adani

Adani Electricity Mumbai Limited

Compliance Certificate (March 31, 2020)

Comprising of Adani Electricity Mumbai Limited and Power Distribution Service Limited ("the Obligor Group")

CONTENTS

Executive Summary

At AEML, we firmly believe that electricity is more than just a means to power one's home or business. It is the force that powers every aspect of our lives. Uninterrupted power is uninterrupted life. The Company is committed and devoted to enhancing the reliability, quality and competitiveness of electricity and powering millions of lives.

In our pursuit of excellence, we have diligently move ahead keeping our values in mind. Every challenge is viewed in the light of an opportunity to get better. We have swiftly navigated through the business cycle while accelerating our expansion in the right direction.

AEML has operated for over 90 years in a stable and evolved regulatory regime having witnessed regulations since 1956 and 17 years of regulatory orders under the current Electricity Act. We endeavor to provide the highest quality of supply in terms of sustainable, reliable and affordable power supply with an emphasis on excellent consumer service. The integrated Mumbai Generation, Transmission and Distribution (GTD) Business caters to ~3.05 million households (12 million consumers), making it the country's largest private sector integrated power utility.

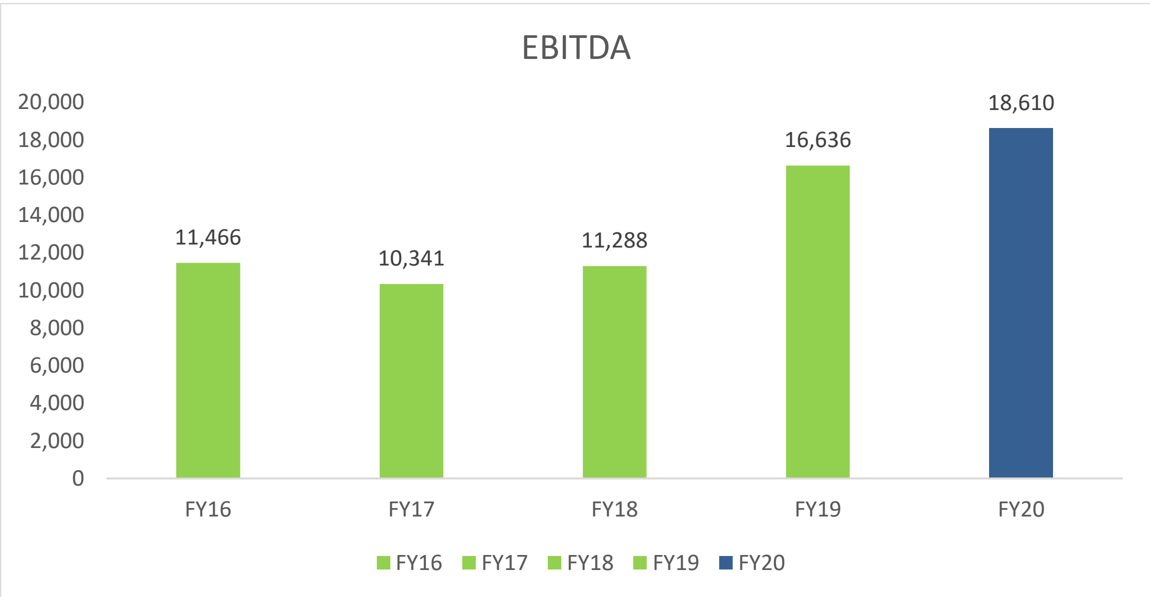
As a largest utility, AEML serves in the "gateway" city of Mumbai. The Company is Servicing 85% of Mumbai's geography, touching 2 out of 3 households in Mumbai, which is India's commercial capital and most populous city in the country and among the top 10 Global Finance Centers with per capita income at 3x of India.

Since the year 1926, we have been a partner in the growth story of Mumbai, and have a sound and steady 93 Year track record of serving Mumbai's consumers. With a modest consumer base of 2,500 households in 1931 the business has grown to 3.05 million households presently.

The consumers from Mumbai are from a city with the highest GDP and as such well-deserved, affluent and paying customers. The major thrust and focus of these consumers are on reliable service, which AEML is dedicated to provide round the clock to them. It is on account of these reasons that we can firmly express that these consumers are the part of our growth trajectory path and hence put AEML EBIDTA at the least risk.

EBITDA performance (in INR million)

The EBITDA of the company has increased by ~31% after the acquisition by Adani Transmission Limited



*For FY16 to FY18, we have shown regulated EBITDA

During the year, a subsidiary of Qatar Investment Authority (QIA) – Qatar Holding LLC, completed the acquisition of 25.10% stake in Adani Electricity Mumbai Ltd (AEML) from ATL (Adani Transmission Ltd). Alongside, it also made an investment in AEML's shareholder subordinated debt on 10 February 2020. The total investment of QIA is ~$450 million. These funds are likely to help provide growth equity to the business to fund our capex plans while deleveraging the balance sheet.

The Company also successfully completed an investment grade, USD 1 billion bond issuance. This was a first by a private integrated utility from India. The issue was highly oversubscribed and generated significant interest from international investors. This issuance was majorly undertaken for refinancing the existing Domestic debt. The bond issued is in nature of bullet repayment after a tenure of 10 years which has helped in freeing the required cash flow for Asset hardening and maintaining Regulated Asset Base of the business. This facility has been rated as investment grade (IG) by all the three top renowned rating agencies of the world (S&P – BBB-, Moody's – Baa3 and Fitch – BBB-)

Today, AEML has evolved into one of the most efficient integrated utilities in India. The Company is operating in a stable and evolved regulatory framework with predictable & robust returns. The Tariff is based on assured return on capital model, pass-through of costs and efficiency linked incentives.

AEML has pioneered adoption of groundbreaking technologies since inception. These technological advancements have helped AEML create robust systems and processes infrastructure.

AEML has planned various capex schemes to cater to increased demand and maintain supply reliability and is undertaking capex under various schemes to strengthen network infrastructure. The Company executed a capex of INR 1,200 crore thus ensuring modernization of network and deployment of technology for enhancing its deliverables for its customers.

AEML as a Leader in the Power space is guided by the fact, of the vision, of its Management. It is on account of the broad vision, leadership and direction of the AEML management, that the Company has been an impeccable force in the Industry.

Adani Electricity Mumbai Limited (AEML) Obligor Group or Obligor Group.

AEML Obligor Group owned 74.9% by ATL and 25.1% by QIA, comprises of Adani Electricity Mumbai Limited ('AEML') and Power Distribution Services Limited ('PDSL'). AEML which is a section 62 asset i.e., based on cost plus model, is a high-quality ROE based asset with minimum risk while PDSL provides specialized network services as well as certain back-office services to AEML.

Strategic Partner – Qatar Investment Authority (QIA)

QIA is a Large Infrastructure focused financial investor with track record of investing in world class global infrastructure projects. QIA Founded in 2006 is the Sovereign Wealth Fund of Qatar with assets under management of USD 335 billion. Some of the selected investment of QIA are as follows:

- 20% stake in Heathrow Airport, 7th busiest airport globally by passenger traffic
- 20% stake in Hong Kong Electric, a major integrated utility player in Hong Kong
- 10% stake in Endeavour Energy, a power distribution company operating in New South Wales, Australia
- 8.6% stake in Iberdrola, one of the largest electric utilities globally operating in the UK, US, Spain, Portugal, and Latin America
- Investor in EDP Renováveis, leading renewable player globally with ~11 GW portfolio
- Investor in Patrick Terminals, the largest container terminal operator in Australia

AEML derives the following benefits with a strategic and marquee partner like QIA on Board.

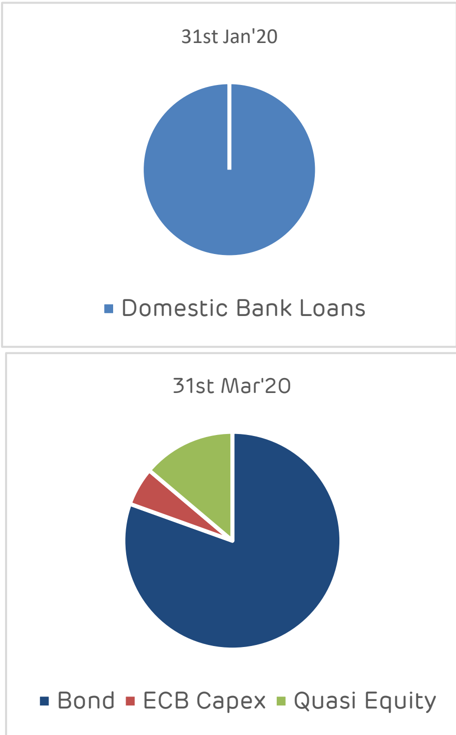
- Derive from QIA experience of investing in large infrastructure projects globally
- Imbibe global best practices in AEML through shared learnings from QIA's investment in Global electric utility majors like Hong Kong Electric, Endeavour Energy, Iberdrola, EDP Renovaeis
- Benchmark AEML performance with international utilities and help AEML deliver world class infrastructure to the consumers of Mumbai with high efficiency standards
- Deep financial strength – access to large capital pool from international capital markets at competitive pricing
- Diverse and larger board will help enrich decision making process

Capital Management Program

AEML's Capital Management Program brings diversity and brings a lower cost of debt. Through this program, the existing debt has been refinanced through USD 1 billion bond and to harden the assets, a rolling ECB capex facility of USD $400 million is tied -up

	As of 31st Jan'20	As of 31st Mar'20
Long Term Debt	INR 88.49 bn	INR 76.28 bn
Cost of Debt (weighted) %	9.19%	8.97%
Average Debt Maturity for LT Debt	6.71 years	9.54 years
Net Debt to EBITDA (x)	4.62	2.91

Long Term Debt Mix (including Quasi Equity)



The maturity period of the loans has been extended by more than 50% of the terms and with enhance maturity period the cost of loan has simultaneously been reduced by another 67 basis point, giving double advantage (extension of loan, reduction of rate of interest to AEML).

The current cash balance in AEML Obligor group is INR 24.93 billion out of which INR 4.36 billion is restricted cash balance

Sustainability, Reliability and Affordability

Our corporate strategic framework is channeled around providing the highest standards of customer service, through a focus on three fundamentals that guide our actions and enable us to measure success. It entails ensuring a sustainable, reliable and affordable power supply.

Sustainability
Helping India meet its energy needs while minimizing the impact on the environment is a crucial challenge. Our environment protection initiatives aim to help curb the dangers of eroding landscapes and convert them into fertile, greener blankets of land. We are at the forefront when it comes to improving efficiency and reducing waste.

Sustainability refers to the commitment to raise the share of renewable power procurement from the current 3% to 30% till 2023 and 50% till 2025. To ensure sustainability throughout the organization, we have undertaken the following initiatives:

- Entered into a PPA of 700 MW for hybrid power (solar + wind) with minimum guaranteed CUF of 50% - With a long-term objective of supplying power to Mumbai at more affordable and economical rates, the Company is exploring various inorganic routes. A potential tie up with the hybrid source is being explored for renewable power supply. The Company is happy to announce that a 700-MW wind-solar hybrid project in Maharashtra was approved by the Maharashtra Electricity Regulatory Commission (MERC). The plant will sell power at a fixed tariff of ₹ 3.24 per kWh over a period of 25 years. The Power Purchase Agreement (PPA) is tied to a minimum capacity utilisation factor (CUF) requirement of 50%.
- Use of environment-friendly dry and ester oil transformers
- Replaced oil-type switch gears with dry-type maintenance-free switch gears
- Reduced carbon footprint by using LED lamps for streetlights

Reliability
Reliability refers to a reliable supply through a continuous Capex cycle. This will help add value to our consumers. The investments made are targeted towards:

- Ensuring asset hardening and modernization
- Investing in modern O&M practices, ensuring lower SAIDI and SAIFI
- Protecting against outages due to adverse events

Affordability
Affordability refers to our objective of providing affordable tariff for 12 million consumers. The measures undertaken comprise:

- Procurement of 700 MW hybrid power at ₹ 3.24 per unit for 25 years for new fixed tariff PPA
- Saving on short term power requirement and thereby reducing the overall power purchase cost
- Smoothening of FAC resulting in tariff stability for consumers

Environmental, Social, and Governance Initiatives (ESG)

At Adani Group the word ESG at its core means and covers & connects to, environment issues like climate change and resource scarcity, good labor practices, good corporate & social governance and business and social ethics.

Adani group’s belief in “Inclusive and Progressive Way of Life” has led to community impacting events.

It has always been the endeavor of the Group to be a partner of growth in the environment. To show our concern for the nature, we are committed to sustainability and are already in compliance with the Paris Accord.

We have aligned and strengthened all our business strategies on the foundation of ethical and transparent business operations. We continue to follow the highest standards of corporate governance and consider it more of an ethical requisite than a regulatory necessity. It is a matter of great pride that our success over the years has come without ever compromising on integrity or environmental and social obligations.

AEML's initiatives towards reduction of carbon footprint

Renewable energy procurement by AEML to leapfrog by 10X by FY22, which indicates the Companies initiative for Green energy.

- More than 275 MUs of renewable energy procured (~ 3% of total energy procured).
- Since the FGD installation in 2007(1st in India), DTPS has been generating power in the most sustainable way.
- AEML has already tied up 700MW grid connected hybrid power (solar and wind) at Rs. 3.24 per unit, delivering 50% CUF, for which regulatory approval has been received.
- Promotion for Rooftop Solar.
- Target multi fold increase in renewable power as % of our overall procurement mix and in the next 3-4 years, we will slowly and steadily start backing down our coal-based power plant.
- By 2030, we target to completely procure power from renewable resources

With sustainability at its core, Dahanu TPP is amongst the most environmentally friendly plants in India with less than 100% fly ash utilization, amongst the tallest chimneys in India (~275m). The plant is the 1st in India to install FGD to prevent Sulphur emissions / acid rain. The Ambient Air Quality Monitoring Stations keeps in check health of local consumers.

Safety - AEML goes beyond mandated norms to ensure highest standards of safety for consumers and employees

The Company believes in the safety of its consumers and employees and believes that safety is a choice you can make. To put safety of the consumers first AEML has conducted various programs besides the regular and general safety advisory. This includes:

- Conduct of Electrical Safety Awareness among Consumers - HT Consumers
- Electrical Safety Audit of Industrial Consumers
- Electrical Safety Week in association with Industrial Labour & Energy department, Maharashtra State
- Electrical safety Video prepared by AEML, shown across the Maharashtra
- Mahacharcha (National Debate) sponsored by AEML broadcasted on National Television

AEML is committed in providing best in class safety equipment and training to its employees and believes that following the safety guidelines and rules are the best tools, and safety is our no.1 priority. In order to be safe the Company uses the following equipment's, tools and guidelines for its employees

- HT / LT Arc Flash suits - to protect against flashover hazards
- Cable Avoidance Tool
- Individual Permits granted to each on-field employee before carrying out any task
- Internal consumer training & awareness programs
- Safe Working Procedures

Corporate Social Responsibility (CSR) - Sustainable Livelihood Development and Development of Rural Areas

Integrated Tribal Development Project

- AEML-ADTPS in association with "NABARD" initiated a program "Integrated Tribal Development Project in selected 11 villages of Dahanu Taluka as 50:50 contribution with NABARD. This project is executing through project implementing agency "MITTRA". The Project started in 2016-17.
- The programmed is phased over 7 years, for developing 1 acre "Wadi" for landowners. Till date 1,000 landowners have registered and benefited.

- Till date 100 landless tribal registers for livelihood support in Saloon shop, Goat farming, Aata-Chakki (Ghar ghanti), Tailoring shop, Kirana shop & Carpentry business.

Tailor Training to needy and unemployed- Skill Development

- AEML-ADTPS has established tailoring training Centre at Dahanu. The objective of this program is skill development of Trible, needy & uneducated poor families of near by Dahanu area and uplift their livelihood.
- Till date 1,142 and in FY20 156 candidates trained and out of these 1142 and 1063 candidates respectively got employment in local Garment Manufacturing units in Dahanu, Boisar & Umbergaon. Balance candidates have started their own tailoring business.

Meri Sangini program launched as a pilot in Aarey & Tilak Nagar Area, Chembur

- Implementing partner HAQDARSHAK had identified 15 Sanginis and educating them on 'Meri Sangini App' is ongoing

Project Saksham - To provide needy & destitute women with skills which will make them competent to earn a sustainable livelihood and the skill Centre shall have multiple skill development options. The Skill Centre has been identified in Versova, Andheri west which shall provide training like: Digital literacy, Tailoring, Nursing, etc.

Awareness

- Swavlamban" – An ongoing ambitious social project for Integrated Tribal Development of identified Model villages under our CSR program in Dahanu block of palghar district.
- AEML-T has partnered with BAIF - An Institute for Sustainable Livelihood and Development.
  - Based on the interaction with the members of community, Livelihood interventions; Community based activities; Support for Landless; Women Empowerment; Community Health etc. parameters are finalized to work. MOU has been signed between AEML-T and BAIF for this work.

  - Under this MOU, a comprehensive scheme has developed for making farmers self radiant. An education related to newer and developed technique of farming has given to farmers. Total 38 nos. of farmers from 3 villages were trained for advanced multi cropping, vermin-composting, animal husbandry, poultry, fishery etc.

Swachhagraha and Safety

- Infrastructural and running support to Old Age Home - Provided one month of Food at Missionary of Charity Gorai & Ghodbunder
- Culture & Heritage promotion – Netranjali, Bhandup
- Coastal Clean-up Drive at Juhu Beach
- Swachh Bharat Abhiyan – Clean up Drive at Picnic Point, Aarrey colony
  Initiated implementation of this project in 2,269 schools of Mumbai which includes Municipal Corporation, Aided & Self Finance Schools
- 6 blood donation camps were set up with 184 donors

Contributions in the Education and Health Care sectors

AEML firmly believes that quality education and healthcare on sustainable development at all levels is required for transformation of the society. This will help the people to move in the right direction and empowers them to think differently for a brighter future. Going by this aspect the Company has undertaken few initiatives in this arena.

Education

- AEML-ADTPS provided E-Learning Kits in nearby schools
- Distribution of educational materials "To ensure that school children's education is not hampered due to lack of educational materials
- Around 1,280 students will be benefited from Z. P. Schools.
- Educational support to poor and meritorious students
- Infrastructure developmental support to Schools - Prabodhini High School and Modern English High School
- Hamari Pathshala Project – Support to children in Aganwadi School at Aarrey colony by providing books, uniform, cement bench etc.

Health Care

- Promotion of Sports - Sports activity is to make students physically active. Sports material provided in Modern School, Marol, Andheri (E)
- Construction of toilets for girl students at Modern School, Marol, Andheri (E)
- Yoga for family members of Aganwadi School at Aarrey colony
- Mobile medical van - AEML-ADTPS has engaged Medical agency along with Doctor and Nurse to visit in surrounding villages.
- Improving Maternal Mortality Rate (MMR) - AEML-ADTPS medical team visits surrounding villages on 9th of every month under the Pradhan Mantri Surakshit Matritva Abhiyan. It envisages improvement in the quality and coverage of Antenatal Care (ANC) including diagnostics and counselling services as part of the Reproductive Maternal Neonatal Child and Adolescent Health Strategy
- Installation of water filter units in nearby schools and villages

Consumer Initiatives

AEML by virtue of its nature of business is providing ample opportunities and means to its consumers for timely payment of the bills, along with the highest service standards in the Industry.

- New Contact Centre solution implementation to ensure smooth call centre operation for customer. Migration of all servers to AEML Data Center (CtrlS) from RInfra Data Center w/o any major disruption
- Establishing AEML MPLS for all major locations and provide back-up links to avoid any major downtime of AEML Network
- Established DR Set-up at Hyderabad location for all critical application except SAP ISU which is in progress
- Material Requirement Planning enabled for enhanced productivity.
- 24X7 Security Operations Center enabled and SIEM tool implemented for tracking and monitoring of critical server logs. SIEM monitoring helps to enhance security posture of AEML

Genius Pay (Bill Payment Kiosk)

- Payment via cash/Cheque/Cards
- Duplicate Bill Printing
- Extended Operating Hours from 7 AM to 11 PM

Interactive Mobile App / Website

- Elektra - Digital Assistant on Website
- Mobile App
    - Complaints registration and Status – Supply Related
    - Billing & Payment Information and history

Call Centre

- 2 BPOs with 24X7 support (Karvy & One-Point-One)
- Avaya IVR with network redundancy

Whatsapp

- We are now LIVE on WhatsApp via a Verified Business Account (9594519122)
- Explicit permission sought from customers to start the service
- Approx. **20,000** customers registered over WhatsApp to get Alerts for
    - Disconnection notices
    - E-bills for premium & high-value customers
    - No supply complaint registration
    - Bill copy request
- First in the country to offer chat-bot services (in Electricity Utility) over WhatsApp

Key highlights in Lightening the city of Mumbai – A consumer centric approach

AEML is always focused on customer satisfaction and delight, and it is on account of this approach that the company is in the continuous process of setting up new benchmarks in the servicing of the consumers.

- Within few months of business acquisition, AEML responsively tackled Social Responsibility and electrified Gorai village after 70 years
- Added Aarey Colony tribal hamlet Navsachapada to AEML's network. The hamlet was without electricity for more than 7 decades. AEML was able to finally lay the network to lit 64 houses post receiving a NOC from the Bombay Veterinary College.
- AEML lightened up hutments by releasing new connections in Sidharth Nagar, Andheri (West) to 96 occupants, post receiving approval from the Maharashtra Coastal Zone, Management Authority (MCZMA), MHADA, and MCGM.
- Power supply released to Yagnik Nagar in Amboli after 25 years, with the help of the local corporator. The residents were living without power due to various land ownership issues and objections from the adjacent landowner
- Installed 111 streetlights across Chembur, Charkop, Jogeshwari, Bhayander and BKC for the safety of people.
- Around 62,000 Old HPSV lamps replaced by energy efficient LED luminaries

Cost Effective Initiatives

As an asset-heavy company, various cost-effective initiatives were considered and implemented to enhance efficiency, productivity and optimize manufacturing costs. Major initiatives planned are listed below:

- Implementation of Advanced Distribution Management System (ADMS) to study:
  - Network connectivity/reconfiguration
  - Load flow
  - Fault isolation/restoration
  - Loading optimization for reducing loss
- Replacement of all 33kV and 11kV PILC cable network with XLPE cables of higher sizes
- Replacement of Oil Type Ring Main Units (RMUs) with Maintenance free dry type RMUs (SF6, vacuum)
- Implementation of Substation Equipment Parameters Monitoring System
- Installation of Theft Aversion Boxes (TAB) at Service Positions and Theft Proof LT Pillars (TPP) in theft prone areas
- **Conversion to Smart Meters -** Upgradation of consumer meters to smart meters will improve the accuracy in billing through minimization of human interface. This will also enable online recording of the energy consumption and facilitate the information to consumers on real time basis.

Fight against COVID – 19

Towards the end of financial year 2020, the world has witnessing a serious, global pandemic due to spread of deadly novel Coronavirus, and is still continuing to impact our lives. This has put life and associated economic activities completely out of gear. AEML and its management team is conscious of its responsibilities to supply essential requirement like electricity to all households and also to various essential services combating the activities related to prevention and cure of the virus. AEML has seamlessly continued the Generation, Transmission and Distribution of Power in these testing times due to the pandemic and is geared to maintain its deliverables even in the long-haul and about serving our responsibilities of reliable power supply.

