	36
	Preference share capital (excluding premium)		
	R Power	940	940
	RPSL	402	402
	Guarantee issued on behalf of the Company		
	R Power	80	80

@ Amount is below the rounding off norm adopted by the company.

Vidarbha Industries Power Limited
Notes to the financial statements for the year ended March 31, 2022 (Continued)
H. Notes:

- i. 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 agreed means of finance, in respect of the project being undertaken/outstanding borrowings.
- ii. The above disclosure does not include transactions with public utility service providers, viz. electricity and telecommunication in the normal course of business.

9) Earnings per share:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Profit /(loss) available to equity shareholders (A) Rupees in lakhs	(25,688)	18,727
Weighted average number of equity shares (B)	1,491,626	1,491,626
Add: adjustment on account of Compulsorily Convertible Redeemable Non Cumulative Preference Shares	13,424,634	13,424,634
Weighted average number of equity shares –Basic / Diluted (C)	14,916,260	14,916,260
Earnings per share – Basic (Rupees) (A/C)	(1,722.15)	1,255.52
Earnings per share – Diluted (Rupees) (A/C)	(172.21)	125.55
Nominal value of an equity share (Rupees)	10	10

10) Income Taxes:

The major components of income tax expense for the years ended 31 March 2022 and 31 March 2021 are:

(a) Statement of profit and loss:

Particulars	March 31 , 2022	Rupees in lakhs March 31, 2021
(a) Income tax expense		
<i>Current tax</i>		
Current tax on profits for the year	-	-
Adjustments for current tax of prior periods	-	-
Total current tax expense	-	-
<i>Deferred tax</i>		
Decrease (increase) in deferred tax assets	-	-
(Decrease) increase in deferred tax liabilities	-	(42,119)
Total deferred tax expense/(benefit)	-	(42,119)
Income tax expense	-	(42,119)

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

Particulars	March 31, 2022	Rupees in lakhs March 31, 2021
Profit before income tax expense	(25,688)	(23,392)
Tax at the Indian tax rate of 26% (March 31, 2021 26%)	(6,679)	(6,082)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Expenses (admissible) / inadmissible under income tax act (net)	-	-
Effect of tax on account of available tax holiday under section 80IA of the Income tax Act/ Recoverable from beneficiary	-	-
DTA to the extent of liability for earlier years recognised in the current year i.e DTL reversed during the year		(36,037)
Tax effect on current year losses on which no deferred tax asset is recognised	6,679	-
Income Tax expenses/(credit)	-	(42,119)

Vidarbha Industries Power Limited
Notes to the financial statements for the year ended March 31, 2022 (Continued)
(c) Tax liabilities (net of assests)

	March 31, 2022	March 31, 2021
Provision for income tax (advance tax) – Opening balances	(27)	2,163
Add: Current tax payable for the year	(13)	-
Less: Taxes paid (net of refund)	27	2,190
Provision for income tax (advance tax)–Closing balances	(13)	(27)

(d) Unutilised MAT credit/Un absorbed loss

	March 31, 2022	Rupees in lakhs March 31, 2021
Unutilised MAT credit for which no deferred tax assets has been recognised	18,146	18,146
Unabsorbed depreciation	213,107	184,055
Unabsorbed business loss	17,108	9,894

The Company does not expect income tax liability under normal provision in the foreseeable future; hence the Company has not recognised deferred tax assets on MAT credit. The Company has not created deferred tax asset on the unabsorbed business loss and unabsorbed depreciation as there is no reasonable certainty that the Company would generate sufficient taxable profits in the near future.

