BEFORE THE CENTRAL ELECTRICITY REGULATORY COMMISSION, NEW DELHI

PETITION NO. _______ OF 2016

IN THE MATTER OF

GMR-Kamalanga Energy Limited ...**Petitioner**

AND

GRIDCO Limited ...**Respondents**

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GMR Kamalanga Energy Limited

Through:

J. Sagar Associates
Advocates for the Petitioner
B-303, 3rd Floor, Ansal Plaza,
Hudco Place, August Kranti Marg
New Delhi -110049

Place: New Delhi

Filed on 1-4.2016

CONT VOLUME – 2

A

BEFORE THE HON'BLE CENTRAL ELECTRICITY REGULATORY COMMISSION, NEW DELHI

PETITION NO. OF 2016

IN THE MATTER OF:

GMR Kamalanga Energy Limited ...Petitioner

Versus

GRIDCO Limited & Ors. ...Respondents

MEMO OF PARTIES

1. **GMR-Kamalanga Energy Limited**
Skip House
25/1 Museum Road
Bangalore - 5600025 **...Petitioner**

Versus

1. **GRIDCO Limited**
Janpath, Bhubaneshwar- 751022, Orissa
2. **Central Electricity Supply Utility of Orissa**
2nd Floor, Idco Tower
Janpath, Bhubaneswar -751022, Orissa
3. **North Eastern Electricity Supply Company of Orissa Limited**
Januganj, Balasore, 756019, Orissa
4. **Western Electricity Supply Company of Orissa Limited**
Burla- Distt - Sambalpur, 768017, Orissa
5. **Southern Electricity Supply Company of Orissa**
Courtpeta, Berhampur,
Ganjam- 760 004, Orissa **...Respondents**

GMR Kamalanga Energy Limited / Petitioner

Through:

J. Sagar Associates
Advocates for the Appellant
B-303, 3rd Floor, Ansal Plaza,
Hudco Place, August Kranti Marg
New Delhi -110049

Place: New Delhi
Filed on :- 1-4.2016

BEFORE THE CENTRAL ELECTRICITY REGULATORY COMMISSION, NEW DELHI

PETITION NO. _______ OF 2016

IN THE MATTER OF: Petition under Section 62 and Section 79(1)(b) of the Electricity Act, 2003 read with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 for determination of Generation Tariff for the period 01.04.2014 to 31.03.2019 and Truing-Up of Generation Tariff from COD to 31.03.2014 in respect of 262.5 MW gross capacity sale from 3 x 350 MW Kamalanga Thermal Power Plant of GMR-Kamalanga Energy Limited (GKEL) to GRIDCO acting as nominee of Government of Odisha for procuring power for the Odisha Distribution Companies.

AND

IN THE MATTER OF

GMR-KAMALANGA ENERGY LIMITED
Through its Authorized Representative
Having its registered office at:
Skip House, 25/1 Museum Road
Bangalore - 5600025 **....PETITIONER**

AND

GRIDCO LIMITED & ORS.
Janpath, Bhubaneshwar- 751022
Orissa and Others **....RESPONDENTS**

PETITION

The Petitioner most respectfully submits as under:

I. Conspectus and Background of Petition

1. The Petitioner, GMR Kamalanga Energy Limited ("***GKEL***") is a generating company set up by GMR Energy Limited ("***GEL***") to develop a coal-fired 1400 MW power project at village Kamalanga, District Dhenkanal in Odisha ("***Project***"). The Project comprises two stages, viz.:-

(a) The first stage comprising 3 units of 350 MW each (Stage-1 Gross Plant Capacity - 1050 MW). First stage of the Project achieved Commercial Operation Date ("***COD***") on 24.03.2014.

(b) The second stage comprising 1 unit of 350 MW. The work on this Stage will commence shortly.

2. The Project has been granted Mega Power Project ("*MPP*") status in terms of the following:-

(a) On 16.03.2009, the Project was granted in-principle MPP status.

(b) The provisional mega power project status was granted on 19.08.2011.

(c) The Project was awarded mega power project status for Stage 1 by the Ministry of Power on 01.02.2012.

3. The Project has the following long term PPAs executed for sale to multiple states being:-

(a) Supply of 350 MW gross power (stage-1 262.5 MW & stage-2 87.5 MW) to GRIDCO in terms of the bilateral PPA dated 28.09.2006, amended on 04.01.2011 with delivery point being Orissa STU interconnection point ("*GRIDCO PPA*"). Supply of power in terms of the GRIDCO PPA commenced on 30.04.2013. A copy of the GRIDCO PPA is annexed hereto and marked as **Annexure P-1.**

(b) Sale of 350 MW gross power (300 MW net of transmission losses and auxiliary consumption) to Haryana Discoms based on competitive bidding through back-to-back arrangements:

(i) PTC agreements with Haryana Distribution Companies dated 07.08.2008, delivery point being Haryana STU bus-bar; and

(ii) Back to Back PPA dated 12.3.2009 between GEL (as the parent company of GKEL and PTC (collectively "*Haryana PPA*")

Supply of power in terms of the Haryana PPA commenced on 07.02.2014.

(c) Supply of 282 MW gross power (260 MW net of auxiliary consumption) to Bihar SEB in terms of the PPA dated 09.11.2011, with delivery point being Bihar STU bus-bar interconnection point ("*Bihar PPA*"). Supply of commenced from 01.09.2014.

4. The present petition is being filed for:

(a) Truing-Up of Generation Tariff from date of COD to 31.03.2014; and

(b) Generation Tariff for the period 2014-2019 in respect of supply of 262.5 MW power to GRIDCO from Stage I of the Kamalanga Thermal Power Plant (i.e. 25% of 1050 MW) for the consumption by the Odisha Distribution Companies, Central Electricity Supply Utility of Orissa, North Eastern Electricity Supply Company of Orissa Limited, Western Electricity Supply Company of Orissa Limited and Southern Electricity Supply Company of Orissa Limited (collectively "***Odisha Discoms***").

5. It is submitted that since the Petitioner is a generating company as defined under Section 2(28) of the Electricity Act 2003, ("***Act***") having a composite scheme for supply of power to three States (Orissa, Haryana and Bihar as detailed above), this Hon'ble Commission has jurisdiction to determine tariff in terms of:

(a) Section 62 read with Section 79(1)(b) of the Act; and

(b) Regulation 6(1) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 ("***2009 Tariff Regulations***").

(c) Regulations 6 and 7 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 ("***2014 Tariff Regulations***")

II. Description of the Parties

6. The Petitioner is a public limited company incorporated under the provisions of the Companies Act, 1956 on 28.12.2007. The Petitioner is a project company which was set up by GMR Energy Limited ("***GEL***") to undertake the construction and operation of the Kamalanga Power Plant. The registered office of the Petitioner is Skip House, 25/1 Museum Road, Bangalore 560025. The Petitioner is a subsidiary of GEL with GEL holding above 80% shareholding in the Petitioner.

7. Respondent No. 1 is GRIDCO Limited, a Government of Orissa undertaking which carried on the Transmission and Residuary Undertaking in terms of the Orissa Electricity Reforms (Transfer of Assets, Liabilities, Proceedings and Personnel of GRIDCO to Distribution Companies) Scheme, 1998. By virtue of Orissa Electricity Reforms (Transfer of Transmission and Related Activities) Scheme, 2005, GRIDCO is carrying on the business of bulk purchase and supply of electricity to four distribution companies in the State of Orissa w.e.f. 01.04.2005.

8. Respondent Nos. 2-5, namely Central Electricity Supply Utility of Orissa ("***CESU***"), North Eastern Electricity Supply Company of Orissa Limited ("***NESCO***"), Western Electricity Supply Company of Orissa Limited ("***WESCO***") and Southern Electricity Supply Company of Orissa Limited ("***SOUTHCO***") are the distribution licensees in the State Odisha being the beneficiaries of the power procurement by GRIDCO.

9. It is submitted that GRIDCO has entered into the PPA dated 28.09.2006 with the Petitioner as the designated entity of State of Odisha under the MOU dated 09.06.2006. Further, the power is being procured by GRIDCO on behalf of and for supply to Odisha Discoms. The Distribution Licensees are the real beneficiaries of power purchased by GRIDCO and are necessary and proper parties for the purposes of the present Petition.

III. Background

10. It is submitted that the Petitioner herein had filed a Petition being Petition No. 77/GT/2013 for approval of provisional tariff in respect of 262.5 MW gross capacity sale from the Project to GRIDCO from the date of COD of Unit-I to 31.03.2014.

11. This Hon'ble Commission vide its Order dated 12.11.2015 in Petition No. 77/GT/2013 ("***Tariff Order***") determined the tariff for the Project from the COD of Unit-I to 31.03.2014 in accordance with the 2009 Tariff Regulations. A copy of the Tariff Order dated 12.11.2015 passed in Petition No. 77/GT/2013 is annexed hereto and marked as **Annexure P-2.**

12. This Hon'ble Commission in its Tariff Order, issued certain directions to the Petitioner regarding submission of additional information in relation to Capital Cost of the Project. This Hon'ble Commission in its Tariff Order also specified that the fixed charges approved for the period from COD of Unit-I to 31.03.2014 are subject to Truing-Up in terms of Regulation 6(1) of the 2009 Tariff Regulations. Regulation 6(1) of the 2009 Tariff Regulations states as follows:

> *"The Commission shall carry out truing up exercise along with the tariff petition filed for the next tariff period, with respect to the capital expenditure including additional capital expenditure incurred up to 31.3.2014, as admitted by the Commission after prudence check at the time of truing up."*

13. It is submitted that in accordance with the provisions of Regulation 6(1) of the of the 2009 Tariff Regulations and the 2014 Tariff Regulations, the Petitioner is filing the present Petition seeking approval of Truing-Up of Generation Tariff from date of COD to 31.03.2014 based on actual Capital Cost and Additional Capitalisation till FY 2013-14 and Generation Tariff for the tariff period 2014-19 in respect of supply of 262.6 MW power to GRIDCO from Stage I of the Project.

14. The Petitioner has filed a Review Petition being Review Petition No. 03/RP/2016 before this Hon'ble Commission on 18.01.2016 seeking review of the Tariff Order. The Review Petition is *sub-judice* before this Hon'ble Commission.

15. It is further submitted that the Petitioner has also filed an Appeal being Appeal No. 35 of 2016 before the Hon'ble Appellate Tribunal for Electricity ("***APTEL***") against the Tariff Order. It is submitted that the Petitioner has relied on findings of this Hon'ble Commission in the Tariff Order even on issues raised in the Appeal and reserves its right to approach this Hon'ble Commission subject to the outcome of the Appeal.

16. It is further submitted that the Petitioner while seeking Truing up of Annual Fixed Charges for the period from COD of Unit-I to 31.03.2014 has claimed the actual Capital Cost and additional Capital Expenditure and has provided all the information with supporting documents relating to Capital Cost as sought by this Hon'ble Commission in the Tariff Order.

IV. Commercial Operation Date

17. The COD of the 3 units of the Project is set out below:

UNIT	COD
Unit-I	30.04.2013
Unit-II	12.11.2013
Unit-III	25.03.2014

V. Tariff Proposal

18. In light of the abovementioned background, the Petition has been divided in to three sections viz.:

A. **Section 1**: Capital Cost of the Project including Additional Capital Expenditure and Means of Finance.

B. **Section 2**: Truing up of Annual Fixed Charges for the period from COD of Unit-I to 31.03.2014 as per the 2009 Tariff Regulations.

C. **Section 3**: Determination of Tariff for the period FY 2014-15 to FY 2018-19 as per the 2014 Tariff Regulations.

SECTION 1: CAPITAL COST INCLUDING ADDITIONAL CAPITAL EXPENDITURE AND MEANS OF FINANCE

19 It is submitted that the Board of Directors of the Company approved the Project Cost of Rs. 4540 Crore on 08.04.2009 and the financial closure of the Project was achieved on 27.05.2009. Subsequently, the Board of Directors of the Company on 17.01.2013 approved the Revised Cost Estimate of Rs. 6307 Crore for the Project, which was further revised to Rs. 6519 Crore. Subsequent to revision of Project Cost, the lenders also appraised the revised Project Cost and approved the revised Project

Cost of Rs. 6519 Crore. A copy of Board Approval dated 17.01.2013 in relation to the Revised Capital Cost is annexed hereto and marked as **Annexure P-3.**

20. It is submitted that this Hon'ble Commission in its Tariff Order recognised the revised Approved Capital Cost of Rs. 6519 Crore.

21. This Hon'ble Commission in its Tariff Order approved following capital cost for the Project:

(In Rs. Lakh)

	Actual Capital Expenditure as on COD of Unit-I	Actual Capital Expenditure as on COD of Unit-II	Actual Capital Expenditure as on COD of Unit-III
Capital Cost (on cash basis) including IDC & FERV	240709.00	384839.49	521713.34
Additional Capital Expenditure/Discharge of Liabilities	0.00	0.00	0.00
Closing Capital Cost	240709.00	384839.49	521713.34

22. It is submitted that this Hon'ble Commission had also directed the Petitioner to furnish the Audited Balance Sheets as on COD of each unit of the generating station and mentioned that the capital cost allowed as above is subject to revision based on Truing-Up exercise in terms of Regulation 6 (1) of the 2009 Tariff Regulations.

True up of Capital Cost as on COD of each Unit

23. It is submitted that in terms of Regulation 7 of the 2009 Tariff Regulations, Capital Cost as on COD of the Project shall include the expenditure incurred or projected to be incurred up to COD. In this regard, this Hon'ble Commission in its Tariff Order, regarding Capital Cost observed as under:

> *"It is observed from the opening gross block as per books of accounts as on the respective COD of units and un-discharged liabilities that the capital cost derived is excluding un-discharged liabilities. In accordance with Regulation 7 of the 2009 Tariff Regulations, the capital cost as on COD shall include the expenditure incurred or projected to be incurred up to COD. The un-discharged liabilities shall not form a part of capital cost as on COD and accordingly, the capital cost, which excludes claim of un-discharged liabilities, has been considered. However, in order to verify the claim of un-discharged liabilities, which becomes payable as and when discharged by the petitioner, the petitioner is directed to furnish the balance sheet as on COD of each unit along with accompanying notes/ schedules (as relevant), asset wise/ party-wise details of the un-discharged liabilities as on*

COD, duly certified by Auditor and the same will be considered at the time of revision of tariff based on truing-up in accordance with Regulation 6(1) of the 2009 Tariff Regulations."

As directed by this Hon'ble Commission in the Tariff Order, the Petitioner is submitting the audited details of Capital Cost as on COD of each Unit for truing up of Capital Cost. The Audited Balance Sheets as on COD of Unit-I, Unit-II and Unit-III are annexed hereto and marked as **Annexure P-4**, **Annexure P-5** and **Annexure P-6** respectively.

24. It is submitted that as per the Balance Sheets as on COD of each Unit, there are certain undischarged liabilities which are to be discharged as on date of COD and there are some retention amounts which are to be paid to various vendors. The list of undischarged liabilities and retention amounts as on COD of each unit duly certified by Auditor are enclosed as part of Audited Balance Sheets as on COD of respective Unit.

25. It is submitted that the part of the un-discharged liabilities including retention payments to be made on COD of each Unit corresponds to Gross Fixed Assets as on COD of the Unit while the remaining part of the un-discharged liabilities including retention payments are towards Capital Works in Progress, which are yet to be capitalised. It is submitted that since certain portion of 'undischarged liabilities corresponds to Capital Works in Progress, it will not be appropriate to deduct the entire undischarged liabilities from Gross Block to arrive at Capital Cost as on COD of each Unit. The Petitioner has allocated the undischarged liabilities and retention amount payable amongst Gross Block and Capital works in Progress in proportion to value of Gross Block and CWIP on respective date.

26. It is further reiterated that, the total Gross Block as on COD of Unit III also includes an amount of Rs. 410.72 Crore of common assets relating to all units which was allocated under Unit IV. This Hon'ble Commission while approving the Capital Cost and Tariff for Unit I to III has deducted expenditure allocated to Unit-IV. The same approach has been adopted by the Petitioner while claiming the revised Capital Cost for Unit I to III as per Audited Balance Sheets. In line with these principles, retention amount payable and undischarged liabilities corresponding to Unit IV as certified by Auditor has been excluded while arriving at the Capital Cost as on COD of each Unit. Accordingly, based on the Audited Balance Sheets, the total Capital Expenditure incurred towards Gross Block excluding undischarged liabilities and retention amount as on COD of each unit is summarised in Table below:

Table A: Capital Cost as on COD of each Unit based on Audited Balance Sheet excluding Undischarged Liabilities

(In Rs. Crore)

		Unit-I	Unit-II	Unit-III	Values Corresponding to Unit-IV	Total for I to III Units excl. Unit 4
COD		30-04-2013	12-11-2013	25-03-2014		25-03-2014
Gross Block as per Audited Accounts	A	2,580.79	4,291.27	6,347.15	410.00	5937.15
CWIP	B	2,466.00	1,160.60	172.17	56.00	116.17
Total Retention Amount as per Audited Accounts	C	359.94	413.80	405.53	40.47	365.06
Retention Amount corresponding to Gross Block	D=C*A/(A+B)	184.06	325.71	394.82	40.47	354.35
Total Undischarged Liabilities as per Audited Accounts	E	236.48	52.24	261.18	116.18	145.00
Undischarged Liabilities corresponding to Gross Block	F=C*A/(A+B)	120.93	41.12	254.28	116.18	138.10
Capital Cost as on COD excl. Undischarged Liabilities	**G=A-D-F**	**2,275.80**	**3,924.44**	**5,698.05**		**5,444.70**

Dis-allowances by Hon'ble Commission while approving the Capital Cost as on COD:

27. It is submitted that this Hon'ble Commission in its Tariff Order, while approving Capital Costs has disallowed certain costs as on COD of each Unit. The summary of Unit-wise cost dis-allowed by Hon'ble Commission is given in Table below:

Table B: Summary of Unit-wise Dis-allowances by Hon'ble Commission

(In Rs Crore)

		COD of Unit-I (30.4.2013)	COD of Unit-II (12.11.2013)	COD of Unit-III (25.3.2014)
Actual Capital Cost claimed	A	2,580.80	4291.27	5936.43
Cost Disallowed by the Commission	B			
-Non EPC Costs	1			100.81
-Pre Operating Costs	2	70.00	210.72	239.48

		COD of Unit-I (30.4.2013)	COD of Unit-II (12.11.2013)	COD of Unit-III (25.3.2014)
- IDC	3	60.27	160.2	254.87
- Financing Charges	4	43.44	71.96	124.14
Total Disallowances	Total B	173.71	442.88	719.30
Capital Cost Admitted by the Commission	**C=A-B**	**2407.09**	**3848.39**	**5217.13**

28. It is submitted the Petitioner has filed:

(a) Appeal No. 35 of 2016 in relation to the following claims which have been disallowed:

(i) Time and cost overrun due to delay in acquisition of land (other than forest land) for all three units of the Power Plant;

(ii) Time and cost overrun due to delay in acquisition of Forest Land;

(iii) Time and cost overrun due to delay in completion of the Project on account of a Change in Visa Policy of the Government of India leading non-availability of skilled work force;

(iv) Auxiliary Power Consumption at 9.74% for FY 2013-14.