Measures taken for enhancing collection

- Mobile Kiosks for roaming cash collection facility
- Collect payments through ATMs (Discussion with banks in progress)
- Silent Campaign: Emotional appeal on social media
- Appeal through employees' social network (based on 6 Degrees of Separation)
- Leverage social network of housing societies

A. Operational Performance

Particulars	FY 19-20 Actual	FY 18-19 Actual
Collection Efficiency (%)	99.17	100.53
E Payment (% of total collection) (%)	48.60	39.47
Complaints (No Power) (Nos)	685,576	716,763
Distribution Loss (%)	7.37	7.85
Service Availability (ASAI) (%)	99.992	99.991
Transmission Availability (%)	99.78	99.75
Plant Availability (%)	91.33	94.89

B. Snapshot of Distribution Business

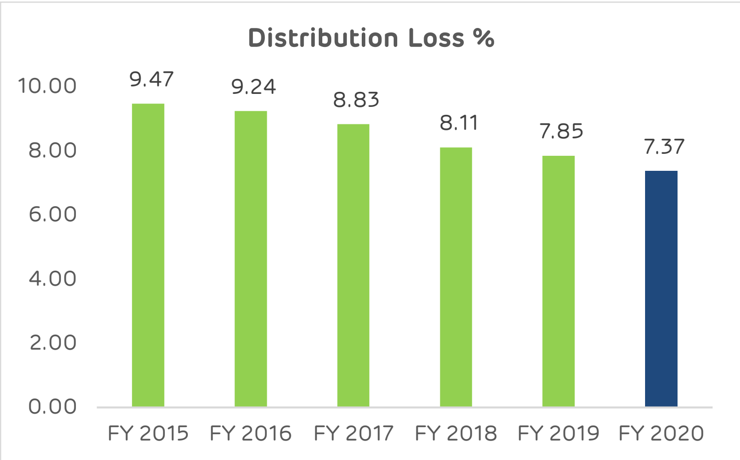
Parameter	UoM	FY 2019-20 Actual	FY 2018-19 Actual
Power Transformers	Nos.	217	211
PT Capacity	MVA	3,896	3,751
Distribution Transformers	Nos.	6.809	6,697
DT Capacity	MVA	5,076	4,978
Cable Network			
Total HT Length	Kms	4,860	4,580
LT Main Line Cable	Kms	6,226	6,139
LT Service Cable	Kms	11,400	11,244
Street Lt. Cable Length	Kms	2,091	2,062
Total LT Length	Kms	19,718	19,445
Reliability			
ASAI	%	99.992	99.991
SAIFI E/C	Events/Customer	1.24	1.33
SAIDI Min/C	Min/Customer	39.15	46.42
CAIDI Min/E	Min/Event	31.57	34.87

C. Operational Performance for last 5 year

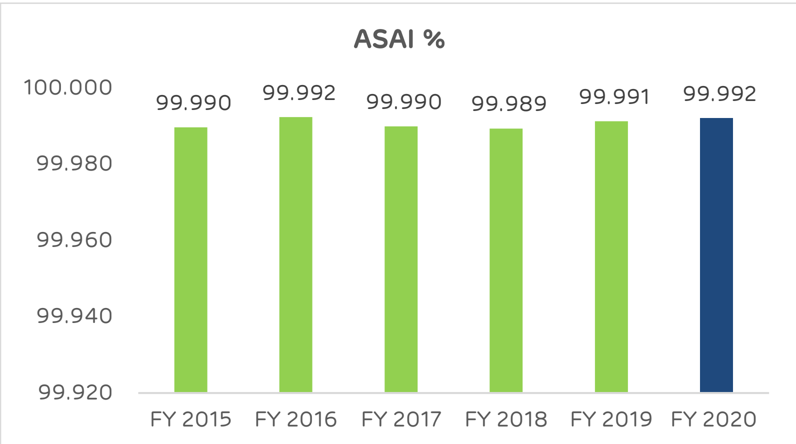
	Distribution					Transmission	Generation
Year	Distribution Loss (%)	ASAI %	SAIFI	SAIDI	CAIDI Min/E	Transmission Availability (%)	Plant Availability (%)
FY 2015	9.47	99.990	1.69	53.93	31.99	99.80	91.61
FY 2016	9.24	99.992	1.47	40.29	27.46	99.83	92.70
FY 2017	8.83	99.990	1.63	52.76	32.39	99.80	96.29
FY 2018	8.11	99.989	1.54	55.88	36.18	99.84	92.27
FY 2019	7.85	99.991	1.33	46.42	34.87	99.75	94.89
FY 2020	7.37	99.992	1.24	34.18	31.57	99.78	91.33
Normative						**98.00**	

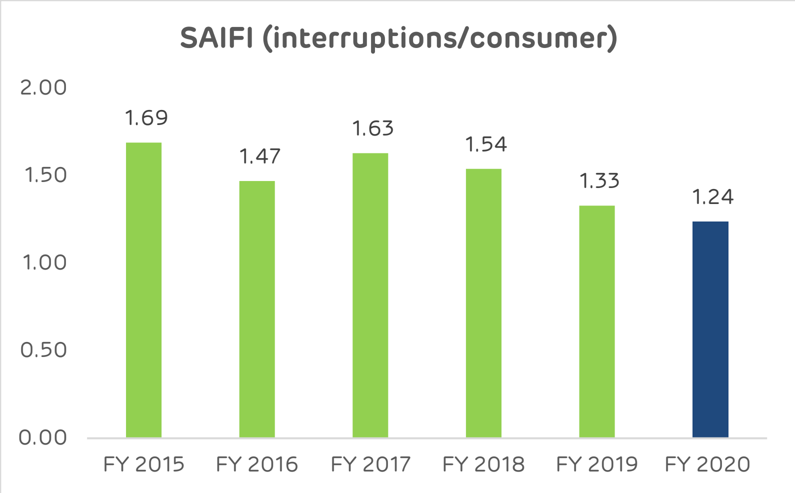
<u>**Graphical Trend for Parameters**</u>

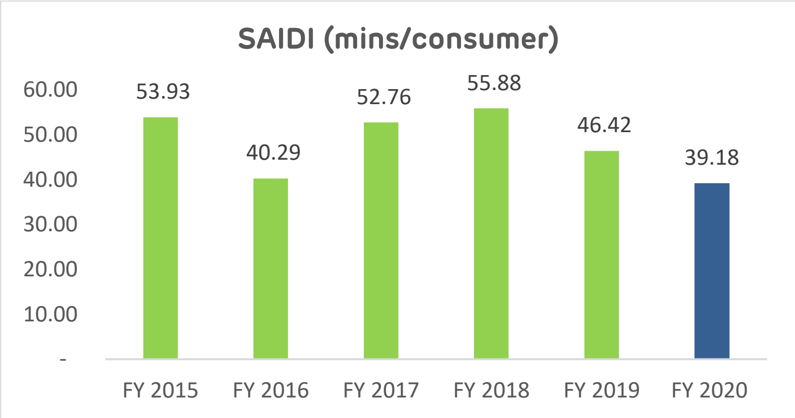
Key Operational Parameters

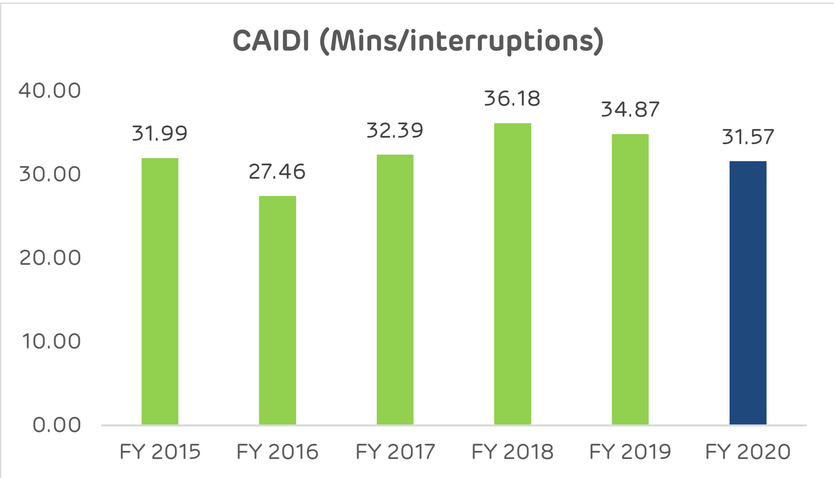


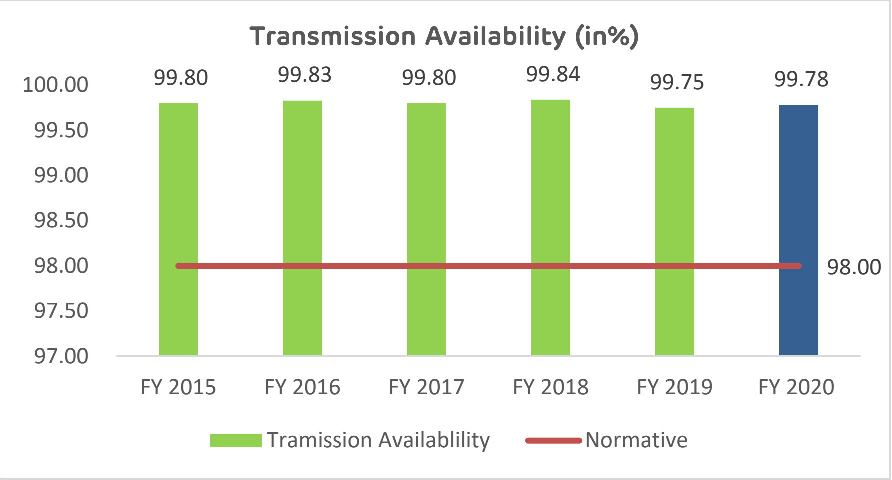
Reliability Paramters

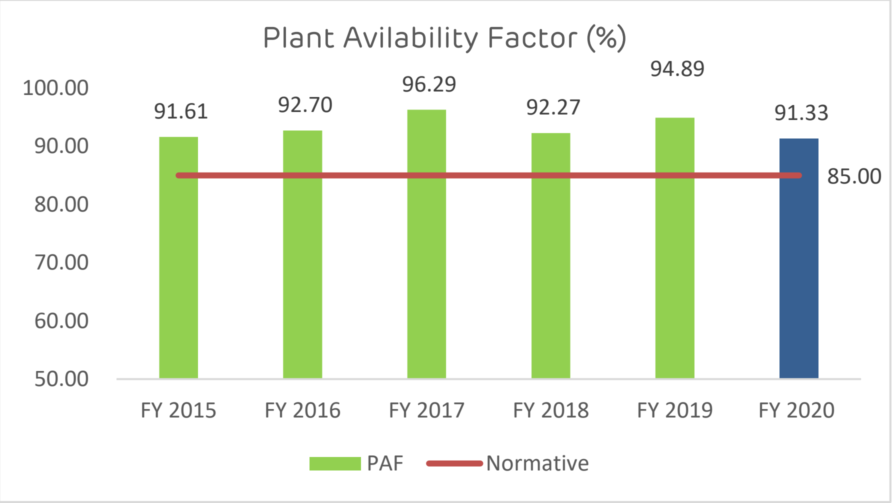



SAIFI (interruptions/consumer)
2.00
1.50
1.00
0.50
0.00
1.69
1.47
1.63
1.54
1.33
1.24
FY 2015
FY 2016
FY 2017
FY 2018
FY 2019
FY 2020


SAIDI (mins/consumer)
60.00
50.00
40.00
30.00
20.00
10.00
-
53.93
40.29
52.76
55.88
46.42
39.18
FY 2015
FY 2016
FY 2017
FY 2018
FY 2019
FY 2020


CAIDI (Mins/interruptions)
40.00
30.00
20.00
10.00
0.00
31.99
27.46
32.39
36.18
34.87
31.57
FY 2015
FY 2016
FY 2017
FY 2018
FY 2019
FY 2020

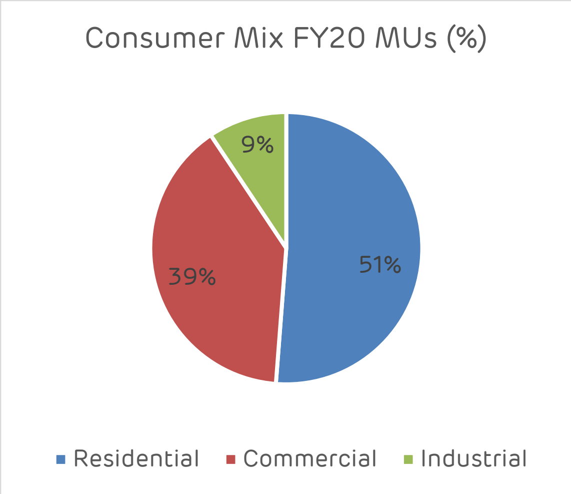

Transmission Availability (in%)
100.00
99.50
99.00
98.50
98.00
97.50
97.00
99.80
99.83
99.80
99.84
99.75
99.78
98.00
FY 2015
FY 2016
FY 2017
FY 2018
FY 2019
FY 2020
Tramission Availablility
Normative

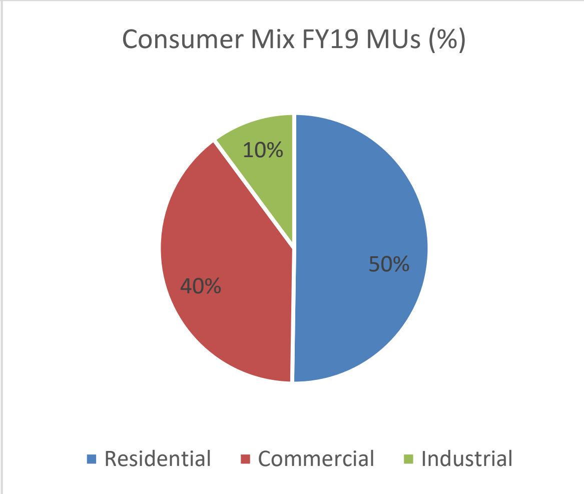

Plant Avilability Factor (%)
100.00
90.00
80.00
70.00
60.00
50.00
91.61
92.70
96.29
92.27
94.89
91.33
85.00
FY 2015
FY 2016
FY 2017
FY 2018
FY 2019
FY 2020
PAF
Normative

Consumer Mix (MUs & Revenue)

Consumers Mix (MUs)

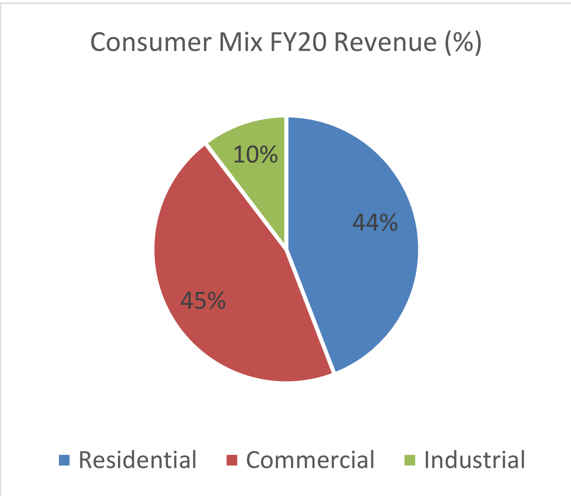
Mix	FY 20	FY 20 (%)	FY 19	FY 19 (%)
Residential	4,287.52	51%	4,208.16	50%
Commercial	3,382.33	40%	3,318.34	40%
Industrial	785.15	9%	849.08	10%
Total	**8,455.00**	**100%**	**8,375.58**	**100%**

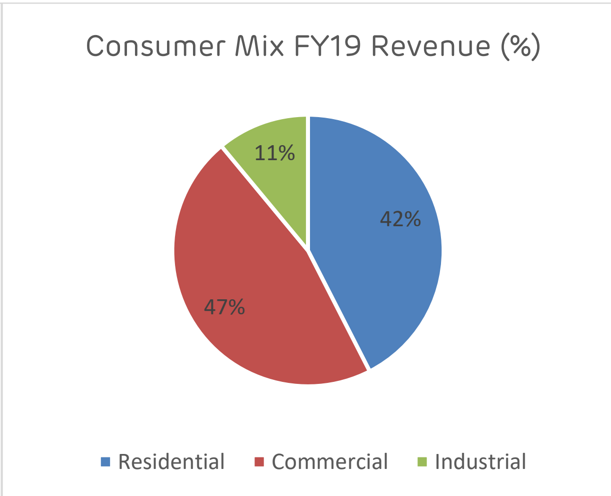


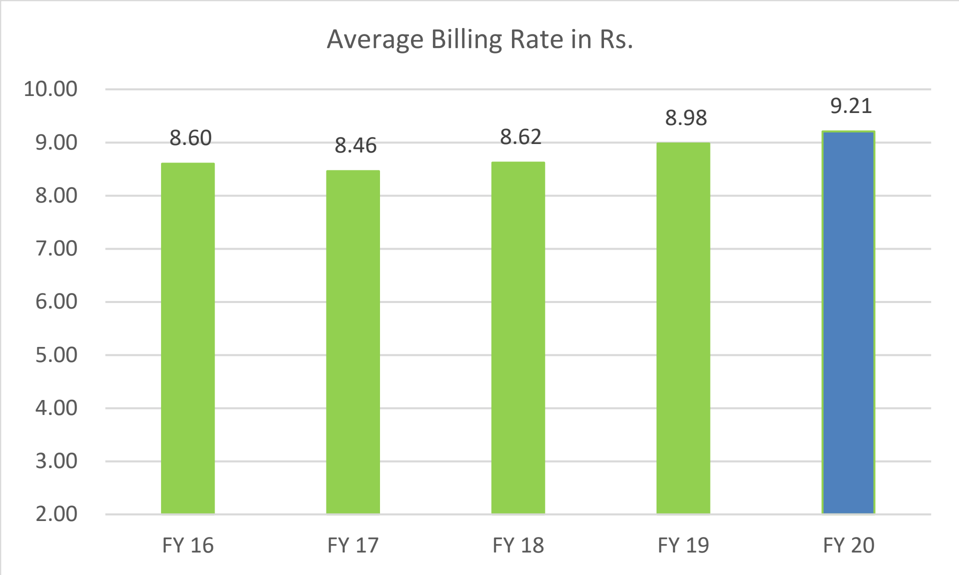


Consumers Mix - Revenue (INR Million)

Mix	FY 20	FY 20 (%)	FY 19	FY 19 (%)
Residential	31,150	44%	28,360	42%
Commercial	32,110	45%	31,050	47%
Industrial	7,320	10%	7,360	11%
Total	**70,580**	**100%**	**66,770**	**100%**






Average Billing Rate in Rs.
10.00
9.00
8.00
7.00
6.00
5.00
4.00
3.00
2.00
8.60
8.46
8.62
8.98
9.21
FY 16
FY 17
FY 18
FY 19
FY 20

Financial Performance

A. Summary of the Covenants

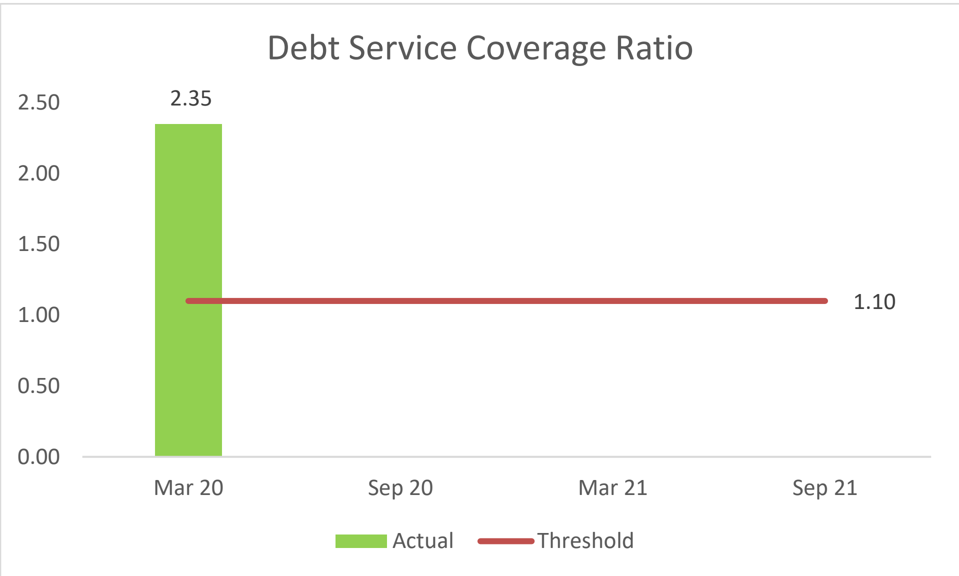
The Obligor Group on aggregate basis has achieved performance over threshold limits

Sr. No.	Particulars	Annexure	Ratios (as per Covenants)	March 31, 2020
1	Debt Service Coverage Ratio (DSCR)	Annexure 1	> 1.1x	2.35x
2	Project Life Coverage Ratio (PLCR)	Annexure 2	> 1.80x	3.57x
3	Net Debt to Regulatory Asset Base (RAB)	Annexure 3	< 1.40x	0.82x
4	Fund from Operations / Net Debt	Annexure 4		30.07%

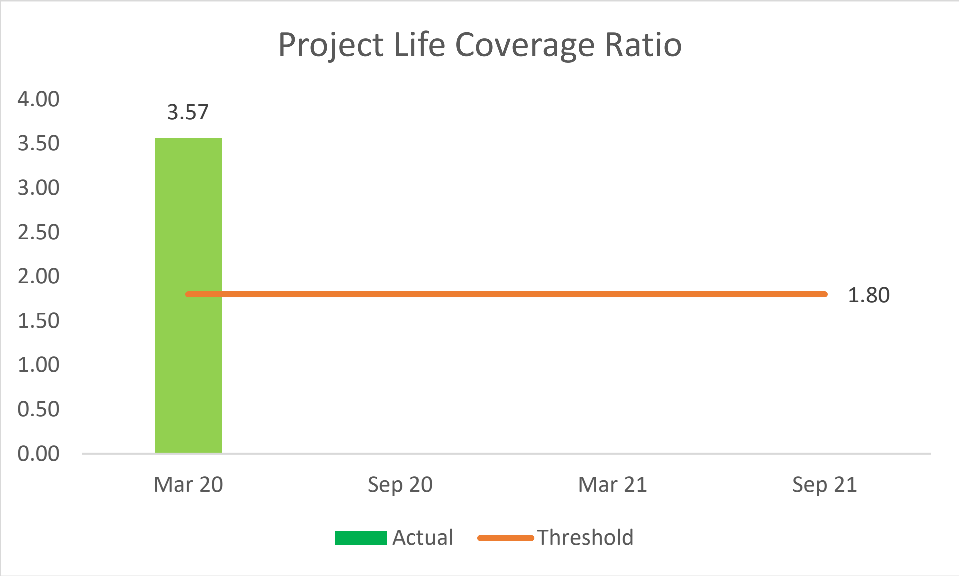
Note:
Above covenants is calculated as per definitions given under Common Trust Deed (CTD) and Note Trust Deed (NTD) executed for USD 1,000 million and Facility Agreement of USD 400 million.

B. Covenants Performance

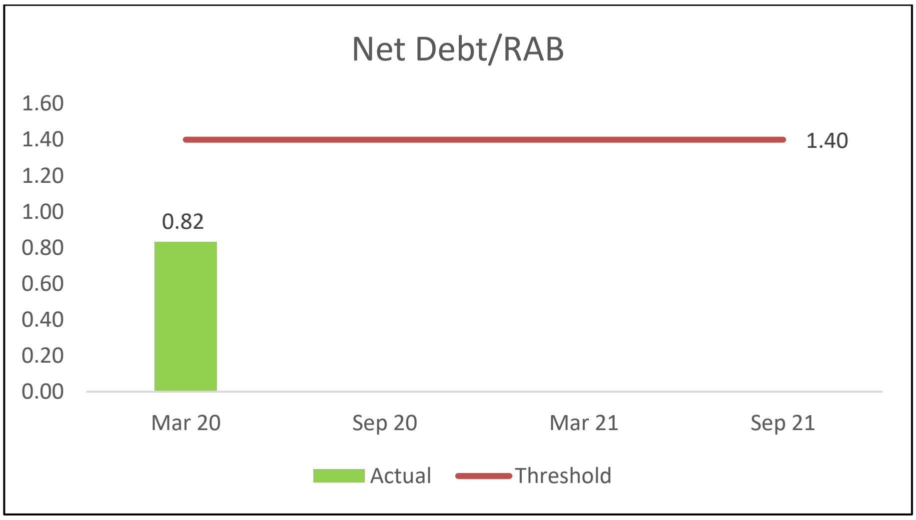
B1. Debt Service Coverage Ratio (DSCR)



B2. Project Life Coverage Ratio (PLCR)