(e) Components of deferred tax assets and liabilities

	March 31, 2022	Rupees in lakhs March 31, 2021
Deferred tax liability on account of PPE / Assets under finance lease	-	(33,521)
Deferred tax assets on account of provision for employment benefits	-	35
Deferred tax liability on account of others	-	216
Deferred tax assets on brought forward loss	-	55,172

11) Fair value measurements
(a) Financial instruments by category

Particulars	As at March 31, 2022 Amortised cost	Rupees in lakhs As at March 31, 2021 Amortised cost
Non Current Investments	220	206
Trade receivables	107,088	107,087
Cash and cash equivalents	59	857
Loans (LT+ST)	750	750
Other financial assets	17	46
Total financial assets	108,134	108,946
Financial liabilities		
Borrowings(including interest)	315,770	311,989
Trade payables	12,488	10,315
Other financial liabilities	3,749	5,052
Total financial liabilities	332,007	327,356

(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. 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.

Vidarbha Industries Power Limited

Notes to the financial statements for the year ended March 31, 2022 (Continued)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Government Bond	38	-	-	38
Investment	-	-	182	182
Loans	-	-	750	750
Other financial assets	-	-	17	17
Total financial assets	38	-	949	987
Borrowings(including interest)	-	256,870	-	256,870
Total financial liabilities	-	256,870	-	256,870

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	Rupees in lakhs Total
Financial assets				
Government Bond	24	-	-	24
Investment	-	-	182	182
Loans	-	-	750	750
Other financial assets	-	14	32	46
Total financial assets	24	14	964	1002
Borrowings(including interest)	-	250,726	-	250,726
Total financial liabilities	-	250,726	-	250,726

(c) Fair value of financial assets and liabilities measured at amortised cost

Particulars	March 31, 2022		March 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets				
Government Bond	38	36	24	23
Investment	182	182	182	182
Loans	750	750	750	750
Other financial assets	17	17	46	46
Total Financial Assets	987	985	1,002	1,002
Financial Liabilities				
Borrowings (including interest)	256,870	256,870	250,726	250,726
Total Financial Liabilities	256,870	256,870	250,726	250,726

(d) Valuation technique used to determine fair values

The main level 3 inputs used by the company are derived and evaluated as follows:

The fair value of financial instruments is determined using discounted cash flow analysis.

The carrying amount of current financial assets and liabilities are considered to be the same as their fair values, due to their short term nature.

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). Further, the Company has no long-term Borrowings with fixed-rate of interest.

Vidarbha Industries Power Limited**Notes to the financial statements for the year ended March 31, 2022 (Continued)****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. This is the case for unlisted equity securities which are included in level 3.

There were no transfers between any levels during the year.

The Company's policy is to recognize transfer into and transfer out of fair value hierarchy levels as at the end of the reporting period.

12) Financial risk management

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

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Ageing analysis	Diversification of bank deposits, letters of credit and Credit limits
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupees (Rs.)	Sensitivity analysis	Un hedged
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Un hedged
Market risk – price risk	Unquoted investment in equity shares of Associates – not exposed to price risk fluctuations	-	-

(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, financial assets carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to trade customers including outstanding receivables.

Credit risk management

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Company's credit risk arises from accounts receivable balances on sale of electricity and finance lease receivable are based on tariff rate approved by electricity regulator and inter-corporate deposits/loans are given to the holding company. The credit risk is very low as the sale of electricity based on terms of PPA which has been approved by the regulator and the inter-corporate deposits are within the same group.

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.

(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, 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 each power plant and long terms loans and advances. In addition, each of the operating plants has working capital loans available to it 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 allow the plants to operate at an optimal level.

Vidarbha Industries Power Limited
Notes to the financial statements for the year ended March 31, 2022 (Continued)

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating subsidiaries of the Company in accordance with practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the entity operates. 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.