(v) Consequential increase in capital cost, pre-operating costs, IDC and financing cost due to the abovementioned delays. The items disallowed in Petition No. 77/GT/2013 which form subject-matter of the Appeal have not been included in the present petition for the purpose of computation of capital cost.

(b) Review Petition No. 3/RP/2016 in relation to the following claims:

(i) The computation of Non EPC Cost;

(ii) The computation of Pre-Operative Expenses; and

(iii) The computation of IDC based on time over-run allowed in terms of the Order dated 12.11.2015.

29. The Petitioner reserves its right to submit its claims based on the outcome of Appeal and Review Petition. It is submitted without prejudice to the foregoing that the Petitioner has considered:

(a) The entire non-EPC cost of Rs. 361.7 Crore including the amount which forms the subject-matter of Review Petition No. 3/RP/2016; and

(b) The pre-operating expenses of Rs. 394.59 Crore as approved by Hon'ble Commission in Para 54 of the Tariff Order.

30. The Petitioner craves leave to rely on the submissions made in Review Petition No. 3/RP/2016 in this regard. A copy of the Review Petition No. 3/RP/2016 is annexed hereto and marked as **Annexure P-7**.

Re. Financing Charges

31. It is submitted that this Hon'ble Commission in the Tariff Order granted liberty to the Petitioner to submit details of expenditure incurred towards the financing charges along with detailed breakup/calculations duly certified by Auditor, along with all supporting bank documents including the basis of unit-wise allocation of the financing charges at the time of revision of tariff based on Truing-Up exercise in terms of Regulation 6(1) of the 2009 Tariff Regulations so that financing charges could be approved.

32. In this regard, it is submitted that the actual financing charges incurred by the Petitioner are Rs 124.44 Crore. The financing charges incurred by the Petitioner is set out in the table below:

Table F: Break up of Financing Charges

(In Rs. Crore)

Description	As on Unit-I COD 29.04.2013	As on Unit-II COD 11.11.2013	As on Unit-III COD 24.03.14
Bank Charges - DD / PO	25,269	40,131	53,701
Bank Charges – TT	5,134	10,038	14,515
Bank Charges - RTGS Charges	6,786	12,345	18,503
Bank Charges - Foreign Remittance	565,295	1,866,331	3,056,554
Bank Charges - Cheque Book Charges	8,449	13,418	17,955
Bank Charges -TRA Charges	2,125,165	3,375,149	4,516,421
Bank Charges - Service Charges	3,920,958	6,829,297	9,532,676
Bank Charges-Bank Guarantee Commission	26,392,571	44,846,052	58,570,435
Bank Charges-LC Commission	139,096,944	236,653,755	419,154,159
Finance Charges-Processing Fee/Mgt Fee	67,881,422	113,342,222	155,911,037
Finance Charges-Upfront Fees	77,859,169	123,845,729	334,372,779
Finance Charges-Syndication Fees	54,625,330	86,754,989	116,090,290
Finance Charges-Security Trustee Fees	563,008	894,159	1,303,252
Finance Charges-Credit Rating Expense	2,284,991	4,158,323	7,778,850

Description	As on Unit-I COD 29.04.2013	As on Unit-II COD 11.11.2013	As on Unit-III COD 24.03.14
Finance Charges-Lenders Agent's Fee	3,128,585	4,968,764	6,648,900
Finance Charges-Others	55,927,815	92,080,462	127,449,349
Grand Total	**434,416,890**	**719,691,165**	**1,244,489,377**

The complete details of unit-wise financing charges duly certified by Auditor with supporting documents is annexed hereto and marked as **Annexure P-8.**

33. It is submitted that since the complete details of financing charges are being submitted as part of this Petition, the Petitioner requests this Hon'ble Commission to approve the financing charges as part of Capital Cost while carrying out the truing up for 2013-14 and approval of tariff for 2014-19 period. The Petitioner while computing tariff under this Petition has considered the financing charges as part of Capital Cost.

Re. Interest During Construction

34. It is submitted that the Petitioner in its Review Petition seeking review of the Tariff Order has also raised the issue of Interest During Construction as on COD. In this regard, it is submitted that this Hon'ble Commission in Paragraph 66 of the Tariff Order, has observed as follows in relation to Interest During Construction:

> *"The IDC allowed is subject to revision at the time of truing-up based on audited balance sheets as on the respective dates of COD of the Units."*

35. It is submitted that since the Petitioner is submitting the audited balance sheets as on the respective dates of COD of the Units in the present Petition, the Petitioner requests the Hon'ble Commission to revise the IDC computations considering the unit wise audited balance sheets and the issues raised by the Petitioner in Review Petition.

36. It is submitted that this Hon'ble Commission in its Tariff Order has disallowed the time overrun of 14, 15 and 17 months for Unit-I, Unit-II and Unit-III respectively. It is submitted that as stated in Paragraph 28-29 above, the Petitioner has filed an Appeal before the Hon'ble APTEL and reserves its right to submit its claim of revised IDC based on the outcome of Appeal on the issue of time overrun disallowed by this Hon'ble Commission.

Compliance to other directions given by this Hon'ble Commission in its Tariff Order in relation to Capital Cost

37. It is submitted that this Hon'ble Commission in its Tariff Order gave certain other directions in relation to Capital Cost to the Petitioner. The Petitioner in

compliance to this Hon'ble Commission directions is submitting all the details sought by Hon'ble Commission as discussed below:

Re. Liquidated Damages

38. It is submitted that this Hon'ble Commission in Paragraph 67 of its Tariff Order directed as follows:

> *"The Petitioner is directed to furnish the amount of Liquidated Damages recovered from the contractor, if any, at the time of revision of tariff based on truing-up exercise in terms of Regulation 6(1) of the 2009 Tariff Regulations for consideration of the Commission for adjustment in the Capital Cost."*

39. In this regard, it is submitted that since major Contracts are yet to be closed, the Petitioner is yet to recover the Liquidated Damages from the Contractors. Further, in this regard, it is important to note that the Liquidated Damages recovered, if any shall be used to meet the Capital Cost dis-allowed by Hon'ble Commission on account to dis-allowance of time overrun. Further, the issue of time overrun disallowance is *sub-judice* with Hon'ble APTEL. Hence, the Petitioner craves leave to submit the details of amount of Liquidated Damages recovered, once the Contracts are closed.

Re. Hedging Cost

40. It is submitted that this Hon'ble Commission in Paragraph 70 of the Tariff Order observed as follows:

> *"It is observed from the Note in Form-4 of the petition, that the petitioner has exercised hedging against the payment in USD for foreign loans. However, in Form-5B of the petition, the petitioner has indicated the expenditure as 'nil' towards hedging cost. In view of this, the expenditure towards cost of hedging has not been considered in the capital cost."*

41. In this regard it is submitted that the total hedging cost of Rs 537031685/- has been capitalised as part of Capital Cost as on COD of Unit-III and the same is included in Interest During Construction in Form 5-B. The detailed computations of hedging costs till COD of the Plant are annexed hereto and marked as **Annexure P-9.**

Re. Foreign Exchange Rate Variation (FERV)

42. It is submitted that this Hon'ble Commission in Paragraph 71 of the Tariff Order observed as follows:

> *"The petitioner has claimed FERV of Rs 6999.27 lakh, Rs 21072.16lakh and Rs 23948.59lakh as on the respective date of COD of Unit-I, Unit-II and Unit-III respectively. However, the documents indicating the break-up and calculations*

of FERV have not been furnished by the petitioner. In the absence of the same, the extent of admissibility of FERV could not be worked out and hence as a conservative measure the same has not been considered. The petitioner is however granted liberty to furnish the detailed calculations of FERV, duly certified by Auditor, at the time of revision of tariff based on truing-up exercise in terms of Regulation 6(1) of the 2009 Tariff Regulations."

43. In this regard it is submitted that the total FERV cost of Rs 23948.59 Lakh has been capitalised as part of Capital Cost as on COD of Unit-III. The details are set out below:

Table G: Summary of FERV Computations

Particulars	Amount (in Rs)
Forex Loss on FLC Restatement Q1 13-14	2378,54,746
Forex Loss on ECB Interest Accrued Q1 13-14	34,49,577
Forex Loss on ECB Loan Restatement Q1 13-14	3046,40,000
Forex Loss on SEPCO Balance Restatement Q1 13-14	5674,15,561
Forex Loss on FLC Restatement Q2 13-14	1313,13,171
Forex Loss on SEPCO Balance Restatement Q2 13-14	3518,88,677
Forex Loss on ECB Loan Restatement Q2 13-14	1630,28,901
Forex Loss on SEPCO Balance Restatement Q3 13-14	351,14,554
Bank of China Balance Restatement Q4 2013-14	90,67,029
Forex Loss on SEPCO Balance Restatement Q4 13-14	810,86,576
Loss on Foreign Exchange	3098,62,773
Loss on Foreign Exchange	2001,37,621
Total Foreign Exchange Rate Variation	**23948,59,186**

The complete details of FERV computations duly certified by Auditor is annexed hereto and marked as **Annexure P-10.**

Revised Capital Cost claimed for Truing up and Tariff Computations

44. It is submitted that based on above submissions, the revised total Capital Cost as on COD of Unit-I, Unit-II and Unit-III claimed for truing up of Tariff for 2013-14 and determination of tariff for 2014-19 tariff period is summarised below:

Table H: Revised Capital Cost claimed as on COD of each Unit

(In Rs Crore)

Description		Unit 1	Unit 2	Unit 3 Excl. Unit 4
COD		**30-04-2013**	**12-11-2013**	**25-03-2014**
Capital Cost as on COD as per Balance Sheet	A	2275.80	3924.44	5444.70
Disallowances by CERC	B	173.71	442.88	719.30
Capital Cost considering dis-allowances by CERC	C = A-B	2102.09	3481.56	4725.40
Add.				
CERC Error in Dis-allowance of Non EPC Cost	D			101.05
CERC Error in Pre-Operative Expenses	E	23.18	126.44	116.91
Financing Charges	F	43.44	71.96	124.14
Additional IDC*	G			
Total Revised Capital Cost	**H=C+D + E+F+G**	**2168.71**	**3679.96**	**5067.50**

* *Final IDC to be computed by Hon'ble Commission based on audited balance sheets as on COD submitted along with this Petition and issues raised by GKEL in Review Petition and Appeal.*

Additional Capitalization

45. It is submitted that Regulation 9(1) of the 2009 Tariff Regulations provides as under:

> *"Additional Capitalisation: (1) The capital expenditure incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:*
>
> *(i) Undischarged liabilities;*
>
> *(ii) Works deferred for execution;*
>
> *(iii) Procurement of initial capital Spares within the original scope of work, subject to the provisions of Regulation 8;*
>
> *(iv) Liabilities to meet award of arbitration or for compliance of the order or decree of a court; and*
>
> *(v) Change in Law:*
>
> *The cut-off date as defined in Regulation 3(11) of Tariff Regulations, 2009 is as follows:*

'cut-off date' means 31st March of the year closing after two years of the year of commercial operation of the project, and in case the project is declared under commercial operation in the last quarter of a year, the cut-off date shall be 31st March of the year closing after three years of the year of commercial operation;"

Similarly in terms of Regulation 14(1) of the 2014 Tariff Regulations

"Additional Capitalisation and De-capitalisation: (1) The capital expenditure in respect of the new project or an existing project incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:

(i)Undischarged liabilities recognized to be payable at a future date;

(ii)Works deferred for execution;

(iii)Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 13;

(iv)Liabilities to meet award of arbitration or for compliance of the order or decree of a court of law; and

(v) Change in law or compliance of any existing law

The cut-off date as defined in Regulation 3(13) of 2014 Tariff Regulations is as follows:

'cut-off date' means 31st March of the year closing after two years of the year of commercial operation of the project, and in case the project is declared under commercial operation in the last quarter of a year, the cut-off date shall be 31st March of the year closing after three years of the year of commercial operation."

46. It is submitted that in the present case, the last unit of the Project achieved COD on 25.03.2014. Therefore, the cut-off date as per the provisions of the 2009 Tariff Regulations is 31.03.2017. The actual additional capitalisation incurred by the Petitioner during FY 2013-14 from 26.03.2014 to 31.03.2014, during FY 2014-15 and additional capitalisation estimated/proposed to be incurred during FY 2015-16 and FY 2016-17 is summarised in Table below:

Table I: Summary of year-wise Additional Capitalisation

(In Rs Crore)

Description	Amount	Nature of Expense	Regulation under which claimed
Additional Capitalisation during FY 2013-14 (from 26.03.2014 to 31.03.2014)			
Retention Money Paid and Liabilities Discharged	67.12	Undischarged Liabilities	9 (1) (i)
Additional Capitalisation during FY 2014-15			
Retention Money Paid and Liabilities Discharged	91.72	Undischarged Liabilities	9 (1) (i)
Land	4.70	Works Deferred for Execution	9 (1) (ii)
EPC Works	22.32	Works Deferred for Execution	9 (1) (ii)
Non EPC Works – Transmission Line	240.37	Works Deferred for Execution	9 (1) (ii)
Initial Spares Procured within Original Scope	21.68	Initial Spares	9 (1) (iii)
Total during FY 2014-15	**380.79**		
Estimated/Proposed Additional Capitalisation during FY 2015-16			
Retention Money Paid and Liabilities Discharged	94.96	Undischarged Liabilities	9 (1) (i)
Initial Spares Procured within Original Scope	78.00	Initial Spares	9 (1) (iii)
Total during FY 2015-16	**172.96**		
Proposed Additional Capitalisation during FY 2016-17			
Liabilities to be Discharged	238.65	Undischarged Liabilities	9 (1) (i)
Other Works	102.71	Works Deferred for Execution	9 (1) (ii)
Total during FY 2016-17	**341.36**		
Total Add Cap till Cut-Off Date	**962.23**		

47. The Auditor Certificate towards actual additional capitalisation till FY 2014-15 and additional capitalisation proposed in FY 2015-16 and FY 2016-17 is annexed hereto and marked as **Annexure P-11**. The audited balance sheets as on 31.03.2014 and 31.03.2015 are annexed hereto and marked as **Annexure P-12 (Colly.)**

Re. Initial Spares

48. It is submitted that Regulation 8 of the 2009 Tariff Regulations stipulates a ceiling of 2.5% of Original Capital Cost for coal based thermal generating stations. The total initial spares claimed are to the extent of Rs 99.68 Crore which works out to be around 1.65% of total Capital Cost claimed. As the spares claimed are well within the ceiling stipulated in the 2009 Tariff Regulations, the Petitioner requests the Hon'ble

Commission to allow the cost of Rs 99.68 Crore towards spares as part of additional capitalisation.

Total Capital Cost till Cut-Off Date including Additional Capitalisation

49. It is submitted that based on the forgoing, the total revised Capital Cost claimed including Cut-Off date is summarised in table below:

Table J: Summary of Capital Cost including Additional Capitalisation

(In Rs Crore)

Description	Capital Cost as on COD	Additional Capitalisation				Capital Cost including additional Capitalisation
		FY 2013-14	FY 2014-15	FY 2015-16*	FY 2016-17*	
Capital Cost	5067.50	67.12	380.79	172.96	341.36	6029.73

* proposed to be incurred

50. It is submitted that the total Capital Cost including additional capitalisation is Rs 6029.73 Crore. The approved Project cost for Stage I by the Board of Directors of the Company as well as the Lenders is Rs. 6519 Crore which includes Rs. 112 Crore of Working Capital Margin Money. Thus, the total capital cost approved by the Board of Directors of the Company for Tariff purpose is Rs 6407 Crore.

51. It is further submitted that the cost dis-allowed by this Hon'ble Commission to the extent of Rs 377.20 Crore has not been considered as part of Capital Cost for working out the tariff in the present Petition. The cost of Rs 377.20 Crore is on account of following:

(a) Pre-Operative Expenses of Rs.122.58 Crore disallowed due to dis-allowance of time over run of 14, 15 and 17 months for Unit-I, Unit-II and Unit-III respectively.