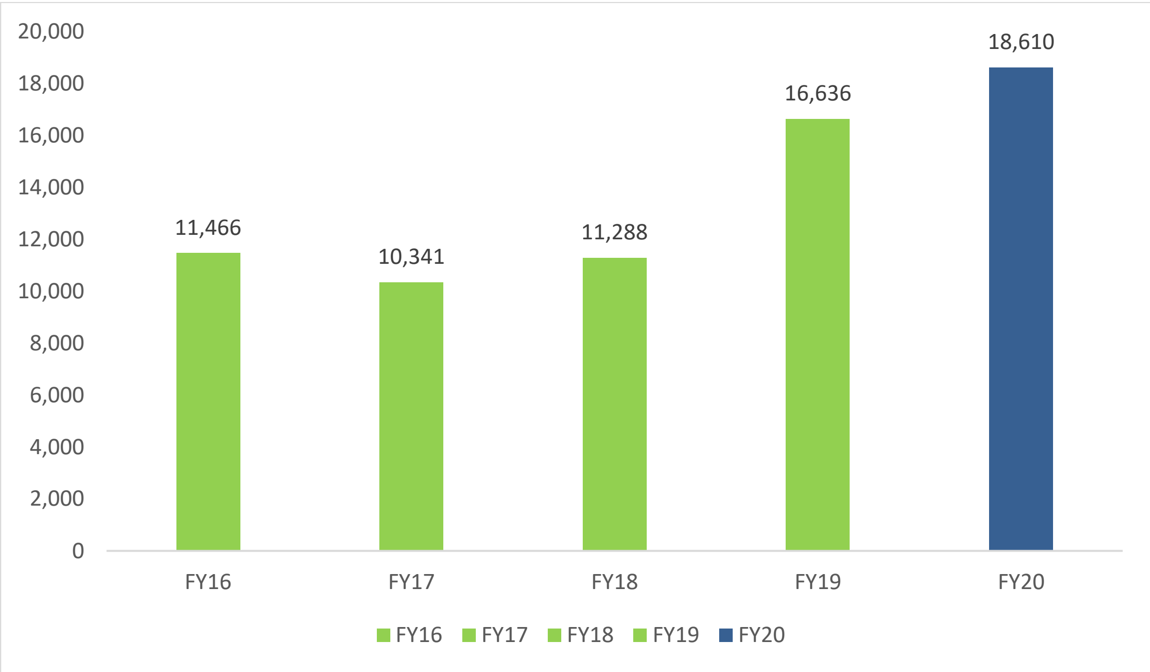


B3. Net Debt to RAB

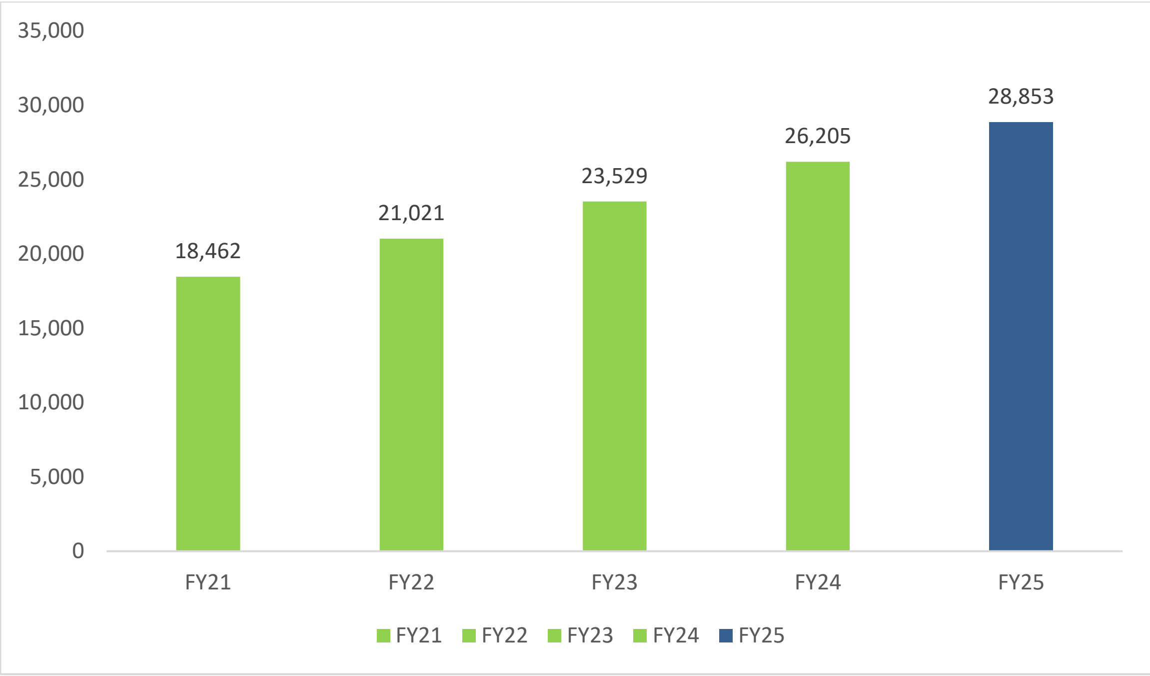


B4. Fund from Operations / Net Debt

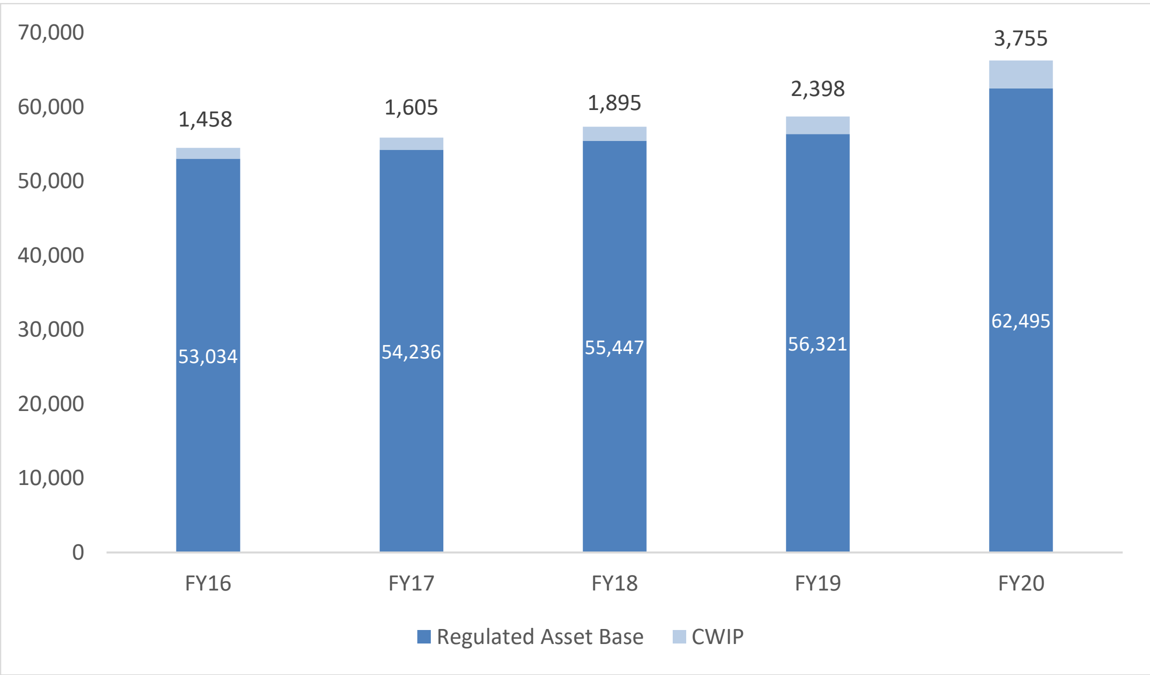
EBITDA performance

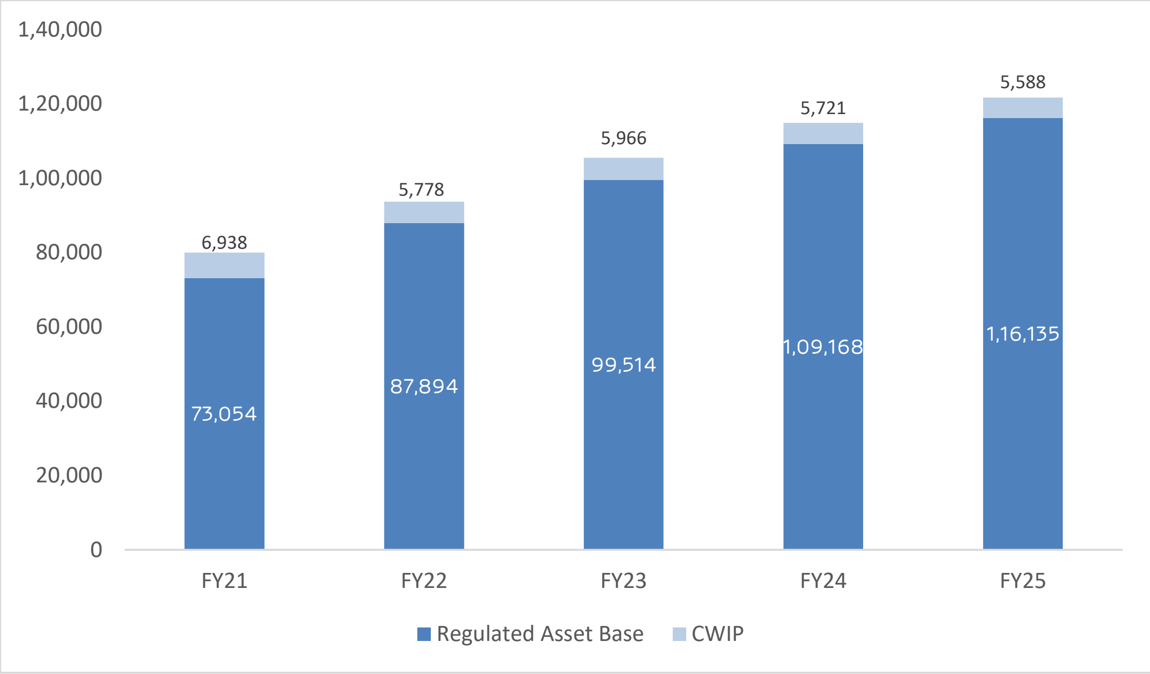


Over the next 5 years, as you can see from below, the EBITDA will increase at ~9% CAGR from FY21 to FY25

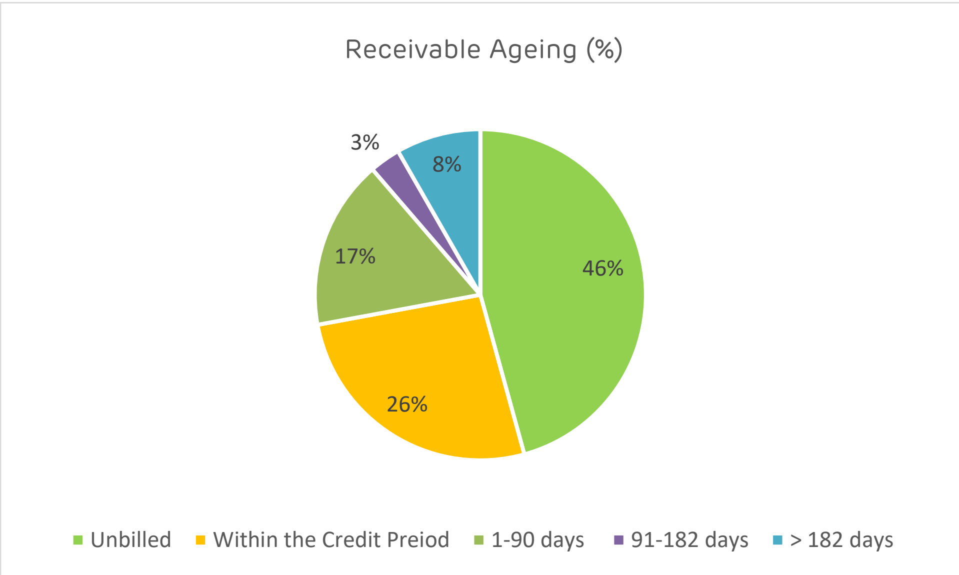


<u>Regulated Asset Base</u>





Receivable Ageing for FY20



(INR Million)

Particulars	Unbilled #	Within the Credit Period	1-90 days	91-182 days	>182 days	Total
Commercial	2,796	1,128	856	79	163	5,022
Industrial	688	67	93	3	21	872
Residential	1,710	1,343	719	87	628	4,486
Others ##		191		175	129	495
Total Distribution	**5,194**	**2,728**	**1,668**	**344**	**941**	**10,875**
Transmission		**265**	**216**			**481**
Generation		**2**	**2**			**4**
Grand Total	**5,194**	**2815**	**1,886**	**344**	**941**	**11,361**

Receivables includes normal unbilled revenue till March 31, 2020 which will be billed during the next month as per applicable billing cycle of consumers.
Other receivable includes service provided to Local Authority like MCGM and MBMC and others.

	Other Performance indicators as on March 31, 2020				
			Amount (INR million)		
Sr.	**Particulars**	**FY 2019-20**		**FY 2018-19**	**Note**
No.		**Target**	**Actual**	**Actual**	
1	**Household Category**				
	Residential		2.02	2.01	
	Commercial		0.44	0.44	
	Industrial		0.02	0.02	
	Total		**2.48**	**2.47**	
	Network Consumers		0.57	0.57	
	Grand Total		**3.05**	**3.04**	
2	**EBIDTA**	18,282.17	18,610.66	16,636.70	Note 1
3	**RAB**	69,631.22	66,250.00	58,875.30	
4	**Capex**	15,564.56	12,619.90	5,385.90	
5	**Capitalisation**	13,152.44	10,804.10	4,911.20	
6	**ABR (Rate per Unit)**		9.21	8.98	

Note 1
The Company has achieved EBIDTA of INR 18,610.66 million against target of INR 18,282.17 million. company has achieved the target of 95% against projected capex and capitalization of 81% against the project capitalization.

Information on Compliance Certificate and its workings

To:	SBICAP Trustee Company Limited (the "Security Trustee")
Copy to:	Madison Pacific Trust Limited (the "Note Trustee")
Copy to:	Note Holders for U.S. $ 1,000,000,000 Senior Secured Notes Due 2030
Copy to:	Citicorp International Limited ("the Facility Agent")
From:	Adani Electricity Mumbai Limited ("AEML") (as borrower) Power Distribution Services Limited ("PDSL") (as Obligor)
Dated:	June 26, 2020

Dear sirs

Adani Electricity Mumbai Limited and Power Distribution Services Limited (together as "Issuers") - Common Terms Deed dated February 12, 2020 (the "Common Terms Deed")

We refer to the Common Terms Deed. This is a Compliance Certificate given in respect of the Calculation Date occurring on March 31, 2020. Terms used in the Common Terms Deed shall have the same meaning in this Compliance Certificate.

The Certificate is based on the following documents:

1. Financial Audited Accounts of Restricted Group for year ended on March 31, 2020.
2. The Cash Flow Waterfall Mechanism as detailed in the Project Accounts Deed.
3. Management Information System (MIS) (for reconciliation of Ind AS and Legal definition) is provided in Annexure 8 to the Certificate.

Computation of Operating Account Waterfall as per Project Account Deed for the Calculation Period ended on March 31, 2020 (Period From April 1 2019 to on March 31, 2020)

Amount (INR million)

Sr. No.	Particulars	Mar-20	Data Source
	Net Operating Income		
	Revenue from Operations	77,053.60	Profit & Loss Account
	Add: Other Income (Incl. Interest income on Investments)	1,650.10	
	Add: Net Movement in Regulatory Deferral Balance	(2,327.70)	
I	**Net Operating Income**	**76,376.00**	
	Operating Expenses		
	Cost of Power Purchased	26,791.31	Profit & Loss Account
	Cost of Fuel	10,182.34	
	Transmission Charges	4,031.56	
	Purchases of traded goods	289.48	
	Other Expenses	7,322.33	
	Employee Benefit Expense	9,148.32	Working Note 1
II	**Total Operating Expenses**	**57,765.34**	
III	**Combined EBIDTA (I-II)**	**18,610.66**	
IV	Tax Paid	320.95	Statement of Cash Flow
V	Interest on Working Capital (RCF)	292.17	Nota 28 (a) - Financial Statements
VI	Opening Cash Balance	2,558.72	Working Note 2
VII	Cash Balance on Debt upsizing	1,992.20	Working Note 3
VIII	**Cash Flow Available for Debt Service (III-IV-V+VI+VII)**	**22,548.36**	
	Debt Service		
	Debt Service	2,008.50	Working Note 4
	Interest Service	7,595.98	Working Note 6
IX	**Total Debt Service**	**9,604.48**	
	Reserve Funding & Transaction Cost		
	Investments in Debt Service Reserve Account	1,510.00	MIS
	Investments in Capital Expenditure Reserve Account	1,500.00	
	Incurred Transaction Expenses	592.12	
X	**Total Reserve Funding & Transaction Cost**	**3,602.12**	
XI	**Cash Available post Debt Service and Various Reserve funding (VIII-IX-X)**	**9,341.86**	
	Inflow		
	Working Capital Changes	5,871.02	Working Note 7
	Working Capital Loan	5,379.44	Working Note 12
	Release of Non Fund Base Margin	770.10	MIS
	Release of existing opening DSRA	2,835.56	Balance Sheet
	Proceeds from issue of Equity Shares – PDSL	0.10	Statement of Cash Flow
XII	**Total Inflow**	**14,856.22**	
	Outflow		
	Investment in Sub Debt Service Reserve Account	650.00	MIS
	Upfront Premium Payment on Sub Debts Hedging	994.00	MIS
	Interest on Intercorporate Deposit - Parent Company	579.00	MIS
	Transaction cost on Sub Debts & on existing Loans	303.44	MIS
	Other Finance Charges & Borrowing Cost	1,100.48	MIS
XIV	**Total Outflow**	**3,626.92**	
XV	**Total Cash Balance (XI+XII-XIV)**	**20,571.16**	

	Funds earmarked for		
	Transactional Expenses to be made including applicable taxes	817.63	MIS
	Contingency Reserve	202.90	
XVI	**Funds earmarked**	1,020.53	
XVII	**Net Cash Available for Operating Expenses (XV-XVI)**	**19,550.63**	
XVIII	Funds for Operating Expenses expected equivalent to 1-month period	4,813.78	
XIX	**Net Cash Available for transfer to Distribution Account (XVII-XVIII)**	**14,736.85**	

We confirm that:

(a) in accordance with the workings set out in the attached Annexure 1, the Debt Service Cover Ratio for the Calculation Period ended on the relevant Calculation Date was 2.35x:1x.

(b) Copies of the Issuers audited Aggregated Accounts in respect of the Calculation Period is attached.

(c) as at the Calculation Date, the aggregate amount for transfer to our Distributions Account in accordance with the Operating Account Waterfall is Rs 14,736.85 million. We have not transferred any amount to AEML distribution account due to current lockdown situation under COVID-19 and to meet any emergency requirement.

(d) acting prudently under current lockdown under COVID-19 situation, the cash balance which can be distributed as permitted under the relevant Transaction Documents is Rs Nil million

(e) to the best of our knowledge having made due enquiry, no Default subsists.

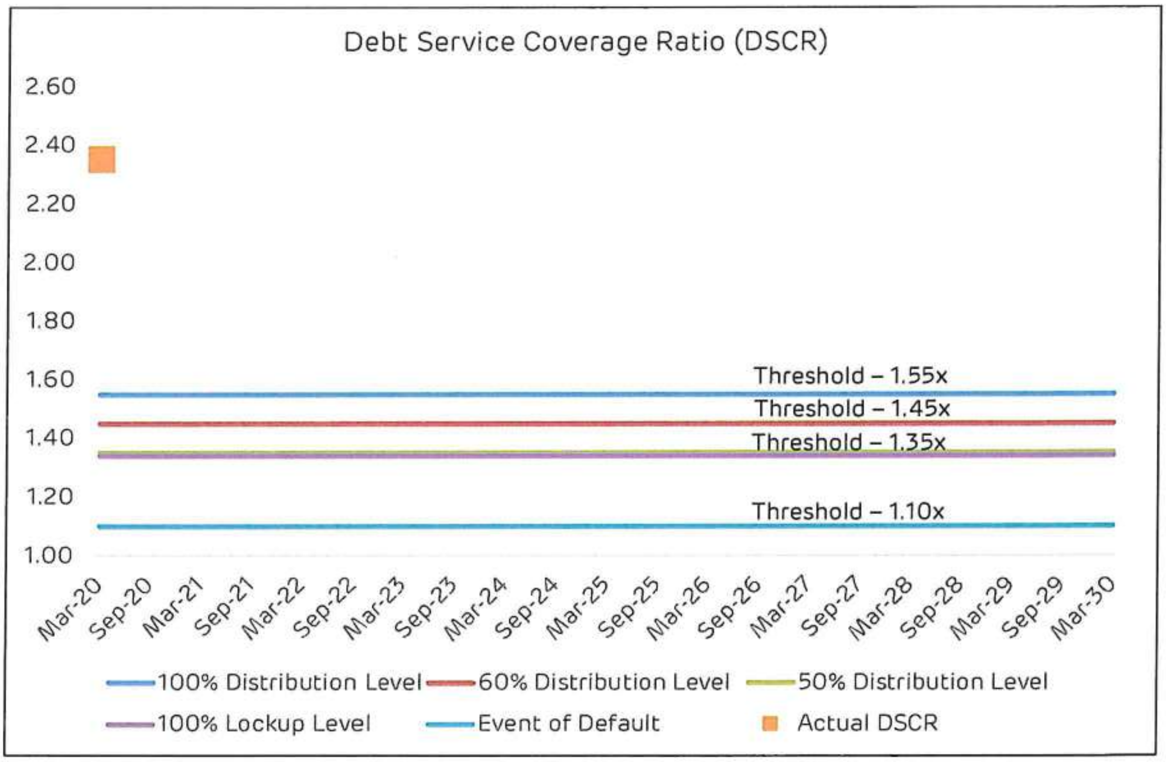
The Obligor Group on aggregate basis has achieved following ratios

Summary of the Covenants

Sr. No.	Particulars	Annexure	Ratios (as per Covenants)	Ratios March 31, 2020
1	Debt Service Coverage Ratio (DSCR)	Annexure 1	> 1.1x	2.35x
2	Project Life Coverage Ratio (PLCR)	Annexure 2	> 1.80x	3.57x
3	Net Debt to Regulatory Asset Base (RAB)	Annexure 3	< 1.4x	0.82x
4	Fund from Operations / Net Debt	Annexure 4	NA	29.93%

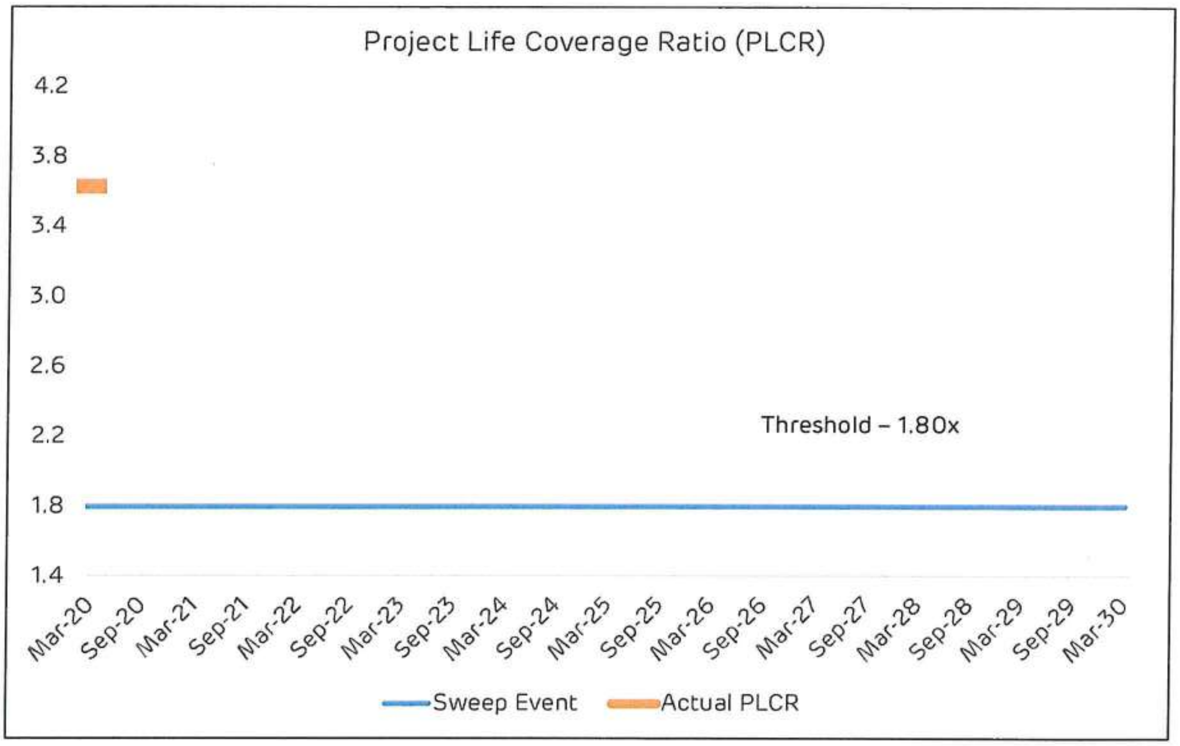
Financial Matrix

1. Debt Service Coverage Ratio (DSCR)



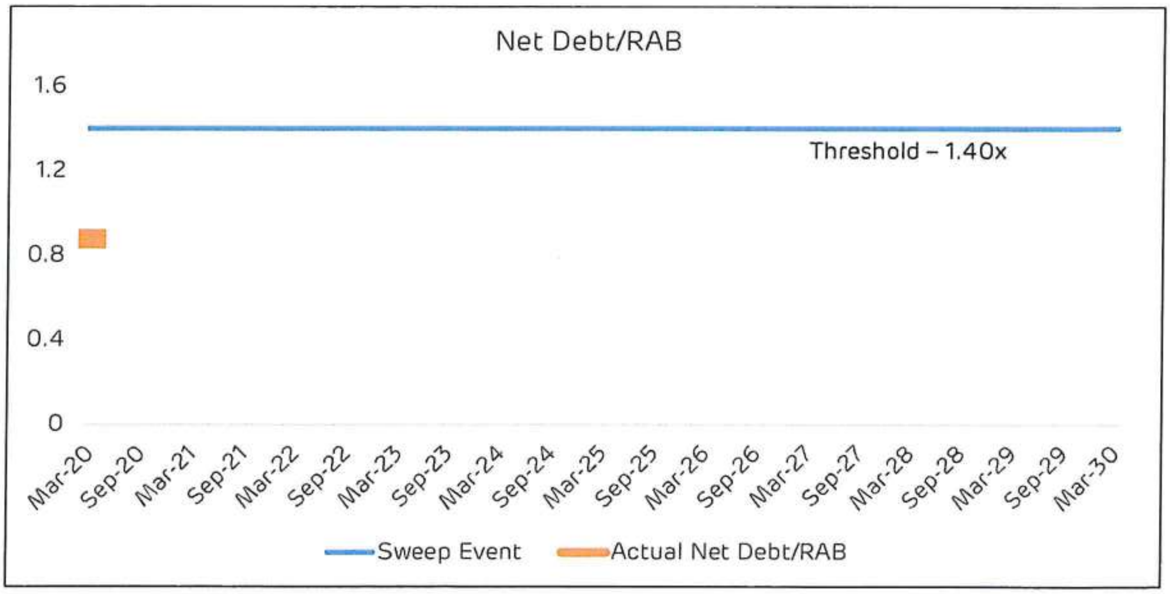
Note: The Actual DSCR of **2.35x** is for the 12 months ended on March '20

2. Project Life Coverage Ratio (PLCR)



Note: The actual PLCR of **3.57x** is the Debt Sizing Cover from NPV of future EBITDA as on March '20

3. Net Debt to RAB



Note: The actual Net Debt to RAB **0.82x** is the Debt Sizing as on March '20

Yours, faithfully

For Adani Electricity Mumbai Limited	For Power Distribution Services Limited
Name: Kandarp Patel	Name: Rakesh Tiwary
Designation: Managing Director & CEO	Designation: Authorised Signatory

Encl.:

1. Legal form of compliance Certificate **Appendix 1**
2. Covenant calculations (Annexure 1 to 4)
3. Refinancing Plan (Annexure 5)
4. Investment Details (Annexure 6)
5. Legal form of Directors Certificate **Appendix 2**
6. Other Security Certificate
7. Working Notes (Annexure 8)
8. Restricted group Aggregated Accounts for 12 months period ended March 31, 2020

Appendix 1

FORM OF COMPLIANCE CERTIFICATE

To: SBICAP Trustee Company Limited (the "Security Trustee")

Copy to: Madison Pacific Trust Limited (the "Note Trustee")

Copy to: Note Holders for U.S. $ 1,000,000,000 Senior Secured Notes Due 2030
Copy to: Citicorp International Limited
From: Adani Electricity Mumbai Limited ("AEML") (as borrower)

Power Distribution Services Limited ("PDSL") (as Obligor)

Dated: June 26, 2020

Dear Sirs

Adani Electricity Mumbai Limited and Power Distribution Services Limited ("PDSL") - Common Terms Deed dated February 12, 2020 (the "Common Terms Deed")

We refer to the Common Terms Deed. This is a Compliance Certificate given in respect of the Calculation Date occurring on March 31, 2020 (the "**Calculation Date**"). Unless otherwise defined herein, terms used in the Common Terms Deed shall have the same meanings in this Compliance Certificate.

We confirm that:

(a) as at the Calculation Date, the aggregate amount for transfer to the AEML Distributions Account in accordance with the Project Accounts Deed is INR. 14,736.85 million; We have not transferred any amount to AEML distribution account due to current lockdown situation under COVID-19.

(b) in accordance with the workings set out in the attached Annexure 1, the Debt Service Cover Ratio for the Calculation Period ended on the Calculation Date was 2.35x:1.0x;

(c) in accordance with the workings set out in the attached Annexure 2, the Project Life Cover Ratio for the Calculation Period ended on the relevant Calculation Date was 3.57x:1.0x;

(d) in accordance with the workings set out in the attached Annexure 3, the ratio of Net Debt to RAB for the Calculation Period ended on the relevant Calculation Date was 0.82x:1.0x;

(e) in accordance with the workings set out in the attached Annexure 4, the ratio of Funds From Operations to Net Debt for the Calculation Period ended on the Calculation Date was 30.07%;

(f) as at the Calculation Date, the cash balance in each of the Obligors' Project Accounts was as follows: (Refer Annexure 6)

Sr. No.	Account Name	Amount (INR million)
	Cash and Cash Equivalents	
	AEML PAD Accounts (various)	6,088.55
	AEML Non-PAD Account	18,731.20
	Income Accrued on Investment	44.00
	Cash on Hand	4.20
	Cheques / Drafts on Hand	61.30
I	**Total AEML Cash & Cash Equivalents**	**24,929.25**
II	PDSL Cash Balance	0.06
III	**Total Obligor Group Cash Balance (I+II)**	**24,929.31**
	Restricted Cash & Cash Equivalents	
	Debt Service Reserve Account	
	Senior Secured Notes	1,410.00
	Shareholders Affiliated Debts	650.00
	Term Loans from Banks	100.00
	Total Debt Service Reserve Account	**2,160.00**
	Add: Unutilised Term Loan Balance	698.15
	Add: Capital Expenditure Reserve Account	1,500.00
IV	**Total Restricted Cash & Cash Equivalents**	**4,358.15**
	Cash Balance (III-IV)	**20,571.16**

(g) the amount of capital expenditure forecast to be undertaken by the Company in the six-month period commencing on the Calculation Date was INR 6,880 million

(h) as at the Calculation Date, the Obligors' EBITDA (on an aggregate basis) for the Calculation Period ended on the Calculation Date was INR 18,610.66 million.