(i) Maturities of financial liabilities

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

	Rupees in lakhs			
March 31, 2022	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
<u>Financial liabilities</u>				
Borrowings (including interest)	182,624	171,442	27,965	382,031
Borrowings- Short term	57,072	-	-	57,072
Inter corporate deposit	3,068	-	-	3,068
Loans and advance from related party	1,364	-	-	1,364
Trade payables	12,488	-	-	12,488
Security and other deposits	2	-	-	2
Retention money payable	707	-	-	707
Creditors for capital expenditure	1,340	-	-	1,340
Others	1,700	-	-	1,700
Total financial liabilities	260,365	171,442	27,965	459,772

	Rupees in lakhs			
March 31, 2021	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
<u>Financial liabilities</u>				
Borrowings (including interest)	147,414	144,392	88,129	379,935
Borrowings- Short term	57,044	-	-	57,044
Inter corporate deposit	3,068	-	-	1,797
Loans and advance from related party	1,150	-	-	2,421
Trade payables	10,315	-	-	10,315
Security and other deposits	2	-	-	2
Retention money payable	711	-	-	711
Creditors for capital expenditure	1,311	-	-	1,311
Others	3,028	-	-	3,028
Total financial liabilities	224,043	144,392	88,129	456,564

(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

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has long term monetary liabilities which are in US dollar other than its functional currency.

While the Company has direct exposure to foreign exchange rate changes on the price of non-Indian Rupee-denominated securities and borrowings, it may also be indirectly affected by the impact of foreign exchange rate changes on the earnings of companies in which the Company invests. For that reason, the

Vidarbha Industries Power Limited**Notes to the financial statements for the year ended March 31, 2022 (Continued)**

below sensitivity analysis may not necessarily indicate the total effect on the Company's net assets attributable to holders of equity shares of future movements in foreign exchange rates.

Foreign currency risk exposure:

The company's exposure to foreign currency risk (all in USD \$) at the end of the reporting period expressed in Rupees, are as follows.

Particulars	Rupees in lakhs	
	March 31, 2022	March 31, 2021
Borrowings (including interest accrued)	22,066	21,450
Creditors and retention (Net of advance)	5,304	5,143
Net exposure to foreign currency risk (liabilities)	27,370	26,593

- 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 and the impact on other components of equity arises from foreign forward exchange contracts, foreign exchange option contracts designated as cash flow hedges.

Impact on profit after tax

	Rupees in lakhs	
	March 31, 2022	March 31, 2021
USD sensitivity		
INR/USD -Increase by 6% (March 31, 2021-6%)*	(1,646)	(1,596)
INR/USD -Decrease by 6% (March 31, 2021-6%)*	1,646	1,596

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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. During March 31, 2022 and March 31, 2021 the Company's borrowings at variable rate were mainly denominated in Rupees.

Also, during the year, the Company has not provided interest on borrowings amounting to Rs. 35,808 Lakhs (March 2021 Rs. 34,078 Lakhs) (Refer Note 19).

- 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:

Particulars	Rupees in lakhs	
	March 31, 2022	March 31, 2021
Variable rate borrowings	220,983	221,034
Total borrowings	220,983	221,034

- Sensitivity**

Particulars	Rupees in lakhs Impact on profit after tax	
	March 31, 2022	March 31, 2021
Interest rates – increase by 5% on existing interest cost*	(4,626)	(4,168)
Interest rates – decrease by 5% on existing interest cost*	4,626	4,168

* Holding all other variables constant

13) 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 on a periodic basis. Equity comprises all components of equity excluding other reserves and including the fair value impact and debt represents term loan and short term loans. The following table summarizes the capital of the Company:

Particulars	Rupees in Lakhs	
	March 31, 2022	March 31, 2021
Equity	(8,324)	17,366
Debt	279,882	276,102
Total	271,558	293,468

(b) The Company has defaulted in repayments of its dues to the lenders as on March 31, 2022 (Refer note 23).

(c) Final Dividends for the year ended March 31, 2022 is Rs. Nil (March 31, 2021: Rs. Nil)

14) Segment Reporting

The Company's committee of Chief Executive Officers and Chief Financial Officer examine the Company's performance.

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.