(b) IDC of Rs. 254.86 Crore disallowed due to:

(i) Dis-allowance of time over run of 14, 15 and 17 months for Unit-I, Unit-II and Unit-III respectively

(ii) Computation methodology to be revised upon submission of Audited Accounts as on COD of each Unit.

52. It is submitted that the revised Capital cost including additional capitalization as on Cut-off date comes to Rs. 6029.73 Crore which is less than the revised Capital Cost of Rs. 6407 Crore as approved by the Board of Directors of the Company.

Debt: Equity Ratio

53. It is submitted that Regulation 12 of the 2009 Regulations provides as follows:

> *"(1) For a project declared under commercial operation on or after 1.4.2009, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as part of normative loan:*
>
> *Provided that where equity actually deployed is less than 30% of the capital cost, the actual equity shall be considered for determination of tariff:*
>
> *Provided further that the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment.*
>
> *Explanation. -The premium, if any raised by the generating company or the transmission licensee, as the case may be, while issuing share capital and investment of internal resources created out of its free reserve, for the funding of the project, shall also be reckoned as paid up capital for the purpose of computing return on equity, provided such premium amount and internal resources are actually utilised for meeting the capital expenditure of a generating station or the transmission system.*
>
> *(2) In case of the generating station and transmission system declared under commercial operation prior to 1.4.2009, debt-equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2009 shall be considered.*
>
> *(3) Any expenditure actually incurred or projected to be incurred on or after 1.4.2009 as may be admitted by the Commission as additional capital expenditure for determination of tariff, and renovation and modernisation expenditure for life extension shall be serviced in the manner specified in clause (1) of this regulation."*

54. It is submitted that this Hon'ble Commission in its Tariff Order has treated share capital money and subordinate debt fund as loans. The observations of this Hon'ble Commission in Paragraph 82 of the Tariff Order is reproduced below:

> *"Debt has been worked out indirectly keeping the infused and reported equity in Balance sheet as constant since the share application money, subordinate debt fund and fund from other sources have been considered as loan. Equity has been worked out by considering the balance sheet of nearest quarter. The petitioner is directed to furnish the actual equity and the debt deployed along*

with the supporting balance sheet as on the COD of respective units of the generating station."

55. It is submitted that in compliance with this Hon'ble Commission's directions, the Petitioner is hereby submitting the details of actual equity and debt employed along with supporting balance sheets as on COD of respective Unit of the Generating Station. The details of total expenditure incurred and Means of Finance as on COD of each Unit, as on 31st March 2014 and as on 31st March 2015 are given in tables below:

Table K: Summary of Capital Expenditure Incurred

(In Rs Crore)

	Unit 1 COD	Unit 2 COD	Unit 3 COD	As on 31.03.2014	As on 31.03.2015
Description	**30-04-2013**	**12-11-2013**	**25-03-2014**		
Expenditure towards Gross Block	2,580.79	4,291.27	5,936.43	5,936.43	6,226.06
Add: Expenditure towards CWIP	2,466.04	1,160.08	115.24	115.80	-
Add: Capital Advances, if any	436.76	464.57	150.35	161.69	45.43
Less: Un-discharged liabilities (included above)	(596.41)	(466.07)	(510.00)	(436.43)	(334.00)
Add/Less: Others (Govt. and Other Deposits)	277.00	142.12	121.71	52.21	51.21
Total Capital Expenditure	**5,164.18**	**5,591.97**	**5,813.73**	**5,829.70**	**5,988.70**

Table L: Summary of Means of Finance

(In Rs Crore)

	Unit-I COD	Unit-II COD	Unit-III COD	As on 31.03.2014	As on 31.03.2015
Description	**30-04-2013**	**12-11-2013**	**25-03-2014**		
Equity Share Capital	1356.38	1593.25	1593.25	1852.76	2148.73
Equity Share Application Money	228.35	259.5	386.74	127.24	0
Loan including ECB	3620.9	3802.51	4004.18	4016.26	4215.49
Sub-Debt	0	212	212	212	212
Total	**5205.63**	**5867.26**	**6196.17**	**6208.26**	**6576.22**

56. It is submitted that, most of the equity share application money as on COD of Unit-III i.e., 25.03.2014 has been converted into Equity Share Capital by 31.03.2014 as is evident from the above table. Balance equity share application money as on 31.03.2014 has been converted into Equity Share Capital in first quarter of FY 2014-15. Audited balance sheet for quarter ending 30 June, 2014 is annexed herewith and marked as **Annexure P-13**. Based on above and in line with the principles adopted by

the Hon'ble Commission, the debt-equity ratio as on COD of each Unit and as on 31.03.2014 and 331.03.2015 is summarised in table below:

Table M: Debt: Equity Ratio

(In Rs Crore)

Description	Unit-I COD 30-04-2013	Unit-II COD 12-11-2013	Unit-III COD 25-03-2014	As on 31.03.2014	As on 31.03.2015
Capital Expenditure	5164.18	5591.97	5813.73	5829.7	5988.7
Equity Share Capital	1356.38	1593.25	1593.25	1852.76	2148.73
Equity %	26.27%	28.49%	27.40%	31.78%	35.88%
Loan %	73.73%	71.51%	72.60%	68.22%	64.12%

57. It is submitted that since the Equity in terms of % of Capital Expenditure as on COD of each Unit is lower than 30%, the actual equity % has been considered to determine the tariff for true up from COD of Unit-I till 31.03.2014. However, as the actual equity as on 31.03.2014 and 31.03.2015 is higher than 30%, equity to the extent of 30% of Capital Cost has been considered and balance amount is treated as loan in terms of Regulation 12 of the 2009 Tariff Regulations to determine the tariff for true up from COD of Unit-I till 31.03.2014. Further, in accordance with the provisions of the Tariff Regulations, the funding of additional capital expenditure has been considered with debt: equity ratio of 70:30.

SECTION 2: TRUING UP OF FIXED CHARGES FROM DATE OF COD TILL 31.03.2014

58. It is submitted that the Tariff forms duly filled and certified by auditor as per CERC Tariff Regulations, 2009 are annexed herewith and marked as **Annexure P-14**. It is submitted that based on the Capital Cost and Debt: Equity Ratio in the previous section, the various components of Annual Fixed Charges for Truing up for the period from COD of Unit-I to 31.03.2014 given below:

Interest on Loan

59. It is submitted that Regulation 16 of the 2009 Tariff Regulations provides the methodology for working out weighted average rate of interest on loan as follows:

> *"(1) The loans arrived at in the manner indicated in regulation 12 shall be considered as gross normative loan for calculation of interest on loan.*
>
> *(2) The normative loan outstanding as on 1.4.2009 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2009 from the gross normative loan.*

(3) The repayment for the year of the tariff period 2009-14 shall be deemed to be equal to the depreciation allowed for that year:

(4) Notwithstanding any moratorium period availed by the generating company or the transmission licensee, as the case may be the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed,.

(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the project.:

Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered."

60. It is submitted that the trued up Interest on loan has been worked out in accordance with the provisions of the 2009 Tariff Regulations. The weighted average rate of interest has been calculated on the basis of average balance of actual individual loans as 12.8874%, 12.8737% and 12.9893% for each of the period, namely from COD of Unit-I (30.4.2013) to 11.11.2013, COD of Unit-II (12.11.2013) to 24.03.2014 and COD of Unit-III (25.03.2014) to 31.03.2014. The repayment for the period has been considered equal to depreciation claimed for the period. The computations of interest on loan are given in Table below:

Table N: Interest on Loan

(In Rs Lakh)

	30.4.2013 to 11.11.2013	12.11.2013 to 24.3.2014	25.3.2014 to 31.3.2014
Gross Notional Loan	159898.74	263153.88	367900.31
Cumulative Repayment of Loan up to previous Period	0.00	5867.56	12705.77
Net Opening Loan	159898.74	257286.32	355194.54
Additional Capitalisation	0.00	0.00	4698.40
Repayment of Loan during the Period	5867.56	6838.21	491.54
Net Closing loan	154031.18	250448.11	359401.40
Average Loan	156964.96	253867.21	357297.97
Weighted Average Rate of Interest on Loan	12.8874%	12.8737%	12.9893%
Interest on Loan (Annualised)	20228.65	32682.11	46410.44
Interest on Loan (pro rata)	10862.51	11908.82	890.06

61. The summary of interest on loan approved by Hon'ble Commission in its Order and as claimed for truing up is given in Table below:

Table O: Truing up of Interest on Loan

(In Rs Lakh)

Interest on Loan	30.4.2013 to 11.11.2013	12.11.2013 to 24.3.2014	25.3.2014 to 31.3.2014
Approved in Order	12174.95	12928.63	890.47
Claimed for Truing up	10862.51	11908.82	890.06

Return on Equity ("ROE")

62. It is submitted that Regulation 15 (3), (4) and (5) of the 2009 Tariff Regulations provides as follows:

> *"(3) The rate of return on equity shall be computed by grossing up the base rate with the Minimum Alternate/Corporate Income Tax Rate for the year 2008-09, as per the Income Tax Act, 1961, as applicable to the concerned generating company or the transmission licensee, as the case may be.*
>
> *(4) Rate of return on equity shall be rounded off to three decimal points and be computed as per the formula given below:*
>
> *Rate of pre-tax return on equity = Base rate / (1-t)*
>
> *Where "t" is the applicable tax rate in accordance with clause (3) of this regulation.*
>
> *(5) The generating company or the transmission licensee, as the case maybe, shall recover the shortfall or refund the excess Annual Fixed Charge on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax Rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission:*
>
> *Provided further that Annual Fixed Charge with respect to the tax rate applicable to the generating company or the transmission licensee, as the case may be, in line with the provisions of the relevant Finance Acts of the respective year during the tariff period shall be trued up in accordance with Regulation 6 of these regulations."*

63. It is submitted that this Hon'ble Commission in the Tariff Order has not grossed up the Return on Equity as no Tax was paid by the Petitioner during FY 2013-14. The

same approach has been adopted for claiming RoE while truing up. Accordingly, the ROE claimed for trued up is as shown in the table below:

Table P: Return on Equity

(In Rs Lakh)

	30.4.2013 to 11.11.2013	12.11.2013 to 24.3.2014	25.3.2014 to 31.3.2014
Opening Normative Equity	56971.92	104842.04	138849.43
Addition in Normative Equity	0	0	2013.60
Closing Normative Equity	56971.92	104842.04	140863.03
Average Normative Equity	56971.92	104842.04	139856.23
Pre-tax RoE rate	15.50%	15.50%	15.50%
Return on Normative Equity (Annualised)	8830.65	16250.52	21677.72
Return on Normative Equity (Pro rata)	**4741.94**	**5921.42**	**415.74**

64. The summary of Return on Equity approved by Hon'ble Commission in its Order and as claimed for truing up is given in Table below:

Table Q: Truing up of Return on Equity

(In Rs Lakh)

Return on Equity	30.4.2013 to 11.11.2013	12.11.2013 to 24.3.2014	25.3.2014 to 31.3.2014
Approved in Order	5117.72	5684.55	447.63
Claimed for Truing up	4741.94	5921.42	415.74

Depreciation

65. Regulation 17 (4) of the 2009 Tariff Regulations provides as follows:-

"17. Depreciation:

...

(4) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-III to these regulations for the assets of the generating station and transmission system:

Provided that, the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance useful life of the assets."

66. It is submitted that this Hon'ble Commission in the Tariff Order has worked out the depreciation in accordance with Regulation 17 of the 2009 Tariff Regulations. Accordingly, the same approach has been adopted for claiming truing up of depreciation.

Table R: Depreciation

(In Rs Lakh)

	30.4.2013 to 11.11.2013	12.11.2013 to 24.3.2014	25.3.2014 to 31.3.2014
Opening Capital Cost	2,16,870.67	3,67,995.92	5,06,749.74
Closing Capital Cost	2,16,870.67	3,67,995.92	5,13,461.74
Average Capital Cost	2,16,870.67	3,67,995.92	5,10,105.74
Free hold land	13.36	13.36	13.36
Net Gross Block	2,16,857.31	3,67,982.56	5,10,092.38
Weighted Average depreciation rate	5.04%	5.10%	5.06%
Depreciation (Annualised	10926.84	18766.52	25630.32
Depreciation (pro-rata)	**5867.56**	**6838.21**	**491.54**

67. The summary of Depreciation approved by Hon'ble Commission in its Order and as claimed for truing up is given in Table below:

Table S: Truing up of Depreciation

(In Rs Lakh)

Depreciation	30.4.2013 to 11.11.2013	12.11.2013 to 24.3.2014	25.3.2014 to 31.3.2014
Approved in Order	6399.35	7019.47	499.55
Claimed for Truing up	5867.56	6838.21	491.54

Operation & Maintenance Expenses ("O&M Expenses")

68. The O&M Expenses norms for 350 MW units for coal based generating stations for 2013-14 in terms of the 2009 Tariff Regulations is Rs 19.99 lakh /MW. The O&M expenses claimed for truing up are same as that approved by Hon'ble Commission a showing in Table below:

Table T: Truing up of O&M Expenses

(In Rs Lakh)

O&M Expenses	30.4.2013 to 11.11.2013	12.11.2013 to 24.3.2014	25.3.2014 to 31.3.2014
Approved in Order	3,757.02	5,098.82	402.54
Claimed for Truing up	3,757.02	5,098.82	402.54

Interest on working capital ("IWC")

69. The Interest on Working Capital for truing up has been computed in accordance with the provisions of Regulation 18 of Tariff Regulations, 2009. The fuel related components in Working Capital is considered as same as that considered by this Hon'ble Commission in the Tariff Order. Further, the interest rate for working capital is considered as 13.5% as approved by Hon'ble Commission. Accordingly, the Interest on Working Capital claimed for trued up is as shown in the table below:-

Table U: Interest on Working Capital

(In Rs Lakh)

	30.4.2013 to 11.11.2013	12.11.2013 to 24.3.2014	25.3.2014 to 31.3.2014
Cost of Coal/Lignite	10,835.28	22,240.77	36,260.34
Cost of Main Secondary Fuel Oil	242.67	529.12	858.04
O & M Expenses	583.04	1,166.08	1,749.13
Maintenance Spares	1,399.30	2,798.60	4,197.90
Receivables-Energy Charge	10,835.28	22,240.77	36,260.34
Receivables-Capacity Charge	8,685.55	15,378.85	21,949.85
Total Working Capital	32,581.13	64,354.20	1,01,275.59
Rate of Interest	13.50%	13.50%	13.50%
Interest on Working Capital (Annualised)	4,398.45	8,687.82	13,672.21
Interest on Working Capital (pro-rata)	**2,361.91**	**3,165.70**	**262.21**

70. The summary of Interest on Working Capital approved by Hon'ble Commission in its Order and as claimed for truing up is given in Table below:

Table V: Interest on Working Capital

(In Rs Lakh)

	30.4.2013 to 11.11.2013	12.11.2013 to 24.3.2014	25.3.2014 to 31.3.2014
Approved in Order	2421.96	3198.64	263.94
Claimed for Truing up	2361.91	3165.70	262.21

Total Fixed Charges

71. Based on above, the total Annual Fixed Charges claimed for truing up is summarised below:

Table W: Total Fixed Charges for Truing up:

(In Rs Lakh)

	30.4.2013 to 11.11.2013	12.11.2013 to 24.3.2014	25.3.2014 to 31.3.2014
Depreciation	5,867.56	6,838.21	491.54
Interest on Loan	10,862.51	11,908.82	890.06
Return on Equity	4,741.94	5,921.42	415.74
Interest on Working Capital	2,361.91	3,165.70	262.21
O & M Expenses	3,757.02	5,098.82	402.54
Secondary fuel oil cost	781.87	1,156.82	98.73
Total Fixed Charges	**28,372.81**	**34,089.79**	**2,560.92**

72. The summary of total Fixed Charges approved by Hon'ble Commission in its Order and as claimed for truing up is given in Table below:

Table X: Total Fixed Charges:

(In Rs Lakh)

	30.4.2013 to 11.11.2013	12.11.2013 to 24.3.2014	25.3.2014 to 31.3.2014
Approved in Order	30652.87	35086.93	2602.87
Claimed for Truing up	28372.81	34089.79	2560.92

SECTION 3: TARIFF FOR THE PERIOD 2014 - 2019

73. It is submitted that the Tariff forms duly filled and certified by auditor as per CERC Tariff Regulations, 2014 along with Cost audit report for 2014-15 are annexed herewith and marked as **Annexure P-15.**

74. **Annual Fixed Charges:** It is submitted that based on the Capital Cost, Additional Capitalisation and Debt: Equity Ratio in Section 1, the various components of Annual Fixed Charges for the period 2014-15 to 2018-19 have been computed in accordance with the provisions the 2014 Tariff Regulations as follows:

75. **Interest on Loan ("IOL")**: Regulation 26 (5) & (6) of the 2014 Tariff Regulations states as follows:

> *"(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio after providing appropriate accounting adjustment for interest capitalized:*
>
> *Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered:*

Provided further that if the generating station or the transmission system, as the case may be, does not have actual loan, then the weighted average rate of interest of the generating company or the transmission licensee as a whole shall be considered.

(6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest."