(i) No refinancing plan during the six-month period commencing from March 31, 2020 Calculation Date.

(j) each of the Obligors is acting prudently and has completed the required maintenance.

(k) to the best of our knowledge, having made due enquiry, no Default subsists[1].

[In accordance with paragraph 1 (c) (*Compliance Certificate*) of Schedule 3 (*Undertakings*), the Company hereby encloses at Annexure 5 a refinancing plan for the six-month period commencing on March 31, 2020, the Calculation Date.][2]

The details of all Authorised Investments in respect of each Project Account as at date of this Compliance Certificate are set in Annexure 6.

Yours, faithfully

For Adani Electricity Mumbai Limited	For Power Distribution Services Limited
Name: Kandarp Patel	Name: Rakesh Tiwary
Designation: Managing Director & CEO	Designation: Authorised Signatory

[1] If this statement cannot be made, the certificate should identify any Event of Default or Potential Event of Default, as applicable, that is subsisting and the steps, if any, being taken to remedy it.
[2] To be included if a refinancing plan has been prepared for any Calculation Period.

Debt Service Coverage Ratio (DSCR)

Annexure 1

Amount (INR million)

Sr. No.	Particulars	Mar-20	Data Source
	"Debt Service Cover Ratio" means, in relation to a Calculation Period ending on the relevant Calculation Date, the ratio of	**2.35**	
	"Cashflow Available for Debt Service" means, for the Obligor Group in relation to a Calculation Period, Combined EBITDA less amounts paid during such period in cash in respect of Tax less interest on RCF for the relevant period incurred by the Obligor Group (if any) plus any Opening Cash Balance.	**22,548.46**	
	Combined EBIDTA		
	Net Operating Income		
	Revenue from Operations	77,053.60	Profit & Loss Account
	Add: Other Income (Incl. Interest income on Investments)	1,650.10	
	Add: Net Movement in Regulatory Deferral Balance	(2,327.70)	
a	**Net Operating Income**	**76,376.00**	
	Operating Expenses		
	Cost of Power Purchased	26,791.31	Profit & Loss Account
	Cost of Fuel	10,182.34	
	Transmission Charges	4,031.56	
	Purchases of traded goods	289.48	
	Other Expenses	7,322.33	
	Employee Benefit Expense	9,148.32	Working Note 1
b	**Total Operating Expenses**	**57,765.34**	
I	**Combined EBIDTA (a-b)**	**18,610.66**	
II	Tax Paid	320.95	Statement of Cash Flow
III	Interest on Working Capital (RCF)	292.17	Note 28 (a) - Financial Statements
IV	Opening Cash Balance	2,558.72	Working Note 2
V	Cash Balance on Debt upsizing	1,992.20	Working Note 3
A	**Cash Flow Available for Debt Service (I-II-III+IV+V)**	**22,548.46**	
	Total Debt Service	**9,604.98**	
	the sum of scheduled principal repayment (to the extent not refinanced and without considering any RCF) adjusting, if applicable, any opening cash carried forward from the previous Calculation Period in the relevant Senior Debt Redemption Account and the AEML Surplus Holdings Account,	2,008.50	
a	Scheduled Principal Repayment (to the extent not refinanced and without considering any RCF)	2,008.50	Working Note 4
b	Less: opening cash carried forward from the previous Calculation Period in the relevant Senior Debt Redemption Account	Nil	
c	Less: opening cash carried forward from the previous Calculation Period in the relevant AEML Surplus Holdings Account	Nil	
VII	**Schedule Principal Repayments (a-b-c)**	**2,008.50**	

	interest payments to Senior Creditors and payments of any Costs (of recurring nature) to Senior Creditors in relation to Senior Debt due or accrued during that period and any Initial Termination Payment and where such Senior Debt is denominated in a currency other than INR the relevant amounts shall be calculated at the rate at which such Senior Debt is hedged under any Hedging Agreement.	**7,595.98**	
a	Finance Cost	11,184.89	Nota 28 (a) - Financial Statements
b	Less: Non-Recurring	2,080.92	Working Note 6
c	Less: Interest on Shareholders Affiliated Debts	218.03	
d	Less: Withholding Tax	24.64	
e	Less: Interest on Intercorporate Deposit - Parent Company	385.85	Nota 28 (a) - Financial Statements
f	Less: Interest on Working Capital	292.17	
g	Add: Unrealised Foreign Exchange Fluctuation Interest Cost Capitalised (Net)	520.37	
h	Add: Interest Cost Capitalised	217.53	
i	Less: Interest on Security Consumer Security Deposit	424.16	
j	Less: Interest on lease obligation (Ind AS)	68.92	
k	Less: Interest – Others	429.92	
l	Less: Other Finance Charges	56.80	
m	Less: Interest on Regulatory Loans	345.40	MIS
VIII	**Total Interest Service (a-b-c-d-e-f+g+h-i-j-k-l-m)**	**7,595.98**	
B	**Total Debt Service (VII+VIII)**	**9,604.48**	
C	***Debt Service Coverage Ratio (A/B)***	**2.35**	

Annexure 2

Project Life Coverage Ratio

Amount (INR million)

Sr. No.	Particulars	As on April 1, 2020	Data Source
	"Project Life Cover Ratio" means, as of any given date of calculation:		
I	Net Present Value (discounted using the Discount Rate) of the Combined EBITDA forecast for the period from the calculation date until the end of the period covered by the MERC	251,223.80	MIS
II	Residual value of the Regulated Business as at such end date	70,346.16	
III	Net present value (discounted using the Discount Rate) of the equity component of all Regulatory Capital Expenditure forecast for the period from the calculation date until the end of the period covered by the MERC Licenses;	54,886.61	
A	**Total A (I+II-III)**	**266,683.35**	
IV	**Senior Debt (excluding RCF),**	76,294.50	Working Note 11
V	the amounts in the Senior Debt Service Reserve Account, Senior Debt Redemption Account and Senior Debt Restricted Amortisation Account outstanding as at such date.	1,510.00	MIS
B	**Total B (IV-V)**	**74,784.50**	
C	**Project Life Cover Ratio (A / B)**	**3.57**	

I	**Opening WACC & Senior Debts**						
			(INR million)				
	Debt Instrument	**Amt**	**Cost of Debt**				
	Bonds	71,258.00	9.05%	Working Note 11			
	ECB Loans	5,036.50	7.81%				
	Total Senior Debts	**76,294.50**	**8.97%**				
II	**Net Present Value of combined EBIDTA**			MIS			
		1	**2**	**3**	**4**	**5**	**6**
	Year	**31-Mar-21**	**31-Mar-22**	**31-Mar-23**	**31-Mar-24**	**31-Mar-25**	**31-Mar-26**
	Residual Value	-	-	-	-	-	-
	EBIDTA Level	19,316.79	22,109.94	24,852.07	27,569.53	30,261.48	31,275.70
	EBDITA + RV	19,316.79	22,109.94	24,852.07	27,569.53	30,261.48	31,275.70
	Cost of Debt	9.15%	9.16%	9.24%	9.19%	9.20%	9.18%
		7	**8**	**9**	**10**	**11**	**12**
	Year	**31-Mar-27**	**31-Mar-28**	**31-Mar-29**	**31-Mar-30**	**31-Mar-31**	**31-Mar-32**
	Residual Value	-	-	-	-	-	-
	EBIDTA Level	32,844.89	34,100.70	31,413.73	32,788.70	34,188.92	35,840.68
	EBDITA + RV	32,844.89	34,100.70	31,413.73	32,788.70	34,188.92	35,840.68
	Cost of Debt	9.24%	9.23%	8.84%	8.87%	8.98%	8.97%
		13	**14**	**15**	**16**	**17**	
	Year	**31-Mar-33**	**31-Mar-34**	**31-Mar-35**	**31-Mar-36**	**31-Mar-37**	
	Residual Value	-	-	-	-	306,266.90	
	EBIDTA Level	37,508.21	33,676.88	36,678.16	34,192.66	35,266.04	
	EBDITA + RV	37,508.21	33,676.88	36,678.16	34,192.66	341,232.94	
	Cost of Debt	8.99%	8.94%	8.94%	8.92%	8.93%	
	NPV Factor (life cycle cost of Debt)			**9.03%**			
	NPV of EBIDTA			251,223.80			
	NPV of Regulated Business			70,346.16			
	Senior Debt O/s	76,294.50					
	Less : DSRA	1,510.00					
	Debt for PLCR	**74,784.50**					
III	NPV equity component of Regulatory Capital Expenditure				MIS		
		1	**2**	**3**	**4**	**5**	**6**
	Year	**31-Mar-21**	**31-Mar-22**	**31-Mar-23**	**31-Mar-24**	**31-Mar-25**	**31-Mar-26**
	Equity	5,749.74	6,005.39	5,746.95	5,334.98	4,836.86	4,710.41
	Residual Value	-	-	-	-	-	-
	Equity + RV	5,749.74	6,005.39	5,746.95	5,334.98	4,836.86	4,710.41
	Cost of Debt	9.15%	9.16%	9.24%	9.19%	9.20%	9.18%

	7	8	9	10	11	12
Year	**31-Mar-27**	**31-Mar-28**	**31-Mar-29**	**31-Mar-30**	**31-Mar-31**	**31-Mar-32**
Equity	3,769.22	3,410.01	2,965.19	4,605.40	4,948.91	5,189.34
Residual Value	-	-	-	-	-	-
Equity + RV	3,769.22	3,410.01	2,965.19	4,605.40	4,948.91	5,189.34
Cost of Debt	9.24%	9.23%	8.84%	8.87%	8.98%	8.97%
	13	**14**	**15**	**16**	**17**	
Year	**31-Mar-33**	**31-Mar-34**	**31-Mar-35**	**31-Mar-36**	**31-Mar-37**	
Equity	5,411.01	4,892.48	4,607.76	4,673.96	4,762.19	
Residual Value	-	-	-	-	56,010.15	
Equity + RV	5,411.01	4,892.48	4,607.76	4,673.96	60,772.33	
Cost of Debt	8.99%	8.94%	8.94%	8.92%	8.93%	
NPV Factor (life cycle cost of Debt)			**9.03%**			
NPV of Equity			54,886.61			

Net Debt to RAB **Annexure 3** Amount (INR Million)

Sr. No.	Particulars	Mar-20	Data Source
	"Net Debt" means the total indebtedness of the Obligors (excluding any working capital debt) less any amounts held in the Senior Debt Restricted Amortisation Account, the Senior Debt Service Reserve Account, the Senior Debt Restricted Reserve Account, the Senior Debt Redemption Account and any cash balances.	**54,213.34**	
I	Total Indebtedness (Excluding subordinated debt)	87,137.64	Working Note 9
II	Less: Working Capital Loans (RCF)	9,843.14	Working Note 9
III	Less: Long Term Rupee Term Loans (RCF)	1,000.00	
IV	Less: Senior Debt Service Reserve Account	1,510.00	MIS
V	Less: Senior Debt Restricted Reserve Account	-	
VI	Less: Senior Debt Redemption Account	-	
VII	Less: Cash Balances	20,571.16	Working Note 10
A	**Net Debt (I-II-III-IV-V-VI-VII)**	**54,213.34**	
	Regulatory Asset Base (RAB)		
	"**RAB**" means, as of any given date of calculation, an amount equal to the sum of		
I	the regulated asset base of the Borrower as set forth in the then-prevailing tariff order	62,494.70	MIS
II	all spent Regulatory Capital Expenditure pending capitalisation of the same.	3,755.29	Balance Sheet
B	**Total Regulatory Asset Base (RAB) (I+II)**	**66,249.99**	
	Net Debt to RAB (A/B)	**0.82**	

Fund from Operation to Net Debt **Annexure 4** Amt (INR Million)

Sr. No.	Particulars	Mar-20	Data Source
	"**Funds from Operations**" means EBITDA minus cash taxes paid and adjusted for any positive or negative adjustments in working capital minus cash net interest.	**16,300.45**	
	Combined EBIDTA		
	Net Operating Income		
	Revenue from Operations	77,053.60	Profit & Loss Account
	Add: Other Income (Incl. Interest income on Investments)	1,650.10	
	Add: Net Movement in Regulatory Deferral Balance	(2,327.70)	
a	**Net Operating Income**	**76,376.00**	
	Operating Expenses		
	Cost of Power Purchased	26,791.31	Profit & Loss Account
	Cost of Fuel	10,182.34	
	Transmission Charges	4,031.56	
	Purchases of traded goods	289.48	
	Other Expenses	7,322.33	
	Employee Benefit Expense	9,148.32	Working Note 1
b	**Total Operating Expenses**	**57,765.34**	
I	**Combined EBIDTA (a-b)**	**18,610.66**	
II	Less: Tax Paid	320.95	Statement of Cash Flow
III	Add: changes in Working Capital	5,871.02	Working Note 7
IV	Less: Cash Net Interest	7,860.28	Working Note 8
A	**Fund from Operations (I-II+III-IV)**	**16,300.45**	
	"Net Debt" means the total indebtedness of the Obligors (excluding any working capital debt) less any amounts held in the Senior Debt Restricted Amortisation Account, the Senior Debt Service Reserve Account, the Senior Debt Restricted Reserve Account, the Senior Debt Redemption Account and any cash balances.	**54,213.34**	
I	Total Indebtedness (Excluding subordinated debt)	87,137.64	Working Note 9
II	Less: Working Capital Loans (RCF)	9,843.14	Working Note 9
III	Less: Long Term Rupee Term Loans (RCF)	1,000.00	
IV	Less: Senior Debt Service Reserve Account	1,510.00	MIS
V	Less: Senior Debt Restricted Reserve Account	-	
VI	Less: Senior Debt Redemption Account	-	
VII	Less: Cash Balances	20,571.16	Working Note 10
B	**Total Net Debt**	**54,213.34**	
	Fund from Operation to Net Debt (A/B)	**30.07%**	

Annexure 5

Refinancing Plan

Not applicable right now as the same is to be provided 12 months ahead of maturity date.

Annexure 6

Details of all investments made as per Project Account Deed and Reserve Accounts as on March 31, 2020

Amt (INR Million)

Sr. No.	Name of Project Account	Balance	Investment	Total
	AEML Cash Balance			
	AEML PAD Accounts			
	AEML Cash Collections Account	0.10	Nil	0.10
	AEML Cheque Collections Account	28.10	Nil	28.10
	AEML Non-Energy Payment Collections Account	33.00	Nil	33.00
	AEML Utilisation Account	459.60	2,548.15	3,007.75
	AEML Taxes Account	Nil	Nil	Nil
	AEML O&M Expenses Account	9.60	Nil	9.60
	AEML Senior Debt Restricted Amortisation Account	Nil	Nil	Nil
	AEML Senior Debt Service Reserve Account	Nil	1,510.00	1,510.00
	AEML Senior Debt Redemption Account	Nil	Nil	Nil
	AEML Capital Expenditure Reserve Account	Nil	1,500.00	1,500.00
	AEML Subordinated Debt Payment Account	Nil	Nil	Nil
	AEML Surplus Holdings Account	Nil	Nil	Nil
	AEML Distributions Account	Nil	Nil	Nil
	AEML Enforcement Proceeds Account	Nil	Nil	Nil
A	**AEML PAD Accounts**	**530.40**	**5,558.15**	**6,088.55**
B	AEML Non-PAD Account	621.50	18,109.70	18,731.20
C	**Total Fund Balance (A+B)**	**1,151.90**	**23,667.85**	**24,819.75**
D	Add: Income Accrued on Investment	-	44.00	**44.00**
E	Add: Cash on Hand	4.20	-	**4.20**
F	Add: Cheques / Drafts on Hand	61.30	-	**61.30**
I	**Total AEML Cash & Cash Equivalent Balance (C+D+E+F)**	**1,217.40**	**23,711.85**	**24,929.25**
II	**PDSL Cash Balance**	0.06	Nil	**0.06**
	Total Obligor Group Cash Balance (I+II)	**1,217.46**	**23,711.85**	**24,929.31**

Appendix 2

Form Certificate of Directors

June 26, 2020

To
Madison Pacific Trust Limited (the "Note Trustee")
54th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

Dear Ladies and Gentlemen

Adani Electricity Mumbai Limited ("AEML") and Power Distribution Services Limited ("PDSL") (incorporated in the Republic of India with limited liability) U.S. $ 1,000,000,000 3.949 per cent Senior Secured Notes due 2030.

In accordance with the Common Trust Deed dated February 12, 2020 (as amended and/or supplemented from time to time, the "Note Trust Deed") made between (1) Adani Electricity Mumbai Limited and Power Distribution Services Limited (the "Issuers") and (2) the Note Trustee, we, as Directors of the Issuers, hereby confirm that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuers that as at date not more than five days before the date of this certificate (the "Certification Date"):

b. as at June 26, 2020, no Event of Default or Potential Event of Default had occurred since February 12, 2020.

c. from and including February 12, 2020 to and including June 26, 2020, each Issuer has complied in all respects with its obligations under the Note Trust Deed and the Notes.

Terms not defined herein shall have the same meanings as provided in the Note Trust Deed.

Yours faithfully

For Adani Electricity Mumbai Limited	For Power Distribution Services Limited
KPatel	
Name: Kandarp Patel	Name: Anil Kumar Gupta
Designation: Managing Director & CEO	Designation: Director

June 26, 2020

To
Madison Pacific Trust Limited (the "Note Trustee")
54th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

Dear Ladies and Gentlemen

Adani Electricity Mumbai Limited ("AEML") and Power Distribution Services Limited ("PDSL") (incorporated in the Republic of India with limited liability) U.S. $ 1,000,000,000 3.949 per cent Senior Secured Notes due 2030.

In accordance with the Common Trust Deed dated February 12, 2020 (as amended and/or supplemented from time to time, the "Note Trust Deed") made between (1) Adani Electricity Mumbai Limited and Power Distribution Services Limited (the "Issuers") and (2) the Note Trustee, we hereby certify on behalf of the Issuers, that:

1. The Security Package (including project documents and insurance contracts, if any) in respect of which Security has been created are as follows:

(a) a first ranking mortgage of immovable properties of the Borrower, listed in Schedule ("**Identified Immoveable Properties**");
(b) a negative lien over other immovable properties of the Borrower, excluding the Identified Immoveable Properties.
(c) a first charge by way of hypothecation of all the movable assets of the Project, both present and future.
(d) a first pari-passu charge on all book debts, operating cash flows, receivables (excluding Past Period Regulatory Assets; post distribution cash flows and debenture liquidity reserve), commissions or revenues whatsoever arising out of the Project, both present and future;
(e) a first pari-passu charge on the Accounts under the Project Accounts Deed (excluding the Excluded Accounts) and amounts lying to the credit of such Accounts, both present and future;
(f) a first pari-passu charge/ assignment in relation to the MERC Licenses of the Project, subject to approval from MERC;
(g) a pledge over 100% of the entire paid up equity and preference share capital of the Borrower.
(h) a negative lien of the PDSL in relation to the immoveable and moveable assets (including all book debts, operating cash flows, receivables, commissions, or revenues whatsoever of the PDSL), both present and future;
(i) Non-disposal undertaking on the shares of PDSL;

2. Stipulated Security Creation Timelines

(i) Security detailed under (b), (c), (d), (e), (g), (h) and (i) shall be created and perfected by the relevant security providers (as applicable) within 90 (ninety days) from the first disbursement date ("**First Security Longstop Date**").

(ii) Security detailed under (a) and (f) shall be created and perfected by the relevant security providers (as applicable) within 90 (ninety days) from the date by which the Borrower has procured relevant regulatory approvals and completed formalities for release of charge of existing lenders (who are being refinanced through the proceeds of the bonds) ("**Second Security Longstop Date**").

3. Ranking of Security

The Security Interest to be created on the Security as aforesaid shall rank pari passu inter se the Senior Secured Creditors.

4. The security creation and perfection for the first long stop date was May 12, 2020 and we have completed within stipulated timeline. The security creation and perfection for the second long stop date is under process and we are obtaining relevant approval from the Regulator.

Terms not defined herein shall have the same meanings as provided in the Note Trust Deed.

Yours faithfully

For Adani Electricity Mumbai Limited	For Power Distribution Services Limited
Name: Kandarp Patel	Name: Rakesh Tiwary
Designation: Managing Director & CEO	Designation: Authorised Signatory

Annexure 7

Amt (INR Million)

Working Note 1

Particulars	**Amt**	**Data Source**
Employee Benefit Expense		
Employee Benefit Expense	8,941.51	Profit & Loss Account
Add: Remeasurement of Defined Benefit Plans (under OCI)	206.81	Profit & Loss Account
Total Employee Benefit Expense	**9,148.32**	

Working Note 2

Opening Cash Balance (as on April 1 2019)		
Cash & Cash Equivalents	914.02	Balance Sheet
Contingency Reserve Investments		
Investment in Government Securities at amortised cost	1,209.20	Nota 6a - Financial Statements
Investment in Mutual Funds units at FVTPL (Unquoted)	435.50	Nota 6b - Financial Statements
Total Opening Cash Balance	**2,558.72**	

Working Note 3

Cash available on upsizing		
Shareholders Affiliated Debt	20,095.34	MIS
Senior Secured Note	71,245.79	MIS
Total Inflow	**91,341.13**	
Less: Refinance of existing Rupee Term Loans	88,578.83	MIS
Less: Margin against existing Non-Fund Base Limits of capex	770.10	MIS
Cash available on upsizing	**1,992.20**	

Working Note 4

Schedule Principal Repayments		
Total Long-Term Principal Repayments	**97,587.33**	Statement of Cash Flow
Less: Repayment on account of Refinance of existing Rupee Term Loan	88,578.83	MIS
Less: Repayment of existing Regulatory Assets Loan	7,000.00	MIS
Principal Repayments during the year	**2,008.50**	
Schedule Principal Repayments during the year		
Repayment of 3 Quarterly installment on existing Rupee Term Loans till date of refinance	1,912.50	MIS
Repayment of a Quarterly installment on existing Rupee Term Loans for capital expenditure till date of refinance	76.00	MIS
Repayment of previous year installment on existing Rupee Term Loans on due date	20.00	MIS
	2,008.50	

Working Note 5

	Break up of Finance Cost		
	Interest on Rupee Term Loans		
	Interest on Rupee Term Loans	7,123.72	MIS
	Fees Paid & Amortised	2,080.92	MIS
	Fees		
I	**Total Interest on Rupee Term Loans**	**9,204.64**	Nota 28 (a) - financial statements
	Interest on Foreign Currency Loans		
	Senior Secured Note		
	Interest	406.70	MIS
	Withholding Tax on Interest	23.49	MIS
A	**Total Senior Secured Note**	**430.19**	Nota 28 (a) - financial statements
B	**Total Shareholders Affiliated Debts**	**192.40**	Nota 28 (a) - financial statements
	External Commercial Borrowings		
	Interest	20.32	MIS
	Withholding Tax on Interest	1.15	MIS
C	**Total External Commercial Borrowings**	**21.47**	Nota 28 (a) - financial statements
II	**Total Interest on Foreign Currency Loans (A+B+C)**	**644.06**	Nota 28 (a) - financial statements
	Interest on Working Capital		
	Interest on Working Capital	262.06	MIS
	Fees Payments	30.11	MIS
III	**Total Interest on Working Capital**	**292.17**	Nota 28 (a) - financial statements
	Hedge Cost on Foreign Currency Loans		
	Senior Secured Note	373.27	MIS
	Shareholders Affiliated Debts	25.63	MIS
	External Commercial Borrowings	17.37	MIS
IV	**Total Hedge Cost on Foreign Currency Loans**	**416.27**	Nota 28 (a) - financial statements
V	Interest on Intercorporate Deposit - Parent Company	385.85	Nota 28 (a) - financial statements
VI	Security Deposits from Consumers at amortised cost	424.16	
VII	Interest on lease obligation (Ind AS)	68.92	
VIII	Interest - Others	429.92	
IX	Other Finance Charges	56.80	
	Foreign Exchange Fluctuation (Gain) (Net)		
	Senior Secured Note	(285.78)	MIS
	Shareholders Affiliated Debts	(282.25)	MIS
	External Commercial Borrowings	2.10	MIS
	Suppliers Credit	45.57	MIS
X	**Total Foreign Exchange Fluctuation (Gain) (Net)**	**(520.37)**	Nota 28 (a) - financial statements

XI	**Interest Cost Capitalised**	**(217.53)**	
	Total Finance Cost (I to XI)	**11,184.89**	Nota 28 (a) - financial statements

Working Note 6

	Finance Cost as per Definition		
A	Finance Cost	11,184.89	Nota 28 (a) - financial statements
	Less : Transaction Fees Paid & Amortised	2,080.92	MIS
	Interest on Shareholders Affiliated Debts		
	Interest	192.40	
	Hedging Cost	25.63	
C	**Less: Interest on Shareholders Affiliated Debts**	**218.03**	
	Withholding Tax on Interest		
	Senior Secured Notes	23.49	
	External Commercial Borrowings	1.15	
D	**Less: Withholding Tax on Interest**	**24.64**	
E	Less: Interest on Intercorporate Deposit - Parent Company	385.85	Nota 29 (a) - financial statements
F	Less: Interest on Working Capital (Including fees paid)	292.17	
G	Add: Unrealised Foreign Exchange Fluctuation Interest Cost Capitalised (Net)	520.37	
H	Add: Interest Cost Capitalised	217.53	
I	Less: Interest on Consumer Security Deposit	424.16	
J	Less: Interest on lease obligation (Ind AS)	68.92	
K	Less: Interest – Others	429.92	
L	Less: Other Finance Charges	56.80	
M	Less: Interest on Regulatory Loans	345.40	MIS
	Interest Service	**7,595.98**	

Working Note 7

	Changes in Working Capital		
I	**Changes in Working Capital**	**13,720.18**	Statement of Cash Flow
	Add: Provision for Doubtful Debts / Advances / Deposits	326.04	
	Less: Recovery of Regulatory Assets to the extent of utilised for repayment of Principal and interest		
	Long Term Loans	7,000.00	MIS
	Short Term Loans	789.90	MIS
	Interest on Long Term & Shor Term Regulatory Loans	385,30	MIS
II	**Total Repayment of Regulatory Loans**	**8,175.20**	
	Net Change in Working Capital (I-II)	**5,871.02**	MIS

Working Note 8

Cash Net Interest		
Cash outflow of Interest & Other Borrowing Cost	11,814.62	Statement of Cash Flow
Less: Interest on Intercorporate Deposit - Parent Company	579.00	MIS
Less: Upfront Fees Paid	217.60	MIS
Less: Transaction Cost paid - Bonds & ECB	592.12	MIS
Less: Transaction Cost paid - Sub Debts	85.84	MIS
Less: Upfront Premium Payment on Shareholders Affiliated Debt Hedging	994.00	MIS
Less: Prepayment charges	289.00	MIS
Less: Interest on Regulatory Loans	385.30	MIS
Less : Interest Others	330.50	
Less : Other Finance Charges	56.80	
Less : Interest on Consumer Security Deposit	424.16	
Cash Net Interest	**7,860.28**	

