

## INDEPENDENT AUDITOR'S REPORT

To the Members of Welspun Captive Power Generation Limited

Report on the Audit of the Ind AS Financial Statements

### Opinion

We have audited the accompanying Ind AS financial statements of Welspun Captive Power Generation Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

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

### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Board of Directors' report but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



**Responsibility of Management and Those Charged with Governance for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Charged with Governance are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

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

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

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



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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;



- (g) According to the information and explanations given by the management, no managerial remuneration has been paid / provided during the year and hence the provisions of section 197 read with Schedule V to the Companies Act, 2013 are not applicable to the Company;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position;
  - ii. The Company has long term contracts including derivative contracts as at March 31, 2020 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at March 31, 2020;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003



per Anil Jobanputra

Partner

Membership Number: 110759

UDIN: 20110759AAAAC05046

Place of Signature: Mumbai

Date: June 25, 2020



Annexure 1 referred to in Paragraph 1 of the section on "Report on other legal and regulatory requirements" of our report of even date

Re: Welspun Captive Power Generation Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment / fixed assets are held in the name of the company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2020 and no material discrepancies were noticed in respect of such confirmations.
- (iii) (a) The Company has granted loans to a parent company covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company's interest.
- (b) The Company has granted loans to a parent company covered in the register maintained under section 189 of the Companies Act, 2013. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment was regular.
- (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, in respect of which provisions of section 185 of the Companies Act, 2013 are applicable and hence not commented upon. In our opinion and according to the information and explanation given to us, provisions of section 186 of the Companies Act 2013 in respect of in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the electricity generation, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.



- (vii) (a) Undisputed statutory dues including provident fund, income-tax, duty of custom, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. The provisions relating to employee's state insurance are not applicable to the Company
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, there are no dues of service-tax, duty of customs, excise duty, value added tax, goods and services tax and cess which have not been deposited on account of any dispute. The particulars of dues of income-tax on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (Rs. in million)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax Demand	6.22	AY 2016-17	Commissioner of Income Tax- (Appeals)

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to debenture holders. The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments) and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, no managerial remuneration has been paid / provided during the year and hence the provisions of section 197 read with Schedule V to the Companies Act, 2013 are not applicable to the Company.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.



# **S R B C & CO LLP**

Chartered Accountants

Page 7 of 9

Welspun Captive Power Generation Limited

Independent auditors report for the year ended March 31, 2020

- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003



per Anil Jobanputra  
Partner

Membership Number: 110759

UDIN: 20110759AAAAC05046

Place of Signature: Mumbai

Date: June 25, 2020



Annexure 2 to the independent auditor's report of even date on the standalone financial statements of Welspun Captive Power Generation Limited

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

We have audited the internal financial controls over financial reporting of Welspun Captive Power Generation Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone financial statements.



**Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements**

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Financial Statements**

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

**Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S R B C &amp; CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E3000003

per Anil Jobanputra  
Partner

Membership Number: 110759

UDIN: 20110759AAAAC05046

Place of Signature: Mumbai

Date: June 25, 2020



## WELSPUN CAPTIVE POWER GENERATION LIMITED

## BALANCE SHEET AS AT MARCH 31, 2020

	Notes	As At March 31, 2020 Rs. Million	As At March 31, 2019 Rs. Million
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	2,147.56	1,812.38
Capital work-in-progress	3	5.47	2.10
Intangible assets	4	0.02	0.08
Right of Use Assets (ROU)	28	10.73	-
Financial assets	5 (a)	-	1.42
Deferred Tax Assets (Net)	6	352.90	233.30
Other non-current assets	7	11.01	3.22
<b>Total non-current assets</b>		<b>2,531.69</b>	<b>2,053.36</b>
<b>Current assets</b>			
Inventories	8	388.26	159.18
Financial assets			
(i) Investments	5 (b)	45.27	590.57
(ii) Trade Receivables	5 (c)	762.06	670.05
(iii) Cash and Cash Equivalents	5 (d)	100.56	123.11
(iv) Bank balances other than (iii) above	5 (e)	38.00	32.24
(v) Other financial assets	5 (a)	203.32	26.88
Current tax assets	9	8.92	26.33
Other current assets	10	63.80	46.67
<b>Total current assets</b>		<b>1,589.89</b>	<b>1,369.63</b>
<b>Total assets</b>		<b>4,121.58</b>	<b>4,022.99</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	11 (a)	295.38	295.38
Other equity			
Equity component of compound financial instruments	12 (a)	717.36	717.36
Reserves and surplus	11 (b)	2,504.80	1,789.82
<b>Total equity</b>		<b>3,517.54</b>	<b>2,792.56</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
- Borrowings	12 (a)	291.79	233.99
- Lease Liabilities	28	10.25	-
- Other financial liabilities	12 (b)	0.05	0.05
Employee benefit obligations	13	5.50	5.02
<b>Total non-current liabilities</b>		<b>317.59</b>	<b>249.06</b>
<b>Current liabilities</b>			
Financial Liabilities			
(i) Lease Liabilities	28	0.61	-
(ii) Trade payables	12 (c)		
- Total Outstanding Dues of Micro Enterprises and Small Enterprises		0.43	-
- Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises		301.13	70.11
(iii) Other financial liabilities	12 (b)	11.85	815.05
Employee benefit obligations	13	2.57	0.59
Liabilities for current tax (net)	14 (a)	0.20	1.28
Other current liabilities	14 (b)	9.71	13.24
<b>Total current liabilities</b>		<b>326.89</b>	<b>1,096.77</b>
<b>Total liabilities</b>		<b>644.48</b>	<b>1,238.83</b>
<b>Total equity and liabilities</b>		<b>4,121.58</b>	<b>4,022.99</b>
Summary of significant accounting policies	2		
The accompanying notes are integral part of these financial statements			

As per our report of even date

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm registration number: 324562EE300003

per Anil Jaganputra  
Partner  
Membership No. 110759



Place: Mumbai  
Date: June 25, 2020

For and on behalf of the Board of Directors

Ashok Kumar Joshi  
Whole Time Director  
DIN: 08607214

Devenendra Patel  
Director  
DIN: 00062796

Praveen Bhansali  
Chief Financial Officer

Shashikant Thorat  
Company Secretary

Place: Mumbai  
Date: June 25, 2020



## WELSPUN CAPTIVE POWER GENERATION LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31 MARCH, 2020

	Notes	Year ended March 31, 2020 Rs. Million	Year ended March 31, 2019 Rs. Million
<b>Income</b>			
Revenue from operations	15	3,911.78	4,649.07
Other income	16	214.25	31.09
<b>Total income</b>		<b>4,126.03</b>	<b>4,680.16</b>
<b>Expenses</b>			
Cost of materials consumed	17	2,305.91	2,144.98
Purchases of stock-in-trade		76.33	706.70
Employee benefits expense	18	130.73	120.41
Depreciation and amortization expense	19	335.37	250.79
Other expenses	20	466.08	337.58
Finance costs	21	57.20	131.11
<b>Total expenses</b>		<b>3,373.62</b>	<b>3,691.55</b>
<b>Profit before tax</b>		<b>752.41</b>	<b>988.61</b>
<b>Income Tax Expense</b>	22		
- Current Tax		136.94	219.63
- Deferred Tax		(119.36)	(215.56)
<b>Total income Tax Expense</b>		<b>17.58</b>	<b>4.07</b>
<b>Profit for the year</b>		<b>734.83</b>	<b>984.54</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	18	(0.06)	(2.40)
Income tax relating to this item	22	0.03	0.64
<b>Other Comprehensive Income for the year, net of tax</b>		<b>(6.05)</b>	<b>(1.56)</b>
<b>Total Comprehensive Income for the year</b>		<b>734.78</b>	<b>982.98</b>
<b>Earnings Per Share (Rs.)</b> [Nominal value per share : Rs. 10 (March 31, 2019 : Rs. 10)]	33		
Basic earning per share		24.88	33.33
Diluted earning per share		24.88	33.33
<b>Summary of significant accounting policies</b>	2		
The accompanying notes are integral part of these financial statements			

As per our report of even date

For SRBC & CO LLP  
Chartered Accountants  
ICAI Firm registration number: 324982E/E300003



per Anil Jobanputra  
Partner  
Membership No. 110759

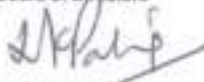


Place: Mumbai  
Date: June 25, 2020

For and on behalf of the Board of Directors



Anoop Kumar Keshi  
Whole Time Director  
DIN: 06607214



Devendra Patil  
Director  
DIN: 00062784



Praveen Bhansali  
Chief Financial Officer



Shashikant Thorat  
Company Secretary

Place: Mumbai  
Date: June 25, 2020



## WELSPUN CAPTIVE POWER GENERATION LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED ON MARCH 31, 2020

## a. Equity Share Capital

(Rs. Million)

Particulars	Notes	Amount
Balance as at April 01, 2018	11 (a)	295.38
Changes in equity share capital during the year		-
Balance as at March 31, 2019	11 (a)	295.38
Changes in equity share capital during the year		-
Balance as at March 31, 2020	11 (a)	295.38

## b. Other Equity

(Rs. Million)

Particulars	Notes	Equity component of compound financial instruments	Reserves and Surplus			Total Equity
			Debt Redemption Reserve	Retained earnings	Total	
Balance as at April 01, 2018		717.36	146.11	640.73	786.84	1,504.20
Profit for the year	11 (b)	-	-	984.54	984.54	984.54
Other Comprehensive Income		-	-	(1.56)	(1.56)	(1.56)
Total Comprehensive Income for the year		717.36	146.11	1,623.71	1,769.82	2,487.18
Transfer to Debt Redemption Reserve from retained earnings	11 (b)	-	73.89	(73.89)	-	-
Balance as at March 31, 2019		717.36	220.00	1,549.82	1,769.82	2,487.18

(Rs. Million)

Particulars	Notes	Equity component of compound financial instruments	Reserves and Surplus			Total Equity
			Debt Redemption Reserve	Retained earnings	Total	
Balance as at April 1, 2019		717.36	220.00	1,549.82	1,769.82	2,487.18
Profit for the year	11 (b)	-	-	734.83	734.83	734.83
Other Comprehensive Income		-	-	(0.05)	(0.05)	(0.05)
Total Comprehensive Income for the year		717.36	220.00	2,284.59	2,504.59	3,221.95
Transfer to Debt Redemption Reserve from retained earnings	11 (b)	-	(220.00)	220.00	-	-
Balance as at March 31, 2020		717.36	-	2,504.59	2,504.59	3,221.95