76. The weighted average rate of IOL has been considered on the basis of prevailing rates. The IOL has been worked out in accordance with Regulation 26 of the 2014 Tariff Regulations. The relevant parts of loan agreements are annexed herewith and marked as **Annexure P-16**. The details of weighted average rate of interest are given in Form 13 and the brief workings in Interest on Loan are given in Table below:

Table Y: Interest on Loan

(In Rs Lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Normative Loan	3,59,423.40	3,86,078.60	3,98,185.80	4,22,081.00	4,22,081.00
Cumulative Repayment up to Previous Year	13,197.31	40,253.02	68,740.53	98,522.51	1,29,151.47
Net Loan-Opening	3,46,226.09	3,45,825.58	3,29,445.27	3,23,558.49	2,92,929.52
Additions	26,655.20	12,107.20	23,895.20	-	-
Repayment during the year	27,055.71	28,487.51	29,781.98	30,628.96	30,628.96
Net Loan-Closing	3,45,825.58	3,29,445.27	3,23,558.49	2,92,929.52	2,62,300.56
Average Loan	3,46,025.83	3,37,635.42	3,26,501.88	3,08,244.01	2,77,615.04
Weighted Average Rate of Interest on Loan (%)	12.72%	12.69%	12.64%	12.96%	12.87%
Interest	**44008.50**	**42856.01**	**41272.42**	**39952.58**	**35742.52**

77. **Return on Equity**: Regulation 24 (1) & (2) and Regulation 25 (2) of the 2014 Tariff Regulations states as follows:

"24. Return on Equity: (1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with regulation 19.

(2) Return on equity shall be computed at the base rate of 15.50% for thermal generating stations, transmission system including communication system"

"25. Tax on Return on Equity:

(2) Rate of return on equity shall be rounded off to three decimal places and shall be computed as per the formula given below:

Rate of pre-tax return on equity = Base rate / (1-t)

Where "t" is the effective tax rate in accordance with Clause (1) of this regulation and shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for that financial year to the company on pro-rata basis by excluding the income of non-generation or non-transmission business, as the case may be, and the corresponding tax thereon. In case of generating company or transmission licensee paying Minimum Alternate Tax (MAT), "t" shall be considered as MAT rate including surcharge and cess."

78. It is submitted that the ROE has been computed at the rate of 19.610% after grossing up the ROE with MAT rate as per the 2014 Tariff Regulation as shown in Table below:

Table Z: Return on Equity

(In Rs Lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	154038.60	165462.26	170651.06	180891.86	180891.86
Additions	11423.66	5188.80	10240.80	0.00	0.00
Closing Equity	165462.26	170651.06	180891.86	180891.86	180891.86
Average Equity	159750.43	168056.66	175771.46	180891.86	180891.86
Return on Equity (Base Rate) (%)	15.50%	15.50%	15.50%	15.50%	15.50%
MAT Rate for the year 2013-14 (%)	20.96100%	20.96100%	20.96100%	20.96100%	20.96100%
Rate of Return on Equity (Pre Tax) (%)	19.6106%	19.6106%	19.6106%	19.6106%	19.6106%
Return on Equity (Pre Tax)	**31327.97**	**32956.87**	**34469.79**	**35473.93**	**35473.93**

79. It is submitted that in terms of Clause 25 (3) of the 2014 Tariff Regulations the grossed up rate of ROE at the end of every financial year shall be trued up based on actual tax paid together with any additional tax demand including interest thereon duly adjusted for any refund of tax including interest received from the IT authorities pertaining to the tariff period 2014-15 to 2018-19 on actual gross income of any financial year. Any under-recovery or over-recovery of grossed up rate on ROE after truing up shall be recovered or refunded to GRIDCO on year to year basis. It is further submitted that adjustment due to any additional tax demand including interest duly adjusted for any refund of tax including interest received from IT authorities shall be

recoverable / adjustable during / after completion of income tax assessment of the financial year.

80. **Depreciation:** It is submitted that Regulation 27 (2), (5) and (6) of the 2014 Tariff Regulations provide as follows:

"27. Depreciation:

(2) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission. In case of multiple units of a generating station or multiple elements of transmission system, weighted average life for the generating station of the transmission system shall be applied. Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis"

"(5) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-II to these regulations for the assets of the generating station and transmission system:

Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the effective date of commercial operation of the station shall be spread over the balance useful life of the assets.

(6) In case of the existing projects, the balance depreciable value as on 1.4.2014 shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to 31.3.2014 from the gross depreciable value of the assets."

81. The depreciation has been computed in accordance with the above provisions of Regulations as shown in Table below:

Table AA: Depreciation

(In Rs Lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	513448.64	551527.49	568823.49	602959.49	602959.49
Gross block at the end of the year	551527.49	568823.49	602959.49	602959.49	602959.49
Average Gross Block	532488.07	560175.49	585891.49	602959.49	602959.49
Rate of Depreciation (%)	5.08%	5.09%	5.08%	5.08%	5.08%
Depreciable Value	532488.07	560175.49	585891.49	602959.49	602959.49
Elapsed Life of the assets at beginning of the year (in Years)	0	1	2	3	4
Weighted Balance Useful life of the assets(in Years)	25	24	23	22	21
Depreciation	**27055.71**	**28487.51**	**29781.98**	**30628.96**	**30628.96**

82. **Operation & Maintenance Expenses ("O&M Expenses")**: The O&M Expenses have been computed considering the norm specified in Regulation 29 (1) of the 2014 Tariff Regulations as shown in Table below:

Table BB: O&M Expenses

(In Rs Lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses Norm (Rs Lakh/MW)	19.95	21.21	22.54	23.96	25.47
Capacity (MW)	1050	1050	1050	1050	1050
O&M Expenses (Rs Lakh)	**20,947.50**	**22,270.50**	**23,667.00**	**25,158.00**	**26,743.50**

83. **Interest on Working Capital**: Regulation 28 (1) (a) and (3) of the 2014 Tariff Regulations provides as follows:

"(1) The working capital shall cover:

(a) Coal-based/lignite-fired thermal generating stations

(i) Cost of coal or lignite and limestone towards stock, if applicable, for 15 days for pit-head generating stations and 30 days for non-pit-head generating stations for generation corresponding to the normative annual plant availability factor or the maximum coal/lignite stock storage capacity whichever is lower;

(ii) Cost of coal or lignite and limestone for 30 days for generation corresponding to the normative annual plant availability factor;

(iii) Cost of secondary fuel oil for two months for generation corresponding to the normative annual plant availability factor, and in case of use of more than one secondary fuel oil, cost of fuel oil stock for the main secondary fuel oil;

(iv) Maintenance spares @ 20% of operation and maintenance expenses specified in Regulation 29;

(v) Receivables equivalent to two months of capacity charges and energy charges for sale of electricity calculated on the normative annual plant availability factor;

and

(vi) Operation and maintenance expenses for one month.

(3) Rate of interest on working capital shall be on normative basis and shall be considered as the bank rate as on 1.4.2014 or as on 1st April of the year during the tariff period 2014-15 to 2018-19 in which the generating station or a unit

thereof or the transmission system including communication system or element thereof, as the case may be, is declared under commercial operation, whichever is later."

84. The Interest on Working Capital has been computed in accordance with the provisions of Regulation 28 of the 2014 Tariff Regulations. Since the coal stock storage capacity is higher than 30 days, cost of coal towards stock has been considered for 30 days. The rate of interest on working capital is considered as13.50% (SBI Base Rate of 10% as on 1.4.2014) plus 350 basis points. The computations of Interest on Working Capital are shown in Table below:

Table CC: Interest on Working Capital

(In Rs Lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Cost of coal for stock	9872.21	10280.04	10251.95	10251.95	10251.95
Cost of coal for generation	9872.21	10280.04	10251.95	10251.95	10251.95
Cost of secondary fuel oil (2 months)	428.64	429.82	428.64	428.64	428.64
O&M expenses (1 month)	1745.63	1855.88	1972.25	2096.50	2228.63
Maintenance Spares	4189.50	4454.10	4733.40	5031.60	5348.70
Receivables	42726.16	44131.32	44513.90	44438.65	44001.49
Total Working Capital	68834.35	71431.18	72152.10	72499.29	72511.36
Rate of Interest on Working Capital	13.50%	13.50%	13.50%	13.50%	13.50%
Interest on Working Capital	**9292.64**	**9669.63**	**9740.53**	**9787.40**	**9789.03**

85. **Total Annual Fixed Charges**: Based on above discussions, the year-wise total Annual Fixed Charges for the period 2014-15 to 2018-19 are summarised in Table below

Table DD: Annual Fixed Charges

(In Rs Lakh)

Particulars	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**
Depreciation	27,055.71	28,487.51	29,781.98	30,628.96	30,628.96
Interest on Loan	46,652.14	45,419.38	43,793.12	39,952.58	35,742.52
Return on Equity	31,327.97	32,956.87	34,469.79	35,473.93	35,473.93
Interest on Working Capital	9,292.64	9,669.63	9,740.53	9,787.40	9,789.03
O & M Expenses	20,947.50	22,270.50	23,667.00	25,158.00	26,743.50
Total Annual Fixed Charges	**1,35,275.96**	**1,38,803.89**	**1,41,452.42**	**1,41,000.88**	**1,38,377.95**

86. **Energy Charges**: It is submitted that Regulation 30 (5) and (6) of the 2014 Tariff Regulations provide as follows:-

"(5) The energy charge shall cover the primary and secondary fuel cost and limestone

consumption cost (where applicable), and shall be payable by every beneficiary for the total energy scheduled to be supplied to such beneficiary during the calendar month on ex-power plant basis, at the energy charge rate of the month (with fuel and limestone price adjustment). Total Energy charge payable to the generating company for a month shall be:

(Energy charge rate in Rs./kWh) x {Scheduled energy (ex-bus) for the month in kWh.}

(6) Energy charge rate (ECR) in Rupees per kWh on ex-power plant basis shall be determined to three decimal places in accordance with the following formulae:

(a) For coal based and lignite fired stations

ECR = {(GHR – SFC x CVSF) x LPPF / CVPF+SFC x LPSFi + LC x LPL} x 100 / (100 – AUX)

....

Where,

AUX =Normative auxiliary energy consumption in percentage.

CVPF= (a) Weighted Average Gross calorific value of coal as received, in kCal per kg for coal based stations

(b) Weighted Average Gross calorific value of primary fuel as received, in kCal per kg, per litre or per standard cubic meter, as applicable for lignite, gas and liquid fuel based stations.

(c) In case of blending of fuel from different sources, the weighted average Gross calorific value of primary fuel shall be arrived in proportion to blending ratio.

CVSF =Calorific value of secondary fuel, in kCal per ml.

ECR = Energy charge rate, in Rupees per kWh sent out.

GHR = Gross station heat rate, in kCal per kWh.

LC = Normative limestone consumption in kg per kWh.

LPL = Weighted average landed price of limestone in Rupees per kg.

LPPF= Weighted average landed price of primary fuel, in Rupees per kg, per litre or per standard cubic metre, as applicable, during the month. (In case of blending of fuel from different sources, the weighted average landed price of primary fuel shall be arrived in proportion to blending ratio)

SFC = Normative Specific fuel oil consumption, in ml per kWh.

LPSFi=Weighted Average Landed Price of Secondary Fuel in Rs./ml during the month"

87. It is further submitted that as regards Fuel Cost, Regulation 23 of the 2014 Tariff Regulations provide as follows:

"The landed fuel cost of primary fuel and secondary fuel for tariff determination shall be based on actual weighted average cost of primary fuel and secondary fuel of the three preceding months, and in the absence of landed costs for the three preceding months, latest procurement price of primary fuel and secondary fuel for the generating station, before the start of the tariff period for existing stations and immediately preceding three months in case of new generating stations shall be taken into account."

88. It is submitted that the Petitioner has computed the Energy Charges considering the operational norms as specified in the 2014 Tariff Regulations as follows:

- Gross Station Heat Rate : 2378.45 kCal/kWh (1.045 times Design Heat Rate)
- Secondary Fuel Oil Consumption : 0.5 ml/kWh
- Transit Loss on Domestic Coal : 0.8%
- Transit Loss on Imported Coal : 0.2%

89. In this regard, it is submitted that, as stated in Paragraph 28-29 above, the Petitioner has filed an Appeal before Hon'ble APTEL challenging the Tariff Order. Hence even though for the purposes of Truing up of 2013-14, the Petitioner has considered Auxiliary Consumption based on norms specified in the 2009 Tariff Regulations, the same is subject to the outcome of Appeal filed before the Hon'ble APTEL.

90. It is submitted that for determining Tariff for 2014-19 period, the Petitioner has considered Auxiliary Consumption of 7.55% based on following facts:

- The designed Auxiliary Consumption for Petitioner's 3 x 350 MW project is 7.55%.

- Average of the actual Auxiliary Consumption even at >90% PLF is ~7.55%. Actual Auxiliary Consumption at PLF > 90% is annexed hereto and marked as **Annexure P-17.**

91. The Petitioner humbly requests this Hon`ble Commission to allow Auxiliary Consumption @7.55% for 2014-19 period considering the above facts.

92. It is submitted that, as regards the fuel prices of fuel, even though the 2014 Tariff Regulations provide for fuel cost and calorific value to be considered based on actual fuel price for the preceding three months before the start of the tariff period. However, this is more applicable when the Petition is being filed before the start of the tariff period.

93. It is submitted that in the instance case, the Petition is being filed in March 2016, the actual fuel price and calorific value data for entire year 2014-15 and first 10 months of the year 2015-16 is available. Accordingly, the Petitioner for 2014-15 has considered the weighted average actual fuel prices, blending ratio and calorific value for entire year 2014-15 for computations of energy charge. For the years 2015-16 to FY 2018-19, the Petitioner has considered the weighted average actual fuel prices, blending ratio and calorific value for first 10 months of FY 2015-16 i.e., from April 2015 to January 2016. This is very important as there was the coal shortage from linkage source in 2014-15 and during first 10 months of 2015-16 and hence the Petitioner has procured the coal from alternate sources including open market coal, e-auction coal and imported coal.

94. Based on above aspects, the energy charge computed for the tariff period 2014-19 is shown in Table below:

Table EE: Energy Charges

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Station Heat Rate (kCal/kWh)	2378.45	2378.45	2378.45	2378.45	2378.45
Auxiliary Consumption (%)	7.55	7.55	7.55	7.55	7.55
Secondary Fuel Oil Consumption (ml/kWh)	0.50	0.50	0.50	0.50	0.50
Landed Secondary Fuel Oil Price (Rs/KL)	65790.67	65790.67	65790.67	65790.67	65790.67
Calorific Value of Secondary Fuel Oil (Rs/Litre)	10000.00	10000.00	10000.00	10000.00	10000.00
Weighted Average Coal Price (Rs/MT)	2392.56	2452.15	2452.15	2452.15	2452.15

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Weighted Average Calorific Value of Coal Price (kCal/kg)	3747.66	3698.73	3698.73	3698.73	3698.73
Energy Charge (Rs/kWh)	**1.675**	**1.738**	**1.738**	**1.738**	**1.738**

PRAYERS

95. The Petitioner in the aforesaid facts and circumstances most humbly prays that this Hon'ble Commission may be pleased to:

(a) Admit the present petition and permit the Petitioner to file such additional information/ submissions as may be necessary for the purposes of true up of tariff for 2013-14 and determination of tariff for 2014-19 under Section 62 and 79(1)(b) of the Electricity Act, 2003 read with the CERC (Terms and Conditions of Tariff) Regulations, 2009 and CERC (Terms and Conditions of Tariff) Regulations, 2014;

(b) Approve the Capital Cost including non-disallowances due to error apparent and financing charges, Actual Additional Capitalisation till 2014-15 and projected Additional Capitalisation from 2015-16 to 2016-17;

(c) Re-determine the Interest During Construction considering the Audited Capital Cost as on COD of each Unit and issues raised in Review Petition;

(d) Approve the True up of Tariff from COD of Unit-I to 31.03.2014;

(e) Approve the tariff of the power plant of the Petitioner, comprising of Annual Fixed Charges and Energy Charges;

(f) Allow the Petitioner to charge Energy Charge Rate (ECR) on month on month basis as per Regulation 30 of the CERC (Terms and Conditions of Tariff) Regulations, 2014;

(g) Allow Auxiliary Consumption @7.55% for 2014-19 period considering the reasons mentioned in the Petition;

(h) As per the PPA with GRIDCO, generation beyond 80% PLF is needed to be supplied to GRIDCO at variable cost plus incentive. However, in the current context where power is also tied up under tariff based bidding with other discoms, the provision is in contravention to extant laws/regulations etc. In view of this, it is requested that the provision be approved for alignment with normative availability at 85% and GKEL be relieved from obligation to supply generation beyond 85% to GRIDCO;

(i) Allow payment of incentive for generation and supply beyond 85% of Plant Load Factor (PAF) as provided under Regulation 30(4) of the CERC (Terms and Conditions of Tariff) Regulations, 2014;

(j) Allow pass through at actual any cess, duty, tax, government levy, royalty etc. including Electricity Duty on Auxiliary Consumption applicable to the Petitioner for supply of power to GRIDCO as per the provisions of PPA;

(k) Allow pass through of Water Charges as provided under Regulation 29(2) of the CERC (Terms and Conditions of Tariff) Regulations, 2014;

(l) Approve the reimbursement of expenditure by GIRDCO towards petition filing fee, and expenditure on publishing of notices in newspapers as provided in Regulation 52 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014, and other expenditure (if any) in relation to the filing of petition;

(m) Allow any addition, change, modification, alteration of the present petition, if required, at a later stage; and

(n) To pass such order(s) as the Hon'ble Commission may deem fit in the circumstances and facts of the present petition.