Working Note 9

	Total Indebtedness		
	External Commercial Borrowings in Foreign Currency - at Hedging Rate		
	Senior Secured Notes	71,258.00	MIS
	Term Loans from Banks	5,036.50	
A	**Total External Commercial Borrowings in Foreign Currency**	**76,294.50**	
	Rupee Term Loans from Banks		
	Rupee Term Loans from Banks	666.67	Nota 18 - financial statements
	Current maturities of long-term borrowings	333.33	Nota 24 - financial statements
B	**Total Rupee Term Loans from Banks**	**1,000.00**	
	Working Capital Loans (RCF)		
	Secured loans from banks		
	Buyers credit	1,332.74	Nota 23 - financial statements
	Working capital short term loan	8,400.00	
	Unsecured loans		
	Other Short-term loan from banks	110.40	
C	**Total Working Capital Loans (RCF)**	**9,843.14**	
	Total Indebtedness (A+B+C)	**87,137.64**	

Working Note 10

	Cash Balance		
I	**Cash & Cash Equivalents**		
A	Cash & Cash Equivalents (excl. investments)	1,226.99	Nota 14 - financial statements
	Investments (including income accrued)		
	Bank Balance Other than Cash and Cash Equivalents - At Amortised Cost	5,024.13	Nota 14 - financial statements
	Fixed Deposit with Banks	597.51	Nota 8 - financial statements
	Inter Corporate Deposit given	16,230.02	Nota 7 - financial statements
	Investment in Mutual Funds units at FVTPL (Unquoted)	1,850.66	Nota 6b - financial statements
b	**Total Investments (including income accrued)**	**23,702.32**	
I	**Total Cash & Cash Equivalents (a+b)**	**24,929.31**	
	Restricted Cash & Cash Equivalents		
	Debt Service Reserve Account		
	Senior Secured Notes	1,410.00	MIS
	Shareholders Affiliated Debts	650.00	MIS
	Term Loans	100.00	MIS
a	**Total Debt Service Reserve Account**	**2,160.00**	
b	Unutilised Term Loan Balance	698.15	MIS
c	Capital Expenditure Reserve Account	1,500.00	MIS
II	**Total Restricted Cash Balance (a+b+c)**	**4,358.15**	
	Cash Balance (I-II)	**20,571.16**	

Working Note 11

Debt Outstanding		
External Commercial Borrowings in Foreign Currency - at Hedging Rate		
Senior Secured Notes	71,258.00	MIS
Term Loans from Banks	5,036.50	
Total Debt Outstanding	**76,294.50**	

Working Note 12

	Working Capital Loan		
a	**Closing Working Capital Loan**	**9,843.10**	Nota 23 - Financial Statements
	Opening Working Capital	9,856.10	
	Less: Intercorporate Deposit - Parent Company	4,602.50	
	Less: Short Term Loan against Regulatory Assets	789.90	
b	**Net opening Working Capital**	**4,463.70**	
c	**Increase in Working Capital Loan (a-b)**	**5,379.40**	

	Working Note 13 **Unutilised Term Loan Balance** Inflow on drawn of ECB Facility A Less: - Utilised towards capex done during Quarter 4 of FY 20 - (70% Capex of INR 6,194.64 million)	5,034.40 4,336.25	
	Unutilised Term Loan Balance	**698.15**	

Deloitte Haskins & Sells LLP

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INDEPENDENT AUDITOR'S REPORT ON SPECIAL PURPOSE COMBINED FINANCIAL STATEMENTS

The Board of Directors
Adani Electricity Mumbai Limited

Report on the Audit of the Special Purpose Combined Financial Statements

Opinion

We have audited the accompanying special purpose combined financial statements of Adani Electricity Mumbai Limited (the "Company") and Power Distribution Services Limited (collectively, the "Obligor Group") as described in note 1 of the special purpose combined financial statements, which comprise the Special Purpose Combined Balance Sheet as at March 31, 2020, the Special Purpose Combined Statement of Profit and Loss (including other comprehensive Income) the Special Purpose Combined Statement of Changes in Net Shareholder's Investment and the Special Purpose Combined Statement of Cash Flows for the year ended March 31, 2020 and notes to the special purpose combined financial statements, including a summary of significant accounting policies and other explanatory information (collectively, the "Special Purpose Combined Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Combined Financial Statements is prepared, in all material respects, in accordance with the basis set out in note 2.2 to the Special Purpose Combined Financial Statements.

Basis for Opinion

We conducted our audit of the Special Purpose Combined Financial Statements in accordance with the Standards on Auditing (SAs) and other pronouncements issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Combined Financial Statements section of our report. We are independent of the Obligor Group in accordance with the Code of Ethics issued by the ICAI together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 (the "Act") and the Rules made thereunder, and we have fulfilled our other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a reasonable basis for our opinion on the Special Purpose Combined Financial Statements.

Emphasis of Matter - Basis of Accounting and Restriction on Use

We draw attention to notes 2.1 and 2.2 to the Special Purpose Combined Financial Statements, which describes the purpose and basis of preparation. The Special Purpose Combined Financial Statements have been prepared by the Obligor Group for the Company's Management for meeting the compliance requirements agreed, under the Common Terms Deed dated February 12, 2020 entered into between the Company, PDSL, Madison Pacific Trust Limited and SBICAP Trustee Company Limited and the US$ 400 million Facility Agreement dated February 13, 2020 entered into between the Company, PDSL, Arrangers, Original Lenders, Citicorp International Limited and SBICAP Trustee Company Limited, and accordingly may not be suitable for any other purpose, and should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Further, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

As a result, the Special Purpose Combined Financial Statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Other Matter

The accompanying Special Purpose Combined Financial Statements include total assets of Rs. 0.01 million as at March 31, 2020 and net cash inflow of Rs. 0.01 million for the period from December 6, 2019 to March 31, 2020 which have been extracted from the financial statements of Power Distribution Services Limited. The financial statements of Power Distribution Services Limited were audited by other auditors and the financial statements, other financial information and auditor's report have been furnished to us by the Obligor Group. Our opinion on the Special Purpose Combined Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this entity, and our report as aforesaid in so far as it relates to the aforesaid entity, is based solely on the report of the other auditor.

Our opinion is not modified in respect of this matter.

Management's Responsibility for the Special Purpose Combined Financial Statements

The Board of Directors of the Obligor Group are responsible for the preparation and presentation of these Special Purpose Combined Financial Statements that give a true and fair view of the financial position, financial performance, changes in Net Shareholder's Investment and cash flows of the Obligor Group in accordance with the basis stated in Note 2.2 to the Special Purpose Combined Financial Statements for the purpose set out in "Emphasis of Matter- Basis of Accounting and Restriction on Distribution and Use" paragraph above.

The respective Board of Directors of the companies included in the Obligor Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Obligor Group 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 Special Purpose Combined Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Special Purpose Combined Financial Statements by the Directors of the Obligor Group, as aforesaid.

In preparing the Special Purpose Combined Financial Statements, Directors of the Obligor Group are responsible for assessing the Obligor Group'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 Obligor Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of the Obligor Group are also responsible for overseeing the Obligor Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose Combined 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 and other pronouncements issued by ICAI 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 Special Purpose Combined Financial Statements.

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

- Identify and assess the risks of material misstatement of the Special Purpose Combined 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, but not for expressing an opinion on the effectiveness of the Obligor Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Obligor Group'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 Special Purpose Combined 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 Obligor Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Special Purpose Combined Financial Statements, including the disclosures, and whether the Special Purpose Combined Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings 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.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Bengali

Mohammed Bengali
(Partner)

(Membership No.105828)
(UDIN: 20105828AAAABZ1605)

Place: Mumbai
Date: June 30, 2020

ADANI ELECTRICITY MUMBAI LIMITED

adani

Obligor Group Special Purpose Combined Balance Sheet (₹ in Millions)

Particulars	Note	As at 31 March, 2020
ASSETS		
Non-current Assets		
Property, Plant and Equipment	6	123,780.62
Capital Work-In-Progress		3,755.29
Right-of-Use Assets	6a	1,572.89
Intangible Assets	6b	9,915.79
Intangible Assets Under Development		32.79
Financial Assets		
(i) Investments	7a	0.10
(ii) Loans	8	389.12
(iii) Other Financial Assets	9	8,661.04
Other Non-current Assets	11	2,852.38
Total Non-current Assets		**150,960.02**
Current Assets		
Inventories	12	5,114.21
Financial Assets		
(i) Investments	7b	1,850.66
(ii) Trade Receivables	13	5,520.00
(iii) Cash and Cash Equivalents	14	1,226.99
(iv) Bank Balances other than (iii) above	15	5,024.13
(v) Loans	8	16,310.26
(vi) Other Financial Assets	9	5,439.61
Other Current Assets	11	3,135.48
Total Current Assets		**43,621.34**
Total Assets before Regulatory Deferral Account		**194,581.36**
Regulatory Deferral Account - Assets	38	2,477.33
Total Assets		**197,058.69**
EQUITY AND LIABILITIES		
Equity		
Net Shareholder's Investment	16	45,243.38
Total Equity		**45,243.38**
Liabilities		
Non-current Liabilities		
Financial Liabilities		
(i) Borrowings	17	101,506.98
(ii) Trade Payables	18	
(A) total outstanding dues of micro enterprises and small enterprises; and		-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		293.48
(iii) Lease Liability obligation	19	696.81
(iv) Other Financial Liabilities	23	821.69
Provisions	20	2,482.40
Deferred Tax Liabilities (Net)	10 & 30	504.20
Other Non Current Liabilities	21	2,780.62
Total Non-current Liabilities		**109,086.18**
Current Liabilities		
Financial Liabilities		
(i) Borrowings	22	9,843.14
(ii) Trade Payables	18	
(A) total outstanding dues of micro enterprises and small enterprises; and		484.08
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		14,808.50
(iii) Lease Liability obligation	19	343.37
(iv) Other Financial Liabilities	23	8,532.26
Other Current Liabilities	21	2,847.35
Provisions	20	584.99
Current Tax Liabilities	24	242.14
Total Current Liabilities		**37,685.83**
Total Liabilities before Regulatory Deferral Account		**146,772.01**
Regulatory Deferral Account - Liabilities	38	5,043.30
Total Equity and Liabilities		**197,058.69**

See accompanying notes forming part of the special purpose combined financial statements

As per our attached report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm Registration Number : 117366W/W-100018

Mohammed Bengali
Partner
Membership No. 105828

Place : Mumbai
Date : 30 June, 2020

For and on behalf of the Board of Directors
ADANI ELECTRICITY MUMBAI LIMITED

Anil Sardana
Chairman
DIN: 00006867

Kandarp Patel
Managing Director & CEO
DIN.: 02947643

Rakesh Tiwary
Chief Financial Officer

Jaladhi Shukla
Company Secretary

Place : Ahmedabad
Date : 30 June, 2020

ADANI ELECTRICITY MUMBAI LIMITED

adani

Obligor Group Special Purpose Combined Statement of Profit and Loss (₹ in Millions)

Particulars	Note	For the year ended 31 March, 2020
Income :		
Revenue from Operations	25	77,053.60
Other Income	26	1,650.10
Total Income		**78,703.70**
Expenses :		
Cost Of Power Purchased		26,791.31
Cost of Fuel		10,182.34
Transmission Charges		4,031.56
Purchases of traded goods		289.48
Employee Benefit Expense	27	8,941.51
Finance Costs	28	11,184.89
Depreciation and Amortisation Expenses	6,6a&6b	5,104.63
Other Expenses	29	7,322.33
Total Expenses		**73,848.05**
Profit/(Loss) Before Movement in Regulatory Deferral Balance, Exceptional Items and Tax		**4,855.65**
Add/(Less): Net Movement in Regulatory Deferral Balance	38	(2,327.70)
Profit/(Loss) Before Exceptional Items and Tax		**2,527.95**
Exceptional items		-
Profit/(Loss) Before Tax		**2,527.95**
Tax Expense:	30	
Current Tax		508.43
Deferred Tax		1,517.40
		2,025.83
Profit/(Loss) after tax	**Total A**	**502.12**
Other Comprehensive Income / (Expense)		
(a) Items that will not be reclassified to profit or loss		
-Remeasurement of Defined Benefit Plans		(206.81)
-Income Tax Impact		36.13
(b) Items that will be reclassified to profit or loss		
-Effective portion of gains and losses on designated portion of hedging instruments in a cash flow hedge		(132.39)
Other Comprehensive Income / (Expense)	**Total B**	**(303.07)**
Total Comprehensive Income	**Total (A+B)**	**199.05**

See accompanying notes forming part of the special purpose combined financial statements

As per our attached report of even date

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Chartered Accountants
ICAI Firm Registration Number : 117366W/W-100018

Mohammed Bengali
Partner
Membership No. 105828

Place : Mumbai
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For and on behalf of the Board of Directors
ADANI ELECTRICITY MUMBAI LIMITED

Anil Sardana
Chairman
DIN: 00006867

Kandarp Patel
Managing Director & CEO
DIN.: 02947643

Rakesh Tiwary
Chief Financial Officer

Jaladhi Shukla
Company Secretary

Place : Ahmedabad
Date : 30 June, 2020

ADANI ELECTRICITY MUMBAI LIMITED

	As at 31 March, 2020 (₹ in Millions)
Opening Balance	40,441.70
Profit/(Loss) for the year	502.12
Equity issued to the Holding Company	7,412.14
Conversion of Unsecured Perpetual Instrument into Equity	(2,809.51)
Other comprehensive Income / (Expense) for the year (net of tax)*	(303.07)
Closing Balance	45,243.38

Closing Balance of Net Shareholder's Investment represents the aggregate amount of Share Capital, and other equity of Obligor Group, and does not necessarily represent legal Share Capital for the purpose of the Obligor Group.

* Other Comprehensive Income includes the adjustments for changes in actuarial valuation and cash flow hedge reserve.

See accompanying notes forming part of the special purpose combined financial statements

As per our attached report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm Registration Number : 117366W/W-100018

Mohammed Bengali
Partner
Membership No. 105828

Place : Mumbai
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For and on behalf of the Board of Directors
ADANI ELECTRICITY MUMBAI LIMITED

Anil Sardana
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Managing Director & CEO
DIN.: 02947643

Rakesh Tiwary
Chief Financial Officer

Jaladhi Shukla
Company Secretary

Place : Ahmedabad
Date : 30 June, 2020

ADANI ELECTRICITY MUMBAI LTD.

ADANI ELECTRICITY MUMBAI LIMITED

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Obligor Group Special Purpose Combined Statement of Cash flows

(₹ In Millions)

Particulars	For the year ended 31 March, 2020
A. Cash flow from operating activities	
Profit / (Loss) before tax	2,527.95
Adjustments for:	
Interest Income	(841.85)
Unrealised Foreign Exchange Gain	-
Unrealised Foreign Exchange Gain - Borrowings net of Hedging	(565.93)
Amortisation of Consumer Contribution	(84.88)
Gain On Sale / Fair Value Of Current Investments Measured at FVTPL	(158.88)
Gain On Sale / Fair Value Of Current Investments Measured at FVTPL - Contingency Reserve Fund	(107.77)
Finance Costs	11,750.82
Depreciation and Amortisation Expense	5,104.63
(Profit)/Loss on sale of Fixed Assets (Net)	45.76
Provision for Doubtful Debts / Advances / Deposits	326.04
Operating Profit / (Loss) before working capital changes	**17,995.89**
Changes in Working Capital:	
Adjustments for (Increase) / Decrease in Assets :	
Trade Receivables	(1,589.05)
Inventories	(1,763.63)
Financial Assets - Current / Non Current	5,870.71
Other Assets - Current / Non Current	(1,937.04)
Regulatory Deferral Account - Assets	8,578.60
Adjustment for Increase / (Decrease) in Liabilities :	
Trade Payables	2,568.77
Financial Liabilities - Current / Non Current	703.47
Provisions - Current / Non Current	(1,920.11)
Other Liabilities - Current / Non Current	880.76
Regulatory Deferral Account - Liabilities	2,327.70
Cash generated from operations	**31,716.07**
Tax paid (Net)	(320.95)
Net cash from / (used in) operating activities (A)	**31,395.12**
B. Cash flow from investing activities	
Capital expenditure on PPE (including Capital Advances)	(12,937.90)
Proceeds from Sale of PPE	29.04
Consideration Paid towards Business Acquisition	-
(Purchase) / Sale of Mutual Funds / Other Investments-Net	27.20
Bank balances not considered as Cash & Cash Equivalents	(2,631.42)
Loans (given) / repaid	(16,172.47)
Interest Received	842.45
Net cash from / (used in) investing activities (B)	**(30,843.20)**
C. Cash flow from financing activities	
Increase in Service Line Contribution	200.96
Proceeds from Long-term borrowings	104,694.20
Repayment of Long-term borrowings	(97,587.33)
Proceeds from Short-term borrowings	12,476.63
Repayment of Short-term borrowings	(7,887.11)
Proceeds from issue of equity shares to Holding Company by PDSL	0.10
Proceeds from Unsecured Perpetual Instrument	-
Distribution on Unsecured Perpetual Instrument	-
Payment of Lease Liability Obligation	(252.86)
Interest on Lease Liability Obligation	(68.92)
Interest & Other Borrowing Cost	(11,814.62)
Net cash from / (used in) financing activities (C)	**(238.95)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**312.97**
Cash and cash equivalents as at 01 April (Opening Balance)	**914.02**
Cash and cash equivalents as at 31 March (Closing Balance)	**1,226.99**

ADANI ELECTRICITY MUMBAI LTD. *

Obligor Group Special Purpose Combined Statement of Cash flows

Cash and Cash Equivalents includes	As at 31 March, 2020
Balances with banks	
- In current accounts	1,151.96
- Fixed Deposits	9.50
Cash On Hand	4.20
Cheques / Drafts On Hand	61.33
Total Cash & Cash Equivalents	**1,226.99**

Note :

Conversion of Unsecured Perpetual Instrument Rs 2809.51 Millions, ICD from Holding Company (including interest accrued) Rs 4602.51 Millions into Equity Shares of the Company have been treated as non cash transactions.

See accompanying notes forming part of the special purpose combined financial statements

As per our attached report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm Registration Number : 117366W/W-100018

Mohammed Bengali
Partner
Membership No. 105828

Place : Mumbai
Date : 30 June, 2020

For and on behalf of the Board of Directors
ADANI ELECTRICITY MUMBAI LIMITED

Anil Sardana
Chairman
DIN: 00006867

Kandarp Patel
Managing Director & CEO
DIN.: 02947643

Rakesh Tiwary
Chief Financial Officer

Jaladhi Shukla
Company Secretary

Place : Ahmedabad
Date : 30 June, 2020

ADANI ELECTRICITY MUMBAI LTD.

1 Corporate Information

Adani Electricity Mumbai Limited ("AEML") ("The Company") is a public limited company incorporated and domiciled in India having its registered office at Adani House, Nr. Mithakhali Six Roads, Navrangpura, Ahmedabad 380 009, Gujarat, India. It is subsidiary of Adani Transmission Limited (ATL) and ultimate holding entity is S. B. Adani Family Trust (SBAFT).

The integrated Mumbai Generation, Transmission and Distribution (GTD) Business caters to ~3.05 million customers, under a license provided to transmit and distribute electricity to consumers in Mumbai in an area of ~400 Sq km in and around suburbs of Mumbai inclusive of areas covered under the Mira Bhayender Municipal Corporation , making it the country's largest private sector integrated power utility, entailing ~1,964 MW of power distribution along with generation facilities (500 MW coal based) and over 567 ckt km of transmission network.

The Tariff to be charged to the consumers is regulated by Maharashtra Electricity Regulatory Commission ("MERC").

The Company is a subsidary of Adani Transmission Limited ("the Holding Company")

Power Distribution Services Limited ("PDSL"), (formerly known as Adani Electricity Mumbai Services Limited) is incorporated on 6 December 2019 and domiciled in India. It is subsidiary of Adani Transmission Limited, the Holding Company and has been incorporated with the object to provide multiple services including human resource management, administrative support, information technology support, finance and accounts, audit and assurance support, treasury management, tax advisory, security support and training, other corporate support, business plan advisory, advisory on the implementation of best practices in line with global utility players, and advisory on process improvement. The above services are only indicative, and the nature and quantum of services may vary.

The Financial Statements of PDSL are for the period from 6 December, 2019 to 31 March, 2020.

The Company and PDSL is together referred to as "the Obligor Group" in these Special Purpose Combined Financial Statements.

The equity shares in the Company and PDSL are held by the Holding Company (74.90%) and Qatar Holding LLC (25.10%) , which have been referred to in these Special Purpose Combined Financial Statements as "Net Shareholder's Investment".

The Obligor Group Comprise of the Company and the following entity

Entity	Country of Incorporation
Power Distribution Services Limited	India

These financial statements of the Obligor Group for the year ended March 31, 2020 were authorised for issue by the board of directors on 30 June, 2020

2.1 Purpose of the special purpose combined financial statements

The special purpose combined financial statements of Obligor Group have been prepared solely for the Company's Management for meeting the compliance requirements agreed, under the Common Terms Deed dated 12 February,2020 entered into between the Company,PDSL, Madison Pacific Trust Limited and SBICAP Trustee Company Limited in respect of the US Dollar denominated bonds listed on Singapore Exchange Securities Trading Limited (SGX-ST) and the US$ 400 million Facility Agreement dated 13 February,2020 entered into between the Company , PDSL, Arrangers, Original Lenders, Citicorp International Limited and SBICAP Trustee Company Limited.

The Special Purpose Combined Financial Statements presented herein reflect the Obligor Group's results of operations, assets and liabilities and cash flows as at and for the twelve months ended 31 March, 2020. The Financial Statements of PDSL are for the period from 6 December, 2019 to 31 March, 2020.

The basis of preparation and significant accounting policies used in preparation of these Special Purpose Combined Financial Statements are set out in note 2.2 and 3 below.

2.2 Basis of preparation and presentation

The Special Purpose Combined Financial Statements of the Obligor Group have been prepared in accordance with "recognition and measurement principles of Indian Accounting Standards issued by Institute of Chartered Accountants of India and as notified under the Companies (Indian Accounting Standards) Rules, 2015 (except Ind AS-33 ON Earning Per Share) and other accounting principles generally accepted in India and the Guidance Note on Combined and Carve-out Financial Statements issued by the Institute of Chartered Accountants of India (ICAI).

As these special purpose combined financial statements have been prepared on a combined basis, it is not meaningful to show share capital or provide an analysis of reserves. Net Shareholder's investment, therefore, represents the difference between the assets and liabilities pertaining to combined businesses. Share capital of Obligor Group is held by the Holding Company. Earnings Per Share have not been presented in these Special Purpose Combined Financial Statements, as Obligor Group did not meet the applicability criteria as specified under Ind AS 33 – Earnings Per Share

Management has prepared these special purpose combined financial statements to depict the historical financial information of the Obligor Group.

The Special Purpose Combined Financial Statements have been prepared on a going concern basis under the historical cost convention except for investments in mutual funds and certain financial assets and liabilities that are measured at fair values whereas net defined benefit (asset)/ liability are valued at fair value of plan assets less defined benefit obligation at the end of each reporting period, as explained in the accounting policies below.

As per the Guidance Note on Combined and Carve Out Financial Statements, the procedure for preparing combined financial statements of the combining entities is similar to that of consolidated financial statements as per the applicable Ind AS. Accordingly, when combined financial statements are prepared, intra-group transactions and profits or losses are eliminated. All the inter group transactions are undertaken on Arm's Length basis.The resulting financial position may not be that which might have existed if the combining businesses had been a stand-alone business.

Net Shareholder's investment disclosed in the Special Purpose Combined Financial Statements is not the legal capital and Other equity of the Obligor Group, and is the aggregation of the Share Capital, Unsecured Perpetual Debt and Other equity of each of the entities within the Obligor Group.

Accordingly, the following procedure is followed for the preparation of the Special Purpose Combined Financial Statements:

(a) Combined like items of assets, liabilities, equity, income, expenses and cash flows of the entities of the Obligor Group.

(b) Eliminated in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Obligor Group.

These Special Purpose combined financial statements are Combined Financial Statements and may not be necessarily indicative of the financial performance, financial position and cash flows of the Obligor Group that would have occurred if it had operated as separate stand-alone entities during the year presented or the Obligor Group's future performance. The Special Purpose Combined Financial Statements include the operation of entities in the Obligor Group, as if they had been managed together for the year presented.

Transactions that have taken place with other Group Companies (i.e. other entities which are a part of the Group and not included in the Obligor Group of entities) have been disclosed in accordance of Ind AS 24, Related Party Disclosures. The preparation of financial information in conformity with Ind AS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Obligor Group's accounting policies.

Income taxes are arrived at by aggregation of the tax expenses actually incurred by the combining businesses, after considering the tax effects of any adjustments which is in accordance with the Guidance Note on Combined and Carve-Out Financial Statements issued by the ICAI.

The financial statements have been prepared in "Indian Rupees" which is also the Obligor Group's functional currency and all amounts, are rounded to the nearest Million with two decimals. (Transactions below ₹ 5000.00 denoted as ₹0.00), unless otherwise stated.

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

2.3 Current versus Non-Current Classification

The Obligor Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle; or
- Held primarily for the purpose of trading; or
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

The Obligor Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Obligor Group has identified twelve months as its operating cycle.

ELECTRICITY MUMBAI LTD.

3 Summary of Significant Accounting Policies

3.01 1 Property, plant and equipment ("PPE")

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any.

In respect of Property, Plant and Equipment ("Assets") pertaining to Mumbai Generation, Transmission and Distribution business acquired from Reliance Infrastructure Limited under a Court sanctioned scheme of arrangement with an appointed date of 1 April, 2018, in line with the requirements of the Court Scheme, the Obligor Group has accounted for such Assets at their respective fair values as at April 01, 2018 based on valuation done by a Government registered valuer.

Subsequent additions to the assets on or after 1st April, 2018 are accounted for at cost. Cost includes purchase price (net of trade discount & rebates) and any directly attributable cost of bringing the asset to its working condition for its intended use and for qualifying assets, borrowing costs capitalised in accordance with IndAS 23. Capital work-in-progress is stated at cost, net of accumulated impairment loss, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Obligor Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Decapitalisation

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

Depreciation

Depreciation commences when an asset is ready for its intended use. Freehold land is not depreciated.

Regulated Assets

Subject to the below, depreciation on property, plant and equipment in respect of Mumbai Generation, Transmission and Distribution business of the Obligor Group is covered under Part B of Schedule II of the Companies Act, 2013, and has been provided on the straight line method at the rates and using the methodology as notified by the regulator.