The accompanying notes are integral part of these financial statements

As per our report of even date

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm registration number: 324982E/E300003




per Anil Jobanputra  
Partner  
Membership No. 110759



Place: Mumbai  
Date: June 25, 2020

For and on behalf of the Board of Directors

  
Ashok Kumar Joshi  
Whole Time Director  
DIN: 08607214

  
Devendra Patil  
Director  
DIN: 00062784

  
Parveen Bhansali  
Chief Financial Officer

  
Bhaskant Thorat  
Company Secretary



Place: Mumbai  
Date: June 25, 2020

## WELSPUR CAPTIVE POWER GENERATION LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	For the Year Ended March 31, 2020 Rs. million	For the Year Ended March 31, 2019 Rs. million
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	752.41	988.81
Adjustments for:		
Depreciation and Amortisation Expenses	328.37	350.79
Loss / (Profit) on Sale of Fixed Assets	8.21	0.88
Unrealised Foreign Exchange Differences	(0.98)	(0.18)
Change in fair value of financial assets at fair value through profit or loss	5.41	(2.23)
Remeasurement of post employment benefits	(0.08)	(2.48)
Dividend and interest income classified as investing cash flows	(15.26)	(21.36)
Insurance claim for loss of profit	(165.00)	-
Provision for insurance claim receivable	4.04	-
Commission on Corporate Guarantee	2.33	-
Discounting and bank charges	7.54	3.07
Interest and Other Expenses	48.86	122.94
<b>Operating Profit Before Working Capital Changes</b>	<b>988.04</b>	<b>1,344.47</b>
<b>Change in operating assets and liabilities:</b>		
(Increase)/Decrease in trade receivables	307.89	(408.00)
Increase/(decrease) in trade and other payable and provisions	230.10	(115.18)
(Increase)/decrease in inventories	(200.08)	(83.78)
(Increase)/decrease in other current assets	(39.51)	(42.13)
(Increase) in other non current assets	(6.37)	35.92
Increase/(decrease) in employee benefit obligation	2.81	1.12
Other current financial liabilities	(24.18)	25.32
Increase in other current liabilities	(3.52)	5.01
	<b>182.22</b>	<b>(581.72)</b>
<b>Cash Generated from Operations</b>	<b>1,170.26</b>	<b>762.75</b>
Income Tax paid (net of refund)	(128.62)	(226.40)
<b>Net Cash Inflow from Operating Activities</b>	<b>941.64</b>	<b>536.35</b>
<b>B. CASH FLOW FROM / (USED) IN INVESTING ACTIVITIES</b>		
Purchases of Property, Plant and Equipment and Capital Work-in-Progress	(876.85)	(77.48)
Proceeds from sale of Property, Plant and Equipment	-	0.09
Realisation / (Payments) for sale / purchase of investments	538.89	(306.33)
Interest Received	34.79	14.85
<b>Net Cash Inflow used in Investing Activities</b>	<b>(162.96)</b>	<b>(358.17)</b>
<b>C. CASH FLOW FROM / (USED) IN FINANCING ACTIVITIES</b>		
Repayment of Long-term Borrowings	(880.00)	-
Payment of lease liabilities	(8.34)	-
Interest and Other Finance Expenses	(28.89)	(103.54)
<b>Net Cash Flow used in Financing Activities</b>	<b>(917.23)</b>	<b>(103.54)</b>
<b>Net (decrease) / increase in Cash and Cash Equivalents (A + B + C)</b>	<b>(13.55)</b>	<b>31.64</b>
Cash and Cash Equivalents at the beginning of the year	123.11	91.47
Cash and Cash Equivalents at the end of the year	109.56	123.11
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(13.55)</b>	<b>31.64</b>
Cash and cash equivalents comprise of:		
Cash on Hand	-	-
Bank balances		
- In current accounts	13.04	87.56
Fixed deposits with periods with original maturity period of less than three months	94.52	55.55
	<b>107.56</b>	<b>143.11</b>

Changes in liabilities arising from financing activities

Particulars	31-Apr-19	Cash flow	Unwinding of borrowing cost on effective interest rate	31-Mar-20
Borrowings - Non current (Note 12 (a))	1,113.49	(880.00)	(28.30)	205.19

Notes:

Cash flow statement has been prepared under indirect method as set out in Indian Accounting Standard (IND AS 7) Statement of Cash Flow.

The accompanying notes are integral part of these financial statements.

As per our report of same date

For SRBC &amp; CO LLP

Chartered Accountants

ICAI Firm registration number: 334882/E/300003

per Anil Jhangpate

Partner

Membership No. 110389

Place: Mumbai

Date: June 25, 2020

For and on behalf of the Board of Directors

Ashok Kumar Joshi

Whole Time Director

DIN: 00607214

Praveen Bhambhani

Chief Financial Officer

Place: Mumbai

Date: June 25, 2020

Dharmendra Patel

Director

DIN: 00082164

Sushant Tharal

Company Secretary



## **1. Corporate Information**

Welspun Captive Power Generation Limited (hereinafter referred as "the Company") is a public limited company incorporated and domiciled in India. The address of its registered office is "Welspun City", Village Versamedi, Tal. Anjar, Dist Kutch, Gujarat - 370110, India. The Company is engaged in the business of generation and sale of power and steam mainly to its group companies. The Company has 80-megawatt power plant, 43-megawatt power plant and 6-megawatt three DG Sets for power generation facility at Anjar, Gujarat.

The financial statements were approved for issue by the board of directors on June 25, 2020.

## **2. Significant Accounting Policies**

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented except as disclosed in Note 2.3.

### **2.1 Basis of preparation of financial statements**

The standalone financial statements has been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] (as amended from time to time). The financial statements have been prepared on an accrual and going concern basis. The financial statements have been prepared on a historical cost basis, except for certain assets and liabilities that is measured at fair value as stated in subsequent policies.

### **2.2 Summary of significant accounting policies**

#### **a) Current versus non-current classification**

The Company 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 realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised 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
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

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

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



**b) Foreign currency transactions**

**Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of initial transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

**c) Revenue from Contract with customer**

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

**Sale of power and steam**

Revenue from supply of power and steam is recognized for each unit of electricity/steam delivered at the pre-determined contracted price during the period.

**Sale of Goods**

Revenue from sale of goods is recognized at a point in time when control of the goods is transferred to the customer, generally on delivery of goods.

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

**Contract Balances**

**Trade Receivables**

A receivable is recognized if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (k) Financial instruments – Measurement.

**Contract Liabilities**

A contract liability is recognised if a payment is received or the payment is due (whichever is earlier) from a customer before the Company transfers the related goods or service. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers controls of the related goods or services to the customer).



**d) Other Income**

**Profit on Sale of investments**

Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sale price and carrying value of the investment.

**Interest Income**

Interest income from the financial assets are recognized using effective interest rate method. Interest income from the financial assets are recognized using effective interest rate method when it is probable that the economic benefits associated with the interest will flow to the Company, and amount of the interest can be measured reliably.

**Other Income**

Other income is accounted for on accrual basis except where the receipt of income is uncertain.

**e) Income Tax**

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

Current and deferred tax is recognized in the Statement of Profit and Loss except to the extent it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income respectively.

Current income tax

Current tax charge is based on taxable profit for the year. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to reflect changes in probability that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the Balance Sheet, if and only when, (a) the Company has a legally enforceable right to set-off the current income tax assets and liabilities, and (b) the Deferred income tax assets and liabilities relate to income tax levied by the same taxation authority which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the



**Welspun Captive Power Generation Limited**  
**Notes to the Financial Statements for the year ended March 31, 2020**

liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered..

Minimum Alternate Tax ('MAT') credit entitlement is recognized as a deferred tax asset if it is probable that MAT credit can be used in future years to reduce the regular tax liability. No deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the concerned entity's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate.

**f) Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets i.e. at 12 years.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section i) Impairment of assets.

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value.



**Welspun Captive Power Generation Limited**  
**Notes to the Financial Statements for the year ended March 31, 2020**

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**g) Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any.

Cost comprises of purchase price (including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates) and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred. The company has elected to continue with the carrying value for all of its property plant and equipment as recognized in the financial statements on transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

**Depreciation methods, estimated useful lives and residual value**

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Assets	Estimated Useful Life
Office Equipment	5 years
Furniture and fixtures	10 years
Computer	3 years except Networking equipments which are depreciated over useful life of 4 years
Vehicles	10 years
Factory Building	28.5 years
Office Building	30 years
Road, Fencing, etc	Ranging between 3 to 5 years

Plant and Machinery is depreciated on written down value method over the useful life ranging between 8 years to 20 years based on a technical evaluation which is lower than the life prescribed under Schedule II to the Companies Act, 2013 in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

For the assets acquired during the year under 43 MW power plant, estimated useful life is determined after considering remaining life of plant and each individual asset based on report of a valuation expert.

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



Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income/expense.

**h) Intangible assets**

**Computer Software**

Computer Software with finite useful lives acquired by the Company are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over the estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

**Amortisation methods and periods**

Intangible assets comprise of computer software which is amortized on a straight-line basis over its expected useful life over a period of five years.

**i) Impairment of assets**

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

**j) Inventories**

Raw materials and stores and spares are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases and related expenses incurred in bringing inventory to its present location and condition. Cost is determined using the weighted average method. Net realizable value is the estimate of the selling price in the ordinary course of the business less the estimated costs of completion and the estimated costs necessary to make the sale.

**k) 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**

**(i) Classification**

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

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

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

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



(ii) Measurement

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

a. Debt instruments

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

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

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other income/ expenses as applicable in the period in which it arises. Interest income from these financial assets is included in other income.

b. Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, and there will be no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 23 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.



**(iv) Derecognition of financial assets**

A financial asset is derecognised only when

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

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

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

**(v) Income recognition**

**a. Interest income**

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

**b. Dividends**

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

**(vi) Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents includes outstanding bank overdraft shown within borrowings in current liabilities in statement of financial position and which are considered as integral part of the Company's cash management policy.

**(vii) Trade receivable**

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

**Financial liabilities**

**(i) Measurement:**

Financial liabilities are initially recognised at fair value, reduced by transaction costs (in case of financial liability not at fair value through profit or loss), that are directly attributable to the issue of financial liability. After initial recognition, financial liabilities are measured at amortised cost using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees paid, transaction cost, and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial



recognition. At the time of initial recognition, there is no financial liability irrevocably designated as measured at fair value through profit or loss. Liabilities from finance lease agreements are measured at the lower of fair value of the leased asset or present value of minimum lease payments.

**(ii) 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 de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**(iii) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

**(iv) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are recognised, initially at fair value, and subsequently measured at amortised cost using effective interest rate method.