Information about major customers

Revenue for the year ended March 31, 2022 and March 31, 2021 were from customers located in India. Customers include private distribution entities. Revenue to specific customers exceeding 10% of total revenue for the years ended March 31, 2022 and March 31, 2021 were as follows:

Customer Name	Rupees in lakhs			
	For the year ended			
	March 31, 2022		March 31, 2021	
	Revenue	Percent	Revenue	Percent
MSETCL(Maharashtra State Electricity Transmission Company)	429	100%	444	100%

15) Exchange differences on foreign currency monetary items

The Company had availed the option available with respect to accounting for exchange difference arising on long term foreign currency monetary items in the Companies (Accounting Standards) (Second Amendment), Rules, 2011. Due to exercise of the said option the Company had adjusted the value of fixed assets towards the exchange difference arising on long term foreign currency monetary liabilities.

In transition to Ind AS foreign exchange difference is accumulated in "foreign currency monetary item translation difference account" and amortised over the balance period of such long term asset / liabilities.

The Company has accumulated the exchange rate gain in 'Foreign Currency Monetary Item Translation Difference Account' (FCMITDA) of Rs. Nil (March 31, 2021: Rs. Nil) and shall amortize the same over the terms of the foreign currency monetary item.

16) Capital Reserve (arisen pursuant to Scheme of Amalgamation)

The capital reserve of Rs. 11,940 lakhs had arisen pursuant to the Scheme of Amalgamation (Scheme) sanctioned by the Hon'ble High Court of Bombay vide order dated March 15, 2013, Reliance Fuel Resources Limited (RFRL), a fellow subsidiary was amalgamated into the Company with the appointed date being January 1, 2013.

17) Micro and Small Scale Business Entities

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act as per the intimations received from them as request made by the Company. There has been delay in payment to such vendors at the Balance Sheet date.

Particulars	Rupees in lakhs	
	As at March 31, 2022	As at March 31, 2021
Principal amount due to suppliers as at the year end	2,417	2,424
Interest accrued, due to suppliers on the above amount, and unpaid as at the year end	1,043	734
Payment made to suppliers (other than interest) beyond the appointed date under Section 16 of MSMED	7	-
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
Amount of Interest paid by the Company in terms of Section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
Amount of Interest due and payable for the period of delay in making the payment, which has been paid but beyond the appointed date during the year, but without adding the interest specified under MSMED Act	-	-
Amount of Interest accrued and remaining unpaid at the end of each accounting year to suppliers	-	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED	-	-

18) Cost of fuel consumed (including coal, heavy furnace oil and light diesel oil)

Particulars	Rupees in lakhs	
	Year ended March 31, 2022	Year ended March 31, 2021
Balance at the beginning of the year	2,628	2,751
Add: Purchases during the year	-	-
Less: Credit note adjusted during the year	10	123
Less: Balance at the end of the year	2,618	2,628
Consumed during the year	-	-

19) The lenders of the Company had entered into an Inter-Creditor Agreement (ICA) on July 6, 2019 for debt resolution and the Company had subsequently submitted debt resolution plan on various occasions to its lenders for their review and approval. The proposed debt resolution plan among other proposals included a proposal for waiver of entire interest outstanding on the loan. The ICA expired on January 3, 2020. Post the expiry of ICA, the Company has been pursuing debt resolution with its lenders. The Company is confident of an early resolution including the proposal of waiver of outstanding interest to its lenders. Pending the outcome of the debt resolution, the Company has not provided interest of Rs. 35,808 lakhs for the year ended March 31, 2022 (March 31, 2021: Rs. 34,078 lakhs). Had the Company provided the interest in the Statement of Profit and Loss, the loss before tax for year ended March 31, 2022 would have been higher by Rs. 35,808 lakhs (March 2021 Rs. 34,078 Lakhs). The same shall be considered in subsequent period on completion of resolution with its lenders. This has been referred by the auditors in their report as a qualification.