For certain types of assets in respect of which useful life is not specified in MERC Multi Year Tariff Regulations ("MYT regulations"), useful life as prescribed under Schedule-II of Companies Act, 2013 is considered.

In respect of assets (other than Dahanu Thermal Power Station-DTPS) which have been accounted at fair value, considering life as specified in MYT regulations, depreciation is provided on Straight Line Method (considering a salvage value of 5%) over their balance useful life. In respect of DTPS based on technical evaluation, the balance useful life has been determined as 15 years as on 01 April, 2018.

Salvage value in respect of assets which have not been accounted at fair value has been considered at 10% except in respect of Furniture & Fixture, Vehicles, Office Equipment, Computers & Network and Electrical installations which has been considered at 5%.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and the effect of any changes in estimate is accounted for on a prospective basis.

Estimated useful lives of assets other than assets at DTPS are as follows:-

Type of Asset	Useful lives
Building	60 Years
Plant and Equipment	25 Years
Distribution Line / Transmission Cable	35 Years
Street Light	25 Years
Furniture and Fixtures	10 Years
Office Equipment	5 Years
Computers, Servers & Related Network	3 - 6 Years
Vehicles	8 - 10 Years

2 Intangible Assets

Intangible assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

In respect of Intangible Asset ("Assets") pertaining to Mumbai Generation, Transmission and Distribution business acquired from Reliance Infrastructure Limited under a Court sanctioned scheme of arrangement with an appointed date of 1 April, 2018, in line with the requirements of the Court Scheme, the Obligor Group has accounted for such Assets at their respective fair values as at April 01, 2018 based on valuation done by professional valuation firm.

Subsequent additions to the assets on or after 1st April, 2018 are accounted for at cost.

ADANI ELECTRICITY MUMBAI LTD. *

Derecognition of intangible assets.
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in statement of profit and loss when the asset is derecognised.

Useful life
Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible Assets with indefinite lives are not amortised but are tested for impairment on annual basis.

Estimated useful lives of the intangible assets are as follows

Type of Assets	Useful lives
Transmission License	Indefinite
Computer Software	3 years

3 **Intangible Assets Under Development - Software**

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

4 **Impairment of PPE and intangible assets**

PPE (including CWIP) and intangible assets with definite lives, are reviewed for impairment, whenever events or changes in circumstances indicate that their carrying values may not be recoverable. Intangible assets having indefinite useful lives are tested for impairment, at-least annually and whenever circumstances indicate that it may be impaired.

For the purpose of impairment testing, the recoverable amount (that is, higher of the fair value less costs to sell and the value-in-use) is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets, in which case the recoverable amount is determined at the cash generating unit ("CGU") level to which the said asset belongs. If such individual assets or CGU are considered to be impaired, the impairment to be recognised in the statement of profit and loss is measured by the amount by which the carrying value of the asset / CGU exceeds their estimated recoverable amount and allocated on pro-rata basis.

Impairment losses are reversed in the statement of profit and loss and the carrying value is increased to its revised recoverable amount provided that this amount does not exceed the carrying value that would have been determined had no impairment loss been recognised for the said asset / CGU in previous years.

3.02 **Cash & Cash Equivalents**
Cash & cash equivalents comprises cash on hand, cash at bank and short term deposit with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. Cash & cash equivalents include balance with banks which are unrestricted for withdrawal and usage.
For the purpose of the statement of cash flows, cash & cash equivalents consists of cash at banks and short term deposits as defined above, as they are considered an integral part of the Obligor Group cash management.

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3.03 Cash Flow Statement

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

3.04 Financial Instruments

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

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

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

3.05 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

1 **Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost using the effective interest rate method if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2 **Financial assets at fair value through other comprehensive income (FVTOCI)**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, the Obligor Group makes an irrevocable election on an instrument-by-instrument basis to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments, other than equity investment which are held for trading. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

3 **Financial assets at fair value through profit or loss (FVTPL)**

All financial assets that do not meet the criteria for amortised cost are measured at FVTPL.

4 **Impairment of investments**

The Obligor Group reviews its carrying value of investments carried at cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted in the statement of profit and loss.

5 **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Obligor Group of similar financial assets) is primarily derecognised (i.e. removed from the Obligor Group balance sheet) when:

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

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

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6 **Impairment of financial assets**

The Obligor Group assesses at each date of balance sheet whether a financial asset or a Obligor Group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Obligor Group recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

3.06 Financial liabilities and equity instruments

1 **Classification as debt or equity**

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

2 **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Obligor Group are recognised at the proceeds received, net of direct issue costs.

3 **Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the Effective Interest Rate (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

4 **Derecognition**

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

3.07 Reclassification of financial assets and liabilities

The Obligor Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Obligor Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Obligor Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Obligor Group either begins or ceases to perform an activity that is significant to its operations. If the Obligor Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Obligor Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

3.08 Offsetting of financial instruments

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

3.09 Inventories

Inventories are stated at the lower of cost and net Realisable value. Costs of inventories are determined on weighted average basis. Net Realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Cost of inventory includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Unserviceable/damaged stores and spares are identified and written down based on technical evaluation.

3.10 Business combinations and Goodwill

The Obligor Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in statement of profit and loss as incurred. The acquiree' s identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date.

If the initial accounting for a business combination is incomplete as at the reporting date in which the combination occurs, the identifiable assets and liabilities acquired in a business combination are measured at their provisional fair values at the date of acquisition. Subsequently adjustments to the provisional values are made within the measurement period, if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date; otherwise the adjustments are recorded in the period in which they occur.

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Purchase consideration paid in excess of the fair value of net assets acquired is recognised as goodwill. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Obligor Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in other comprehensive income (OCI) and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Obligor Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

3.11 Foreign currencies

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

Exchange differences arising on foreign currency borrowings are presented in the statement of profit and loss within finance cost, Except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

3.12 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement:

In order to hedge its exposure to foreign exchange and interest rate risks, the Obligor Group enters into forward, option, swap contracts and other derivative financial instruments. The Obligor Group does not hold derivative financial instruments for speculative purposes.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to the statement of profit and loss when the hedge item affects profit or loss. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

For the purpose of hedge accounting, hedges are classified as:

Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an Unrecognised firm commitment.

Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an Unrecognised firm commitment.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

At the inception of a hedge relationship, the Obligor Group formally designates and documents the hedge relationship to which the Obligor Group wishes to apply hedge accounting.

The documentation includes the Obligor Group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

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Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

i) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the statement of profit and loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

When an Unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in statement of profit and loss.

Hedge accounting is discontinued when the Obligor Group revokes the hedge relationship, the hedging instrument or hedged item expires or is sold, terminated, or exercised or no longer meets the criteria for hedge accounting.

ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

Amounts recognised in OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

3.13 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Obligor Group expects to be entitled in exchange for those goods or services

1 **Transmission of Power**

Revenue from transmission of power is recognised net of cash discount over time for transmission of electricity. The Obligor Group as per the prevalent tariff regulations is required to recover its Annual Revenue Requirement ('ARR') comprising of expenditure on account of operations and maintenance expenses, financing costs, taxes and assured return on regulator approved equity with additional incentive for operational efficiencies.

Input method is used to recognize revenue based on the Obligor Group's efforts or inputs to the satisfaction of a performance obligation to deliver power

As per tariff regulations, the Obligor Group determines ARR and any surplus/shortfall in recovery of the same is accounted as revenue.

2 **Sale of Power - Distribution**

Revenue from sale of power is recognised net of cash discount over time for each unit of electricity delivered at the pre determined rate.

3 **Rendering of Services**

Revenue from a contract to provide services is recognized over time based on output method where direct measurements of value to the customer based on survey's of performance completed to date. Revenue is recognised net of cash discount at a point in time at the contracted rate.

4 **Interest on Overdue Receivables / Delay Payment Charges**

Consumers are billed on a monthly basis and are given average credit period of 15 to 30 days for payment. No delayed payment charges ('DPC') / interest on arrears ('IOA') is charged for the initial 15-30 days from the date of invoice to customers. Thereafter, DPC / IOA is charged at the rate prescribed in the tariff order on the outstanding amount.

Revenue in respect of delayed payment charges and interest on delayed payments leviable as per the relevant contracts are recognised on actual realisation or accrued based on an assessment of certainty of realization supported by either an acknowledgement from customers or on receipt of favorable order from regulator / authorities.

5 **Sale of Traded Goods :**

Revenue from sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

• The Obligor Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
• the amount of revenue can be measured reliably; and
• it is probable that the economic benefits associated with the transaction will flow to the Obligor Group.

There is no significant judgement involved while evaluating the timing as to when customers obtain control of promised goods and services.

6 **Amortisation of Service Line Contribution**

Contributions by consumers towards items of property, plant and equipment, which require an obligation to provide electricity connectivity to the consumers, are recognised as a credit to deferred revenue. Such revenue is recognised over the useful life of the property, plant and equipment.

7 **Interest income:**

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

3.14 Regulatory Deferral Account

The Obligor Group determines revenue gaps (i.e. surplus/shortfall in actual returns over returns entitled) in respect of its regulated operations in accordance with the provisions of Ind AS 114 "Regulatory Deferral Accounts" read with the Guidance Note on Rate Regulated Activities issued by ICAI and based on the principles laid down under the relevant Tariff Regulations/Tariff Orders notified by the Electricity Regulator and the actual or expected actions of the regulator under the applicable regulatory framework. Appropriate adjustments in respect of such revenue gaps are made in the regulatory deferral account of the respective year for the amounts which are reasonably determinable and no significant uncertainty exists in such determination. These adjustments/accruals representing revenue gaps are carried forward as Regulatory deferral accounts debit/credit balances (Regulatory Assets/Regulatory Liabilities) as the case may be in the financial statements, which would be recovered/refunded through future billing based on future tariff determination by the regulator in accordance with the electricity regulations

The Obligor Group presents separate line items in the balance sheet for:
i.the total of all regulatory deferral account debit balances; and
ii.the total of all regulatory deferral account credit balances.

A separate line item is presented in the Statement of Profit and Loss for the net movement in regulatory deferral account. Regulatory assets/ liabilities on deferred tax expense/income is presented separately in the tax expense line item

3.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.16 Employee benefits

1 **Defined contribution plan:**

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

2 **Defined benefit plans:**

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Obligor Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Obligor Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non routine settlements; and
- Net interest expense or income.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs

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

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The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

3 **Current and other non-current employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of current employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other non-current employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Obligor Group in respect of services provided by employees up to the reporting date.

4 **Short-term and other long-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Obligor Group in respect of services provided by employees up to the reporting date.

3.17 Leases

1 **Under Ind AS 116 Leases:**

Effective from 1st April, 2019, the Obligor Group adopted Ind AS 116 – Leases and applied the standard to all lease contracts existing as on 1st April, 2019 using the modified retrospective method on the date of initial application i.e. 1st April, 2019. Refer note no 3.2 for details on transition to Ind AS 116 Leases.

At inception of a contract, the Obligor Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Obligor Group recognises a right-of-use asset and a lease liability at the lease commencement date except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Lease term is a non-cancellable period together with periods covered by an option to extend the lease if the Obligor Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Obligor Group is reasonably certain not to exercise that option.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Obligor Group by the end of the lease term or the cost of the right-of-use asset reflects that the Obligor Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments to be paid over the lease term at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Obligor Group's incremental borrowing rate. Generally, the Obligor Group uses its incremental borrowing rate as the discount rate. Subsequently, the lease liability is measured at amortised cost using the effective interest method.

2 **Under Ind AS 17 Leases:**

Assets held under lease

Leases of property, plant and equipment that transfer to the Obligor Group substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Obligor Group substantially all the risks and rewards of ownership (i.e. operating leases) are not recognized in the Balance Sheet.

3 **Lease payments**

Payments made under operating leases are generally recognised in profit and loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

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3.18 Taxation

Tax on income comprises current tax and deferred tax. These are recognised in Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

1) **Current tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Obligor Group operates and generates taxable income.

Current income tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2 **Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction other than a business combination that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised. The Obligor Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

Deferred tax assets are recognised for unused tax losses (excluding unabsorbed depreciation) to the extent that it is probable that taxable profit will be available against which the losses 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.

3.19 Provisions, Contingent Liabilities and Contingent Assets.

1 **Provisions**

Provisions are recognised when the Obligor Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Obligor Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Present obligations arising under onerous contracts are recognised and measured as provisions with charge to statement of profit and loss. An onerous contract is considered to exist where the Obligor Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2 **Contingent liability**

A possible obligation that arises from past events and 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 enterprise are disclosed as contingent liability and not provided for. Such liability is not disclosed if the possibility of outflow of resources is remote.

3 **Contingent assets**

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognised but disclosed only when an inflow of economic benefits is probable.

3.20 Dividend distribution to equity shareholders of the Obligor Group

The Obligor Group recognises a liability to make dividend distributions to its equity holders when the distribution is authorised and the distribution is no longer at its discretion. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

In case of Interim Dividend, the liability is recognised on its declaration by the Board of Directors.

4.1 Standards issued but not effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

4.2 Change in accounting policies and disclosures

Ind AS 116 Leases

Ind AS 116 supersedes Ind AS 17 Leases, including Appendix A of Ind AS 17 Operating Leases-Incentives, Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and Appendix C of Ind AS 17, Determining whether an Arrangement contains a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Obligor Group is the lessor.

The Obligor Group adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Obligor Group elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 April 2019. Instead, the Obligor Group applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C to Ind AS 17 at the date of initial application.

The effect of adoption Ind AS 116 as at 1 April 2019 (increase/ (decrease)) is, as follows:

Assets	(₹ in Millions)
Right- of- Use assets	84.33
Prepayments- Land	(12.17)
Prepayments- Way Leave rights	(8.41)
Total Assets	63.75
Liabilities	
Lease Liability Obligation	63.75
Total Liabilities	**63.75**

The Obligor Group has lease contracts for various items of plant, machinery and buildings. Before the adoption of Ind AS 116, the Obligor Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to Note 2.20 (2) Leases for the accounting policy prior to 1 April 2019.

Upon adoption of Ind AS 116, the Obligor Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2.20 (1) Leases for the accounting policy beginning 1 April 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Obligor Group.

• **Leases previously classified as finance leases**

The Obligor Group did not have any finance leases.

• **Leases previously accounted for as operating leases**

The Obligor Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Obligor Group also applied the available practical expedients wherein it:

* Used a single discount rate to a portfolio of leases with reasonably similar characteristics
* Relied on its assessment of whether leases are onerous immediately before the date of initial application
* Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
* Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
* Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Assets	(₹ in Millions)
Operating lease commitments as at 31 March, 2019	88.78
Weighted average incremental borrowing rate as at 1 April, 2019	10.00%
Discounted operating lease commitments as at 1 April 2019	63.75
Lease liabilities as at 1 April 2019	63.75

Adoption of the above standard did not have material financial impact on the Consolidated Financial Statements of the Obligor Group.

5 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Obligor Group's accounting policies, management of the Obligor Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

Estimation of current tax and deferred tax expense - Note 30

Estimates used for impairment of transmission license - Note 31

Assessment of lease classification in respect of long term power purchase agreement - Note 32 (I) (b)

Judgement to estimate the amount of provision required or to determine required disclosure related to litigation and claims against the Obligor Group - Note 33

Estimation of defined benefit obligation - Note 37

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Obligor Group and that are believed to be reasonable under the circumstances.

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Notes to Obligor Group Special Purpose Combined financial statements
Note 6 : Property, plant and equipment (PPE)

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(₹ in Millions)

Particulars	Freehold Land	Buildings - Residential	Buildings- Others	Plant and Equipment	Distribution Systems	Street Light	Railway Siding	Jetty	Furniture and Fixtures	Vehicles	Office Equipment	Computers & Network	Electrical Installations	Total
Gross carrying amount														
As at 1st April 2019	**26,368.70**	**1,022.22**	**7,526.00**	**39,862.71**	**45,439.33**	**1,485.37**	**68.74**	**12.56**	**177.67**	**147.47**	**140.79**	356.68	189.66	**122,797.90**
Additions	-	18.72	314.34	5,119.36	4,377.66	229.29	-	-	17.84	128.08	14.49	387.66	61.02	10,668.46
Disposals	-	-	-	76.19	-	-	-	-	-	10.46	1.93	4.22	1.20	94.00
Closing Gross carrying amount as on 31 March, 2020	**26,368.70**	**1,040.94**	**7,840.34**	**44,905.88**	**49,816.99**	**1,714.66**	**68.74**	**12.56**	**195.51**	**265.09**	**153.35**	**740.12**	**249.48**	**133,372.36**
Accumulated depreciation and impairment														
As at 1st April 2019	-	41.29	270.28	2,246.61	1,775.51	71.98	4.28	0.80	48.03	34.57	79.55	189.65	57.63	4,820.18
Depreciation charge for the year	-	41.75	267.09	2,261.13	1,875.43	140.47	4.09	0.75	25.88	19.98	21.12	108.34	24.73	4,790.76
Eliminated on disposal of assets	-	-	-	9.56	-	-	-	-	-	2.78	1.83	4.00	1.03	19.20
Closing accumulated depreciation as on 31 March, 2020	-	**83.04**	**537.37**	**4,498.18**	**3,650.94**	**212.45**	**8.37**	**1.55**	**73.91**	**51.77**	**98.84**	**293.99**	**81.33**	**9,591.74**
Net carrying amount - 31 March, 2020	**26,368.70**	**957.90**	**7,302.97**	**40,407.70**	**46,166.05**	**1,502.21**	**60.37**	**11.01**	**121.60**	**213.32**	**54.51**	**446.13**	**168.15**	**123,780.62**

Notes:

(i) Refer footnote to Note 17 for security/charges created on property, plant and equipment.
(ii) The title deeds in respect of land and certain residential properties are either in the erstwhile names of the Company viz: "Bombay Suburban Electric Supply Limited" / "Reliance Infrastructure Limited". The Obligor Group is in process of transferring the same.

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Note 6a: Right of Use

(₹ in Millions)

Particulars	Right of Use			
	Leasehold Land	Building	Way Leave Rights	Total
Gross carrying amount				
As at 1st April 2019				
On transition to Ind-AS 116	121.73	637.54	84.06	843.33
Additions	15.76	906.67	317.48	1,239.91
Disposal / Reassessment of Lease	-	251.17	-	251.17
Closing Gross carrying amount as on 31 March, 2020	137.49	1,293.04	401.54	1,832.07
Accumulated amortisation & Impairment				
As at 1st April 2019	-	-	-	-
Amortisation charge of the year	3.19	**237.95**	18.04	259.18
Eliminated on disposal of assets	-	-	-	-
Closing accumulated amortisation as on 31 March, 2020	**3.19**	**237.95**	**18.04**	**259.18**
Net carrying amount - 31 March, 2020	**134.30**	**1,055.09**	**383.50**	**1,572.89**

Note 6b: Intangible Assets

(₹ in Millions)

Particulars	Computer Software	Transmission License	Total
Gross carrying amount			
As at 01 April 2019	122.10	9,816.20	9,938.30
Additions	119.88	-	119.88
Disposal	-	-	-
Closing Gross carrying amount as on 31 March, 2020	241.98	9,816.20	10,058.18
Accumulated amortisation & Impairment			
As at 01 April 2019	87.70	-	87.70
Amortisation charge for the year	54.69	-	54.69
Eliminated on disposal of assets	-	-	-
Closing accumulated amortisation as on 31 March, 2020	**142.39**	-	**142.39**
Net carrying amount - 31 March, 2020	**99.59**	**9,816.20**	**9,915.79**

Notes:

(i) The above Intangible Assets are other than internally generated Intangible Assets.

(ii) Transmission License was acquired as part of the business acquisition as described in Note 31. The License is valid for 25 years from 16th August 2011 to 15th August 2036. The license can be further extended at minimal cost, considering similar extensions have happened in the past. Based on an analysis of all of the relevant factors, the license is considered by the Obligor Group as having an indefinite useful life, as there is no foreseeable limit to the period over which the transmission business related assets are expected to generate net cash inflows for the Obligor Group.

(iii) The title deeds in respect of certain lease hold land properties are either in the erstwhile names of the Company viz: "Bombay Suburban Electric Supply Limited" / "Reliance Infrastructure Limited". The Obligor Group is in process of transferring the same.

(iv) Transmission License is pledged as security with the Lenders against borrowings.

Depreciation / Amortisation		For the year ended 31 March, 2020 (₹ in Millions)
Depreciation on Tangible Assets		4,790.76
Amortisation of Intangible Assets		54.69
Amortisation of Right of Use		259.18
	Total	**5,104.63**

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		Face Value of ₹	No of Securities / Shares	As at 31 March, 2020
7	**Investments**			(₹ in Millions)
7a	**Non-current investments**			
	Investment in Equity Shares of Subsidiary (Unquoted) (Cost)			
	Adani Electricity Mumbai Infra Limited.	10	10000	0.10
		Total		**0.10**

		Face Value of ₹ unless otherwise specified	No of Units	As at 31 March, 2020
7b	**Current investments**			(₹ in Millions)
	Investment in Mutual Funds units at FVTPL (Unquoted)			
	Contingency Reserve Investments			
	SBI Liquid Fund Direct Growth	1000	5,95,254	1,850.66
				1,850.66

		Non-Current As at 31 March, 2020 (₹ in Millions)	Current As at 31 March, 2020 (₹ in Millions)
8	**Loans - At Amortised Cost**		
	Housing loans to employee against hypothecation of the property	313.71	48.17
	(Secured, considered good)		
	Inter Corporate Deposit given		16230.02
	(Unsecured, considered good)		
	Loans to employees	75.41	32.07
	(Unsecured, considered good)		
		389.12	**16,310.26**

		Non-Current As at 31 March, 2020 (₹ in Millions)	Current As at 31 March, 2020 (₹ in Millions)
9	**Other Financial Assets - At Amortised Cost**		
	(Unsecured, considered good unless otherwise stated)		
	Security Deposits - Unsecured		
	Considered Good	286.40	-
	Considered doubtful	10.28	-
		296.68	-
	Less : Provision For Doubtful Deposits	(10.28)	-
	Total	286.40	-
*	Fixed Deposit with Banks	597.51	-
	Other Financial Assets	-	23.72
	Derivative instruments designated in hedge accounting relationship	7,777.13	221.93
	Unbilled Revenue	-	5,193.96
		8,661.04	**5,439.61**

Note :

* Represents margin money with banks for guarantees issued.

		As at 31 March, 2020 (₹ in Millions)
10	**Deferred Tax Assets / Liabilities (Net)**	
	Deferred Tax Assets	7,648.90
	Deferred Tax Liabilities	8,153.10
	Net Deferred Tax Assets / Liabilities	**504.20**

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11	Other Assets	Non-Current As at 31 March, 2020	Current As at 31 March, 2020
	(Unsecured, Considered good)	(₹ in Millions)	(₹ in Millions)
	Advance to Suppliers	-	2,879.36
	Balances with Government authorities	-	37.88
	Prepaid Expenses	29.10	131.55
	Capital advances	2,823.28	-
	Advance to Employees	-	86.69
		2,852.38	3,135.48

12	Inventories (Stated at lower of Cost and Net Realisable Value)	As at 31 March, 2020 (₹ in Millions)
	Fuel	3,328.28
	Fuel - In Transit	871.89
	Stores & spares	914.04
		5,114.21

Above inventories are pledged as security with the Lenders against borrowings.

13	Trade Receivables	As at 31 March, 2020
	(unsecured otherwise stated)	(₹ in Millions)
	Unsecured, considered good	5,520.00
	Credit Impaired	646.93
		6,166.93
	Less : Provision for doubtful Trade receivables	(646.93)
		5,520.00

Note :

(i) The Obligor Group holds security deposit in respect of trade receivables - Refer Note No 23

(ii) Above trade receivables are pledged as security with the Lenders against borrowings.

(iii) As at 31 March, 2020 - ₹ 597.01 Million is due from Municipal Corporation of Greater Mumbai which represents Obligor Group's large customer who owes more than 5% of the total balance of trade receivables.

(iv) The average credit period for the Obligor Group's receivables from its transmission and distribution (including street light maintenance) business is in the range of 15 to 30 days. No interest or delayed payment is charged on trade receivables till the due date. Thereafter, one time delayed payment charges at the rate of 1.25% & Interest after 30 / 60 days from bill date is charged in the range of 12% to 15% per annum

(v) In case of transmission business, regulator approved tariff is receivable from long-term transmission customers (LTTCs) and Discoms that are highly rated companies or government parties. Counterparty credit risk with respect to these receivables is very minimal.

(vi) The Obligor Group considers for impairment its receivables from customers in its Mumbai distribution business. The risk of recovery in these businesses is reduced to the extent of security deposits already collected and held as collaterals. Balance amount receivable over and above the deposit is assessed for expected credit loss allowances. The Obligor Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experienced and adjusted for forward- looking information. The expected credit loss allowance is based on ageing of the days the receivables are due.

13.1	Trade Receivables Age of receivables	As at 31 March, 2020 (₹ in Millions)
	Within the Credit Period	2,996.47
	1-90 days past due	1,885.68
	91-182 days past due	343.79
	More than 182 days past due	940.99
		6,166.93

13.2	Movement in provision for doubt in Trade Receivables	As at 31 March, 2020 (₹ In Millions)
	Opening Balance	270.39
	Movement in expected credit allowance on trade receivable (Net)	376.54
	Closing Balance	646.93

The concentration of credit risk is very limited due to the fact that the large customers are mainly government bodies / departments and remaining customer base is large and widely dispersed and secured with security deposit.