**Compound instrument**

Compound financial instrument issued by the Company comprises of compulsorily redeemable non-convertible preference shares. Compound financial instruments are split into separate equity and liability components. The liability component of a compound financial instrument is initially recognised at the fair value of a similar liability that does not have discretionary dividend feature/ off market interest rate. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. This is recognised and included in shareholders' equity, net of income tax effects, and not subsequently re-measured. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.



Interest related to the liability component of compound instrument is recognised in profit or loss (unless it qualifies for inclusion in the cost of an asset).

#### **Financial guarantee contracts**

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortization, where appropriate.

#### **Derivatives and hedging activities**

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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

##### **(i) Derivatives that are not designated as hedges**

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss

##### **(ii) Embedded Derivatives**

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 "Financial Instruments" are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

##### **Embedded foreign currency derivatives:**

Embedded foreign currency derivatives are not separated from the host contract if they are closely related. Such embedded derivatives are closely related to the host contract, if the host contract is not leveraged, does not contain any option feature and requires payments in one of the following currencies:

the functional currency of any substantial party to that contract, the currency in which the price of the related good or service that is acquired or delivered is routinely denominated in commercial transactions around the world, currency that is commonly used in contracts to purchase or sell non-financial items in the economic environment in which the transaction takes place (i.e. relatively liquid and stable currency)

Foreign currency embedded derivatives which do not meet the above criteria are separated and the derivative is accounted for at fair value through profit and loss. The Company currently does not have any such derivatives which are not closely related.

#### **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right



must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**l) Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

**m) Employee benefits**

**a) Short-term obligations**

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

**b) Other long-term employee benefit obligations**

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

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

**c) Post-employment obligations**

The Company operates the following post-employment schemes:

- defined benefit plans such as gratuity, and
- defined contribution plans such as provident fund and superannuation Fund

**Defined Benefit Plans**

**Gratuity obligations**

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

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



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

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

Remeasurements are not reclassified to profit and loss in the subsequent periods.

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

#### **Defined contribution plans**

##### **Provident Fund**

The Contribution towards provident fund for certain employees is made to the regulatory authorities where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations apart from the contributions made on a monthly basis.

##### **Superannuation Fund**

Contribution towards superannuation fund for certain employees is made to SBI Life Insurance Company where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from contribution made on monthly basis.

#### **d) Bonus Plan**

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

#### **n) Provisions and contingent liabilities**

- **Provisions** are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions for restructuring are recognised by the Company when it has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that the Company will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Company.



- **Contingent liabilities** are disclosed when there is a possible obligation arising from past events the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made,

- **Contingent Assets** are disclosed, where an inflow of economic benefits is probable.

**o) Contributed Capital**

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

**p) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

**q) Earnings per share**

**Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year (note 33).

**Diluted earnings per share**

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

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

**r) Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest trillions as per the requirement of Schedule III, unless otherwise stated.

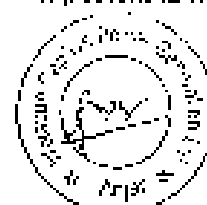
## **2.3 Changes in accounting policies and disclosures**

The Company applied Ind AS 116 for the first time. The nature and effect of the changes as a result of adoption of new accounting standards is described below.

### **Ind AS 116 – Leases**

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of 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.

The Company adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on 1 April 2019. The Company elected to use the transition practical expedient to not



**Welspun Captive Power Generation Limited**  
**Notes to the Financial Statements for the year ended March 31, 2020**

reassess whether a contract is, or contains, a lease at 1 April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The effect of adoption of Ind AS 116 is as follows;

Impact on balance sheet (increase / (decrease))

Particulars	31 March 2020
<b>Assets</b>	
Right of use assets (ROU)	10.73
<b>Equity</b>	
Reserves and surplus	(0.13)
<b>Liabilities</b>	
Lease liabilities	10.86

Impact on statement of profit and loss (increase / (decrease) in profit)

Particulars	31 March 2020
Depreciation and amortization expense	0.47
Other expenses	(0.79)
Finance costs	0.45
Loss for the year	(0.13)

Impact on statement of cash flows (increase / (decrease))

Particulars	31 March 2020
Operating lease payments*	0.79
<b>Net cash flows from operating activities</b>	0.79
Payment of principal portion of lease liabilities	(0.34)
Payment of interest portion of lease liabilities	(0.45)
<b>Net cash flows from financing activities</b>	(0.79)

\*Composed of different line items in the indirect reconciliation of operating cash flows

There is no material impact on other comprehensive income or the basic and diluted earnings per share.

Upon adoption of Ind AS 116, the Company applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Company recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the modified retrospective method of adoption, the Company applied Ind AS 116, applied to all lease contracts outstanding as at April 1, 2019, by recording the cumulative effect of initial application as an adjustment to opening retained earnings.



**Welspun Captive Power Generation Limited**  
**Notes to the Financial Statements for the year ended March 31, 2020**

As at 31 March 2020:

- 'Right-of-use assets' were recognised and presented separately in the balance sheet.
- Additional lease liabilities were recognised and presented separately in the balance sheet.
- 'Retained earnings' decreased due to the net impact of these adjustments.

For the year ended 31 March 2020:

- Depreciation expense increased because of the depreciation of additional assets recognised (i.e., increase in right-of-use assets, net of the decrease in 'Property, plant and equipment'). This resulted in increases in Depreciation and Amortization Expenses of INR 0.47 Million.
- Rent expense included in 'Other expenses', relating to previous operating leases, decreased by INR 0.79 Million.
- 'Finance costs' increased by INR 0.45 Million relating to the interest expense on additional lease liabilities recognised.
- Cash outflows from operating activities decreased by INR 0.79 Million and cash outflows from financing activities increased by the same amount, relating to decrease in operating lease payments and increases in principal and interest payments of lease liabilities.

The lease liabilities as at April 1, 2019, can be reconciled to the operating lease commitments as of March 31, 2019, as follows:

Particulars	Amount
Operating lease commitments as at March 31, 2019	-
Incremental borrowing rate as at April 1, 2019	8%
Discounted operating lease commitments as at April 1, 2019	-
Add: Lease payments not included in operating lease commitments as at March 31, 2019 but presented as lease liabilities as per Ind AS 116	1.02
<b>Lease Liabilities as at April 1, 2019</b>	<b>1.02</b>

**Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment**

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions, particularly those relating to deductions / allowance under Section 80 IA of the Income Tax Act, 1961 by the Company. The Company's tax filings include deductions related to Section 80 IA and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax



compliance, that it is probable that its tax treatments will be accepted by the taxation authorities. The Appendix did not have an impact on the financial statements of the Company.

The MCA has also carried out amendments to the following other accounting standards. The effect on adoption of following mentioned amendments were insignificant on the standalone Ind AS financial statements. The Company has not early adopted any standards or amendments that have been issued but are not yet effective.

- (i) Ind AS 109: Prepayment Features with Negative Compensation
- (ii) Ind AS 19: Plan Amendment, Curtailment or Settlement
- (iii) Ind AS 103 Business Combinations
- (iv) Ind AS 12 Income Taxes
- (v) Ind AS 23 Borrowing Costs
- (vi) Amendments to Ind AS 28: Long-term interests in associates and joint ventures
- (vii) Ind AS 111 Joint Arrangements

## **2.4 Significant accounting judgements, estimates and assumption:**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. 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.

### **Critical estimates and judgements**

#### **i) Current tax expense and deferred tax**

The company has claimed deduction under section 80IA of the Income Tax Act, 1961 which involves significant estimates and judgements in respect of sales price of power and steam, purchase of goods and services from vendors. Further calculation of the Company's tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits/losses and/or cash flows. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. (Refer Note 22)

#### **Recognition of deferred tax assets**

The recognition of deferred tax assets in respect of mat credit entitlement is expected to be utilized after the tax holiday period of ten years. There is significant management judgement involved in determination of forecast of future taxable profits beyond the ten years tax holiday (which also involves key assumptions like future growth rate, profit margins etc.) against which the the aforesaid MAT credit entitlement is expected to be utilised. Any changes to these assumptions could significantly affect the recoverability of deferred tax asset on account of MAT credit entitlement (Refer Note 6).

#### **ii) Useful life of Property, Plant and Equipment**

Property, Plant and Equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. For the relative size of the Company's property, plant and equipment and intangible assets refer Notes 3 and 4.



iii) Defined Benefit Obligation

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

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds of maturity approximating the terms of the related plan liability. Refer Note 18 for the details of the assumptions used in estimating the defined benefit obligation.

iv) Fair value of Financial Instruments.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Key judgement includes the valuation methodology used and key estimates include the discount rate etc. Changes to the valuation methodology, discount rates etc. could have a significant impact on the valuation of these financial instruments (Refer Note 23).

v) Estimation uncertainty on account of Covid-19 outbreak

On 11 March 2020, the World Health Organization characterized the outbreak of the new coronavirus ("COVID-19") as a pandemic. This outbreak of COVID-19 is causing significant disturbance and slowdown of economic activities globally and in India. The operations of the Company were impacted, due to shutdown of plants and offices following lockdown as per directives from the Governments. The Company has resumed operations in a phased manner as per directives from the Government.

In assessing the recoverability of carrying amounts of Company's assets such as property, plant & equipment, trade receivables, inventories, investments and other assets, the Company has considered various internal and external information up to the date of approval of these financial statements. The assessment was based on various estimates and assumptions including estimates of values of the businesses and assets, cash flow projections, operating performance including expected order book and capacity utilization, margins based on forecasts of demand with Customers. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. Further, the Company has made detailed assessment of its liquidity position for next one year and concluded that the Company will be able to meet its obligations.

The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.