20) In accordance with the terms and conditions of the Power Purchase Agreement (PPA) and Maharashtra Electricity Regulatory Commission (MERC)'s Multi-Year Tariff (MYT) Regulations, the Company had filed a petition with MERC on March 03, 2016 for final true up of Annual Revenue Requirement (ARR) of FY 2014-15, provisional true up of ARR of FY 2015-16 and determination of tariff for FY 2016-17 to FY 2019-20. MERC, in its Order dated June 20, 2016, disallowed actual cost of coal claimed by the Company of Rs. 43,470 lakhs for the

FY 2014-15 and of Rs. 30,491 lakhs for the FY 2015-16. In the said Order, MERC followed the same basis for the determining allowable cost of coal for the MYT for the period of FY 2016-17 to FY 2019-20.

Against the said Order of MERC, the Company filed an appeal with APTEL. In its Judgment dated November 03, 2016, APTEL directed MERC to re-determine the tariff by allowing the pass through of actual cost of coal with a certain cap. Consequently, the Company filed a petition on December 08, 2016 before MERC to implement the directions of APTEL. On January 03, 2017, MERC filed a civil appeal against the said Order of APTEL in Hon'ble Supreme Court of India. Subsequently, the Company also filed a Mid Term Review Petition on December 21, 2017 before MERC based on the principles enumerated in APTEL Judgment dated November 03, 2016. Pending the adjudication of above referred matters, the Company has recognised the revenue based on complete pass through of costs as per the terms of PPA and without considering disallowance pursuant to Order dated June 20, 2016 of MERC and accordingly in addition to the above further accrued Rs. 18,835 Lakhs for FY 2016-17 and Rs. 23,914 Lakhs for FY 2017-18.

Subsequent to the civil appeal filed by MERC, Hon'ble Supreme Court, vide its Judgment dated April 11, 2017 has in case other than those of the Company laid down the law with respect to non-availability/ supply of indigenous coal as Change in Law event, requiring passing through of the cost of coal procured from alternate sources in tariff. Further, in accordance with the ratio determined in the said Judgment of Hon'ble Supreme Court, MERC has granted relief in several similar matters of other power generating companies.

Consequently, upon the petitions filed by the Company, MERC, vide its Order dated September 14, 2018 has directed the Company to file a revised Mid Term Review Petition (MTR). The revised MTR has been filed by the Company seeking total pass through of cost of coal. With reference to the said MTR petition, MERC has held a public hearing on January 08, 2019, and has reserved the Order.

Pending the final Order from MERC in MTR Petition, the Company considers it appropriate to revise its financial statement and to limit its recognition of revenue on the basis of principles enumerated by APTEL in its Judgment dated November 03, 2016 which continues to remain valid as no stay has been granted against it. As the Financial Statements for FY 2017 -18 are based on complete pass through (as is presently claimed by the Company), the Company believes it is appropriate to revise the Financial Statements of FY 2017 -18 also so as to comply with Section 129 of the Companies Act, 2013 and the fundamental accounting assumption of prudence underlying the applicable Accounting Standards. The Hon'ble Bombay High Court, has vide its order dated March 26, 2019, granted liberty to the Company to revise the Financial Statement of Accounts for the F.Y 2017-18, and seek the approval of the NCLT under section 131 of the Companies Act, 2013.

The Company thereafter on pursuant to the order of the Hon'ble High Court of Bombay filed an application with the NCLT for revision of financial statements of the Company for the financial year 2017-18.

The NCLT, Mumbai Bench, vide its Order dated May 19, 2021, granted permission to the Company to revise its financial statements for the financial year 2017-18. The certified copy of the order was received on June 7, 2021 and the same was filed with the Registrar of Companies on June 15, 2021.