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14 Cash and Cash Equivalents - At Amortised Cost

	As at 31 March, 2020 (₹ in Millions)
Balances with banks	
- In current accounts	1,151.96
- Fixed Deposits	9.50
Cash On Hand	4.20
Cheques / Drafts On Hand	61.33
Total Cash & Cash Equivalents as per Statement of Cash Flows	**1,226.99**

Reconciliation of liabilities from Financing Activities (₹ in Millions)

Particulars	As at 1st April, 2019	Cash flows		Non-cash Transaction	As at 31st March, 2020
		Proceeds	Repayment		
Non-current Borrowings (Including Current Maturities of Non-current Borrowings)	88,692.86	104,694.20	(97,587.33)	6,040.58	101,840.31
Current Borrowings	9,856.13	12,476.63	(7,887.11)	(4,602.51)	9,843.14
Unsecured Perpetual Instrument	2,572.32	-	-	(2,572.32)	-
Total	101,121.31	117,170.83	(105,474.44)	(1,134.25)	111,683.45

15 Bank Balance Other than Cash and Cash Equivalents - At Amortised Cost

	As at 31 March, 2020 (₹ in Millions)
*** Bank Deposits with Original Maturity of more than 3 months but less than 12 months (Towards Debt Service Reserve Account)	5,024.13
	5,024.13

*** Represents deposits placed towards Margin Money and Debt Service Reserve Account.

16 Net Shareholder's Investment

	As at 31 March, 2020 (₹ in Millions)
Opening Balance	40,441.70
Profit/(Loss) for the year	502.12
Equity issued to the Holding Company	7,412.14
Conversion of Unsecured Perpetual Instrument into Equity	(2,809.51)
Other comprehensive Income / (Expense) for the year (net of tax)	(303.07)
Closing Balance	45,243.38

17 Borrowings (At Amortised Cost)

	Non-current $$$ As at 31 March, 2020 (₹ in Millions)	Current* As at 31 March, 2020 (₹ in Millions)
Secured		
Rupee Term Loans from Banks - 8.50%	666.67	333.33
External Commercial Borrowings in Foreign Currency		
Bond - 3.949%	74,882.18	-
Shareholders Affiliated Debts - 6.3645%	20,952.19	-
Term Loans from Banks - 3.9466%	5,005.94	-
Total	**101,506.98**	**333.33**

* Amount disclosed under the head "Other current financial liabilities" (Refer note 23)
$$$ Incudes processing fees netted of ₹ 1458.81 Millions

Security and Repayment Terms

Non-current Borrowings

I External Commercial Borrowings in Foreign Currency - Bond & Term Loan from Banks (including Rupee Term loans from Banks)

Security Package

a a first ranking mortgage of certain specific immovable properties of the Obligor Group.

b a negative lien over other immovable properties of the Obligor Group, excluding the Identified Immovable Properties

c a first charge by way of hypothecation of all the movable assets of the Project, both present and future;

d a first pari-passu charge on all book debts, operating cash flows, receivables (excluding Past Period Regulatory Assets; post distribution cash flows and debenture liquidity reserve), commissions or revenues whatsoever arising out of the Project, both present and future;

e a first pari-passu charge on the Accounts under the Project Accounts Deed (excluding the Excluded Accounts) and amounts lying to the credit of such Accounts, both present and future;

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f a first pari-passu charge/ assignment in relation to the MERC Licenses of the Project, subject to approval from MERC;

g a pledge over 100% of the entire paid up equity and preference share capital of the Obligor Group;

Stipulated Security Creation Timelines

As at the reporting date, the Obligor Group is in the process of creation of security in favor of the lenders.

Ranking of Security

The Security Interest to be created on the Security as aforesaid shall rank pari passu inter se the Senior Secured Creditors.

II External Commercial Borrowings in Foreign Currency - Shareholders Affiliated Debts

i First-ranking fixed charge over all its present and future right, title, benefit and interest in the Excluded Loan Accounts

ii First-ranking floating charge over all of its present and future right, title, benefit and interest in the equity distribution account

III Repayment Terms

i Bond is repayable by way of bullet payment in February 2030 with an obligation to prepay the debt on occurrence of certain events. The Obligor Group can voluntarily prepay the Bond on payment of premium.

ii Shareholders Affiliated Debts are repayable commencing from February 2027 through February 2040 with an obligation to prepay the debt on occurrence of certain events. The Obligor Group can voluntarily prepay the debt on payment of premium.

iii Term Loan from Banks are repayable by way of bullet payment in March 2023 with an obligation to prepay the debt on occurrence of certain events. The Obligor Group can voluntarily prepay the Term Loan either in full or part.

iv Rupee Term Loans from Banks are repayable by way of three equal annual instalments of Rs 333.33 Millions staring from March 2021

18 Trade Payables	Non-Current As at 31 March, 2020 (₹ in Millions)	Current As at 31 March, 2020 (₹ in Millions)
### (A) total outstanding dues of micro enterprises and small enterprises; and	-	484.08
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.	293.48	14,808.50
	293.48	15,292.58

Includes Rs 388.02 Millions Payable towards purchase of PPE

This information as required to be disclosed under Micro and Small Enterprises, to whom the Obligor Group owes dues (including interest on outstanding dues), which are outstanding as at the Balance Sheet date. The above information has been determined to the extent such parties have been identified on the basis of information available with the Obligor Group. This has been relied upon by the auditors.

	As at 31 March, 2020 (₹ In Millions)
(a) the principal amount remaining unpaid to any supplier at the end of each accounting year	478.68
(b) interest due on principal amount remaining unpaid to any supplier at the end of each accounting year	5.43
(c) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-
(d) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	5.43
(e) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	5.43
(f) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	5.43

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19 Lease Liability obligation

	Non-Current As at 31 March, 2020 (₹ in Millions)	Current As at 31 March, 2020 (₹ in Millions)
Lease Obligation	696.81	343.37
	696.81	**343.37**

20 Provisions

	Non-Current As at 31 March, 2020 (₹ in Millions)	Current As at 31 March, 2020 (₹ in Millions)
Provision for Gratuity	1,247.82	313.40
Provision for Compensated absences	1,041.11	245.09
Provision for Other Employment Benefits	193.47	26.50
Total	**2,482.40**	**584.99**

21 Other Current Liabilities

	Non-Current As at 31 March, 2020 (₹ in Millions)	Current As at 31 March, 2020 (₹ in Millions)
Deferred Revenue - Service Line Contributions from Consumers	2,269.39	95.40
Statutory dues payable	-	1,969.84
Advances From Customer	511.23	758.63
Other Payables	-	23.48
	2,780.62	**2,847.35**

22 Borrowings
(At Amortised Cost)

	As at 31 March, 2020 (₹ in Millions)
Secured loans from banks	
Buyers credit	1,332.74
Working capital short term loan	8,400.00
Working capital loans repayable on demand	-
Unsecured loans	
Other Short term loan from banks	110.40
	9,843.14

Security and Rate of Interest

(i) For Security of Short Term Loan, Buyers Credit and Working capital loans - Please Refer No 17 (i)

(ii) The rate of interest for Secured / Unsecured loans from banks ranges from 2.13 % to 9.20 % and rate of interest on Unsecured loans from Holding Company is 11.00%.

23 Other Financial Liabilities
(At Amortised Cost)

	Non-Current As at 31 March, 2020 (₹ in Millions)	Current As at 31 March, 2020 (₹ in Millions)
Current maturities of long-term borrowings	-	333.33
Interest accrued but not due on borrowings	-	769.60
Payable towards purchase of PPE	-	1,514.90
Security Deposit from Consumers	-	4,697.16
Regulatory Liabilities other than Distribution		285.03
Security Deposit from Customers / Vendors	-	90.66
Other Financial Liabilities	-	597.88
Derivative Instruments designated in hedge accounting relationship	821.69	243.70
	821.69	**8,532.26**

24 Current Tax Liabilities

	As at 31 March, 2020 (₹ in Millions)
Current Tax Liabilities	242.14
	242.14

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25	Revenue from Operations	For the year ended 31 March, 2020 (₹ in Millions)
a)	**Income from Sale of Power and Transmission Charges**	
	Income from Sale of Power and Transmission Charges (Net) (Net of Rs 1708.00 Million in respect of Tax recovered on certain Regulatory Assets)	75,523.28
	(Less)/Add: Income to be adjusted in future tariff determination (Net)	(310.23)
	Sub Total (a) - Refer Note 34	75,213.05
b)	**Other Operating Income**	
	Insurance Claim Received	18.54
	Income in respect of Services rendered	74.77
	Sale of Coal Rejects / Fly Ash	211.50
	Street Light Maintenance Charges	1,052.37
	Amortisation of Service Line Contribution	84.88
	Miscellaneous Revenue	108.39
	Sub Total (b)	1,550.45
c)	**Sale of Traded Goods**	
	Sale of Traded Goods	290.10
		290.10
	Total	**77,053.60**

Details of Revenue from Contract with Customers	For the year ended 31 March, 2020 (₹ in Millions)
Particulars	
Total Revenue from Contract with Customers	75,499.32
Street Light Maintenance Charges	1,052.37
Sale of Traded Goods	290.10
Add: Cash Discount/Rebates etc	370.62
Total Revenue as per Contracted Price	77,212.41

Transaction Price - Remaining Performance Obligation

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognised as at the end of the reporting period and an explanation as to when the Obligor Group expects to recognise these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Obligor Group has not disclosed the remaining performance obligation related disclosures for contracts as the revenue recognised corresponds directly with the value to the customer of the entity's performance completed to date.

There are no aggregate value of performance obligations that are completely or partially unsatisfied as of 31 March, 2020, other than those meeting the exclusion criteria mentioned above.

Revenue is disaggregated by type and nature of product or services.

Contract Balances	For the year ended 31 March, 2020 (₹ in Millions)
Contract liabilities	
Liabilities towards Consumers	
Non-current	-
Current	285.03
Total Contract Liabilities	285.03
Receivables	
Trade Receivables (Gross)	6,166.93
Unbilled Revenue for passage of time	5,193.96
(Less): Allowance for Doubtful Debts	(646.93)
Net Receivables	10,713.96

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Contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract liability is the entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer in advance. Contract assets are transferred to receivables when the rights become unconditional and contract liabilities are recognised as revenue as and when the performance obligation is satisfied.

Significant changes in the contract assets and the contract liabilities balances during the year are as follows :

		For the year ended 31 March, 2020 (₹ in Millions)
Opening Balance		
Recoverable from consumers		47.80
Liabilities towards consumers		-
	A	47.80
Income to be adjusted in future tariff determination in respect of earlier year (Net)		(102.21)
Income to be adjusted in future tariff determination (Net)		(230.62)
	B	(332.83)
Closing Balance		
Recoverable from consumers		-
Liabilities towards consumers		285.03
	(A+B)	285.03

26 Other Income

		For the year ended 31 March, 2020 (₹ in Millions)
a) **Interest Income**		
On Financial Assets carried at Amortised Cost		
Bank Deposits		201.85
Overdue Trade Receivables		42.71
On non current investment - Contingency Reserve Fund		2.34
On Intercorporate Deposits		236.62
Other interest		349.02
Interest on Security Deposits - Lease		9.31
b) **Gain/(Loss) on Investments**		
Gain On Sale / Fair Value Of Current Investments Measured at FVTPL		158.88
Gain On Sale / Fair Value Of Current Investments Measured at FVTPL - Contingency Reserve Fund		107.77
c) **Other Non-operating Income**		
Bad Debts Recovery		88.48
Sale of Scrap		66.71
Rental Income		4.35
Delayed Payment Charges		382.06
	Total	**1,650.10**

27 Employee Benefit Expenses

		For the year ended 31 March, 2020 (₹ in Millions)
Salaries, Wages & Bonus		7,331.45
Contribution To Gratuity		427.21
Contribution to Provident and Other Funds		524.55
Contribution to Superannuation Fund		83.87
Compensated absences		705.13
Staff Welfare Expenses		1,133.87
		10,206.08
Less : Staff Cost Capitalised		(1,264.57)
	Total	**8,941.51**

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		For the year ended 31 March, 2020 (₹ In Millions)
28	**Finance costs**	
a)	**Interest Expense**	
	Borrowings - Amortised Cost	
	Rupee Term Loans (Refer Note 1)	9,204.64
$	Senior Secured Note	430.19
$	Shareholders Affiliated Debts	192.40
$	External Commercial Borrowings	21.47
	Working Capital Loans	292.17
	Foreign Exchange Fluctuation Gain(net)-Borrowings (Refer Note 3)	(520.37)
	Interest - Hedging Cost	416.27
	Interest on Intercorporate Deposit - Holding Company	385.85
	Others	
	Security Deposits From Consumers at amortised cost	424.16
	Interest on lease obligation	68.92
	Interest - Others	429.92
		11,345.62
	Less : Interest Cost Capitalised	(217.53)
		11,128.09
b)	**Other Borrowing Costs**	
	Other Finance Cost	56.80
	Total	**11,184.89**

Note :

$ In Foreign Currency.

1 Includes Rs 1572.16 Millions (unamortised upfront fees) charged off on refinancing of Rupee Term Loans with Foreign Currency Debt.

2 The weighted average capitalisation rate on the Obligor Group's general borrowings is 9.09 % per annum.

3 Including Mark to Market gain of Rs 6488.43 Millions on Derivative Instruments designated in hedge accounting relationship.

		For the year ended 31 March, 2020 (₹ In Millions)
29	**Other Expenses**	
	Consumption Of Stores & Spares	586.24
	Repairs & Maintenance	
	- Plant & Machinery	2,777.28
	- Buildings	140.48
	- Others	86.38
@	Short Term Lease Rental of Land,Building,Plant & Machinery Etc	170.59
	Vehicle Hire Charges	227.85
	Rates and Taxes	101.76
	Legal & Professional Expenses	1,297.82
	Directors' Sitting Fees	0.35
	Bank Charges	85.06
	Payment to Auditors	15.51
	Communication Expenses	85.90
	Travelling & Conveyance Expenses	150.09
	Insurance Expenses	190.57
	License fees	16.90
	Security Charges	327.29
	Seminar & Training Expenses	31.23
	Software Expenses	123.35
	Share Issue Expenses	0.01
	Provision for Doubtful Trade Receivables	326.04
	Bill Print/Collection/ Distribution	74.61
	Foreign Exchange Fluctuation Loss(net)	125.29
	Call Center Expenses	64.39
	(Profit) / Loss on Sale of Assets (net)	45.76
	Donations	0.02
	Electricity Expenses	4.84
	Printing & Stationery	34.09
	Other Miscellaneous Expenses	148.53
	Advertisement & Publicity	55.14
	Water charges	28.96
	Total	**7,322.33**

@ Lease Rentals in respect of low value assets is not material.

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30 Tax Expenses

1 Income Taxes recognised in the statement of profit & loss

	For the year ended 31 March, 2020 (₹ in Millions)
Current Income Tax (MAT)	508.43
Deferred Tax	1,517.40
	2,025.83

2 Income Tax recognised in other comprehensive income

	For the year ended 31 March, 2020 (₹ in Millions)
Current Income Tax	
-Remeasurement of Defined Benefit Plans	36.10
Total income tax recognised in other comprehensive income	**36.10**
Bifurcation of the income tax recognised in other comprehensive income into:	
Items that will be reclassified to statement of profit and loss	
Items that will not be reclassified to statement of profit and loss	36.10
	36.10

The income tax expenses for the year can be reconciled to the accounting profit as follows:

Profit/(Loss) Before Tax	2,527.95
Income tax using the Obligor Group's domestic tax rate	883.37
Tax Effect of :	
- Non deductible Expenses	0.01
- Interest on Perpetual Instrument	(82.89)
- MAT credit not recognised	508.43
- Tax on other Items	37.10
- Deferred Tax Assets Written off	959.80
- Deferred Tax Asset on unabsorbed Depreciation in respect of earlier years	(280.00)
Income tax expense recognised in Statement of Profit and Loss	2,025.82

Notes

1 The tax rate used for the years 31 March, 2020 reconciliations above is the corporate tax rate of 34.944% payable by corporate entities in India on taxable profits under the Indian tax law.

2 The rate used for calculation of Deferred tax is 34.944%, being statutory enacted rate at respective Balance Sheet date.

3 The Union Cabinet on 20 November 2019 approved the proposal for introducing the Taxation Laws (Amendment) Bill, 2019 in order to replace the Ordinance, 2019. Accordingly, on 25 November 2019, the Taxation Laws (Amendment) Bill, 2019 (Bill) was introduced which received the assent of the President of India on 12 December 2019. The Taxation Laws Amendment Bill inserted Section 115BAA in the Income Tax Act, 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective 01 April, 2019 subject to certain conditions. The Obligor Group has decided not to avail the benefit provided under the above Bill, however the Obligor Group would evaluate its option in the future based on business developments.

3 Deferred Tax

	For the year ended 31 March, 2020 (₹ in Millions)
Deferred tax Assets	7,648.90
Deferred tax Liabilities	8,153.10
Net Deferred Tax Assets / (Liabilities)	**(504.20)**

2019-20 **(₹ in Millions)**

	Opening Balance	Recognised in Profit & Loss	Closing Balance
Deferred Tax Assets in relation to			
Allowance for Doubtful Debts, Deposits and Advances	85.90	(85.90)	-
Provisions for employee benefits and others	1,867.40	(1,867.40)	-
Unabsorbed Depreciation	3,223.40	4,425.50	7,648.90
	5,176.70	2,472.20	7,648.90
Deferred Tax liabilities in relation to			
Property, Plant & Equipment	4,163.50	3,989.60	8,153.10
	4,163.50	3,989.60	8,153.10
Deferred Tax Asset/(Liability) (Net)	1,013.20	**(1,517.40)**	**(504.20)**

As at 31 March, 2020 MAT Credit not recognised Rs 880 Millions and Tax Losses carried forward is Rs 21,889.1 Millions

31 In accordance with the requirements of Ind AS 36 "Impairment of Assets", Transmission Cash Generating Unit ("TCGU") which includes carrying value of Transmission License having indefinite useful life being Transmission License (Rs 9816.2 Millions), has been tested for impairment as at 31 March, 2020 wherein, recoverable amount of the TCGU has been determined applying value in use approach. The value in use of the TCGU has been determined using Discounted Cash Flow Method (DCF)

In deriving the recoverable amount of the TCGU a discount rate (post tax) of 9 % per annum has been used. In arriving at the recoverable amount of the TCGU , financial projections have been developed for 5 years and thereafter in perpetuity considering a terminal growth rate of 2.5% per annum.

Based on the results of the TCGU impairment test, the estimated value in use of the TCGU was higher than its carrying amount, hence impairment provision recorded during the current year is ₹ Nil Million. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the fair value of the Transmission License.

The key assumptions used in determining the recoverable amount of TCGU are as follows

(i) Discount Rate: 9 % Post-Tax Discount rate has been derived based on current cost of borrowing and equity rate of return in line with the current market expectations

(ii) Capital expenditure /Capitalisation: Capital expenditure and capitalisation for 5 years is estimated based on management projections considered for purposes of Multi Year Tariff filing with MERC and thereafter Rs 2500 Millions per annum.

32 **Leases**

(i) **Disclosure under Ind AS 116 Leases:**

a) The following is the movement in Lease liabilities during the year ended 31st March, 2020

Particulars	(₹ in Millions)
Balance as at 1st April, 2019	-
Lease Liabilities on account of adoption of Ind AS 116	637.54
Lease Liabilities on account of Leases entered / terminated during the year	655.50
Payments of Lease Liabilities	(252.86)
Balance as at 31 March, 2020 (refer note 20)	**1,040.18**

b) The Obligor Group had a 25 year long term Power Purchase Agreement (PPA) with Vidharbha Industries Power Limited (VIPL), wherein the Obligor Group has committed to purchase the entire output generated from VIPL's generating station located at Butibori. In terms of the PPA, the Obligor Group subject to a minimum guaranteed plant availability (determined on a yearly basis) is liable to pay subject to MERC approval a fixed monthly capacity charge and a variable charge towards the cost of fuel.VIPL was obligated to make the plant available for generation for a minimum period of time (determined on a yearly basis) and the option as regards the timing of availability was at the discretion of VIPL.

The Obligor Group on assessment of the above arrangement has concluded, that considering the Obligor Group does not have the right to direct the use of the asset , the above arrangement does not qualify to be lease under IND AS 116.

During the year the Obligor Group has terminated the above PPA due to non-performance of obligations under the PPA by VIPL, such termination has been upheld by MERC and VIPL has preferred to appeal against the MERC order to the Appellate Tribunal of Electricity ("ATE").

33 **Contingent liabilities and Commitments**

		As at 31 March, 2020 (₹ in Millions)
(A)	**Contingent liabilities :** Claims against the Obligor Group not probable and hence not acknowledged as debts consists of : -	
(i)	Demand disputed by the Obligor Group relating to Service tax on Street Light Maintenance, wheeling charges and cross subsidy surcharges - Refer note 3	3,535.50
(ii)	Claims raised by the Government authorities towards unearned income arising on alleged transfer of certain land parcels - Refer note 3	1,276.50
(iii)	Demand towards fixed charges payable in respect of power drawn from the state pool - Refer note 4	996.80
(iv)	Way Leave fees claims disputed by the Obligor Group relating to rates charged - Refer note 3	284.30
(v)	Property related disputes - Refer note 3	25.90
(vi)	Other claims against the Obligor Group not acknowledged as debts.	21.20
(vii)	Claims raised by Vidarbha Industries Power Limited (VIPL) in respect of increase in fuel cost for the financial year ended 31 March, 2019 - Refer Note 3	13,812.80
(ix)	Liability in respect of disposal of bottom Ash	@@
	@@ not determinable	**19,953.00**

Notes:

1 Amounts in respect of employee related claims/disputes, consumer related litigation, regulatory matters is not ascertainable.

2 Future cash flows in respect of above matters are determinable only on receipt of judgements/decisions pending at various forums/authorities.

3 In terms of the Share Purchase Agreement entered into by the Obligor Group, ATL with RINFRA, in the event the above matters are decided against the Obligor Group and are not recoverable from the consumers, the same would be recovered from RINFRA.

4 MERC vide its order dated 26 September, 2019 has upheld the demand raised by MSEDCL on the Company of Rs 1246.00 Millions, towards payment of fixed cost in respect of power procured from the State pool during the financial years ended 31 March, 2012 to 31 March 2018. Similar demands have also been raised by MSEDCL on other Mumbai Licensees.

MERC in its above order, has however differed with the methodology adopted by MSLDC in calculating the above demand, and has issued instructions to MSLDC to issue revised bills based on the agreed revised methodology within a period of 1 year, and further, considering the amount/period involved directed MSLDC to set up a task force comprising officials from all Maharashtra Utilities to complete the task. MERC has also instructed that any amount payable (including relevant carrying cost) can be claimed by the respective Mumbai Licensees during the truing up/ARR exercise.

In terms of the above stated MERC Order, considering the proposed revision in the methodology to be adopted by MSLDC in calculating the above, and the complexities involved/unavailability of technical data in respect of all utilities, the management is unable to make an estimate of the above liability and accordingly no provision has been made in respect of the above as at 31 March, 2020. The Obligor Group would account for the same and pass through to the consumers, as and when the provisional/final invoices would be received.

Further an amount of Rs 249.20 Millions which was paid as an interim payment against the above demand based on MERC instructions in the previous year, has been charged to cost of power purchased during the year and recovered from consumers as part of FAC mechanism.

5 The above Contingent Liabilities to the extent pertaining to Regulated Business, which on unfavorable outcome are recoverable from consumers subject to MERC approval.

The Obligor Group, in respect of the above mentioned Contingent Liabilities has assessed that it is only possible but not probable that outflow of economic resources will be required.

(B) Commitments :	As at 31 March, 2020 (₹ in Millions)
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	2,110.03
	2,110.03

(ii) In terms of the MERC RPO obligation regulations, the Obligor Group is required to procure on an annual basis a certain quantum of power generated from renewable sources, as at 31 March, 2020 the Obligor Group has an cumulative outstanding commitment to procure renewable power of 3211 MU's

The Obligor Group to meet its past and future RPO commitment, has entered into through a competitive bid, a long term power purchase agreement with a related party to procure 700 MW of Wind Solar Hybrid Renewable Power at Rs 3.24 per unit, supply of which would commence from financial year ended 31 March, 2022.

The Obligor Group in its MYT petition had requested MERC to allow it to carry forward its unmet RPO obligation to the next control period, so as to allow it to fulfil its past obligation from the above arrangement entered into. MERC has directed the Obligor Group to file a separate petition in respect of the same wherein appropriate view would be taken. The management of the Obligor Group is of the view that MERC would approve the above request and there would be no adverse financial implications of the non-compliance by the Obligor Group of its past RPO obligations.

34 Maharashtra Electricity Regulatory Commission ("MERC") vide its order dated 30 March, 2020, has approved the Truing -up of Annual Revenue Requirement (ARR) for FY 2017-18 and FY-2018-19, Provisional Truing -up of ARR for FY 2019-20 and ARR and Tariff for the Fourth Control Period from 2020-21 to 2024-25 for Generation, Transmission and Distribution Business of the Company (MYT Order). Consequent to the above order, the Obligor Group in respect of final truing up done for FY 2018-19 has recognised net income of Rs 1439.8 Millions during the year ended 31 March, 2020.

35 ATL has acquired the control of the Company wef 29 August, 2018, through its purchase from Reliance Infrastructure Limited (" RINFRA"), of the equity shares of the Company. In accordance with Share Purchase Agreement, any incremental adjustment arising as a result of the above MERC MYT order for the period prior to August 28, 2018 is to the account of R-Infra.

Considering the order was received on 30 March, 2020, the management of the Obligor Group is in process of doing a detailed evaluation of the order, so as to finalize the amount recoverable . Such recoverable amounts are mainly on account of various components such as annual surplus, capex disallowances, MAT credit etc. Pending final determination of the amount recoverable from RINFRA , the same has not been accounted for as at 31 March, 2020 and would be accounted for as and when such amount is finally determined.