WELSPUN CAPTIVE POWER GENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

Note 3 : Property, Plant and Equipment

Ra. Million

Year ended 31 March 2019	Building	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equipment	Computers	Total	Capital Work in Progress
Gross carrying amount								
Opening gross carrying amount	644.37	2,392.39	0.05	1.27	5.45	4.63	3,048.17	-
Additions	39.26	35.84	-	0.01	0.23	-	75.33	2.16
Disposals	-	-	0.00	0.15	0.39	0.05	0.59	-
Transfers	-	-	-	-	-	-	-	-
Closing gross carrying amount	683.63	2,428.23	0.05	1.13	5.29	4.58	3,122.91	2.16
Accumulated depreciation and impairment								
Opening accumulated depreciation	83.42	971.68	0.03	0.61	2.84	1.18	1,059.76	-
Depreciation charge during the year	23.86	224.67	0.00	0.12	0.92	1.11	250.69	-
Disposals	-	-	0.00	0.11	0.36	0.04	0.52	-
Closing accumulated depreciation	107.28	1,196.35	0.03	0.82	3.40	2.25	1,309.93	-
Net Carrying amount	576.35	1,231.88	0.02	0.51	1.89	2.33	1,812.98	2.16
Period ended March 31, 2020								
Gross carrying amount								
Opening gross carrying amount	683.63	2,428.23	0.05	1.13	5.29	4.58	3,122.91	2.16
Additions (Refer Note 27 and 35)	50.38	617.08	-	0.43	1.43	0.32	669.64	7.54
Disposals	-	0.77	-	-	0.03	-	0.80	-
Transfers	-	-	-	-	-	-	-	0.23
Closing gross carrying amount	734.01	3,044.54	0.05	1.56	6.68	4.90	3,797.74	9.47
Accumulated depreciation and impairment								
Opening accumulated depreciation	107.28	1,196.35	0.03	0.82	3.40	2.25	1,309.93	-
Depreciation charge during the year	29.37	303.48	0.00	0.14	0.68	1.17	334.84	-
Disposals	-	0.57	-	-	0.02	-	0.59	-
Closing accumulated depreciation	136.65	1,499.26	0.03	0.76	4.06	3.42	1,644.18	-
Net carrying amount	597.36	1,545.28	0.02	0.80	2.62	1.48	2,147.56	9.47



**WELSPUN CAPTIVE POWER GENERATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

**Note 4 : Intangible Assets**

Rs. Million

<b>Computer Software</b>	
<b>Year ended 31 March 2019</b>	
<b>Gross carrying amount</b>	
Opening gross carrying amount	0.48
Additions	-
<b>Closing gross carrying amount</b>	<b>0.48</b>
<b>Accumulated depreciation and impairment</b>	
Opening accumulated depreciation	0.30
Amortisation during the year	0.10
<b>Closing accumulated depreciation</b>	<b>0.40</b>
<b>Net Carrying amount</b>	<b>0.08</b>
<b>Period ended 31 March 2020</b>	
<b>Gross carrying amount</b>	
Opening gross carrying amount	0.48
Additions	-
<b>Closing gross carrying amount</b>	<b>0.48</b>
<b>Accumulated depreciation and impairment</b>	
Opening accumulated depreciation	0.40
Amortisation during the year	0.06
<b>Closing accumulated depreciation and impairment</b>	<b>0.46</b>
<b>Net carrying amount</b>	<b>0.02</b>



	As At March 31, 2020 Rs. Million	As At March 31, 2019 Rs. Million
<b>Note 5 : Financial assets</b>		
<b>5 (a) : Other non-current financial assets</b>		
Fixed deposits with Banks with maturity period more than twelve months	-	1.42
<b>Total</b>	<b>-</b>	<b>1.42</b>
* Fixed deposits Rs. Nil (March 31, 2019 - Rs. 1.42) were held as lien by banks against letter of credit facility and bank guarantee facilities.		
<b>5 (a) : Other current financial assets</b>		
Interest Accrued on Bonds	1.40	10.19
Interest Accrued on Deposits	-	6.65
<b>Sub Total (a)</b>	<b>1.40</b>	<b>16.84</b>
Insurance Claim Receivable	222.58	20.66
Less: Provision for Insurance Claim	20.66	16.62
<b>Sub Total (b)</b>	<b>201.92</b>	<b>4.04</b>
<b>Total (a+b)</b>	<b>203.32</b>	<b>20.88</b>
<b>5 (b) : Current investments</b>		
<b>Quoted:</b>		
<b>Investment in bonds measured at FVPL</b>		
Bonds		
- (Previous year 146 nos) 10.45% GSPC NCD	-	155.48
- (Previous year 150 nos) 7.88% NEEPCO Bonds	-	147.00
28 (Previous year 28 nos) 9.10% Reliance General Insurance	13.27	27.37
- (Previous year 80 nos) 9.41% IFCL NCD	-	96.41
1,400 (Previous year 1400 nos) 9.30% FCI Ltd Bonds Series 58	32.00	30.49
<b>Investment in mutual funds measured at FVPL</b>		
- (Previous year 42623 nos) SBI Overnight Fund - G	-	131.81
<b>Total</b>	<b>45.27</b>	<b>390.57</b>
Aggregate amount of quoted investments	45.27	390.57
Market Value of quoted investments	45.27	390.57
Aggregate amount of impairment in the value of investments	-	-
<b>5 (c) : Trade receivables</b>		
Trade Receivables	0.83	0.81
Receivables from related parties (Refer Note 27)	761.23	969.24
<b>Total</b>	<b>762.06</b>	<b>970.05</b>
<b>Break-up of security details</b>		
Secured, considered good	-	-
Unsecured, considered good	762.06	970.05
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - Credit impaired	-	-
Allowance for doubtful debts	-	-
<b>Total</b>	<b>762.06</b>	<b>970.05</b>
<b>5 (d) : Cash and cash equivalents</b>		
Balances with banks		
- In current accounts	15.04	67.56
Fixed deposits with Banks with maturity period of less than three months	94.52	55.55
Cash on Hand	-	-
<b>Total</b>	<b>109.56</b>	<b>123.11</b>
* Fixed deposits Rs. 15.16 million (March 31, 2019 - Rs. 55.55 million) were held as lien by banks against letter of credit facility and bank guarantee facilities.		
<b>5 (e) : Bank balances other than cash and cash equivalents</b>		
Other Bank balances		
- Fixed deposits with maturity more than 3 months but less than 12 months *	28.90	32.24
<b>Total</b>	<b>28.90</b>	<b>32.24</b>
* Fixed deposits Rs. 28.90 million (March 31, 2019 - Rs. 32.24 million) were held as lien by banks against letter of credit facility and bank guarantee facilities.		



## WELSPUN CAPTIVE POWER GENERATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

	As At March 31, 2020 Rs. Million	As At March 31, 2019 Rs. Million
<b>Note 6 : Deferred Tax Assets (Net)</b>		
Minimum Alternative Tax Credit Entitlement (Refer note below)	587.52	453.26
Deferred Tax Asset arising on account of Timing differences in:		
- Expenses inadmissible under Section 40(a) of the Income Tax Act, 1961	3.33	-
- Provision for Employee Benefits	2.61	1.91
- Others	0.03	0.66
Deferred Tax Liabilities arising on account of Timing differences in:		
- Property, plant and equipment	(138.12)	(111.14)
- Classification of preference share Liability in equity and liability at inception	(101.47)	(111.19)
<b>Total</b>	<b>352.90</b>	<b>233.50</b>

Note: The Company has recognised deferred tax asset in respect of Minimum Alternate Tax (MAT) Credit which is expected to be utilised after the tax holiday period of ten years. The management based on the projections prepared for a period of fifteen years expects to fully utilise the MAT credit entitlement. Also refer Note 2.4(i).

## Movement in deferred tax assets

Particulars	Minimum Alternative Tax Credit Entitlement	Property, plant and equipment	Defined Benefit Obligation	Expenses inadmissible u/s 40a(i)	Classification of preference share Liability in equity and liability at inception	Others	Total
April 1, 2018	244.74	(110.83)	1.37	2.81	(119.86)	(1.12)	17.11
(Charged) / Credited :							
to Profit & Loss	208.52	(0.31)	0.54	(2.61)	6.67	0.94	215.55
to Other Comprehensive Income	-	-	-	-	-	0.84	0.84
Deferred tax on basis adjustment	-	-	-	-	-	-	-
March 31, 2019	453.26	(111.14)	1.91	-	(111.19)	0.66	233.50
(Charged) / Credited :							
to Profit & Loss	134.26	(27.98)	0.70	3.33	9.72	(0.66)	119.37
to Other Comprehensive Income	-	-	-	-	-	0.03	0.03
Deferred tax on basis adjustment	-	-	-	-	-	-	-
March 31, 2020	587.52	(138.12)	2.61	3.33	(101.47)	0.63	352.90



**WELSPUN CAPTIVE POWER GENERATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

**Note 11 (a) : Equity share capital**

Authorised Share Capital	Equity Shares of Rs. 10 each	
	Number of Shares	Amount Rs. Million
As at April 1, 2018	3,00,00,000	300.00
Increase during the year	-	-
As at March 31, 2019	3,00,00,000	300.00
Increase during the year	-	-
As at March 31, 2020	3,00,00,000	300.00

(i) Movements in Equity Share Capital	Equity Shares of Rs.10 each fully paid up	
	Number of shares	Amount
As at April 1, 2018	2,95,37,988	295.38
Additions during the year	-	-
As at March 31, 2019	2,95,37,988	295.38
Additions during the year	-	-
As at March 31, 2020	2,95,37,988	295.38

**Terms and rights attached to equity shares**

Equity shares have a par value of Rs. 10. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

**(ii) Shares held by holding company (Holding company as defined in Ind AS-24 : "Related Party Disclosure")**

	As at March 31, 2020		As at March 31, 2019	
	Number of Shares	Amount Rs. Million	Number of Shares	Amount Rs. Million
Equity Shares :				
Welspun India Limited	2,27,44,213	227.44	2,27,44,213	227.44
	2,27,44,213	227.44	2,27,44,213	227.44

**(iii) Details of shareholders holding more than 5% shares in the Company**

	As at March 31, 2020		As at March 31, 2019	
	Number of Shares	%	Number of Shares	%
Equity Shares :				
Welspun India Limited	2,27,44,215	77.00	2,27,44,215	77.00
Welspun Corp Limited	58,33,500	19.75	58,33,500	19.75



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

	As At March 31, 2020 Rs. Million	As At March 31, 2019 Rs. Million
<b>Note 11 (b) : Reserves and surplus</b>		
Debenture Redemption Reserve	-	220.00
Retained earnings	2,504.60	1,549.82
<b>Total</b>	<b>2,504.60</b>	<b>1,769.82</b>
<b>(i) Debenture Redemption Reserve</b>		
Opening Balance	220.00	146.11
Additions/(Transfer) during the year	(220.00)	73.89
<b>Closing Balance</b>	<b>-</b>	<b>220.00</b>
<b>(ii) Retained earnings</b>		
Opening Balance	1,549.82	640.73
Net profit for the year	734.83	984.54
	2,284.65	1,625.27
Items of other comprehensive income recognised directly in retained earnings		
Remeasurements of post-employment benefit obligation, net of tax	(0.05)	(1.56)
Transfer (to)/from debenture redemption reserve	220.00	(73.89)
<b>Closing Balance</b>	<b>2,504.60</b>	<b>1,549.82</b>

**Nature and purpose of reserves within equity****(i) Debenture redemption reserve**

The Company was required to create a debenture redemption reserve out of profits which is available for payment of dividend for the purpose of redemption of debentures which has been transferred to retained earnings since Company has redeemed the debentures during the year.

**(ii) Retained earnings**

Retained earnings represents the Company's cumulative earnings.