GMR Kamalanga Energy Limited

Through:

J. Sagar Associates
Advocates for the Petitioner
B-303, 3rd Floor, Ansal Plaza,
Hudco Place, August Kranti Marg
New Delhi -110049

Place: New Delhi
Date: 1 April, 2016

Filed on 1-4-2016

BEFORE THE HON'BLE CENTRAL ELECTRICITY REGULATORY COMMISSION, NEW DELHI

PETITION NO. _______ OF 2016

IN THE MATTER OF:

GMR Kamalanga Energy Limited ...Petitioner

Versus

GRIDCO Limited & Ors. ...Respondent

Affidavit

I, Abani Prasad Mishra S/o Bipin Bihari Mishra, aged about 45 years residing at Flat No: 4203, Lord's CGHS, Plot No: 7, Sector 19B, Dwaraka, New Delhi-110075, working Associate Vice President of the Petitioners Companies, having its office at New Shakti Bhawan, Building No. 302- New Uddan Bawan, Opposite Terminal- 3, Indira Gandhi International Airport, New Delhi- 110037 as do hereby solemnly affirm and state as under:-

1. I submit that the enclosed Tariff Petition is being filed for determination of Truing up of Generation Tariff from date of COD to 31.03.2014 and Generation Tariff for 2014-2019 Tariff Period for 3 x 350 MW Kamalanga Thermal Power Plant of GMR Kamalanga Energy Limited (GKEL).

2. I submit that no other Tariff Petition except this Petition has been filed directly or indirectly for approval of Truing up of Generation Tariff from date of COD to 31.03.2014 and Generation Tariff for 2014-2019 Tariff Period for 3 x 350 MW Kamalanga Thermal Power Plant of GMR Kamalanga Energy Limited (GKEL).

3. The statements made in the Tariff Petition herein are based on Petitioner Company's official records maintained in the ordinary course of business and I believe them to be true and correct.

4. The documents attached with the petition are legible copies and duly attested by me.

Identified

DEPONENT

VERIFICATION

Solemnly affirmed at New Delhi on this _________ day of March, 2016 that the contents of the above affidavit are true to my knowledge and belief and no part of it is false and nothing material has been concealed there from.

DEPONENT

Annexure A-1

100Rs.

ONE HUNDRED RUPEES

ওড়িশা ओडिशा ORISSA 00AA 175731

POWER PURCHASE AGREEMENT

BETWEEN

GMR ENERGY LIMITED

AND

GRID COPORATION OF ORISSA LIMITED

This POWER PURCHASE AGREEMENT hereinafter called the "Agreement" is entered into at Bhubaneswar on the 28th day of September, Two Thousand Six between GMR Energy Limited, a Company incorporated under the Companies Act, 1956 having its registered office at Skip House 25/1, Museum Road, Bangalore-560 025 (hereinafter called GEL) which expression shall unless repugnant to the context or meaning thereof includes its successors and permitted assigns as party of the FIRST PART and Grid Corporation of Orissa Limited, having its registered Office at Janpath, Bhubaneswar-751022 (herein after called 'GRIDCO'), which expression shall unless repugnant to the context or meaning thereof shall includes its successors and permitted assigns as party of the SECOND PART.

Alan Mallik

GMR ENERGY LIMITED
GMR

WHEREAS GEL is setting up a thermal coal fired power station named as GEL Thermal Power Station (Installed capacity of 1000 MW) at Kamalanga in the District of Dhenkanal, State of Orissa hereinafter called Station to be owned, operated and maintained by GEL.

AND WHEREAS in terms of the Memorandum of Understanding dated 9th June 2006 entered by the GEL with the Government of Orissa, GEL has agreed with the Government of Orissa which *inter-alia* includes as follows:

"

(i) Power generated in excess of 80% Plant Load Factor (PLF) from the Thermal Power Plant will be made available to the State by GEL at variable cost plus incentive (the incentive would be as fixed by Central Electricity Regulatory Commission).

(ii) Infirm power will be made available to the State at variable cost.

(iii) A nominated agency (s) authorized by Govt. will have the right to purchase up to 25% of power sent out from the Thermal Power Plant (s) excluding the quantum of power indicated at item (i) & (ii) under terms of a Power Purchase Agreement to be mutually agreed upon on the basis of existing laws and regulations in force and the tariff for such power purchase will be determined by the appropriate Regulatory Commission.

(iv) GEL will have the right to sell the balance power from the Thermal Power Plant(s) to any party outside or inside the State of Orissa subject to applicable laws and regulations, for which GEL may enter into contractual arrangement(s) with such buyer(s), the terms of which would be mutually agreed between GEL and such buyer(s).

(v) In case the Govt. or its nominated agency is unable to honour the terms of the PPA as mentioned in clause (iii) above, GEL will have

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GMR ENERGY LIMITED GMR

the right to sell such power to any other party in or outside the State of Orissa."

AND WHEREAS pursuant to and in terms of the above, the Government of Orissa, vide Resolution No. 7947 ~~dated 17.08.2006~~, has designated GRIDCO as its nominated agency to purchase 25% of the power sent out from the thermal power station including the infirm power and power generated above 80% Plant Load Factor from GEL.

Now, therefore, in consideration of the premises and mutual agreements, covenants and conditions set forth herein, it is hereby agreed by and between the parties as follows:

1.0 DEFINITIONS:

(a) The words or expressions used in this Agreement but not defined hereunder shall have the same meaning assigned to them by the Electricity Act, 2003 as amended from time to time, the Rules framed there under and Regulations issued by CERC/OERC from time to time.

(b) The words or expressions mentioned below, unless repugnant to the context or meaning thereof, shall have the meanings respectively as assigned hereunder:

Act	Shall mean the Electricity Act, 2003 as amended or modified from time to time, including any re-enactment thereof.
Appropriate Commission	Central Electricity Regulatory Commission or Orissa Electricity Regulatory Commission as the case may be

Beneficiary	Beneficiary in relation to a generating station shall mean the persons to whom power is sold from the station and shall include GRIDCO.
Busbars	Shall mean [132 KV/220 KV/400 KV/765' KV] Busbars of the Station (as the case may be) to which outgoing feeders are connected.
CEA	Shall mean Central Electricity Authority
CERC	Shall mean Central Electricity Regulatory Commission.
COD	Shall mean Date of Commercial Operation.
~~CTU~~	Shall mean Central Transmission Utility.
Capacity Charges	Capacity Charges are Annul Fixed Charges as determined by the Appropriate Commission in proportion to the capacity purchased (for a block of 5 years) by GRIDCO and shall be paid on a monthly basis.
Energy Charges	Shall mean and include all charges as fixed by Appropriate Commission to be paid in respect of energy/power scheduled by GRIDCO.
ERPC	Shall mean Eastern Regional Power Committee established in pursuant to Section 2(55) of the Electricity Act, 2003.
ERLDC	Shall mean Eastern Regional Load Despatch Centre
GOI	Shall mean Govt. of India
GoO	Shall mean Government of Orissa.

GMR ENERGY LIMITED
GMR

IEGC	Shall mean Indian Electricity Grid Code, framed U/s 79 of the Act in force from time to time.
Infirm Power	shall mean electricity generated prior to commercial operation of the unit of a generating station.
Installed Capacity	shall mean the summation of the name plate capacities of all the units of the generating station or the capacity of the generating station (reckoned at the generator terminals) as approved by the Commission from time to time.
Main and Check Meter	Shall mean meter for measurement and checking of import /export of energy on the outgoing feeders of the station Busbars for Energy Accounting.
OPTCL	Orissa Power Transmission Corporation Limited.
OERC	Shall mean Orissa Electricity Regulatory Commission.
PPA	Shall mean Power Purchase Agreement
PGCIL	Shall mean Power Grid Corporation of India Ltd.
REA	Shall mean periodic energy accounting including amendments thereof issued by ERLDC.
SLDC	Shall mean the State Load Dispatch Centre
State Energy Accounting	Shall mean periodic Energy Accounting including amendments thereof issued by SLDC
UI Charges	Unscheduled interchange charge payable/ receivable on deviation from supply of the energy as per the schedule at the rate determined by CERC from time to time.

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2.0 GENERAL

2.1 Installed Capacity:

2.1.1 The installed capacity of the thermal power station is proposed to be 1000 MW.

2.1.2 The installed capacity of the Station is subject to change after placement of orders for the main plant equipment.

2.2 ENTITLEMENT OF POWER FOR GRIDCO

GRIDCO shall at all times have the right to purchase from the Station up to 25 (twenty five) percent of the power sent out from the thermal power station(s) excluding the quantum of power in excess of 80% Plant Load Factor and Infirm Power. GEL shall duly incorporate a term in the Agreements with third parties for sale of electricity or capacity pertaining to the Station, confirming the above rights of GRIDCO.

(a) The capacity allocated to GRIDCO shall be up to 25 (Twenty Five) percent of the installed capacity of the thermal power station as requisitioned by GRIDCO once in each 5(Five) year block period. GRIDCO shall requisition the capacity up to 25 (Twenty Five) percent six months prior to the commencement of each 5 year block period. For the first 5(five) year block period, the requisition shall be given by GRIDCO six months prior to COD.

(b) The Auxiliary consumption determined by the Appropriate Commission shall however be adjusted in the above calculation.

(c) In addition to the para (a) above, GRIDCO is entitled for the entire power generated in excess of 80% Plant Load Factor.

(d) In addition to the para (a) and (c) above, GRIDCO is entitled for the entire Infirm Power.

(e) The operating and financial norms for calculation of tariff shall be as laid down by the Appropriate Commission from time to time.

Aleem Mallis

GMR ENERGY LTD

(f) The tariff payable by GRIDCO to GEL shall comprise of the following:

(i) Capacity ~~(Fixed)~~ Charges: The capacity charges shall be determined by Appropriate Commission as per the terms and conditions of tariff issued from time to time and shall be related to target availability. Recovery of capacity charges below the level of target availability shall be on pro rata basis. Further, it is to be calculated proportionate to the capacity requisitioned and allocated to GRIDCO.

(ii) Energy charges: The energy (variable) charge shall cover fuel cost and shall be worked out on the basis of the ex-bus energy scheduled to be sent out from the generating station. The energy charge shall be worked out as per the methodology prescribed by Appropriate Commission from time to time.

(iii) For energy in excess of 80% PLF: The Energy will be available at variable cost (energy charge) and incentive. Incentive would be payable as may be fixed by Appropriate Commission from time to time.

(iv) Infirm power: shall be available to GRIDCO at variable cost.

(g) GRIDCO shall have the right to require GEL to make available electricity in excess of 80% PLF at variable charges and incentives notwithstanding that GRIDCO had opted for only a part of the 25% capacity allocated to GRIDCO.

(h) In the event GRIDCO decides not to avail part or whole of the aforesaid right during any 5 (five) year block period for any reason whatsoever, GRIDCO shall give six months notice of the same to GEL prior to the commencement of the said block period.

Aleem Mallis

GMR ENERGY LIMITED * BANGALORE * GMR

3.0 OPERATION OF THE POWER STATION

It is understood and agreed by and between the parties that GEL shall operate the Station as per the manufacturers' guidelines, applicable grid operating standards, directions of the Appropriate Commission and relevant statutory provisions, as applicable from time to time.

4.0 TRANSMISSION / WHEELING OF POWER

Power to GRIDCO shall be made available by the GEL at the Busbars of the Station connected to the transmission lines of OPTCL / PGCIL and it shall be the obligation and responsibility of GRIDCO to make the required arrangement for evacuation of power from such delivery points. GEL shall make independent arrangements for evacuation of the remaining power from the Station at GEL costs and responsibility.

5.0 SCHEDULING, METERING AND ENERGY ACCOUNTING

5.1 Scheduling

Methodology of generation and scheduling of power sold to GRIDCO, shall be as per Indian Electricity Grid Code (as revised from time to time) and the decisions taken at ERPC forum.

5.2 Metering

5.2.1 A set of Main and Check Energy Meters as per IEGC norm stipulated from time to time shall be installed on all outgoing feeders of the Station by GEL/OPTCL in coordination with SLDC/GRIDCO. GRIDCO shall make all necessary arrangements for installation of meters, at all its drawal points. Authorized representative(s) of GRIDCO, OPTCL & SLDC shall have the unrestricted free entry into the metering points.

5.2.2 Data shall be downloaded from the meters at regular intervals as decided by SLDC for preparation of Energy Accounts.

5.2.3 If the main meter is found to be not working / not indicating at the time of meter readings or at any other time, the GEL shall inform the

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SLDC of the same and data from check meters shall be considered by SLDC for energy accounting for the period.

5.2.4 If both the main and check meter(s) fail to record or if any of the PT fuses blow out, then the energy accounting shall be done on a mutually agreed basis between GEL, GRIDCO and OPTCL/SLDC for that period of defect. The decision of SLDC in this regard shall be final.

5.2.5 The main and check meter shall be checked on quarterly basis by comparison of the readings between these two meters and in case the readings of the two meters differ by more than double the value of the accuracy class in use, both the meters will be checked separately with respect to another reference meter and defective meter shall be replaced. The energy metered during the period of defect would be revised by applying a correction factor on the energy metered by the defective meter.

5.2.6 Once in every four years, or such other time interval as may be specified both main and check meters shall be tested for accuracy by a substandard meter either at the Station or at any approved testing laboratory. During testing, in case the error is found to be more than the permissible limits, then the meter shall be replaced by a correct meter.

5.3 Energy Accounting

5.3.1 Both the parties agree to facilitate issue of Energy Accounts by 1st week of every month.

5.3.2 GEL shall prepare and submit bills to the Beneficiaries including GRIDCO on the basis of such Energy Accounts.

5.3.3 Energy Account issued by SLDC shall be binding on all the parties for billing and payment purposes.

5.3.4 Any change in the methodology of Energy Accounting shall be done only as per the decisions taken by SLDC.

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6 TARIFF:

6.1 The tariff for sale of power by GEL to GRIDCO shall be determined by the Appropriate Commission and any dispute or difference in regard to the ~~tariff~~ shall be subject to the adjudication by Appropriate Commission.

6.2 Taxes, Levies, Duties, Royalty, Cess etc.

6.2.1 Tax on Income:

Tax on income derived from generation of electricity sold by GEL shall be computed as an expense and shall be reimbursed by all the Beneficiaries in a proportionate manner.

6.2.2 Other Taxes, Levies, Duties, Royalty, Cess etc.

Statutory taxes, levies, duties, royalty, cess or any other kind of imposition(s) imposed/ charged by any Government (Central / State) and/ or any other local bodies/ authorities on generation of electricity including auxiliary consumption or any other type of consumption including water, environment protection, sale or on supply of power / electricity and/ or in respect of any of its installations associated with the Station payable by GEL to the authorities concerned shall be borne and additionally paid by the Beneficiary(ies) in a proportionate manner. Provided however that the annual contribution @ 6 p/unit towards Environment Management Fund in respect of the energy sent out outside the state as per the terms of MOU paid by GEL to State Govt. shall not be charged to GRIDCO in any manner.

7 BILLING AND PAYMENT

7.1 Billing

The charges under this Agreement shall be billed by GEL and shall be paid by GRIDCO in accordance with the following provisions:

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GMR ENERGY LIMITED

7.1.1 GEL shall present the bills after the end of each calendar month for energy supplied to GRIDCO from the Station as per Energy Account issued by SLDC.

7.1.2 The officer of GRIDCO to whom the bills are to be submitted would be informed by the GRIDCO to GEL failing which GEL would submit the bills to the Chief of Finance and Accounts wing of the GRIDCO.

7.1.3 The monthly bill for the Station shall be the aggregate of charges in accordance with the provisions of the Agreement. If for any reasons some of the charges which otherwise are in accordance with this Agreement, cannot be included in the main monthly bills, such charges shall be billed as soon as possible through supplementary bill(s).

7.1.4 The undisputed bill(s) of GEL shall be paid in full within 30 days of presentation of the bill.

7.2 REBATE AND LATE PAYMENT SURCHARGE.

Two percent (2%) rebate shall be allowed on payment of bills through Letter of Credit (LC) or directly from GRIDCO on the amount paid within 7 (seven) days of presentation of the bills. If payment is made after 7 (seven) days then one percent (1%) rebate shall be allowed if payment is made within thirty (30) days of presentation of the bills.

A surcharge calculated at the rate of one point two five percent (1.25%) per month on the amount of the bill remaining unpaid shall be payable for the actual period of delay beyond the due date of payment i.e. thirty (30) days after presentation of bill.

The rate / ~~percentage of rebate~~ and late payment surcharge shall be in line with the CERC guideline as amended from time to time.

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8 PAYMENT SECURITY MECHANISM.

8.1 Establishment of Letter of Credit (LC).

A stand by irrevocable, revolving Letter of Credit (LC) will be established with a scheduled bank at least one month prior to the commencement of the power supply from the Station. The terms and conditions of LC shall be mutually agreed upon.

The LC shall cover 105% of the one-month's estimated billing in respect of power supplied from the Station to GRIDCO.

The amount of LC shall be reviewed each half-year commencing April and October in each financial year on the basis of the average of billing of previous 12 months and the LC amount shall be enhanced/reduced accordingly.

The LC shall be established for a minimum period of one year. GRIDCO shall ensure that LC remains valid at all times during the entire/extended validity of this Agreement.

The charges related to opening and maintaining of LC shall be borne by GRIDCO.

9. SETTLEMENT OF DISPUTES

9.1 In the event a bill is disputed by GRIDCO, GRIDCO shall pay 75% of the disputed bill and furnish the following particulars to GEL.

i) Item disputed, with full details / data and reasons of dispute

ii) Amount disputed against each item.

GEL & GRIDCO shall endeavour to resolve the above dispute(s) as soon as possible.