In order to comply with the NCLT Order dated May 19, 2021 and section 129 of the Act, the Company has prepared the revised financial statement for the financial year 2017-18. Accordingly, revenue accrued aggregating to Rs. 30,008 lakhs has been revised by revising revenue accrued for the year 2017-18 amounting to Rs. 12,948 lakhs and receivable written off reflected as part of the trade receivable (being revenue of earlier period written off) amounting to Rs. 17,060 lakhs as charge to the Statement of Profit and Loss for the year ended March 31, 2018. The consequential impact of reversal of revenue has been given in the financial statements. Accordingly, the Earnings per Share (EPS) has been recalculated and disclosed under note 9 of the financial statements.

Vidarbha Industries Power Limited
Notes to the financial statements for the year ended March 31, 2022 (Continued)

Impact of NCLT Order is as under

A. Changes in Balance Sheet as at March 31, 2018

Rupees in lakhs			
Particulars	As at March 31, 2018 (Reported)	Restatements	As at March 31, 2018 (Restated)
ASSETS			
Trade receivables	122,572	(23,817)	98,755
Other current financial Assets	6,617	(6,191)	426
Current Tax Assets(net)	-	1,027	1,027
Total Assets	549,842	(28,981)	520,861
EQUITY AND LIABILITIES			
Other Equity	190,064	(23,618)	166,446
Current tax liabilities (net)	5,363	(5,363)	-
Total Equity and Liabilities	549,842	(28,981)	520,861

B. Changes in Statement of Profit and Loss for the year ended March 31, 2018

Rupees in lakhs			
Particulars	For the year ended March 31, 2018 (Reported)	Restatements	For the year ended March 31, 2018 (Restated)
Revenue			
Revenue from operations	162,555	(12,948)	149,607
Receivables written off (being earlier years revenue written off)	-	(17,060)	17,060
Profit /(loss) before tax	29,853	(30,008)	(155)
Current tax	6,390	(6,390)	-
Profit /(loss) for the year	23,363	(23,618)	(255)
Earnings per equity share: (Face value of Rs. 10 each)			
- Basic	1,566.26		(17.13)
- Diluted	156.63		(1.71)

21) Corporate Social Responsibility

As per section 35 of the Act, the company is required to spend Rs. Nil towards CSR based on the profitability of the company, against which Rs. Nil has been spent by the Company

22) Changes in liabilities arising from financing activities:

Rupees in lakhs		
Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Long term Borrowings (including current maturities)		
Opening Balance		
- Non Current	156,131	170,098
- Current	64,066	50,418
Availed during the year	-	-
Changes in Fair Value	-	-
- Impact of Effective Rate of Interest	170	184
-Unrealised and Realised Exchange gain / loss	617	(504)
Repaid During the year	-	-
Closing Balance	220,984	220,196
Short term Borrowings		
Opening Balance	55,905	53,907

Vidarbha Industries Power Limited
Notes to the financial statements for the year ended March 31, 2022 (Continued)

Availed during the year	2,995	1,998
Repaid During the year	-	-
Assigned during the year (Refer note 25)	-	-
Closing Balance	58,900	55,905
Interest Expenses		
Opening Balance		
Interest accrued and due on borrowings	35,887	35,887
Interest accrued but not due on borrowings	-	-
Interest Charge as per Statement Profit & Loss	170	184
Changes in Fair Value		
- Impact of Effective Rate of Interest	(170)	(184)
Interest paid to Lenders	-	-
Closing Balance		
Interest accrued and due on borrowings	35,887	35,887

23) Default in repayment of borrowing and Interest.