	As At March 31, 2020 Rs. Million	As At March 31, 2019 Rs. Million
<b>Note 12 : Financial Liabilities</b>		
<b>Note 12 (a) : Non-current borrowings</b>		
<b>Secured :</b>		
<b>Debentures</b>		
9.84% Redeemable Non-Convertible Debentures (Refer Note (x) below)	-	879.50
<b>Unsecured :</b>		
Liability component of compound financial instruments (Refer note (b) below)	261.79	233.99
<b>Total non-current borrowings</b>	<b>261.79</b>	<b>1,113.49</b>
Less: Current maturities of long-term debt (included in Note 12 (b))	-	879.50
<b>Non-current borrowings (as per balance sheet)</b>	<b>261.79</b>	<b>233.99</b>

**Notes :****(a) Nature of security and terms of repayment for secured debentures :**

On March 30, 2016, the Company had issued 2,200 rated, listed, secured, redeemable, Non-Convertible Debentures of Rs. 10 lacs each aggregating to Rs. 2,200 millions. The debentures bore an interest at an agreed upon annual rate of 9.84% compounded monthly and payable annually. Those debentures were guaranteed by Welspun India Limited. Also, those debentures were secured by way of first charge on immovable properties and hypothecation over the bank accounts, investments and any accruals or profits accumulating as a result of such investments and movable fixed assets of the Company. Those Debentures were subsequently listed on the Wholesale Debt Market Segment of the National Stock Exchange (NSE) on April 13, 2016. The company has redeemed 2,200 (during the year 880) secured, redeemable, Non-Convertible Debentures of Rs. 10 lacs each aggregating to Rs. 2,200 millions upto March 31, 2020.

**(b) 10% Non-Cumulative Redeemable Preference Shares**

Preference shares will be redeemable at the expiry of 19 years from the date of allotment or at the option of the Company. The redemption option may be exercised in full or in part by the Company. The Shares shall neither be converted into Equity Shares of the Company nor shall carry any voting rights in the Company except as provided under section 47 of the Companies Act, 2013 to the extent applicable.

Pursuant to the Board Resolution dated February 20, 2016 and approval of shareholders in an extraordinary general meeting dated March 09, 2016, 98,462,012 8% Non-Cumulative Redeemable Preference Shares were converted into 98,462,012 10% Non-Cumulative Redeemable Preference Shares of Rs. 10 each with effect from April 01, 2015.

Particulars	As at March 31, 2020 (Rs. Million)	As at March 31, 2019 (Rs. Million)
Face value of 10% Non Cumulative Redeemable Preference Shares	984.62	984.62
*Equity Component of 10% Non Cumulative Redeemable Preference Shares	868.12	868.12
Unwinding of interest	116.50	116.50
Non Current Borrowings	145.29	117.40
	<b>261.79</b>	<b>233.99</b>

\* The equity component of preference shares has been presented on the face of the balance sheet net of the deferred tax of Rs. 150.76 million

**Note 12 (b) : Other financial liabilities**

<b>Non-current</b>		
Security Deposits	0.05	0.05
<b>Total other non-current financial liabilities</b>	<b>0.05</b>	<b>0.05</b>
<b>Current</b>		
Current Maturities of Long Term Debt		
- Debentures Redeemable within One Year (Refer Note 12 (a))	-	879.50
Retention money payable	11.95	11.55
Bank overdraft	-	24.50
<b>Total other current financial liabilities</b>	<b>11.95</b>	<b>915.55</b>

**Note 12 (c) : Trade payables**

- Total Outstanding Dues of Micro Enterprises and Small Enterprises (Refer Note 32)	0.43	-
- Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises		
- Trade payables to related parties (Refer Note 27)	0.18	0.04
- Others	300.97	70.07
<b>Total</b>	<b>301.58</b>	<b>70.11</b>



**WELSPUN CAPTIVE POWER GENERATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

	<b>As At March 31, 2020 Rs. Million</b>	<b>As At March 31, 2019 Rs. Million</b>
<b>Note 13 : Employee benefit obligations</b>		
<b>Non-current</b>		
Leave Obligation (Refer note 18)	5.55	5.02
<b>Total non-current employee benefit obligations</b>	<b>5.55</b>	<b>5.02</b>
<b>Current</b>		
Leave Obligation (Refer note 18)	0.47	0.45
Gratuity (Refer note 18)	1.44	-
Other Payables *	0.66	0.14
<b>Total current employee benefit obligations</b>	<b>2.57</b>	<b>0.59</b>
* Includes salary, wages, bonus and leave travel allowance.		
<b>Note 14 (a) : Liabilities for current tax</b>		
Liabilities for current tax	0.20	1.28
	<b>0.20</b>	<b>1.28</b>
<b>Note 14 (b) : Other current liabilities</b>		
Statutory dues (including Provident Fund and Tax deducted at Source)	9.52	13.05
Advance from customers	0.19	0.19
<b>Total</b>	<b>9.71</b>	<b>13.24</b>



## WELSPUN CAPTIVE POWER GENERATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

	Year ended March 31, 2020 Rs. Million	Year ended March 31, 2019 Rs. Million
<b>Note 15 : Revenue from operations</b>		
Revenue from contracts with customers		
<b>a) Disaggregated revenue information of the company from contracts with customers</b>		
<b>Sale of manufactured Products</b>		
Sale of Power	3,142.31	3,123.04
Sale of Steam	681.35	607.01
	<u>3,823.66</u>	<u>3,730.05</u>
<b>Other operating revenue</b>		
Sale of Coal	79.43	712.09
Sale of Fly Ash	0.04	0.19
Sale of Scrap	8.65	6.74
	<u>88.12</u>	<u>719.02</u>
<b>Total revenue from contract with customers</b>	<u><b>3,911.78</b></u>	<u><b>4,649.07</b></u>
<b>b) Timing of revenue recognition</b>		
Goods transferred at a point in time	3,911.78	4,649.07
Goods transferred over time	-	-
<b>Total revenue from contract with customers</b>	<u><b>3,911.78</b></u>	<u><b>4,649.07</b></u>
<b>c) Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price.</b>		
Revenue as per contracted price	3,911.78	4,649.07
<b>Adjustments</b>		
Significant financing component	-	-
Other adjustments	-	-
<b>Total revenue from contract with customers</b>	<u><b>3,911.78</b></u>	<u><b>4,649.07</b></u>
<b>Contract balances</b>		
The following table provides information about receivables, contract assets and contract liabilities from contracts with customers		
Trade Receivables * (Refer note 5 (c))	762.06	970.05
Contract liabilities - Advances from customers	0.19	0.19
* Trade receivables are non-interest bearing and are generally on terms of 60 to 90 days.		
<b>Note 16 : Other income</b>		
<b>(a) Other Income</b>		
Interest income from financial assets measured at amortised cost		
-on fixed deposits	9.21	3.90
Interest income from financial assets measured at fair value through profit or loss		
-on bonds	10.06	17.38
Net gain on financial assets measured at fair value through profit or loss		
-on bonds and mutual funds	6.34	6.54
Profit on Sale of Fixed Assets	-	0.00
Exchange Gain (Net)	8.49	-
Miscellaneous income (Refer Note 34)	180.15	3.26
<b>Total other income</b>	<u><b>214.25</b></u>	<u><b>31.08</b></u>
<b>Note 17 : Cost of materials consumed</b>		
Raw materials at the beginning of the year	126.19	59.73
Add: Purchases (net)	2,461.83	2,213.42
Less: Raw materials at the end of the year	294.11	128.19
<b>Total cost of materials consumed</b>	<u><b>2,305.91</b></u>	<u><b>2,144.96</b></u>



## WELSPUN CAPTIVE POWER GENERATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

	Year ended March 31, 2020 Rs. Million	Year ended March 31, 2019 Rs. Million
<b>Note 18 : Employee benefits expense</b>		
Salaries, Wages, Allowances and Other Benefits	117.80	115.99
Contribution to Provident and Other Funds	8.31	5.36
Gratuity	1.74	1.22
Leave compensation	0.90	1.55
Staff and Labour Welfare	1.89	1.29
<b>Total</b>	<b>130.73</b>	<b>126.41</b>

The Company has classified the various benefits provided to employees as under :-

## i Defined Contribution Plans

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss:

	Year ended March 31, 2020 (Rs. million)	Year ended March 31, 2019 (Rs. million)
- Employers' Contribution to Provident Fund*	5.07	2.33
- Employers' Contribution to Employees' Pension Scheme*	2.43	2.47
- Employers' Contribution to Superannuation Scheme*	0.81	0.56
	<b>8.31</b>	<b>5.36</b>

\* Included in Contribution to Provident and Other Funds.

## ii Defined Benefit Plan

## Contribution to Gratuity Fund (Funded Defined Benefit Plan)

The company operates a gratuity plan managed by Kotak Life Insurance Limited. 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. The same is payable at the time of separation from the company or retirement, whichever is earlier.

## Risk exposure

These defined benefit plans expose the Company to actuarial risk such as longevity risks, interest rate risks, market (investment) risks.

## a. Major Assumptions

	As at March 31, 2020	As at March 31, 2019
Discount Rate	5.87 % p.a.	7.79 % p.a.
Salary Escalation Rate (i)	8.50% p.a. for the next 5 years, 5.00% p.a. thereafter, starting from the 5th year	7.00% p.a. for the next 2 years, 5.00% for the next 3 years, 5% p.a. thereafter, starting from the 5th year
Rate of Employee Turnover	For service 2 years and below 8% p.a., for service 3 years to 4 years 6% p.a., for service 5 years and above 4% p.a.	For service 2 years and below 8% p.a., for service 3 years to 4 years 6% p.a., for service 5 years and above 4% p.a.
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

(i) The estimates for future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

## b. Change in the Present Value of Obligation

	As at March 31, 2020 (Rs. million)	As at March 31, 2019 (Rs. million)
Opening Present Value of Obligation	10.65	7.00
Current Service Cost	1.36	1.00
Interest Cost	0.64	0.54
<b>Total amount recognised in profit or loss</b>	<b>2.26</b>	<b>1.54</b>
<b>Remeasurements</b>		
(Gain)/loss from change in demographic assumptions		0.29
(Gain)/loss from change in financial assumptions	1.07	0.02
Experience (gain)/losses	(0.43)	1.59
<b>Total amount recognised in other comprehensive income</b>	<b>0.64</b>	<b>2.30</b>
Benefit paid	(0.56)	-
<b>Closing Present Value of Obligation</b>	<b>13.09</b>	<b>10.69</b>