9.2 All differences or disputes between the parties arising out of or in connection with this Agreement shall be mutually discussed and resolved within 90 days.

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10 ARBITRATION AND JURISDICTION:

i) In the event that the parties are unable to resolve any dispute, controversy or claim relating to or arising under this Agreement, as stated above the same shall be dealt in accordance with section 86 (1) (f) read with section 158 of the Electricity Act, 2003 and shall be referred to the Orissa Electricity Regulatory Commission for adjudication.

ii) The appropriate Civil Court in the State of Orissa will have the jurisdiction.

11 FORCE MAJEURE

Neither party shall be liable for any claim for any loss or damage whatsoever arising out of failure to carry out the terms of the Agreement to the extent that such a failure is due to force majeure events such as war, rebellion, mutiny, civil commotion, riots, strike, lock-out, forces of nature, accident, act of God and any other reason beyond the control of concerned party. Any party claiming the benefit of this clause shall reasonably satisfy the other party of the existence of such an event and given written notice within a reasonable time to the other party to this effect. Generation / drawal of power shall be started as soon as practicable by the parties concerned after such eventuality has come to an end or ceased to exist.

12 STUATORY APPROVALS AND IMPLEMENTATION OF THE AGREEMENT

12.1 While implementing the project, GEL undertakes to comply with all statutory requirements/clearances in respect of laws, regulations and procedures governing establishment and operation of industries in the State of Orissa.

12.2 All discretions should be exercised and directions, approvals, consents and notices to be given and actions to be taken under

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GMR ENERGY LIMITED GMR

these presents unless otherwise expressly provided herein, shall be exercised and given by the signatories to this Agreement or by the authorised representative(s) that each party my nominate in this behalf and notify in writing to the other party by Registered Post.

13 NOTICE

All notices required or referred to under this Agreement shall be in writing and signed by the respective authorised signatories of the parties mentioned herein above, unless otherwise notified. Each such notice shall be deemed to have been duly given if delivered or served by registered mail/ speed post of Department of Posts with an acknowledgement due to the other parties.

14 EFFECTIVE DATE AND DURATION OF AGREEMENT

The agreement shall come into force from the date of signing of the Agreement for all purposes and intent and shall remain operative initially up to completion of twenty five (25) years from the date of commercial operation of last unit of the Station and could be extended beyond the same on mutually agreed terms and conditions.

15 REDESIGNATION OF AGENCY BY THE GOVERNMENT OF ORISSA

Notwithstanding anything contained hereinabove GEL acknowledge and accept that Government of Orissa shall have the option to designate any other persons as the designated Agency in place of GRIDCO and in that event this Agreement shall stand assigned from GRIDCO to such designated Agency on the same terms and conditions.

16 SUCCESSORS AND ASSIGNS

In case the functions of GRIDCO are reorganized and/ or its activities are taken over by other organization(s) / agency(s), partly or wholly, the Agreement shall be binding mutatis mutandis upon the successor organization(s)/ agency(ies)/ entities provided that the successor organization(s)/ agency(ies) is/are owned or controlled by the Government of Orissa.

17 APPROVAL OF THE AGREEMENT

This power purchase agreement is subject to the approval of OERC, with or without modification.

IN WITNESS WHEREOF the parties have executed these presents through their authorised representatives on the date mentioned above.

WITNESS :

1. Avinash Shah (AVINASH SHAH)
2. [illegible]

For and on behalf of
GMR ENERGY LIMITED

AUTHORISED SIGNATORY

For an on behalf of
Grid Corporation of Orissa Limited

1. Madhusmita Mishra
2. Dipti Satapathy

AUTHORISED SIGNATORY

DIRECTOR (COMMERCIAL)
Grid Corporation of Orissa Ltd.
Bhubaneswar

Annexure- P.2

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CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI

Petition No.77/GT/2013

Coram:

ShriGireesh B. Pradhan, Chairperson
ShriA.K.Singhal, Member

Date of hearing: 03.06.2014
Date of Order: 12.11.2015

IN THE MATTER OF

Determination of generation tariff in respect of 262.5 MW gross capacity sale from Kamalanga Power Plant of GMR-Kamalanga Energy Ltd to GRIDCO for the period from 1.4.2013 to 31.3.2014.

And in the matter of

GMR-Kamalanga Energy Limited,
Skip House, 25/1 Museum Road,
Bangalore-560 025 ......**Petitioner**

Vs

1. GRIDCO Limited
Janpath, Bhuaneshwar-751 022, Orissa

2. Western Electricity Supply Company of Orissa Limited
Burla, Sambalpur, Orissa

3. Southern Electricity Supply Company of Orissa Limited
Courtpeta, Berhampur (GM) 760 004

4. North Eastern Electricity Supply Company of Orissa Limited
Januganj, Balasore, Orissa

5. Central Electricity Supply Utility of Orissa
2nd Floor, IDCO Tower, Janpath,
Bhubaneswar-751 022 .....**Respondents**

Parties Present:

For petitioner:
Shri Amit Kapur, Advocate, GKEL
Shri Vishrov Mukerjee, Advocate, GKEL
Shri Rohit Venkat V., Advocate, GKEL
Shri V. AkshayaBahu, GKEL
Shri Rohan Jadhav, GMR
Shri Tarun Mahajan, GMR
Shri Jatinder Kumar, GMR

For Respondent:
Shri R.B. Sharma, Advocate, GRIDCO

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ORDER

This petition has been filed by the petitioner, GMR-Kamalanga Energy Ltd (GKEL) for determination of tariff for supply of 262.5 MW power to GRIDCO Ltd (GRIDCO), the first respondent, from Stage-I of Kamalanga Thermal Power Plant (the Project) having a total capacity of 1400 MW for the period from the actual date of commercial operation (COD)of Unit Nos. I, II and III till 31.3.2014, in accordance with the provisions of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as "the 2009 Tariff Regulations"). The power purchased by GRIDCO is further supplied by the first respondent in bulk to the other respondents for ultimate supply to the consumers. The actual COD of the Units of the project are as under:

	Actual COD
Unit-I	30.4.2013
Unit-II	12.11.2013
Unit-III	25.3.2014

Background

2. Govt. of Odisha signed a Memorandum of Understanding (MOU) dated 9.6.2006 with the petitioner for setting up a 1000 MW thermal power plant in the State. Later on, the capacity of the Project was increased to 1400 MW and was to be executed in two stages, Stage I comprising 3 units of 350 MW each and Stage II comprising one unit of 350 MW. Pursuant to the MoU, The petitioner has executed the Power Purchase Agreement dated 28.9.2006 (PPA) with GRIDCO valid for a period of 25 years from the date of execution for supply of 25% of the power generated. Stage I of the Project has been awarded the status of Mega Power Project by the Central Government under Ministry of Power letter dated 16.3.2009. The evacuation of power from the power plant is through the 400 kV Meramundali-Talcher LILO for Odisha's share of power. The PPA was approved by Odisha Electricity Regulatory Commission (the Odisha Commission) under clause (b) of sub-section (1) of Section 86 of the Electricity Act by order dated 20.8.2009. In the said order dated 20.8.2009 the Odisha Commission approved the PPAs executed between GRIDCO and other Independent Power Producers (IPPs) also.

Subsequently, the petitioner executed a revised PPA dated 4.1.2011 whereby it was agreed that supply of power to GRIDCO would include supply from the additional capacity of 350 MW to be set up by the petitioner in Stage II. The State Commission while approving the PPA by its order dated 20.8.2009 had directed GRIDCO and the IPPs (which included the petitioner) to file the petitions under Section 62 read with clause (b) of sub-section (1) of Section 79 of the Electricity Act before this Commission for approval of tariff since in the opinion of the State Commission the power projects to be established by the petitioner and other IPPs were inter-State generating stations. Pursuant to the above observations of the State Commission, the petitioner filed Petition No. 20/MP/2012 for approval of provisional tariff for supply of power to GRIDCO. During the proceedings in that petition it emerged that in addition to execution of the PPA for supply of power to GRIDCO, the petitioner had signed agreements for supply of power to the distribution companies in Haryana through PTC and Bihar State Electricity Board (BSEB) after selection through the competitive bidding process adopted under Section 63 of the Electricity Act. This Commission in its order dated 16.5.2012 after taking note of the above factual position observed that supply of power to the distribution companies through PTC after selection through the competitive bidding was outside the scope of determination of tariff and therefore, the petitioner did not satisfy the requirements of having the composite scheme for generation and sale of electricity in more than one State under clause (b) of sub-section (1) of Section 79 of the Electricity Act. Accordingly, this Commission dismissed the petition as not maintainable. The petitioner was, however, advised by the said order to approach the Commission for approval of tariff after it has entered into the composite scheme for sale of power in more than one State. The present petition for approval of tariff for supply of electricity to GRIDCO has been filed by the petitioner in terms of the liberty granted by order dated 16.5.2012.

3. The petition was heard on 23.5.2013 and 25.7.2013 on the issue of jurisdiction of this Commission to determine the tariff of the generating station of the petitioner under Section 62

read with Section 79(1)(b) of the Electricity Act, 2003 (the Act) for sale of 262.5 MW of power from the Project to the respondent No.1 for ultimate supply to the consumers through other respondents. Accordingly, orders in the petition were reserved.

4. While so, the question of jurisdiction was examined by this Commission in Petition Nos.79/MP/2013 and 81/MP/2013 filed by the petitioner for adjudication of certain issues pertaining to the Project and the Commission by a common order dated 16.12.2013 upheld its jurisdiction to adjudicate the issues raised in these petitions based on the finding that the Project is an inter-State generating station whose tariff is to be regulated by the Commission by virtue of clause (b) of sub-section (1) of Section 79 of the Act. The relevant portion of the order dated 16.12.2013 is extracted as under:

> *"32. There is yet another fact which bears notice. The Project has been accorded the status of Mega Power Project by Ministry of Power by letter dated 16.3.2009. One of the essential conditions for grant of Mega Power Project status under the Mega Power Policy of the Central Government is that the supply from the generating station would be to more than one State. Therefore, it is implicit in the Mega Power Project status that the petitioner supplies power to more than one State. Such supply has necessarily to be through the composite scheme.*
>
> *33. To sum up, it is held that supply of electricity by the petitioner to the States of Odisha, Haryana and Bihar is under the composite scheme for generation and sale of electricity in more than one State. Accordingly, this Commission has power to regulate the tariff of the generating station of the petitioner under clause (b) of sub-section (1) of Section 79 of the Electricity Act, 2003. As a corollary it follows that the powers of adjudication of the claims and disputes involving force majeure and Change in Law events under the PPAs is vested in this Commission."*

5. In terms of the findings contained in order dated 16.12.2013 in Petition Nos. 79/MP/2013 and 81/MP/2013as aforesaid, the Commission by its order dated 3.1.2014 held that the instant petition filed by the petitioner for determination of tariff of the Project for supply of power to the respondent No.1 is amenable to the jurisdiction of the Commission and accordingly maintainable. Against the said order dated 16.12.2013, some of the respondents therein, including GRIDCO have filed appeals (Appeal Nos. 44 and 74/2014) before the Appellate Tribunal for Electricity (Tribunal) and the Tribunal by its interim order dated 30.5.2014has observed that the proceedings before this Commission was subject to the outcome of the

pending appeals. These appeals are pending. Accordingly, the tariff of the Project (1050 MW) of the petitioner determined by this order shall be subject to the final outcome of the pending appeals.

6. The tariff petition was heard on 3.6.2014 and the Commission directed the petitioner to submit certain additional information.

7. The petitioner has filed the additional information as sought by the Commission and has served copy of the same on the respondents. The respondent, GRIDCO has filed replies in the matter and the petitioner has filed its rejoinder to the same. Both the parties have filed written submissions in the matter. Based on the submissions of the parties and the documents available on record, we proceed to determine the tariff of the Project(1050 MW) from the COD of Unit Nos. I, II and III till 31.3.2014,on prudence check, as stated in the subsequent paragraphs.

8. The capital cost of Units I to III (excluding cost of Unit-IV) and the annual fixed charges claimed by the petitioner are as under:

Capital cost

(₹in lakh)

	As on COD of Unit-I (30.4.2013)	**As on COD of Unit-II (12.11.2013)**	**As on COD of Unit-III (25.3.2014)**
Capital cost excluding IDC FC, FERV & Hedging Cost	224857.00	357630.00	536765.00
IDC, FC, FERV & Hedging Cost	33223.00	71497.00	94266.00
Other Cost	0.00	0.00	3684.00
Capital Cost including IDC,FC, FERV & Hedging Cost	**258080.00**	**429127.00**	**634715.00**
Less : Capital cost of Unit-IV	0.00	0.00	41072.00
Capital cost excluding cost of Unit-IV	**258080.00**	**429127.00**	**593643.00**

Annual Fixed Charges

(₹in lakh)

	2013-14		
	30.4.2013 to 11.11.2013	**12.11.2013 to 24.3.2014**	**25.3.2014 to 31.3.2014**
Depreciation	13413.48	23284.78	32973.84
Interest on Loan	41919.92	49816.02	55624.03
Return on Equity	21896.53	33636.48	39591.63
ED on Auxiliary Power Consumption	507.67	1015.34	1523.00
Water charges	1205.68	1205.68	1205.68
Interest on Working Capital	5843.10	10624.82	15166.75
O&M Expenses	6996.50	13993.00	20989.50
Secondary fuel oil	1456.04	3174.72	5148.24
Annual Fixed Charges	**93238.93**	**136750.83**	**172222.67**

Commissioning schedule

9. The Commission vide ROP of the hearing dated 3.6.2014 had directed the petitioner to submit the copy of original investment approval and subsequent revised approval, if any, from the Board of Directors along with scheduled COD of different units/station. In response, the petitioner vide affidavit dated 31.7.2014 has submitted that the EPC agreement was signed on 28.8.2008and the project cost estimated at ₹4540 crore was approved by Board of Directors of Petitioner Company on 8.4.2009. It has also submitted that on 27.5.2009, the lenders consortium led by IDFC Bank had appraised and approved the project cost and the project achieved financial closure. The petitioner has further stated that the Notice to Proceed (NTP) was issued on 27.5.2009 and since the construction could only commence after financing had been tied up and financial closure was achieved, the commencement date was considered from the date of financial closure and the NTP i.e. 27.5.2009. It has also submitted that the EPC contractor had specified the timeline of 30 months, 32 months, 34 months for achieving the COD of Unit-I, Unit-II and Unit-III respectively from the commencement of construction of project, which was the date of financial closure i.e. 27.5.2009. Accordingly, the estimated scheduled COD dates as against the actual COD dates from the date of financial closure /notice to proceed is detailed as under:

Unit Nos	Date of financial closure	Schedule COD	Actual COD	Delay (in months)
I	27.5.2009	27.11.2011	30.4.2013	**17**
II		27.1.2012	12.11.2013	**22**
III		27.3.2012	25.3.2014	**24**

10. According to petitioner, there is delay of 17 months in case of Unit-I, 22 months in case of Unit-II and 24 months in case of Unit-III. It is further observed from the MOU dated 9.6.2006 entered into between Govt. of Odisha and the petitioner, the time schedule for commissioning of the project from the date of signing the MOU is 60 months i.e. by 9.6.2011. It appears that the timeline in the MOU was specified based on the agreement reached between the Govt. of Odisha and the petitioner with respect to assistance and co-operation on the areas of land acquisition, construction power etc. It is also observed from the MOU that the petitioner was required to produce documents towards financial closure for Phase-I within 18 months from the date of MOU. Thus, the financial closure as per MOU should have been completed by December, 2007 and the remaining 42 months up to 9.6.2011 was the scheduled time for commissioning of the project. However, the PPA entered into with the respondent, GRIDCO on 28.9.2006 does not prescribe any timeline for the COD of units/generating station.Under these circumstances, it would not be prudent to consider the schedule timeline as per MOU dated 9.6.2006. In this background, we consider the schedule COD of units/ generating station as computed by the petitioner based on the timeline (from financial closure date/NTP date) specified in the EPC contract entered into on 28.8.2008.

Admissibility of Additional Return on Equity

11. The date of original investment approval for the project is 8.4.2009. In order to avail the additional ROE of 0.5%, the time line specified under the 2009 Tariff Regulations for completion of a green field project (Coal/lignite) with a unit size of 350 MW from the date of investment approval is 33 months with subsequent units at an interval of 4 months each. The petitioner has submitted that the power plant suffered delay in commissioning due to reasons beyond the control of the petitioner like delay in handover land by Govt. of Odisha and Change in Visa

Policy. The petitioner has submitted that it has invested 39% of the project cost as equity and should be favourably considered for allowing additional 0.5% ROE on the normative 30% equity, which translated to overall 16% ROE.

12. The matter has been examined. The actual COD of Unit-I, Unit-II and Unit-III is 30.4.2013, 12.11.2013 and 25.3.2014 respectively i.e. 48 months, 54 months and about 59 months from the date of investment approval (8.4.2009). Hence, all the three units of the Project have been declared under commercial operation beyond the timeline specified under the 2009 Tariff Regulations for entitlement of additional RoE of 0.5%. Hence, we are not inclined to grant the prayer of the petitioner for grant of additional ROE of 0.5%. Accordingly, the generating station is not entitled to the additional return on equity of 0.5% which is allowed for timely completion of the Project.