Sr. No.	Name of Lender	Borrowings		Interest	
		As at March 31, 2022		As at March 31, 2022	
		Rupees in lakhs	Maximum days	Rupees in lakhs	Maximum days
I	Rupee Term Loan				
	Bank of Maharashtra	7,600	1,096	4,705	790
	Vijaya Bank	3,800	1,096	2,211	790
	Syndicate bank	5,700	1,096	3,668	790
	Axis Bank	5137	1,096	2,275	790
	State Bank of Travancore	1,123	1,096	861	790
	State Bank of India	20,440	1,096	12,968	790
	Oriental Bank of Commerce-I	1,158	1,096	806	790
	Oriental Bank of Commerce-II	2,201	1,096	1,271	790
II	External Commercial Borrowing				
	Axis Bank	20,305	1,096	1,765	790
III	Working Capital Borrowing				
	Bank of Maharashtra	9,873	1,006	866	702
	Axis Bank	31,539	1,006	3,293	702
	State Bank of India	10,275	1,006	1,198	702
IV	Total	119,151		35,887	

As at March 31, 2022, the Company has overdue of Rs. 119,151 lakhs (March 31, 2021 Rs. 101,600 lakhs) included in current maturities of long term debt in note no. 3.14 and Rs. 35,887 lakhs included in interest accrued and due in note no. 3.15 (b). Also, during the year the Company has not made a provision of interest on borrowings amounting to Rs.35,808 lakhs (March 2021 Rs. 34,078 lakhs) which is not included above. (Refer Note 19)

- 24) VIPL has incurred operating losses during the year ended March 31, 2022 as well as during the previous years and its current liabilities exceed its current assets. VIPL's ability to meet its obligation is dependent on outcome of material uncertain events, viz.: i) Civil Appeal No. CA 37 of 2021 filed and currently pending in the Hon'ble Supreme Court (SC), challenging the Ld. Appellate Tribunal for Electricity (APTEL) Judgment dated September 15, 2020, wherein Ld. APTEL has upheld the Hon'ble Maharashtra Electricity Regulatory Commission (MERC) Order dated December 16, 2019, relating to the notice of termination of Power Purchase Agreement (PPA). Next hearing date in CA 37 of 2021 is July 28, 2022; ii) Civil Appeal No. CA 372 of 2017 filed by Hon'ble MERC before the Hon'ble Supreme Court (SC), challenging the Ld. Appellate Tribunal for Electricity (APTEL) Judgment dated November 3, 2016 partially setting aside the Hon'ble MERC Order dated June 20, 2016. Final hearing in CA No. 372 of 2017 is July 28, 2022. Further in light of the ratio determined in the Hon'ble SC Judgment in Civil

Vidarbha Industries Power Limited
Notes to the financial statements for the year ended March 31, 2022 (Continued)

Appeal 5399-5400 of 2016 (Energy Watchdog Vs. CERC) and Hon'ble MERC Order dated March 07, 2018 in APML vs. MSEDCL matter, VIPL has filed a revised Mid-Term Review (MTR) Petition No. 199 of 2017 seeking full recovery of coal costs in the variable charge for the period starting from COD till date and for the future period. However, after reserving the order on January 08, 2019, Hon'ble MERC has not issued the same till date. iii) Application No. 264 of 2020 filed by one of the lenders of VIPL before NCLT under the provisions of the Insolvency and Bankruptcy Code, 2016 (IBC) seeking debt resolution of VIPL, which is pending before NCLT. VIPL had filed Miscellaneous Application before NCLT for seeking a stay in the matter. NCLT has dismissed the said Miscellaneous Application of VIPL on January 29, 2021. VIPL filed appeal against aforementioned NCLT order before the NCLAT and the same was dismissed on March 02, 2021. VIPL has filed a Civil Appeal before Hon'able SC challenging the said NCLAT order which was heard on September 1, 2021 and order in the matter stands reserved. VIPL has been in discussion with all its lenders for a resolution outside the Corporate Insolvency Resolution Process (CIRP). In view of the above, accounts of the VIPL have been prepared on a going concern basis. This has been referred by the auditors in their report as a qualification

- 25) The Company's leased assets primarily consists of office premises and guest houses 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 incurred Rs.45 lakhs (March 31, 2021 Rs. 44 lakhs) as leased payment.
- 26) The Indian Parliament has approved the Code on Social Security, 2020, which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and 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 Group 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.