## WELSPUN CAPTIVE POWER GENERATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

	(Rs. million)	
	As at March 31, 2020	As at March 31, 2019
<b>c. Change in Fair Value of Plan Assets</b>		
Opening Fair Value of Plan Assets	10.86	7.31
Interest Income	0.04	0.55
Total amount recognised in profit or loss	0.04	0.55
Remeasurements		
Return on Plan Assets, excluding interest income	0.55	(0.10)
Actuarial gain / (Loss) on Obligations	-	-
Total amount recognised in other comprehensive income	0.55	(0.10)
Contributions	-	3.40
Benefits paid	(0.58)	-
Closing Fair Value of Plan Assets	11.86	10.86

	(Rs. million)	
	As at March 31, 2020	As at March 31, 2019
<b>d. Balance sheet reconciliation</b>		
Opening Net Liability	(6.88)	(6.88)
Expenses Recognised in Statement of profit or loss	1.36	1.00
Expenses Recognised in OCI	0.08	2.40
Net Liability/(Asset) Transfer In	-	-
Net Liability/(Asset) Transfer Out	-	-
(Benefits Paid Directly by the Employer)	-	-
(Employer's Contribution)	-	(3.40)
Net Liability/(Asset) Recognised in the Balance Sheet	1.44	(0.88)

	(Rs. million)	
	As at March 31, 2020	As at March 31, 2019
<b>e. Amount recognised in the Balance sheet</b>		
Present value of Obligation	(13.06)	(10.86)
Fair Value of Plan Assets	11.65	10.86
Net Liability/(Asset) Recognised in the Balance Sheet	(1.44)	0.00

	(Rs. million)	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>f. Expenses Recognised in the Statement of Profit and Loss</b>		
Current Service Cost	1.36	1.00
Net Interest Cost	(0.00)	(0.00)
Total Expenses recognised in the statement of profit and loss*	1.36	1.00

\* Included in Employee Benefits Expense

	(Rs. million)	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>g. Expenses recognized in the Other Comprehensive Income</b>		
Remeasurement		
Return on Plan Assets	(0.55)	0.10
Net Actuarial Loss/(gain) recognised in the year	0.63	2.30
Net (Income)/Expense for the Period Recognised in OCI	0.08	2.40

**h. Sensitivity analysis:**  
The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Change in Assumptions	(Rs. million)	
		March 31, 2020	March 31, 2019
Discount Rate	Increase by 1%	(1.16)	(0.93)
Discount Rate	Decrease by 1%	1.36	1.08
Salary Increase	Increase by 1%	1.36	1.10
Salary Increase	Decrease by 1%	(1.18)	(0.96)
Employee Turnover	Increase by 1%	0.19	0.26
Employee Turnover	Decrease by 1%	(0.22)	(0.29)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**i. The major categories of plan assets are as follows:**

	(Rs. million)			
	As at March 31, 2020		As at March 31, 2019	
	Quoted	%	Quoted	%
Insurer Managed funds	11.65	100.00	10.86	100.00



## WELSPUN CAPTIVE POWER GENERATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

## j. Defined benefit liability and employer contributions

The Company monitors funding levels on an annual basis and the current agreed contribution rate is 12% of the basic salaries. Funding is done only for employees more than 5 years in the firm, for less than 5 years employees are paid separately.

Expected contributions to post-employment benefit plans for the year ending 31 March 2020 are Rs. 2.34 million.

The weighted average duration of the defined benefit obligation is: 11 years (2019 - 11 years). The expected maturity analysis of undiscounted pension is as follows:

Particulars	(Rs. million)			
	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years
March 31, 2020				
Defined benefit obligation	0.67	0.79	3.23	24.63
Total	0.67	0.79	3.23	24.63
March 31, 2019				
Defined benefit obligation	0.77	0.60	2.26	23.71
Total	0.77	0.60	2.26	23.71

## k. Amounts recognised in current year and previous years

	(Rs. million)	
	As at March 31, 2020	As at March 31, 2019
Defined Benefit obligation at the end of the year	13.00	10.95
Fair Value of Plan Assets	11.66	10.86
(Surplus)/ Deficit	1.44	(0.01)
Experience (gain)/ loss adjustments on plan liabilities	-	-
Experience gain/ (loss) adjustments on plan assets	-	-
Actuarial (gain)/loss due to change in assumptions	0.63	2.30

## H Other Employee Benefit

The liability for compensated absences as at year end is Rs. 6.02 (March 31, 2019: Rs. 5.46).



## WELSPUN CAPTIVE POWER GENERATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

	Year ended March 31, 2020 Rs. Million	Year ended March 31, 2019 Rs. Million
<b>Note 19 : Depreciation and amortization expense</b>		
Depreciation property, plant and equipment (Refer Note 3 and 18)	335.33	350.68
Amortisation on intangible assets (Refer Note 4)	0.05	0.10
<b>Total depreciation and amortization expense</b>	<b>335.37</b>	<b>350.78</b>
<b>Note 20 : Other Expenses</b>		
Stores and Spares Consumed (Refer note 20 (c))	61.53	57.78
Contract Labour Charges	36.29	15.07
Water Expenses	109.93	83.44
Repairs and Maintenance: (Refer note 20 (c))		
Plant and Machinery	21.41	11.07
Others	52.88	9.70
Material Handling and Transport Charges (Refer note 20 (c))	33.59	30.79
Commission on Corporate Guarantee	2.33	7.04
Transmission & Power Expenses	131.45	118.22
Directors' Sitting Fees	0.58	0.42
Rent	1.89	0.91
Travelling and Conveyance	3.35	2.83
Legal and Professional Charges (Refer note 20 (c))	4.74	3.44
Security Expenses	3.11	2.15
Insurance	19.79	13.68
Communication	0.19	0.12
Corporate Social Responsibility Expenses (Refer note 20 (b))	14.10	10.80
Payments to auditors (Refer note 20 (a))	1.60	1.51
Loss on foreign exchange (net)	-	0.08
Fair value loss on financial instruments at fair value through profit or loss	11.76	4.31
Miscellaneous	5.79	3.30
<b>Total Other Expenses</b>	<b>486.05</b>	<b>337.58</b>
<b>Note 20 (a) : Details of Payments to auditors</b>		
Payments to auditors		
As auditor:		
Audit fee	1.20	0.81
Tax audit fee	0.15	0.11
Limited Review	-	0.38
Other services (Certification fees)	0.15	0.05
Re-imbursement of expenses	0.10	0.18
<b>Total payments to auditors</b>	<b>1.60</b>	<b>1.51</b>
<b>Note 20 (b) : Corporate Social Responsibility Expenses</b>		
Contribution to Charity Foundation	14.10	10.80
<b>Total</b>	<b>14.10</b>	<b>10.80</b>
Amount required to be spent as per section 135 of the act.	14.07	10.76
<b>Amount spent during the year on</b>		
(i) Construction/ acquisition of an asset	14.10	10.80
(ii) on purpose other than (i) above	-	-
<b>Note 20 (c) : The Company has incurred following cost during the year in relation to Machinery breakdown of 80-megawatt power plant: (Refer Note 34)</b>		
<b>Nature of Expenses</b>	<b>Rs. Million</b>	
Repairs and Maintenance	14.88	
Stores and Spares Consumed	5.30	
Material Handling and Transport Charges	1.15	
Legal and Professional Charges	0.64	
	<b>21.97</b>	
<b>Note 21 : Finance costs</b>		
Interest and finance charges on financial liabilities not at fair value through profit or loss		
- on Short Term borrowings	6.95	3.88
- on Long Term borrowings	14.68	93.34
- unwinding of discount on debt component of preference shares	27.60	24.85
Discounting and Bank Charges	7.34	6.07
Interest on lease liability (Refer Note 28)	0.46	-
<b>Total Finance cost</b>	<b>57.03</b>	<b>131.11</b>



**WELSPUN CAPTIVE POWER GENERATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

**Note 22 : Income tax expense**

(Rs. million)

	March 31, 2020	March 31, 2019
<b>(a) Income tax expense</b>		
Current Tax		
Current Tax on profits for the year	136.94	219.63
<b>Total current tax expense</b>	<b>136.94</b>	<b>219.63</b>
Deferred Tax		
Increase in deferred tax assets (Refer Note 6)	(119.36)	(215.56)
<b>Total deferred tax benefit</b>	<b>(119.36)</b>	<b>(215.56)</b>
<b>Income tax expense</b>	<b>17.58</b>	<b>4.07</b>
<b>b) Other Comprehensive Income</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Net loss/(gain) on remeasurement of defined benefit plans	0.03	0.84

**(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate**

(Rs. million)

	March 31, 2020	March 31, 2019
Profit before income tax expense	752.41	988.61
<b>Tax at the Indian tax rate @ 34.94%* (Previous year @ 34.94%)</b>	<b>262.92</b>	<b>345.46</b>
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income</b>		
Deductions under section 80IA of Income Tax Act, 1961	(279.77)	(380.76)
Corporate social responsibility expenditure	4.67	1.16
Other Items	29.76	38.21
<b>Income Tax Expenses</b>	<b>17.58</b>	<b>4.07</b>

\*The Company continues to pay income tax under older tax regime and have not opted for lower tax rate pursuant to Taxation Law (Amendment) Ordinance, 2019 considering the accumulated MAT credit and other benefits under the Income Tax Act, 1961.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## Note 23 : Fair value measurements

## Financial instruments by category

(Rs. million)

	31-Mar-20			31-Mar-19		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
<b>Current financial assets</b>						
Investments						
- Bonds and debentures	45.27	-	-	458.76	-	-
- Mutual funds	-	-	-	131.81	-	-
Trade receivables	-	-	762.06	-	-	970.05
Cash and cash equivalents	-	-	109.56	-	-	123.11
Bank Balances other than above	-	-	28.90	-	-	32.24
Insurance Claim Receivable	-	-	201.92	-	-	4.04
Fixed deposits with Banks with maturity period more than twelve months	-	-	-	-	-	1.42
Interest Accrued on Deposits	-	-	1.40	-	-	16.84
<b>Total financial assets</b>	<b>45.27</b>	<b>-</b>	<b>1,103.84</b>	<b>590.57</b>	<b>-</b>	<b>1,147.70</b>
<b>Financial liabilities</b>						
Borrowings	-	-	261.79	-	-	1,113.49
Bank Overdraft	-	-	-	-	-	24.50
Lease liability	-	-	10.86	-	-	-
Security Deposits	-	-	0.05	-	-	0.05
Trade payables	-	-	301.86	-	-	70.11
Retention money payable	-	-	11.95	-	-	11.55
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>586.21</b>	<b>-</b>	<b>-</b>	<b>1,219.70</b>

## ii) Fair value of Financial assets and liabilities measured at amortised cost

(Rs. million)

Particulars	31-Mar-20		31-Mar-19	
	Carrying amount	Fair Value	Carrying amount	Fair Value
<b>Financial Assets</b>				
Insurance Claim Receivable	201.92	201.92	4.04	4.04
Fixed deposits with Banks with maturity period more than twelve months	-	-	1.42	1.42
Interest Accrued on Deposits	1.40	1.40	16.84	16.84
Others	900.52	900.52	1,125.41	1,125.41
<b>Total</b>	<b>1,103.84</b>	<b>1,103.84</b>	<b>1,147.71</b>	<b>1,147.71</b>
<b>Financial Liabilities</b>				
9.84% Redeemable Non-Convertible Debentures	-	-	876.50	861.91
Liability component of compound financial instruments	261.79	346.39	233.99	307.84
Security Deposits	0.05	0.05	0.05	0.05
Bank Overdraft	-	-	24.50	24.50
Others	313.01	313.51	81.66	81.66
<b>Total</b>	<b>575.35</b>	<b>659.95</b>	<b>1,216.70</b>	<b>1,295.96</b>

The carrying amount of trade receivable, trade payable, insurance claim receivable, interest accrued on deposits and bonds, cash and cash equivalents are considered to be the same as their value, due to their short-term nature.