Time over run

13. As stated, there is time overrun of 17 months for Unit-I, 22 months for Unit-II and 24 months for Unit-III. Accordingly, the petitioner was directed vide ROP dated 3.6.2014 to submit additional information as under:

> *"(vi) There appears to be time overrun in Commissioning of units/station. Reasons may be furnished with documentary evidence, in justification of time and cost over-run. Delay (quantifying the number of days/months/year) in the execution of various activities on the critical path in completion of the project through the CPM/PERT chart may also be explained with documentary evidence."*

14. In response, the petitioner vide affidavit dated 31.7.2014 has submitted the reasons for the delay in the commissioning of the units based on the following events:

(a) *Delay of 7 months in Land Acquisition for main plant for all three Units;*

(b) *Change in law in terms of the Visa Policy of the Govt of India: Non-availability of skilled and experienced foreign workers for 10 months for Unit-I, 11 months for Unit-II and 13 months for Unit-III;*

(c) *Delay of 3.5 months for permission to conduct COD post synchronization of Unit-II due to high hydro conditions and grid constraints limiting evacuation to 350 MW only;*

(d) *Delay of 4months for permission to conduct COD post synchronization of Unit-II due to grid constraints limiting evacuation to 350 MW only.*

15. We now examine the submissions of the parties on the issue of time overrun in the subsequent paragraphs:

Delay in completion of Land Acquisition

Submissions of the Petitioner

16. The petitioner vide affidavits dated 5.3.2013 and 31.7.2014 has submitted as under:

(a) The process of acquiring 823.32 acres of land for the main project area began in July, 2007 with the issue of relevant notice under Section 4(1) of the Land Acquisition Act, 1894. As per the MOU, the power plant had to be developed within 60 months from the date of execution of MOU, i.e. by 9.6.2011. An aggregate 1176.24 acres of land earmarked for the Project was to be acquired by the Government through its nodal agency–Odisha Industrial Infrastructure Development Corporation ("IDCO") and handed over to the petitioner 'free from all encumbrances'. However, the Project land could not be acquired by the Government of Odisha / IDCO and handed-over to the petitioner in time for various reasons and circumstances such as delays due to land acquisition related litigations and resistance from locals. The land acquisition was the responsibility of the Government of Odisha / IDCO. The agreement with the EPC contractor (SEPCO) was executed on 28.8.2008 and the NTP was issued on 27.5.2009. As per the EPC agreement, the total land for the project was to be handed over to the EPC contractor not later than two months (27.5.2009) from the date of issue of NTP. The project completion schedule as committed by the contractor was premised on the critical obligation to be fulfilled by the petitioner. Due to circumstances and reasons beyond the control of the petitioner, not only the acquisition was delayed, but the land delivery came in staggered lots. The possession of the major portion of land (more than 50%) required for the main project area was handed over to the petitioner only by 11.2.2010. The details of hand over of possession of land areas under:

Village	Area (in acres)	Date of notice u/s 4(1) of LA Act,1894	Date of possession by the Petitioner
SenapathiBerana	82.49	12.7.2007	24.9.2009
Bhagabatpur	35.40	-do-	24.9.2009
Managalpur	190.12	-do-	24.9.2009
Kamalanga	515.31	-do-	11.2.2010
Total	**823.32**	-	-

(b) The details of possession of different categories of land as submitted by the petitioner are as under:

Sl. No	Land Details	Date of Handing over	Location of System/Subsystem
I	Government Land	9.2.2010	BTG-1 & 2, Pre-treatment Plant, CT-2 , MGR Coal conveying system
ii	Private Land	11.2.2010	Transformer yard, Switchyard, CT-1, Roads, Drains, MGR, Coal conveying system, CWPH -2
iii	Left out Plots-Mangalpur (Pvt)	20.4.2012	MGR and Coal conveying system, Track Hopper
iv	MGR Land after vacation of Status quo	31.10.2012	MGR outside plant from Railway land to plant boundary.
v	Forest Land	12.12.2012	BTG-3, Chimney-2, CT-3coal conveying system, CWPH -1
vi	Left out Plots-Kamalanga(Pvt.)	14.12.2012	Coal Conveying system, BTG-1, Clinker Grinder-1

(c) IDCO failed to acquire 32.55 acres of land spanning across 206 plots which comprised the main project area including the BTG area. This seriously delayed the project timelines since possession of the aforesaid 32.55 acres was handed over to the petitioner only in December, 2012.

(d) Forest clearance for the total forest land area of 78.03 acres to be used for BTG, Coal Handling Plant (CHP) and other critical area such as cooling towers, chimney etc., which were under the Main Project Area, was granted by the Central Government on 7.1.2011and possession of land handed over to the petitioner on December, 2012.

(e) Not only delays were witnessed in acquiring land for the main project area but also for the land required for railway siding, approach road, raw water pipeline, etc. The construction of railway line (MGR) was delayed on account of a status quo order passed by the Hon'ble High Court of Orissa on 6.4.2012 in the Writ Petition No. 5559 of 2012 filed challenging the land acquisition for the Project. This order continued to be in force till 19.10.2012 when the status quo order was vacated by the High Court. Accordingly, it was unable to take possession of the land required for the construction of the railways line (MGR) on account of the status quo order in force and the delay was on account of operation of law over which the petitioner had no control and for no reason attributable to the petitioner. The final possession of land was handed over on 31.10.2012. The petitioner was required to construct the Direct Approach Road (DAR) providing access to the plant premises and in the absence of DAR and MGR Railway line, it was impossible to transport coal and other consumables essential for commissioning of the project.

Land required for construction of Direct Approach Road

17. The petitioner has submitted that Writ petitions were filed before the High Court of Orissa challenging the land acquisition proceedings covering about 3 acres of land which is forming part land acquired by IDCO for the DAR and status quo orders were passed in respect of possession of the aforesaid land. The petitioner has also submitted that it was unable to take possession on account of the aforesaid status quo orders and accordingly was prevented from completing the DAR on account of operation of law for reasons beyond its control. These status quo orders were vacated by the High Court on 20.8.2013 which had resulted in a delay of 1486 days. In addition, the petitioner has stated that it was unable to take possession of land required for construction of DAR on account of status quo order dated 26.3.2013 which was vacated on 20.8.2013 and this delayed the construction by six months. The petitioner has stated that in the absence of DAR and MGR the required quantity of coal could not be brought to project to run by 6 months even a single unit to its full capacity. It has further stated that the Hon'ble High Court imposed restriction on plying of heavy vehicle between 6 AM to 8 PM and allowed vehicles to ply only from 8 PM to 6 AM and this could carry maximum of 200 trucks a day which is significantly below the requirement of even one unit.

Delay in laying Transmission line

18. The petitioner has submitted as under:

(a) The Government of India vide gazette notification No. 11/44/2011-PG, published the order under Section 164 of the Electricity Act, 2003in respect of GMR Kamalanga Energy Limited (the petitioner) for construction of dedicated 400 kV transmission line from the generating station of petitioner to Angul pooling station of PGCIL in Orissa and by virtue of the said order the petitioner has been conferred powers for the purpose laying 400kV dedicated transmission line from the generating station of petitioner to Angul pooling station of PGCIL in Orissa.

(b) In this regard, when GKEL was carrying out the above work one M/s BRG Iron and Steel Company Private Limited alleged that a portion of the land on which the transmission lines are being laid in the village Kurunti was allotted to their company and therefore demanded GKEL to direct its contractor to stop the work forthwith. Further, the said company used physical force to stop the work by GKEL and as a result GKEL was constrained to file a complaint with the police against obstruction to its work of laying transmission lines which is of statutory in nature. The issue was further challenged by BRG in the Orissa High Court and Orissa High Court directed BRG to approach land allotment agency i.e. IDCO to address the issues raised by BRG in accordance with law. Pursuant to the said orders of the High Court, IDCO had requested OPTCL to intervene in this matter for finding an amicable solution. Accordingly, a meeting was held between the parties on i.e. BRG, GKEL, IDCO and OPTCL, on 19.2.2014 and in the said meeting BRG suggested alternate alignment for the said 400kV transmission line of GKEL. GKEL objected to the said alternate proposal as GKEL has lost valuable time and money in laying the transmission line and GKEL would be put to serious difficulties if the construction of transmission line is not completed at the earliest for evacuation of power from GKEL power plant. In the said meeting OPTCL also participated and after prolonged deliberation GKEL had to agree for change in the alignment as per the revised proposal submitted by BRG subject to approval by OPTCL. Pursuant thereto the parties have agreed to the route map showing the realignment of transmission line in terms of the minutes of the meeting dated 19.2.2014.

19. Accordingly, the petitioner has submitted that the aforesaid chain of events would clearly indicate that despite best efforts of GKEL there was a delay of 17 months in laying the dedicated 400kV transmission line from the generating station of the petitioner to Angul pooling station of PGCIL in Orissa for the reasons which are beyond the control of petitioner.

Delay in Handing over of Right of Way (ROW) for River intake pipeline

20. The petitioner has submitted as under:

(a) The permission for the land on which intake pipeline was to be constructed was delayed, thereby delaying the completion of Raw water intake system from the river Brahmani to the Plant reservoir.

(b) The RoW issue was resolved on 13.6.2012 and the pipeline work of 1.9 km was completed on 23.11.2012. Though the Boiler hydro test was completed on 19.3.2012, the Boiler light up could only be completed on 3.12.2012, within 10 days of completion of the Raw water intake system.

(c) The delay in construction of water intake pipeline had an impact on the Boiler Light Up (BLU) of Unit-I delaying by 488 days from the original schedule. (Schedule completion is

4.8.2011 and the actual completion of BLU is 3.12.2012). The particulars as submitted by the petitioner are as under:

Sl. No.	Particulars	Date	Remarks
1	Scheduledcommencement of Raw water intake pipe line	27.1.2011	250 days for completion of the activity
2	Scheduledcommencement of Raw water intake pipe line	3.10.2011	
3	Issue of ROW order for Raw water intake pipeline	13.6.2011	Annex-6
4	Actual commencement of Raw water intake pipe line	10.3.2011	Annex-6
5	Actual commencement of Raw water intake pipe line	23.11.2012	Annex-6
6	Scheduled date for Boiler Light Up of Unit-I	4.8.2011	Annex-6
7	Actual date for Boiler Light Up of Unit-I	3.12.2012	The light up was completed within 10 days of completion of Raw water pipeline. Delay from schedule is 488 days

Delay in Handing over of Railway Land

21. The petitioner has submitted as under:

(a)The possession of land for Railway line was handed over on 31.10.2012 and subsequently work which was stopped due to the status quo order passed on 19.2.2013, was vacated by Hon'ble High Court on 20.8.2013. Due to this a critical retaining wall of 40 m length along with it the embankment work, Track laying & other related activities were held up.

(b)Due to the delayed allotment of possession of land for Railway siding work &the subsequent status quo order, the work had to be frequently started and stopped. The frequent starting and stopping of work required the demobilization & remobilization of manpower, Plant & Machinery for the aforesaid work. Despite the delayed start and intermittent stoppage of work, the aforesaid work was completed within 187 days.

(c)This impacted the COD of Unit-II which was immediately commenced on 8.11.2013 and was completed on 11.11.2013, despite all system being ready since synchronization on 9.7.2013.

Submission of Respondent, GRIDCO

22. The respondent, GRIDCO vide affidavit 17.2.2014 has submitted that Unit-I of plant was to be commissioned within a period of 30 months from NTP dated 27.5.2009 i.e. by 27.11.2011. It has thus submitted that as against this schedule, the expected COD of Unit-I is 1.4.2013

resulting in a time over-run of more than 16 months. Similarly, the respondent has pointed out that there is time overrun of 17 months for Unit-II and 18 months for Unit-III. Accordingly, the submissions of the respondent, GRIDCO are as under:

(i) The problems related to the delay in land acquisition are the general problems and the petitioner is well aware of such problems. The petitioner is expected to explain each and every day's delay in the completion of the project through the CPM/PERT chart, explaining the delay and the cushion, if any, available in the execution of various activities on the critical path. The major portion of land measuring 823.32 acres out of the total requirements of 1176.24 acres was made available to the petitioner well in time. The balance land was also made available to the petitioner subsequently. It is further stated that it is erroneous to presume that all the activities related to the execution of the project would commence only when the entire land is made available to the petitioner 'free from all encumbrances.

(ii) The problem related to the alleged delay in the construction of the railway line (MGR) on account of status quo order passed by the Hon'ble High Court of Odisha is concerned, it is stated that the substantial portion of the land was in the possession of the petitioner and only a small portion of the land to the extent of Acres 1.37 decimal was required to be vacated. During the hearing in the W.P (C) No. 5559 of 2012, Hon'ble High Court was also intimated that the construction of the plant has been completed.

23. Accordingly, the respondent has submitted that the petitioner has not established that the time over run in respect of the project under consideration was beyond his control. It has also submitted that the IDC and IEDC for the time overrun period may not be allowed.

Analysis & Decision

24. We have examined the matter. The Tribunal in its judgment dated 27.4.2011 in Appeal No. 72 of 2010 (MSPGCL-v- CERC &ors) has laid down the following principle for prudence check of time over run and cost overrun of a project as under:

"7.4. The delay in execution of a generating project could occur due to following reasons:

i. Due to factors entirely attributable to the generating company, e.g., imprudence in selecting the contractors/suppliers and in executing contractual agreements including terms and conditions of the contracts, delay in award of contracts, delay in providing inputs like making land available to the contractors, delay in payments to contractors/suppliers as per the terms of contract, mismanagement of finances, slackness in project management like improper co-ordination between the various contractors, etc.

ii. Due to factors beyond the control of the generating company e.g. delay caused due to force majeure like natural calamity or any other reasons which clearly establish, beyond any *doubt, that there has been no imprudence on the part of the generating company in executing the project.*

iii. Situation not covered by (i) & (ii) above.

In our opinion in the first case the entire cost due to time over run has to be borne by the generating company. However, the Liquidated damages (LDs) and insurance proceeds on account of delay, if any, received by the generating company could be retained by the generating company. In the second case the generating company could be given benefit of the additional cost incurred due to time over-run. However, the consumers should get full benefit of the LDs recovered from the contractors/supplied of the generating company and the insurance proceeds, if any, to reduce the capital cost. In the third case the additional cost due to time overrun including the LDs and insurance proceeds could be shared between the generating company and the consumer. It would also be prudent to consider the delay with respect to some benchmarks rather than depending on the provisions of the contract between the generating company and its contractors/suppliers. If the time schedule is taken as per the terms of the contract, this may result in imprudent time schedule not in accordance with good industry practices.

7.5 in our opinion, the above principle will be in consonance with the provisions of Section 61(d) of the Act, safeguarding the consumers ' interest and at the same time, ensuring recovery of cost of electricity in a reasonable manner."

25. The petitioner has submitted that the delay due to land acquisition was outside the reasonable control of the petitioner. It is noticed that in terms of the MOU dated 9.6.2006 entered into by the petitioner with the Govt of Orissa, 2200 acres of land (approx) was required for the setting up the Thermal Power Plant and associated facilities (colony, coal transportation system, water transportation system, power evacuation system, ash disposal and other infrastructural facilities) by the petitioner. However, an aggregate of 1176.24 acres of land earmarked for the project was to be acquired by the Govt. of Orissa through its nodal agency, IDCO and handed over to the petitioner free from encumbrances. The petitioner has submitted that even though the process of acquiring 823.32 acres of land (out of the total requirement of 1176.24 acres) for main plant area began in July, 2007 with the issue of notices under Section 4(1) of the LA Act, 1894, the project land could not be acquired by the Govt. of Odhisa/IDCO to be handed over to the petitioner in time due to various reasons and delays on account of land acquisition litigation and resistance from locals. The respondent, GRIDCO has submitted that the problems related to the delay in land acquisition are general problems and the petitioner is well aware of such problems. It has further submitted that the major portion of land measuring 823.32 acres out of total requirement of 1176. 24 acres was made available to the petitioner

well in time, and that the petitioner cannot presume that all the activities for execution of the project would commence only when the entire land is made available to the petitioner free from all encumbrances. It is noticed from the EPC contract dated 28.8.2008 entered into by the petitioner with SEPCO (Chinese EPC contractor) that the 'commencement date' is defined as the date on which NTP is issued to offshore supplier.NTP was issued on 27.5.2009 and the total land for the project was to be handed over to the EPC contractor not later than two months from the date of issue of NTP. It is also noticed that as per Article 2 of the said EPC contract, the petitioner (owner) is required to obtain all owner permits as may be required prior to the issue of NTP. It is further noticed that land acquisition has been delayed and the delivery of land to the petitioner materialized in a staggered manner starting from 24.9.2009 (Senapathi Berana) and culminated on 9.2.2010 when 515.31 acres of land (Kamalanga) was delivered to the petitioner. Accordingly, the petitioner has claimed the initial delay of 7 months in starting the construction activities due to delay in acquisition of land for the main plant on the ground that it is beyond its control. The petitioner has also submitted that the responsibility of land acquisition was that of Govt. of Odisha/IDCO under MOU dated 9.6.2006and project land could not be acquired by the Govt. of Odisha/IDCO for handing over the same to the petitioner in time due to various reasons and delays on account of land acquisition litigation and resistance from locals. We are not convinced with the submission of the petitioner that the Govt of Odisha /IDCO alone was responsible for the delay in acquisition of land for the following reasons:

(i) In terms of the provisions of Land Acquisition Act, 1894, as amended from time to time, acquisition of land for public purposes, whether in respect of Government land, private land or forest land are all to be undertaken through Governmental authorities and therefore, the MOU provided for facilitating the acquisition of land through the Govt of Odisha/IDCO.

(ii) The provisions of the PPA do not provide that the responsibility towards land acquisition would be that of Govt of Odisha/IDCO.