27) Ratios

Sr.	Particulars	March 31, 2022	March 31, 2021
A	Current ratio	0.61	0.68
B	Debt Equity ratio ¹	77.37	9.42
C	Debt Service Coverage ratio ²	(9.95)	40.01
D	Return on Equity ³	(710.10)	63.90
E	Inventory turnover ratio	0.06	0.06
F	Trade Receivables turnover ratio	-	-
G	Trade Payables turnover ratio ⁴	0.14	0.29
H	Net Capital turnover ratio ⁵	(0.58)	(0.81)
I	Net Profit ratio ⁶	(5,987.79)	4,217.88
J	Return on capital employed	(8.87)	(7.33)
K	Return on Investment	0.01	0.01

1. Current ratio is increased because Company has incurred loss in current year resulting in decrease in equity.
2. Debt service coverage ratio is decreased because earnings available for debt service are reduced in current year.
3. Return on Equity ratio is decreased due to loss in current year and deferred tax reversal in previous year.
4. Trade payable turnover ratio is reduced because credit purchases (numerator) is reduced significantly in current year.
5. Net capital turnover ratio is reduced because working capital has been reduced in current year due to significant rise in current liabilities.
6. Net profit ratio is reduced because net profit after tax is negative (loss).

	Particulars	March 31, 2022	March 31, 2021
1	Current assets (time)	115,383	116,453
2	Current liabilities	189,935	171,272
3	Total Debt	279,883	276,102
4	Equity excluding Revaluation Reserve	3,617	29,307

Vidarbha Industries Power Limited
Notes to the financial statements for the year ended March 31, 2022 (Continued)

5	Earnings before Interest and Tax and exceptional items (EBIT)	(25,156)	(22,401)
6	Interest on Long Term and Short Term Debt for the year	224	256
7	Principal Repayment of Long Term Debt for the year	0	0
8	Net profit after tax	(25,688)	18,727
9	Earnings available for debt service	(5,292)	39,627
10	Shareholders fund	3,617	29,307
11	Inventory	7,085	7,098
12	Avg Inventory	7,092	7,160
13	Credit Purchases	1,901	3,793
14	Avg Trade Receivables	107,087	107,070
15	Avg Trade Payables	11,402	10,681
16	Net Capital employed	283,500	305,409
17	Turnover (Revenue from operation)	429	444
18	Capital employed	283,500	305,409
19	Equity	3,617	29,307
20	Debt	279,882	276,102
21	Working capital	(74,552)	(54,819)
22	Income from Investment	1.99	1.88
23	Average Investment	213	205

Ratios have been computed as under:

A	Current Ratio: Current Assets/Current Liabilities
B	Debt Equity Ratio = Total Debt / Equity excluding Revaluation Reserve
C	Debt Service Coverage Ratio = Earnings available for debt service / (Interest on Long Term and Short Term Debt for the period/year + Principal Repayment of Long Term Debt for the period/ year).
D	Return on Equity = Net profit after tax/ Shareholder's fund
E	Inventory turnover ratio = Turnover / Average inventory
F	Trade Receivables turnover ratio = Turnover / Average Receivables
G	Trade Payables turnover ratio = Net credit purchase / Average Payables
H	Net Capital turnover ratio = Turnover / working capital
I	Net Profit ratio = Net Profit after tax/ Turnover
J	Return on capital employed = EBIT / Capital employed
K	Return on Investment = Income from investment /Average investment

28) The Company has not incurred any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessment under the Income tax Act, 1961.

29) (a) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

(b) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party company (ultimate beneficiaries) or provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

30) As per Section 248 of the Companies Act, 2013, there are no balances outstanding with struck off companies.

Vidarbha Industries Power Limited

Notes to the financial statements for the year ended March 31, 2022 (Continued)

- 31) During the year the company is not declared wilful defaulter by any bank or financial institution or other lender
- 32) The figures of previous year are regrouped/recasted , wherever necessary.