The fair values for liability component of compound financial instruments are based on discounted cash flow using a current borrowing rate. They are classified as level 3 fair value in fair value hierarchy due to use of unobservable inputs, including own credit risk.

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

## (iii) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(Rs. million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
<b>At March 31, 2020</b>					
<b>Financial assets</b>					
Bonds & Debentures	5 (b)	-	-	45.27	45.27
Mutual funds - Growth plan	5 (c)	-	-	-	-
<b>Total financial assets</b>		<b>-</b>	<b>-</b>	<b>45.27</b>	<b>45.27</b>



## WELSPUN CAPTIVE POWER GENERATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. million)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	Notes	Level 1	Level 2	Level 3	Total
At March 31, 2020					
<b>Financial assets</b>					
Fixed deposits with Banks with maturity period more than twelve months	5 (a)	-	-	-	-
Interest Accrued on Deposits		-	-	1.40	1.40
Others		-	-	900.52	900.52
Insurance Claim Receivable		-	-	201.92	201.92
<b>Total financial assets</b>		-	-	1,103.84	1,103.84
<b>Financial Liabilities</b>					
Security Deposits	11 (b)	-	-	0.05	0.05
Liability component of compound financial instruments	11 (a)	-	-	346.39	346.39
Trade payables		-	-	301.56	301.56
Retention money payable		-	-	11.95	11.95
<b>Total financial liabilities</b>		-	-	659.95	659.95

(Rs. million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
At March 31, 2019					
<b>Financial assets</b>					
Bonds & Debentures	5 (b)	-	-	458.76	458.76
Mutual funds - Growth plan	5 (b)	-	131.81	-	131.81
<b>Total financial assets</b>		-	131.81	458.76	590.57

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	Notes	Level 1	Level 2	Level 3	Total
At March 31, 2019					
<b>Financial assets</b>					
Fixed deposits with Banks with maturity period more than twelve months	5 (a)	-	1.42	-	1.42
Interest Accrued on Deposits		-	-	16.84	16.84
Others		-	-	1,125.41	1,125.41
Insurance Claim Receivable		-	-	4.04	4.04
<b>Total financial assets</b>		-	1.42	1,146.29	1,147.71
<b>Financial Liabilities</b>					
Security Deposits	11 (b)	-	-	0.05	0.05
9.84% Redeemable Non-Convertible Debentures	11 (a)	881.91	-	-	881.91
Liability component of compound financial instruments	11 (a)	-	-	307.84	307.84
Bank Overdraft		-	-	24.50	24.50
Trade payables		-	-	70.11	70.11
Retention money payable		-	-	11.55	11.55
<b>Total financial liabilities</b>		881.91	-	414.05	1,295.96

Level 1: This hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, exchange traded funds and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing Net Assets Value (NAV). NAV represents the price at which the issuer will issue further units and will redeem such units of mutual fund to and from the investors.

Level 2: The fair value of financial instruments that are not traded in an active market (such as traded bonds, debentures, government securities and commercial papers) is determined using Fixed Income Money Market and Derivatives Association of India (FIMMDA) inputs and valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

There are no internal transfers of financial assets and financial liabilities between levels 1, 2 and level 3 during the period. The group's policy is to recognise transfers into and transfers out of fair value hierarchy level as at the end of reporting period.

#### iv) Valuation technique used to determine fair value :

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments.
  - the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
  - the fair value of the remaining financial instruments is determined using discounted cash flow analysis.
- All of the resulting fair value estimates are included in level 2.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## Note : 24 : Financial Risk Management

The Company activities are exposed to market risk, liquidity risk and credit risk. In order to minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts, foreign currency option contracts are entered to hedge certain foreign currency risk exposures and interest rate swaps to hedge variable interest rate exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables	Aging analysis Credit ratings	Diversification of bank deposits, credit limits
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Future commercial transactions Recognised financial liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts
Market risk – security prices	Investments in Bonds	Sensitivity analysis	Portfolio diversification

The Company's risk management is carried out by a central treasury department (group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

## (A) Credit risk

Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to wholesale customers including outstanding receivables.

## (i) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved annually. Since substantial amount of receivables of the Company are from its own Subsidiaries and Associates credit risk is mitigated.

Ageing of Trade receivables is as follows

	Not due	0 - 30 days past dues	31 - 60 days past dues	61 - 90 days past dues	91 - 120 days past dues	121 - 180 days past dues	Total
As at March 31, 2020	682.81	56.71	8.68	4.90	8.95	-	762.05
As at March 31, 2019	778.10	94.21	69.90	27.13	0.71	-	970.05

During the year and previous years, the Company made no write-offs of trade receivables. It does not expect to receive future cash flows or recoveries from collection of cash flows previously written off.

## (ii) Concentration Risk

The Company, being a captive power plant, has only four customers comprising 100% of sale of power and steam. Of these, sales to three customers is greater than 10% of total revenue and these three customers comprise greater than 95% of the total revenue.

## (B) Liquidity Risk

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

## (i) Financing arrangements

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

	Rs. Million	
	31-Mar-20	31-Mar-19
Expiring within one year (cash credit, bank overdraft and other facilities)	1,350.00	650.00
<b>TOTAL</b>	<b>1,350.00</b>	<b>650.00</b>

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## (ii) Maturities of Financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

> all non-derivative financial liabilities, and

> net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows.

As at March 31, 2020

Rs. Million

Contractual maturities of financial liabilities	Less than 3 Months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Beyond 5 years	Total
<b>Non-derivatives</b>							
Borrowings (Refer Note 12)	-	-	-	-	-	984.62	984.62
Trade payables	128.50	173.05	-	-	-	-	301.55
Other financial liabilities	11.95	-	-	-	-	-	11.95
<b>Total non-derivative liabilities</b>	<b>140.45</b>	<b>173.05</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>984.62</b>	<b>1,298.13</b>
<b>Derivatives (net settled)</b>							
Foreign exchange forward contracts	-	-	-	-	-	-	-
<b>Total derivative liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

As at March 31, 2019

Rs. Million

Contractual maturities of financial liabilities	Less than 3 Months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Beyond 5 years	Total
<b>Non-derivatives</b>							
Borrowings	880.00	-	-	-	-	984.62	1,864.62
Trade payables	70.11	-	-	-	-	-	70.11
Other financial liabilities	36.05	-	-	-	-	-	36.05
<b>Total non-derivative liabilities</b>	<b>986.16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>984.62</b>	<b>1,970.78</b>
<b>Derivatives (net settled)</b>							
Foreign exchange forward contracts	-	-	-	-	-	-	-
<b>Total derivative liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### C. Market risk

#### (i) Foreign currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments, highly probable forecast transactions and foreign currency required at the settlement date of certain receivables/payables. The use of foreign currency forward contracts is governed by the Company's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the Company's risk management policy and procedures.

#### (a) Foreign currency risk exposure

The Company's exposure to foreign currency risk at the end of the reporting period in India Rupees are as follows

As at	31-Mar-20		31-Mar-19	
	USD	EUR	USD	EUR
<b>Financial Assets</b>				
Trade Receivables	-	-	-	-
Others	-	-	-	-
Derivative contracts	-	-	-	-
Forward	-	-	-	-
<b>Net exposure to foreign currency risk (assets)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>				
External commercial borrowings	-	-	-	-
Trade payables	-	-	-	-
Derivative contracts	-	-	-	-
Forward	-	-	-	-
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## (b) Foreign currency sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments arises from foreign forward exchange contracts.

	Impact on profit after tax	
	March 31, 2020	March 31, 2019
USD sensitivity		
INR/USD - Increase by 3% (March 31, 2019 - 3%)*	-	-
INR/USD - Decrease by 3% (March 31, 2019 - 3%)*	-	-

\* Holding all other variables constant

Sensitivity analysis is carried out based on average exchange rate movement of last 3 years.

## (ii) Cash flow and fair value interest rate risk

The Company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The Company uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like non-convertible bonds and short term loans. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

## (a) Interest rate risk exposure

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

Particulars	As at March 31, 2020 Rs. Million	As at March 31, 2019 Rs. Million
Fixed rate borrowings	954.62	1,864.62
Variable rate borrowings	-	-
Total borrowings	954.62	1,864.62

## Sensitivity

The Company does not have floating interest rate borrowing hence sensitivity analysis is not applicable.

## (iii) Price risk

## (a) Exposure

The Company is mainly exposed to the price risk due to its investment in mutual funds and bonds. The price risk arises due to uncertainties about the future market values of these investments. In order to manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio in accordance with the limits set by the risk management policies. The exposure of the Company's investments at the end of the reporting period are as follows:

Particulars	As at March 31, 2020 Rs. Million	As at March 31, 2019 Rs. Million
Investment in Mutual Funds	-	131.81
Investment in Bonds and G-Sec	45.27	455.76
Total investments	45.27	587.57

## (b) Sensitivity

The table below summarises the impact of increases/decreases of 0.75% increase in price of Mutual Fund / Bond.

Particulars	Impact on profit before tax	
	March 31, 2020	March 31, 2019
Increase in price 0.75% (March 31, 2019 - 0.75%)*	0.34	4.43
Decrease in price 0.75% (March 31, 2019 - 0.75%)*	(0.34)	(4.43)

\* Holding all other variables constant

Sensitivity analysis is carried out based on average price movement of last 3 years and its trend.



**WELSPUN CAPTIVE POWER GENERATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

**Note 25 : Capital Management**

**(a) Risk management**

- The Company's objectives when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth. The Company's overall strategy remains unchanged from previous year.