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36 Related Party Disclosure

As per the Ind AS 24, disclosure of transactions with related parties, are given below:

Name of related parties & description of relationship

(A) Ultimate Holding Entity	S. B. Adani Family Trust (SBAFT) (w.e.f 29.08.2018)
(B) Holding Company	Adani Transmission Limited - (w.e.f 29.08.2018)
(C) Subsidiary Company	Adani Electricity Mumbai Infra Ltd (w.e.f. 03.01.2020)
(D) Key Management Personnel:	Mr. Kandarp Patel, Managing Director & CEO - (w.e.f 29.08.2018) Mr. Rakesh Tiwary, Chief Financial Officer -(w.e.f 01.11.2018) Mr. Abhijit Banerjee, Company Secretary-(w.e.f 29.08.2018 and Upto 13.02.2020) Mr. Jaldhi Shukla, Company Secretary-(w.e.f 13.02.2020) Mr. Anil Sardana, Director - (w.e.f 29.08.2018) Mr. Sagar Adani , Director - (w.e.f 29.08.2018) Mr. K Jairaj, Independent Director - (w.e.f 29.08.2018) Ms. Chitra Bhatnagar, Director (w.e.f 29.09.2019)
(E) Entity having significant influence	Qatar Holding LLC (w.e.f. 10.02.2020)

(F) Enterprises over which (A) or (B) or (D) or (E) above have significant influence :
(where transactions have taken place during the year and previous year / balance outstanding)

Adani Power Limited-(w.e.f 29.08.2018)
Adani Enterprises Limited-(w.e.f 29.08.2018)
Adani FinServ Private Limited-(w.e.f 29.08.2018)
Adani Properties Private Limited-(w.e.f 29.08.2018)
Adani Capital Private Limited-(w.e.f 29.08.2018)
Adani Housing Finance Private Limited-(w.e.f 29.08.2018)
Karnavati Aviation Private Limited-(w.e.f 29.08.2018)
Adani Power (Mundra) Limited-(w.e.f 29.08.2018)
Adani Green Energy Limited-(w.e.f 29.08.2018)
Mundra Solar Pv Ltd-(w.e.f 29.08.2018)
Sunbourne Developers Private Limited (w.e.f.29.08.2018)
Adani Institute For Education & Research (w.e.f.29.08.2018)
Adani Township & Real Estate Company Limited (w.e.f.29.08.2018)
AEML Infrastructure Limited (w.e.f.12.12.2018)
Rosepetal Solar Energy Private Limited (w.e.f.29.08.2018)

(G) Employee Benefits Funds :	AEML Gratuity Fund - (w.e.f. 01.09.2018) AEML Superannuation Fund - (w.e.f. 01.09.2018) AEML Leave Encashment fund - (w.e.f. 01.09.2018)

(` in Millions)

Nature of Transaction	Name of Related Party	For the year ended 31 March, 2020
Unsecured Perpetual Instrument availed	Adani Transmission Limited	-
Distribution on Unsecured Perpetual Instrument	Adani Transmission Limited	237.22
Insurance Premium paid	Reliance General Insurance Company Limited	-
Reimbursement of Expenses	Adani Transmission Limited	29.00
Inter Corporate Deposit (ICD) Received	Adani Transmission Limited	1,200.00
	Reliance Infrastructure Limited	-
Inter Corporate Deposit (ICD) Repaid	Adani Transmission Limited	1,600.00
	Reliance Infrastructure Limited	-
Conversion of Unsecured Perpetual Instrument into Equity Shares	Adani Transmission Limited	2,809.53
Conversion of ICD (including interest accrued) into Equity Shares	Adani Transmission Limited	4,602.50

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(₹ in Millions)

Nature of Transaction	Name of Related Party	For the year ended 31 March, 2020
Issue of Equity Shares on Conversion of ICD (including interest accrued) and Unsecured Perpetual Instrument - (refer note 17)	Adani Transmission Limited	7,412.03
Inter Corporate Deposit (ICD) Given	Adani Capital Private Limited	900.00
	Adani Housing Finance Private Limited	100.00
	Adani Properties Private Limited	16,200.00
Inter Corporate Deposit (ICD) Received Back	Adani Capital Private Limited	900.00
	Adani Housing Finance Private Limited	100.00
Interest Paid on ICD	Adani Transmission Limited	385.90
Commitment Charges Paid	Qatar Holding LLC	75.20
Interest Paid on Sub debt	Qatar Holding LLC	192.40
Interest Received on ICD (Loans)	Adani Capital Private Limited	20.68
	Adani Housing Finance Private Limited	2.55
	Adani Properties Private Limited	30.02
Equity Investment	Adani Electricity Mumbai Infra Ltd	0.10
Tender Fees Received	Rosepetal Solar Energy Private Ltd	0.40
Earnest Money Deposit (EMD) received	Adani Enterprises Limited	9.92
Contribution to Employee Benefits	AEML Gratuity Fund	10.10
	AEML Leave Encashment Fund	2,580.10
	AEML Superannuation Fund	83.90
Purchase of Services	Karnavati Aviation Private Limited	129.80
	Adani Power (Mundra) Limited	0.23
	Adani Township & Real Estate Company Limited	3.36
	Adani Enterprises Limited	1,017.46
Purchase of PPE	Mundra Solar Pv Limited	4.77
Employee advance transferred	Adani Power Limited	15.08
Subordinate debt received	Qatar Holding LLC	20,096.40
Advance - Paid	AEML Infrastructure Limited	34.10
Advance paid towards Purchase of property	Sunbourne Developers Private Limited	2710.00
Advance paid towards Purchase of Power	Adani Enterprises Limited	2,000.00
Purchase of Power (net of discount)	Adani Enterprises Limited (excluding banking transactions)	10,359.09
Remuneration paid	Mr. Rakesh Tiwary	15.60
	Mr. Abhijit Banerjee	3.90
Sitting Fees	Mr. K Jairaj	0.32
	Ms. Chitra Bhatnagar	0.03

(₹ in Millions)

Closing Balance	Name of Related Party	As at 31st March, 2020
Balance Payable	Adani Power Limited	15.08
	Adani Township & Real Estate Company Limited	0.47
	Mundra Solar Pv Limited	3.81
	Adani Transmission Limited	26.54
Balance Receivable	Adani Enterprises Limited (excluding banking transactions)	1,661.24
	Adani Green Energy Limited	1.64
	Adani Properties Private Limited	16,200.00
	Sunbourne Developers Private Limited	2,710.00
	AEML Infrastructure Limited	34.15
Contribution to Employee Benefits Payable	AEML Superannuation Fund	6.80
Interest accrued but not due on ICD Given	Adani Properties Private Limited	30.02
Subordinate debt payable	Qatar Holding LLC	21,337.50
Interest accrued but not due on Sub debt	Qatar Holding LLC	192.40

Note:

The above disclosure does not include transaction with / as public utility services viz. electricity, telecommunications etc. in the normal course of business

Key Managerial Personnel are entitled to post-employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

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37 **Disclosure under Ind AS 19 "Employee Benefits" :**

1 **Defined Contribution Plan**

(i) Provident fund
(ii) Superannuation fund
(iii) State defined contribution plans
- Employer's contribution to Employees' state insurance
- Employers' Contribution to 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 trustees of the AEML Superannuation Scheme. Under the schemes, the Obligor Group is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits. The Obligor Group has no obligation other than the contribution to the fund.

The Obligor Group has recognised the following amounts as expense in the financial statements for the year:

(₹ in Millions)

Particulars	31 March,2020
Contribution to Provident Fund	383.47
Contribution to Employees Superannuation Fund	83.87
Contribution to Employees Pension Scheme	71.75
Contribution to Employees State Insurance	0.01

2 **Defined Benefit Plan**

Gratuity
The Obligor Group operates a funded gratuity plan in the form of a Trust, governed by Trustees appointed by the Obligor Group and administered by Life Insurance corporation. Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972 or Obligor Group scheme whichever is beneficial. The same is payable at the time of separation from the Obligor Group or retirement, whichever is earlier. The benefits vest after five years of continuous service.

Particulars	Gratuity for the year ended 31 March, 2020
Starting Period	01 April, 2019
Date of Reporting	March 31, 2020
Principal Assumptions in actuarial valuation	
Rate of Discounting	6.84%
Rate of Salary Increase	9.75%
Rate of Employee Turnover	1.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)
Change in the Present Value of Defined Benefit Obligation	**March 31, 2020**
Present value of Benefit Obligation at the beginning of the year	5967.30
Liability Transferred in / Acquired on Business Acquisition	3.70
Interest Cost	449.90
Current Service Cost	320.60
Benefit Paid Directly by the Employer	(489.20)
Benefit Paid From the Fund	(9.90)
Actuarial (Gain) / Losses on Obligation- Due to Change in Financial Assumptions	381.20
Actuarial (Gain) / Losses on Obligation- Due to Change in Demographic Assumptions	-
Actuarial (Gain) / Losses on Obligation-Due to Experience	(173.60)
Present Value of Benefit Obligation at the end of the year	**6450.00**

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(₹ in Millions)

Change in the Fair Value of Plan Assets	March 31, 2020
Fair Value of Plan Asset at the beginning of the year	4554.70
Interest Income	343.40
Benefit Paid From the Fund	(9.90)
Return on Plan Assets Excluding Interest Income	0.60
Fair Value of Plan Asset at the end of the year	4888.80
Amount Recognised in the Balance Sheet	
Present Value of Benefit Obligation at the end of the year	6450.00
Fair Value of Plan Assets at the end of the year	4888.80
Funded Status (Deficit)	(1561.20)
Net (Liability) Recognized in the Balance Sheet	(1561.20)
Provisions	
Current	313.40
Non-Current	1247.80
Expenses Recognized in the Statement of Profit and Loss	
Current Service Cost	320.7
Net Interest Cost	106.5
Expenses Recognised	427.20
Expenses Recognised in Other Comprehensive Income (OCI)	
Actuarial Losses on Obligation for the year	207.40
Return on Plan Assets Excluding Interest Income	(0.60)
Net Expenses / (Income) for the year recognised in OCI	206.80
Major Categories of plan assets	
Government Securities	0.75
Debt Instruments	0.21
Equity Instruments	0.04
Total	1.00
Expected Contribution for next financial year	Not Determinable
Expected Maturity Analysis of undiscounted defined Benefit Obligation is as follows	
Within one year	389.42
Between 2 to 5 years	1394.69
Between 6 to 10 years	3269.42
Beyond 10 years	8209.92
The weighted average duration of the defined benefit obligation	11.00
Sensitivity Analysis	
Projected Benefit Obligation on Current Assumptions	6450.00
Assumptions – Discount Rate	
Sensitivity Level	1.00%
Impact on defined benefit obligation –in % increase	(0.08)
Impact on defined benefit obligation –in ₹ Millions	(533.82)
Impact on defined benefit obligation –in % decrease	0.09
Impact on defined benefit obligation –in ₹ Millions	612.46
Assumptions – Future Salary Increase	
Sensitivity Level	1.00%
Impact on defined benefit obligation –in % increase	0.09
Impact on defined benefit obligation –in ` Millions	582.91
Impact on defined benefit obligation –in % decrease	(0.08)
Impact on defined benefit obligation –in ` Millions	(519.38)
Assumptions – Employee Turnover	
Sensitivity Level	1.00%
Impact on defined benefit obligation –in % increase	(0.02)
Impact on defined benefit obligation –in ` Millions	(107.29)
Impact on defined benefit obligation –in % decrease	0.02
Impact on defined benefit obligation –in ` Millions	118.84

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 year) 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.

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3 **Risk exposure:**

Through its defined benefit plans, the Obligor Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility:

The plan liabilities are calculated using a discount rate set with reference to government bond yield. If plan assets underperform this yield, it will result in deficit. These are subject to interest rate risk. To offset the risk, the plan assets have been deployed in high grade insurer managed funds.

Inflation rate risk:

Higher than expected increase in salary and medical cost will increase the defined benefit obligation.

Demographic risk:

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligations is not straight forward and depends upon the combination of salary increase, discount rate and vesting criterion.

38 Regulatory Deferral Account	As at 31 March, 2020 (₹ in Millions)
Regulatory Deferral Account - Liability	
Regulatory Liabilities	5043.30
Regulatory Deferral Account - Assets	
Regulatory Assets	2477.33
Net Regulatory Assets/(Liabilities)	(2565.97)

Rate Regulated Activities

1 As per the Ind AS-114 'Regulatory Deferral Accounts', the business of electricity distribution is a Rate Regulated activity wherein Maharashtra Electricity Regulatory Commission (MERC), the regulator determines Tariff to be charged from consumers based on prevailing regulations in place.

2 MERC Multi Year Tariff Regulations, 2015 (MYT Regulations), is applicable for the period beginning from 1 April, 2016 to 31 March, 2020. These regulations require MERC to determine tariff in a manner wherein the Obligor Group can recover its fixed and variable costs including assured rate of return on approved equity base, from its consumers. The Obligor Group determines the Revenue, Regulatory Assets and Liabilities as per the terms and conditions specified in MYT Regulations.

3 Reconciliation of Regulatory Assets/Liabilities of distribution business as per Rate Regulated Activities is as follows:

	Particulars	**As at 31 March, 2020 (₹ in Millions)**
A	Opening Regulatory Assets (Net)	8340.33
	Add:	
B	Income recoverable/(reversible) from future tariff / Revenue Gap	
1	For Current Year	(2327.70)
2	For Earlier Year	0.00
	Total a (1 + 2)	(2327.70)
	Less:	
C	Recovered / (refunded) during the year^	8578.60
D	Net Movement during the year (B - C)	(10906.30)
E	**Closing Balance (A - D)**	**(2565.97)**

^ Includes Rs 2148.6 Millions recoverable on account of final truing up for FY 2017-18 and FY 2018-19

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39 Financial Instruments.

1 Fair Values

The carrying value of financial instruments by categories as follows :- (₹ in Millions)

Particulars	31 March, 2020	
	Book Value	Fair Value
Financial Assets		
Investmennt in Mutual Funds - FVTPL	1,850.66	1,850.66
Trade Receivables	5,520.00	5,520.00
Loans Given	16,699.38	16,699.38
Cash and Cash Equivalents	1,226.99	1,226.99
Other Balances with Bank	5,024.13	5,024.13
Derivative instruments designated in hedge accounting relationship	7,999.06	7,999.06
Other Financial Assets	6,101.59	6,101.59
Total Financial Assets	**44,421.81**	**44,421.81**
Financial Liabilities		
Borrowings (Including Interest accrued & Current Maturities) - Fixed Rate	98,882.21	85,457.03
Borrowings (Including Interest accrued & Current Maturities) - Floating Rate	13,570.74	13,570.74
Lease Liability obligation	1,040.18	1,040.18
Trade Payables	15,586.06	15,586.06
Derivative instruments designated in hedge accounting relationship	1,065.39	1,065.39
Other Financial Liabilities	7,185.63	7,185.63
Total Financial Liabilities	**137,330.21**	**123,905.03**

Above excludes carrying value of investment in subsidiary accounted at cost in accordance with Ind AS 27.

The management assessed that the fair value of cash and cash equivalents, other balances with bank, trade receivables, loans, trade payables, other financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values.

Fair value of the Govt. securities, mutual funds are based on the price quotations near the reporting date.

The fair value of loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flow using rates currently available for debt on similar terms, credit risk and remaining maturities.

The Obligor Group enters into derivative financial instruments with various counterparties, principally banks and financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying currency. All derivative contracts are fully collateralized, thereby, eliminating both counterparty and the Obligor Group's own non-performance risk.

2 The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels

Level 1 :

Inputs are quoted prices (unadjusted) 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.

Particulars	Fair Value Hierarchy as at 31st March,2020				
	Date of Valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Asset measured at Fair Value					
FVTPL financial investments - Mutual Funds	31 March, 2020	-	1,850.66	-	1,850.66
Derivative instruments designated in hedge accounting relationship					
Derivative financial assets	31 March, 2020	-	7,999.06	-	7,999.06
Total		-	**9,849.72**	-	**9,849.72**
Liabilities measured at fair values					
Derivative instruments designated in hedge accounting relationship					
Derivative financial Liabilities	31 March, 2020	-	1,065.39	-	1,065.39
Liabilities for which fair values are disclosed					
Borrowings (Including Interest accrued & Current Maturities) - Fixed Rate	31 March, 2020	61,863.70	23,593.33	-	85,457.03
Borrowings (Including Interest accrued & Current Maturities) - Floating Rate	31 March, 2020	-	13,570.74	-	13,570.74
Total		**61,863.70**	**37,164.07**		**99,027.77**

There has been no transfer between level 1 and level 2 during the period

3 Capital Management & Gearing Ratio

The Obligor Group manages its capital structure in a manner to ensure that it will be able to continue as a going concern while optimising the return to stakeholders through the appropriate debt and equity balance. The Obligor Group's capital structure is represented by equity (comprising issued capital, retained earnings, Unsecured Perpetual Instrument and other reserves) and debt. The Obligors Group's management reviews the capital structure of the Obligor Group's on an annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. The Obligor Group's objective is to ensure that the gearing ratio (debt equity ratio) is around 70 : 30

Gearing ratio

The gearing ratio at the end of the reporting period was as follows :

	As at 31 March, 2020 (₹ In Millions)
Debt	112,452.95
Less : Cash and Cash Equivalents	6,251.12
Net debt	**106,201.83**
Total Capital	45,243.38
Capital & net debt	**151,445.21**
Net debt to Total Capital plus net debt ratio (%)	70.13%

(i) Debt is defined as Non-current borrowings (including current maturities) interest accrued and Current borrowings.

(ii) Equity is defined as Equity share capital, Unsecured perpetual instrument and other equity including reserves and surplus.

In order to achieve this overall objective, the Obligor Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no significant breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

4 Financial risk management objectives and policies

The Obligor Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Obligor Group's operations/projects The Obligor Group's principal financial assets include loans, investment including mutual funds, trade and other receivables, and cash and cash equivalents which is derived from its operations.

In the ordinary course of business, the Obligor Group is mainly exposed to risks resulting from exchange rate fluctuation (currency risk), interest rate movements (interest rate risk) collectively referred as Market Risk, Credit Risk and Liquidity Risk. The Obligor Group's senior management oversees the management of these risks. It manages its exposure to these risks through the use of derivative financial instruments for hedging transactions. It uses derivative instruments such as Cross Currency Swaps, Full Currency swaps, Interest rate swaps and foreign currency Future Option contracts to manage these risks. These derivative instruments reduce the impact of both favorable and unfavorable fluctuations.

The Obligor Group's risk management activities are subject to the management, direction and control of Central Treasury team of the Obligor Group's under the framework of Risk Management Policy for Currency and Interest rate risk, as approved by the Board of Directors of the Obligor Group. The Obligor Group's Central Treasury team ensures appropriate financial risk governance framework for the Obligor Group through appropriate policies & procedures and financial risks are identified, measured and managed in accordance with the Obligor Group's policies and risk objectives. It is the Obligor Group's policy that no trading in derivatives for speculative purposes is undertaken.

The decision of whether and when to execute derivative financial instruments along with its tenure can vary from period to period depending on market conditions and the relative costs of the instruments. The tenure is linked to the timing of the underlying exposure, with the connection between the two being regularly monitored. All derivative contracts are executed with counterparties that are creditworthy. The outstanding derivatives are reviewed periodically to ensure that there is no inappropriate concentration of outstanding to any particular counterparty.

A. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk, and currency risk. Financial instruments affected by market risk include loans and borrowings. The sensitivity analysis in interest rate and foreign currency risk sections relate to the position as at March 31, 2020.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant as at March 31, 2020.

I. Foreign currency risk

The Obligor Group is exposed to foreign currency risks arising from its exposure to the USD.Foreign currency risks arise from future commercial transactions and recognized assets and liabilities, when they are denominated in a currency other than Indian Rupee. Exposures on foreign currency loans are managed through the Obligor Group wide hedging policy, which is reviewed periodically to ensure that the results from fluctuating currency exchange rates are appropriately managed. The Obligor Group's exposure with regards to foreign currency risk is given below.

The following table shows foreign currency exposures in US Dollar on financial instruments at the end of the reporting period [Refer Note 39 (5)]

Foreign Currency Exposures		
Particulars	As at 31 March, 2020	
	Foreign Currency (in Millions)	₹ Millions
In USD		
(i) Interest accrued but not due	8.26	624.84
(ii) Buyers Credit	17.61	1,332.74
(iii) Import Creditors and Acceptances	20.65	1,562.79
(iv) Bond	1,000.00	75,665.00
(v) Shareholders Affiliated Debts	282.00	21,337.53
(vi) Term Loans from Banks	70.00	5,296.55
Derivatives		
(i) Call Options	(582.00)	(44,037.03)
(ii) Cross Currency Swaps	(470.00)	(35,562.55)
(iii) Coupon Only Swaps	(5.11)	(386.35)
(iv) Principal Only Swaps	(300.00)	(22,699.50)
Total	41.42	3,134.02

(i) Foreign currency sensitivity analysis

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant on the Obligor Group's profit before tax and pre-tax equity is as under:

₹ in Millions

	Effect on profit before tax and consequential impact on Equity	
	As at 31 March, 2020	
	Appreciate	Depreciate
Rupee appreciate / (depreciate) by ₹ 1 against USD	41.42	(41.42)
Rupee appreciate / (depreciate) by ₹ 2 against USD	82.84	(82.84)
Rupee appreciate / (depreciate) by ₹ 3 against USD	124.26	(124.26)

Notes: 1) +/- Gain/Loss

II. Interest rate risk management

The Obligor Group is exposed to interest rate risk on short-term and long-term floating rate borrowings and on the refinancing of fixed rate debt. The Obligor Group's policy is to maintain a balance of fixed and floating interest rate borrowings and the proportion of fixed and floating rate debt is determined by current market interest rates. The long term borrowings of the Obligor Group are denominated in US dollars with a mix of fixed and floating rates of interest. The short term borrowings of the Obligor Group are mainly floating rate rupee denominated working capital borrowings.

The USD floating rate debt is linked to US dollar LIBOR and INR Floating rate debt to Bank's base rate. The Obligor Group in respect of USD denominated borrowing at Floating rates, has a policy of selectively using interest rate swaps, option contracts and other derivative instruments to manage its exposure to interest rate movements. These exposures are reviewed by appropriate levels of management on a regular basis.

The long term borrowings of the Obligor Group are by way of Senior Secured Notes (SSN) and Shareholder's Affiliated Debts and carry fixed rate of interest till maturity. Foreign currency denominated term loans from banks carry a floating rate interest rate linked to LIBOR. The risk of fluctuation floating interest rate is managed through cross currency swaps contracts.

(i) Interest rate sensitivity:

The sensitivity analysis below have been determined based on exposure to interest rates on borrowings at the end of the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting date in case of borrowings that have floating rates.

If the interest rates had been 50 basis points higher or lower and all the other variables were held constant, the effect on interest expense for the respective financial years and consequent effect on Obligor Group's profit in that financial year would have been as below:

₹ in Millions

	As of 31 March, 2020	
	50 bps increase	50 bps decrease
Interest expense on loan	73.30	(73.30)
Effect on profit / (loss) before tax	(73.30)	73.30

B. Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Obligor Group is exposed to credit risk from its operating activities (primarily trade receivables and other financial assets) and from its financing activities, including loans to others, deposits with banks, financial institutions & others, foreign exchange transactions and other financial assets.

Customer credit risk is managed by the Obligor Group's established policy, procedures and control relating to customer credit risk defined in accordance with this assessment.

Credit risk on cash and bank balances is limited as the Obligor Group generally invests in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units and quoted bonds issued by government. Counterparty credit limits are reviewed by the Obligor Group's management on a regular basis. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

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	As at 31 March, 2020
	(₹ in Millions)
Trade receivables	5,520.00
Loans	16,699.38
Other financial assets	14,100.65
Total	36,320.03

Refer Note 13 for credit risk and other information in respect of trade receivables. Moreover, given the diverse nature of the consumer profile of the Obligor Group, trade receivables are spread over a number of customers with no significant concentration of credit risk. No single customer accounted for 10.0% or more of revenue basis in any of the years presented. The history of trade receivables shows a negligible provision for bad and doubtful debts compared to the volume/value of sales recorded. Other receivables as stated above are due from the parties / banks under normal course of the business having sound credit worthiness, and as such the Obligor Group believes exposure to credit risk to be minimal.

The Obligor Group has not acquired any credit impaired asset.

C. Liquidity risk management

Liquidity risk is the risk that the Obligor Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value The Obligor Group has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Obligor Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities The Obligor Group manages the liquidity risk by maintaining adequate funds in cash and cash equivalents The Obligor Group also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

(₹ in Millions)

Contractual Maturities of Financial liabilities	Less than 1 year	1 to 5 years	More than 5 years	Total
As at 31 March, 2020				
Borrowings**	11,156.07	6,532.51	96,223.17	113,911.75
Trade Payables	15,292.58	-	293.48	15,586.06
Lease Liabilities	343.37	696.81	-	1,040.18
Other Financial Liabilities	7,429.33	821.69	-	8,251.02
Total	34,221.35	8,051.01	96,516.65	138,789.01

** The table has been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will be paid on those liabilities upto the maturity of the instruments, ignoring the call and refinancing options available with the Obligor Group. The amounts included above for variable interest rate instruments for non-derivative liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

5 Derivative Financial Instrument

The Obligor Group uses derivatives instruments as part of its management of risks relating to exposure to fluctuation in foreign currency exchange rates and interest rates. The Obligor Group does not acquire derivative financial instruments for trading or speculative purposes neither does it enter into complex derivative transactions to manage the above risks. The derivative transactions are normally in the form of forward currency contracts, cross currency swaps, options and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively and are subject to the Obligor Group's guidelines and policies.

The fair values of all derivatives are separately recorded in the balance sheet within current and non current assets and liabilities. Derivative that are designated as hedges are classified as current or non current depending on the maturity of the derivative.

The use of derivative can give rise to credit and market risk. The Obligor Group tries to control credit risk as far as possible by only entering into contracts with stipulated / reputed banks and financial institutions. The use of derivative instrument is subject to limits, authorities and regular monitoring by appropriate levels of management. The limits, authorities and monitoring systems are periodically reviewed by management and the Board. The market risk on derivative is mitigated by changes in the valuation of underlying assets, liabilities or transactions, as derivatives are used only for risk management purpose.

The Obligor Group enters into derivative financial instruments, such as forward currency contracts, cross currency swaps, options, interest rate futures and interest rate swaps for hedging the liabilities incurred/recorded and accounts for them as cash flow hedges and states them at fair value. The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss. Amounts recognised in OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. These hedges have been effective for the year ended March 31, 2020.

The fair value of the Obligor Group's derivative positions recorded under derivative financial assets and derivative financial liabilities are as follows :-

(₹ in Millions)

Derivative Financials Instruments	As at 31 March, 2020	
	Assets	Liabilities
Current		
Cashflow hedge*		
-Call Options	3,944.80	1,065.39
-Cross Currency Swaps	2,293.20	-
-Coupon Only Swaps	380.00	-
-Principal Only Swaps	1,381.00	-
Total	7,999.00	1,065.39

* Refer statement of profit and loss and statement of changes in equity for the changes in the fair value of cashflow hedges.

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Derivative Contracts entered into by the Obligor Group and outstanding as at Balance Sheet date :

To hedge Currency risks and interest related risks, the Obligor Group has entered into various derivative Contracts. The category wise break-up of the amount outstanding as at Balance Sheet date is given below :-

Particulars	As at 31 March, 2020		
	Foreign Currency (In Millions)	₹ Millions	Purpose
In USD			
-Call Options	582.00	44037.03	Hedging of foreign currency borrowing principal & interest liability
-Cross Currency Swaps	470.00	35562.55	Hedging of foreign currency borrowing principal & interest liability
-Coupon Only Swaps	500.00	37832.50	Hedging of foreign currency borrowing interest liability
-Principal Only Swaps	300.00	22699.50	Hedging of foreign currency borrowing principal liability
Total	**1,852.00**	**140,131.58**	

40 The chief operating decision maker evaluates the Obligor Group's performance and applies the resources to whole of the Obligor Group business viz. "Generation, Transmission and Distribution of Power" as an integrated utility. Hence the Obligor Group does not have any reportable segment as per Ind AS- 108 "Operating Segments"

41 Due to outbreak of COVID-19 globally and in India, the Obligor Group management has made initial assessment of impact on business and financial risks on account of COVID-19. Considering that the Obligor Group is in the business of Generation, Transmission and Distribution of Power which is considered to be an Essential Service, the management believes that the impact of this outbreak on the business and financial position of the Obligor Group will not be significant. The management does not see any risks in the Obligor Group's ability to continue as a going concern and meeting its liabilities as and when they fall due.

43 Significant Events after the Reporting Period

There were no significant adjusting events that occurred subsequent to the reporting period other than the events disclosed in the relevant notes.

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