- The Company sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments.

- The funding requirements are met through a mixture of equity, internal fund generation and other long term borrowings. The Company's policy is to use short-term and long-term borrowings to meet anticipated funding requirements.

- The Company monitors capital on the basis of the net debt to equity ratio. The Company is not subject to any externally imposed capital requirements.

Net debt are long term and short term debts. Equity comprises all components excluding other components of equity (which comprises the cash flow hedges, translation of foreign operations and available-for-sale financial investments).

The Company's strategy is to maintain a gearing ratio within 2:1. The gearing ratios were as follows:

The following table summarizes the capital of the Company:

	<b>31-Mar-20</b> <b>Rs. Million</b>	<b>31-Mar-19</b> <b>Rs. Million</b>
Long term borrowings (Refer Note below)	261.79	1,113.49
Net Worth	3,517.34	2,782.56
<b>Net debt to equity ratio</b>	<b>0.07</b>	<b>0.40</b>

Note:

Long term borrowings includes liability component of compound financial instruments (Refer Note 12).



**WELSPUN CAPTIVE POWER GENERATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

**Note 26 : Segment information**

The Company is exclusively engaged in the business of generation and sale of Power and Steam, which, in the context of Accounting Standard 108 on Segment Reporting is considered to constitute a single segment. Thus, the segment revenue, segment results, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge for depreciation during the year are all as reflected in the financial statements for the year ended March 31, 2020 and as on that date. Also refer Note 24(A)(ii) for disclosure on customers to whom the Company has made sales greater than 10% of its revenue.

**Note 27 : Related party transactions**

**(i) Names of related parties with whom transactions have taken place and nature of relationship:**

**(a)**

Enterprise where control exists	
Holding Company	Welspun India Limited
Ultimate Holding Company (upto 20-05-2019)	Prasert Multiventure Private Limited
Ultimate Holding Company (from 21-05-2019)	Welspun Group Master Trust

**(b) Other Related Parties with whom transactions have taken place during the year:**

Enterprises over which Key Management Personnel or relatives of such personnel exercise significant influence or control and with whom transactions have taken place during the year

Welspun Corp Limited  
Welspun Steel Limited  
Welspun Wasco Coatings Private Limited  
Welassure Private Limited  
Welspun Foundation for Health & Knowledge

**(c) Key Management Personnel**

K.H. Viswanathan	Independent Director
Revathy Ashok (Upto 22-07-2018)	Independent Director
Mala Todarwal (From 23-07-2018)	Independent Director
Devendra Palil	Director
Dipali Goenka	Director
Atul Kumar Wahi (upto 16-12-2019)	Director
Ashok Kumar Joshi (from 16-12-2019)	Whole Time Director
Praveen Bhansali (from 22-10-2018)	Chief Financial Officer
Kamal Kumar Sharma (upto 10-10-2019)	Chief Executive Officer
Shashikant Thorat	Company Secretary



1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 26

[illegible]

17 (b) Following are the transactions and the year-end balances with related parties:

The following table lists the number of cases in each category.

[illegible]

1. *Assessment of the value of the*

and reinforcing behaviors such as giving encouraging feedback, praising, and praising.

Entity	Whisper India Limited March 31, 2018	Whisper Corp. Limited March 31, 2018	Whisper Israel Limited March 31, 2018	Whisper Music Company Pvt. Ltd. March 31, 2018	Whisper Pvt. Ltd. March 31, 2018	Whisper Foundation for Health & Personal Growth March 31, 2018	W.A. Vennamurugan March 31, 2018	Mala Vaidyanath March 31, 2018	Monthly Salary March 31, 2018
Executive Director (Missing Summary)	-	-	-	-	0.18	-	-	-	-
Titles: royalties, Advances received and other allowances for marketing of recordings in Pakistan	913.17	191.20	215.88	9.14	-	-	-	-	-
Titles: Royalties, Advances given and other remuneration for marketing services	-	-	-	-	-	-	-	-	-
Corporate Director given on behalf of the Company	800.00	-	-	-	-	-	-	-	-

of human and veterinary

At the same time, the fact that the number of people who are not working is not increasing is a good sign. It is a sign that the economy is not in a recession.

(c) There was no management representation said to CEO in the context of your financial year as the key management personnel having the authority and are responsible for planning, directing and controlling the Company are employed by the above India Limited (holding Company). The Company does not maintain common India Limited for business conducted by its managerial personnel.



## WELSPUN CAPTIVE POWER GENERATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

## Note 28 : Leases

The Company has lease contract for land used in its operations. Lease have lease term of 12 years. The Company also has certain leases of vehicles with lease terms of 12 months or less and leases of buildings with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Description	Rs. Million	
	Land	Total
As at 1 April 2019	1.02	1.02
Additions	11.20	11.20
Lease modifications / adjustments	(1.02)	(1.02)
Depreciation expense	0.47	0.47
As at 31 March 2020	10.73	10.73

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Description	As at March 31, 2020 Rs. Million
As at 1 April 2019	1.02
Additions	11.20
Lease modifications / adjustments	(1.02)
Accretion of interest	0.45
Payments	0.79
As at 31 March 2020	10.86
Current	0.61
Non Current	10.25

The details of the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis are as follows:

Description	As at March 31, 2020 Rs. Million
Less than one year	1.48
One to five years	5.93
More than five years	9.60
Total	17.01

The effective interest rate for lease liabilities is 8%, with maturity in 2031.

The following are the amounts recognised in profit or loss:

Description	As at March 31, 2020 Rs. Million
Depreciation expense of right-of-use assets	0.47
Interest expense on lease liabilities	0.45
Expense relating to short-term leases (included in other expenses)	0.53
Expense relating to leases of low-value assets (included in other expenses)	0.58
Total amount recognised in profit or loss	2.03

The Company had total cash outflows for leases of INR 1.90 in 31 March 2020. The Company also had non-cash additions to right-of-use assets and lease liabilities of INR 11.20 in 31 March 2020. There are no future cash outflows relating to leases that have not yet commenced.

The lease contract does not include extension and termination options.



**WELSPUN CAPTIVE POWER GENERATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

**Note 29 : Commitments and contingencies**

**(a) Capital commitments**

Description	As at March 31, 2020 Rs. Million	As at March 31, 2019 Rs. Million
Estimated value of Contracts in Capital Account remaining to be executed (Net of Capital Advances)	-	670.36
	-	670.36

**(b) Contingent liabilities**

There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated 28th February, 2019. As a matter of caution, the company has made a provision on a prospective basis from the date of the SC order. The company will update its provision, on receiving further clarity on the subject.

**Note 30 : Value of Import, calculated on CIF basis**

Description	Year Ended March 31, 2020 Rs. Million	Year Ended March 31, 2019 Rs. Million
Raw Materials	1,059.37	894.16
Spare Parts	2.91	-
	1,062.28	894.16

**Note 31 : Details of Consumption and Purchases**

**(a) Details of Raw Materials consumed**

Description	Year Ended March 31, 2020 Rs. Million	Year Ended March 31, 2019 Rs. Million
Coal, Lignite & Natural Gas	2,305.91	2,144.96
	2,305.91	2,144.96

**(b) Value of Imported and Indigenous Raw Materials and Stores, Spare Parts Consumed and Percentage**

**(i) Raw Materials**

Description	Year Ended March 31, 2020		Year Ended March 31, 2019	
	%	Rs. Million	%	Rs. Million
Imported	87%	2,016.74	44%	948.81
Indigenous	13%	289.17	56%	1,196.15
	100%	2,305.91	100%	2,144.96

**(ii) Stores and Spares Consumed**



**WELSPUN CAPTIVE POWER GENERATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

Description	Year Ended March 31, 2020		Year Ended March 31, 2019	
	%	Rs. Million	%	Rs. Million
Imported	0%	0.05	0%	0.26
Indigenous	100%	61.48	100%	57.50
	100%	61.53	100%	57.76

**Note 32 : Disclosure for Micro and Small Enterprises:**

	Description	Year Ended March 31, 2020 Rs. Million	Year Ended March 31, 2019 Rs. Million
i)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year		
	-Principal	0.43	-
	-Interest	-	-
ii)	The amount of interest paid by the buyer in terms of Section 16 along with the amount of the payment made to the supplier beyond the appointed day during the year		
	-Principal	-	-
	-Interest	-	-
iii)	The amount of interest due and payable for the period of delay in making payment (which has been paid beyond the appointed day during the year) but without adding the interest specified	-	-
iv)	The amount of interest accrued and remaining unpaid at the end of year	-	-

The above information and that given in Note 12 (c) - "Trade Payable" regarding micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

**Note 33 : Earning per share**

	March 31, 2020	March 31, 2019
Basic and diluted earnings per share	Rupees	Rupees
Earnings per share attributable to the equity holders of the company	24.88	33.33
Profit for the year (Rs. Million)	734.83	984.54
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share (Number of shares)	2,95,37,988	2,95,37,988



**Welspun Captive Power Generation Limited**  
**Notes to the Financial Statements for the year ended March 31, 2020**

**Note 34: Insurance Claim**

Miscellaneous income includes an amount of Rs.180 Mn towards loss of profit claim for 80MW power plant. The aforesaid claim amount represents partial amount of claim for the interruption period based on provisional assessment by the Insurance Surveyor appointed by the Insurance Company. Further, the Company has also lodged a claim of Rs.21.9 Mn for machinery breakdown and recognized an insurance claim receivable with corresponding credit being netted off against expenses of equivalent amount under Other expenses. The claim is being processed for settlement by the competent authorities.

**Note 35: Acquisition of 43MW power plant**

Company had entered into Business Transfer Agreement dated March 30, 2019 with Welspun Corp Limited for purchase of 43MW power plant. The transaction was subject to regulatory approval which was received on September 20, 2019. Accordingly, the Company has completed purchase of plant and related net working capital. The purchase consideration was determined based on valuation conducted by expert and transaction was considered as Asset Acquisition.

**Note 36: Standards issued but not yet effective up to the date of Financial Statements**

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.

**Note 37:**

The figures for the previous year are re-arranged / re-grouped, wherever necessary.

As per our report of even date  
**For S R B C & CO LLP**  
Chartered Accountants  
Firm Registration No: 324982E/E300003



Per Anil Jobanputra  
Partner  
Membership Number 110758



Place: Mumbai  
Date: June 25, 2020

For and on behalf of Board of Directors



Ashok Kumar Joshi  
Whole Time Director  
DIN:08607214



Praveen Bhansali  
Chief Financial Officer

Place: Mumbai  
Date: June 25, 2020



D.K. Patil  
Director  
DIN: 00062784



Shashikant Thorat  
Company Secretary