26. Though the petitioner has submitted that the Project land could not be acquired by the Government of Odisha / IDCO and handed over to the petitioner in time for reasons such as delays due to land acquisition related litigations and resistance from locals, no documentary evidence has been furnished by the petitioner in support the same. In the absence of any proper justification, it cannot be held that the delay due to land acquisition was attributable to the Govt of Odisha/IDCO. In our view, there has been slackness on the part of the petitioner in coordinating with the District Administration to ensure the timely completion of the process of acquisition of land for main plant. In this background, we hold that the said delay in the acquisition of land cannot be said to be beyond the control of the petitioner and the petitioner is responsible for the said delay.

27. It is further noticed from the submissions and the documents furnished by the petitioner that there has been delay on account of Forest clearance as the total forest land area of 78.03 acres (to be used for BTG, CHP, Cooling Towers etc.,) which was under the main plant area was granted by the Central Govt. on 7.1.2011, thereby resulting in the delay in completion of Coal Handling Plant and other critical portions of the power station. In addition to this, delays have also been noticed towards acquisition of land for Railway siding, Direct Approach Road on account of the Writ Petitions and Status quo orders passed by the Hon'ble High Court of Orissa. Only after the status quo orders were vacated during the years 2012 and 2013, the petitioner could obtain possession of this land for construction of MGR, Construction of DAR etc. It is observed that the stay order granted in March, 2012 was vacated by the Hon'ble High Court of Orissa only on 19.10.2012 and accordingly, the land was handed over to the petitioner on 31.10.2012. However, from the details submitted by the petitioner it is not clear as to why the petitioner could not acquire the said land prior to March, 2012 and why it had to wait till March 2012. In the absence of any proper clarification in the information submitted, the petitioner cannot be absolved of its responsibility for acquisition of land through timely action and proper coordination with the District Administration. As regards the delay in the Construction of DAR on account of the stay order of the Hon'ble Court, we are of the view that the petitioner could have

explored some alternate route for DAR. In this background, we are inclined to hold that the delay in Construction of DAR was not beyond the control of the petitioner. It is further noticed that there has been delay in the permission for use of land for raw water pipeline and the delay is of488 days in the Boiler light up of Unit-I. However, no proper and cogent justification has been furnished by the petitioner for the delay in permission for Right of way. In the circumstances, we hold that the delay on this count is not beyond the control of the petitioner and the same is attributable to the petitioner. Accordingly, in terms of the principles laid down by the Tribunal in the judgment dated 27.4.2011 [(situation (i)], the initial delay of 7 months including the delays in the completion of MGR/Coal handling system, Construction of DAR and Construction of Raw water pipe line cannot be said to be beyond the control of petitioner and hence cannot be condoned. Therefore, the increase in cost on account of the said delay has to be borne by the petitioner. However, the Liquidated Damages (LD) and Insurance proceeds if any, received by the generating company, on account of the said delay, could be retained by the generating company.

<u>Changes in Visa policy</u>

<u>Submissions of the Petitioner</u>

28. The petitioner vide affidavits dated 5.3.2013 and 31.7.2014 has submitted as under:

(a) The EPC contractor (SEPCO) is a Chinese EPC contractor having significant experience in constructing power plants across the world. After the notice to proceed was issued on 27.5.2009, the EPC contractor was supposed to mobilize work at the site in June 2009.

(b) Ministry of Commerce and Industry, GOI, issued circular dated 20.8.2009, asking all foreign nationals engaged in executing the projects to leave the country by 30.9.2009. On 8.9.2009, the Ministry of Labour & Employment, GOI, announced new norms according to which only 1% of the total number of persons employed in the Project or a maximum of 20 persons would be considered for granting visas for the power sector. Based on the said norms, Ministry of Home Affairs, GOI on 28.10.2009, issued clarifications on work related visa, limiting the number of visas to be granted to persons employed in the Project to 1% of the total number of persons employed in the project or 40, whichever was lower. Due to the restriction on the maximum number of visas that could be granted, the EPC contractor, who was supposed to have a sizable number of skilled work-force from overseas had to sub-contract the erection and construction works

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to local contractors. The local contractors did not have adequate resources and experience with the highly technical and advanced machinery to execute the work as per the construction schedule envisaged and agreed. Also, since the implementation strategy was disrupted due to the restriction on number of foreign nationals, the supply of machines which were linked to the progress of the project at the project site was also delayed.

(c) As per EPC contract, the schedule deliveries of EPC equipment were to start in November, 2009. However, because of the non-availability of Chinese workers and the need to replace them with Indian workers, the delivery dates as well as the time taken to complete the deliveries were severely delayed.

(d) This delay is in addition to the delay of over 12 months for land acquisition. This was on account of SEPCO being unable to deploy the requisite number of experienced foreign workers on account of change in Visa policy which was an event beyond the control of petitioner. Also, due to the restriction on the number of foreign personnel in terms of the new Visa policy, the EPC work had to be sub-contracted to Indian sub-contractors who were not familiar with the processes and machinery leading to delay in completion of EPC work. The change in Visa Policy is not only a Force Majuere but is also in the nature of a change in law which had an adverse impact on the financial health of the project.

(e) The two events, viz. delay due to land acquisition and Change in Visa policy are sequential events. The Visa policy changes started affecting the construction schedule after the land for the Main Project area was almost acquired, while the land was acquired in February, 2010, the Visa related clarifications/new norms were issued by relevant Ministries of GOI during October/December, 2009, which affected the scheduled manpower deployment once the construction started in February,2010.

(f) The events set out as above resulted in significant delay in the project construction activity and thereby a major increase in the Project cost by way of increase during construction, other project costs elements namely, manpower cost, establishment cost also had an impact in the delivery schedule of the equipment at project site.

Submissions of the respondent, GRIDCO

29. The respondent, GRIDCO has mainly submitted as under:

(i) As regards the problem related to the alleged changes in the Visa policy for allowing foreign workers to work in India based on the Circular dated 20.8.2009 of Ministry of Commerce and Industry, GOI and O.M dated 8.9.2009 issued by the Ministry of Labour& Employment, GOI, the same is without any basis. It is submitted that the circular dated 20.8.2009 is merely a clarification on the issue of Visa provisions for foreign personnel coming for execution of the project/contractual works in India. This circular only clarifies the issue that the foreign nationals coming for execution of the project will have to come under the Employment Visa and not under Business Visa. Thus, this circular does not reflect any change in the policy of the Govt. of India regarding the Visa provisions for foreign personnel coming for execution of the project. The O.M dated 8.9.2009 covers only the projects of the public sector undertakings and thus the norms as mentioned in the said OMs are not applicable to the petitioner.

Analysis & Decision

30. We have examined the matter. As regards the Change in Visa policy by the Government of India for Chinese nationals, it is observed that the Ministry of Commerce and Industry, GOI, by its letter dated 20.8.2009 had issued clarification on the requirement of Visa for foreign nationals engaged in execution of projects/ contractual work in India. Subsequently, by letter dated 25.9.2009 further clarification was issued by the Ministry of Home Affairs, GOI, on this issue. Some of the clarifications/conditions specified by the GOI in its letters above are extracted as under:

- Foreign nationals coming to India for executing projects/contracts in India will henceforth have to come only on employment visas.
- All foreign nationals currently in India on business visas (BV) and engaged in project or contract work should return to their home countries on expiry of their visas or by 31st October 2009 whichever is earlier. No visa extension will be granted in such cases.
- Foreign nationals have to obtain Employment Visas (EV) only from their country of citizenship in order to come to India to work on projects/ contracts.
- Employment visa to be issued in strict conformity with the Employment Visa Manual adhering to the listed guidelines:
- Employment visa to be granted to skilled or qualified professional; or to a person engaged or appointed by a company /organisation on contractor on employment basis at a senior level or skilled position such as technical expert /senior executive or in a managerial position etc. Employment visa not to be issued for routine, ordinary or secretarial/clerical jobs.
- Indian company engaging foreign nationals for executing projects /contracts in India shall be responsible for their conduct as well as departure from India.
- Ministry of External Affairs (MEA) will advise the Indian missions located in neighbouring countries not to grant BV's to the foreign nationals who come to India for execution of projects/contracts.

Issuance of Employment visa to Chinese nationals

- Applications for EV to the Indian Mission in China by the Indian / Chinese company has to be submitted incorporating the following additional information:
- Educational qualifications and the current job, and
- Nature of job proposed to be performed in India

- Indian /Chinese company is also required to forward the copy of the visa application to Ministry of Home Affairs (MHA) (Foreigners Division)

- Indian Mission is also required to send the information so received to MHA (FD).Visa has to be processed by MHA within a period of 60 days.

- MHA on receiving the information / application forwards the same to the following two parties:

  Intelligence Bureau (IB) and IB to give clearance within 15 days
  Ministry of Labour (MOL): MOL to give clearance within 45 days

- MEA as a point of caution will also collate details of Chinese nationals on projects in India since 1st January 2008 on BV from the Indian Missions in China. This shall be provided to IB.

31. The guidelines for granting employment visas by Ministry of Labour & Employment, GOI, stipulates that employment visa for foreign personnel coming to India for execution of contracts may be granted by Indian missions to highly skilled and professionals to the extent of 1% of total persons on the project or maximum of 40 persons for each power project.

32. The petitioner has submitted that with the implementation of the new visa policy and the restriction on the maximum number of foreign nationals to be deployed by SEPCO, the number of experienced personnel deployedby SEPCO at the Project site was reduced drastically from the original estimates and the balance workforce had to be sourced/sub-contracted from India. The comparison between the scheduled deployment and actual deployment of workforce as submitted by the petitioner is as under:

Year	Scheduled Deployment of manpower	Re-worked Scheduled Deployment of Manpower	Actual Deployment of Manpower
2009	1100	138	14
2010	3950	517	61
2011	4250	577	132
2012	1000	419	190

33. The petitioner has submitted that the scheduled deployment of manpower as above is as per the bid submitted by SEPCO which form part of the EPC contract. The petitioner has also submitted that it had negotiated with SEPCO in order to reduce the number of foreign nationals proposed to be deployed by SEPCO at the Project site and had accordingly re-worked the

scheduled deployment of manpower. It has stated that it is evident from the above table that not even 20% of the reworked schedule could be deployed. The petitioner has further submitted that had there been no delay on account of change in visa policy, the project could have been commissioned by 11.12.2012 considering the period of 34 months from the actual land acquisition date of 11.2.2010. The respondent, GRIDCO has submitted that the circular dated 20.8.2009 is only a clarification on the issue that the foreign nationals coming for execution of the project will have to come under the Employment Visa and not under Business Visa. It has also stated that the O.M dated 8.9.2009 is applicable only for public sector undertaking.

34. We have examined the submission of the petitioner that the absence of sufficient number of experts from OEM, who are Chinese nationals, during the peak project construction activities has had a direct impact on the progress of the project (as the erection and commissioning of BTG was supplied by SEPCO) leading to the delay in the completion of the project. Similar issue was raised by Udupi Power Corporation Ltd (UPCL) in the tariff Petition No.160/GT/2012 filed before the Commission and the Commission after examining the relevant Circular/Memo of the GOI relating to the change in Visa Policy, had condoned the delay of 6 months by order dated 20.2.2014 and had accordingly granted relief to the petitioner. On Appeal, the Tribunal by judgment dated 15.5.2015 modified the said order and had allowed condonation of delay of only three months, on the ground that the requisite personnel was made available to the UPCL project by February, 2010. The relevant portion of the order is extracted as under:

> *"76......................... Further, employment visa was to be granted to skilled or qualified professionals such as technical experts/technicians and not for routine, ordinary or secretarial/clerical jobs. The Ministry of Home Affairs also gave timeline for clearance by Intelligence Bureau within 15 days and Ministry of Labour within 45 days. All other directions were general directions. Ministry of Labour & Employment guidelines for granting employment visa stipulate granting of visa to the extent of 1% of total persons on the project or maximum 40 persons for each power project. Udupi Power has stated that in November, 2009, only 4 experts were issued visas and gradually number was increased to 12 in December 2009, 30 in January, 2009 and 45 in February 2010 and required number of 65 experts were present during May, 2010 to recommence the work. We, therefore, feel that delay of 3 months due to difficulties in the months from November, 2009 to January, 2010 only be allowed as by February 2010, 45 persons, which is as per the guidelines of the Ministry of Labour were available at the project."*

35. As stated in the table under para31 above, against the original scheduled deployment of manpower, the petitioner had negotiated with the EPC contractor for reduction in the foreign nationals proposed to be deployed and accordingly the minimum manpower required to be deployed had been worked out. However, pursuant to the change in the Visa Policy, the actual deployment of manpower was far less than the original /revised manpower scheduled to be deployed in the Project. We are however not convinced with the submissions of the petitioner that the delay is on account of the reduction in the actual deployment of manpower due to change in Visa Policy. In our view, the finding of the Tribunal in the case of UPCL on this issue is relevant to the present case. As in the case of UPCL, the main plant supplier in the project of the petitioner is a Chinese EPC contractor. As regards the deployment of man power in terms of the guidelines of the Ministry of Labour, it is noticed that as against the original manpower requirement of 65 nos in 2009, the manpower had gradually increased to 45 nos in February, 2010in the case of UPCL. In the present case, the actual manpower deployment had increased from 14 nos in 2009 to 61nos in 2010. Thus, the required number of experts were available to the petitioner during 2010 in terms of the guidelines of the GOI. Moreover, the petitioner/ EPC contractor had the option of availing the services of skilled manpower available in India due to the reduction in the manpower in order to complete the said work. as the fact that the restrictions in the number of Chinese Experts as per the new Visa Policy was known to the petitioner even before the start of the project work in February, 2010. Under these circumstances, due to Govt. of India Visa Policy changes, the petitioner ought to have taken pre-emptive measures in consultation with the EPC contractor to source the remaining skilled experts from India in order to minimise the effect on the scheduled project completion period. In the above background, we do not find it justifiable to allow the total period of delay of 10 months for Unit-I, 11 months for Unit-II and 13 months for Unit-III, due to Chinese Visa Policy. However, considering the fact that the Change in Visa Policy had caused some initial hiccups in the reorganisation/remobilisation/rescheduling of man power resources after acquiring the land for the project in February, 2010, the total delay of 3 months only is condoned and allowed

considering the difficulties faced by the petitioner for the period from 11.2.2010 to 10.5.2010, as against the claim of petitioner for 10 months in Unit-I, 11 months in Unit-II and 13 months in case of Unit-III. In our view, the delay for the said period of three months for the reasons stated is not attributable to the petitioner and is beyond the control of the petitioner. Accordingly, in terms of the principles laid down by the Tribunal in the judgment dated 27.4.2011 [(situation (ii)], the total delay of 3 months is condoned and the generating company is given the benefit of the additional cost incurred due to time overrun. However, the LD recovered from the contractor and the insurance proceeds, if any, would be considered for reduction of capital cost.

Delay for permission to conduct COD post synchronization of Unit-II due to high hydro conditions and grid constraints limiting evacuation to 350 MW only

Submission of the petitioner

36. The petitioner vide affidavits dated 5.3.2013 and 31.7.2014 has submitted as under:

(a) Unit-II achieved synchronization in July, 2013. Subsequently, GKEL requested GRIDCO on numerous occasions to allow the unit to carry out the commissioning test. However, due to the surplus hydro power availability in the Odisha grid during the period from July, to November, GRIDCO was not inclined to accept costly thermal power in lieu of cheaper hydro power. Hence GRIDCO did not allow GKEL to carry out the 72 hours MCR test required for declaration of commercial operation ("COD") of Unit-II. The cyclone impacting Odisha in September, 2013 also led to reduction in demand and consequently led to a surplus power situation in the state.

(b) On 26.9.1012, a meeting was held between Power grid Corporation of India Ltd. ("PGCIL") and various power project developers with projects located in Orissa and commissioning dates within the years 2013 and 2014, to discuss status of the evacuation facility from Orissa into the Northern Region. It was informed by PGCIL that the construction of 765 kV Jharsuguda-Dharamjaygadh D/C line is being delayed due to objections of coal mine developers for construction of transmission lines through their coal blocks. Further, the Ministry of Coal directed PGCIL to divert the route of the transmission line in order to avoid the coal blocks. The rerouting would require obtaining fresh forest clearance. PGCIL would try to obtain the clearance between December, 2013 to March,2014 and complete the project by May, 2014. As per PGCIL, this was a force majeure situation.

(c) Bulk Power Transmission Agreement ("BPTA") executed between PGCIL and GKEL dated 24.2.2010 provided for an interim arrangement of power evacuation through a Line in Line out (LILO) arrangement on Short Term Open Access ("STOA") basis till Long Term Open Access was made available. This was the premise for the Petitioner's assumption of commissioning of Unit III in August 2013.

(d) Unit III was ready for synchronization in November, 2013 itself. However, because of non-availability of sufficient evacuation facilities between Odisha and Haryana, Unit III could not be synchronized and commissioned. Moreover, in the said situation, commissioning of Unit III would have required backing down of Unit I and Unit II.

(e) It is further submitted that OPTCL had only permitted a load of 350 MW on the LILO system and hence either only one unit could be operated or Unit I or Unit II could be operated at 50% capacity. Finally the COD of Unit III was achieved on 25.3.2014 after carrying out full load testing from 21.3.2014 to 24.3.2014, after shutting down Unit I and Unit II, due to restriction imposed by OPTCL.

(f)The details of correspondences between GKEL, GRIDCO and OPTCL as under:

Sl. No.	Particulars	Permission for COD		Duration in days	Remarks
		Applied	Obtained		
1	Unit-I	1.2.2013	18.2.2013	18	30 days of consequential delay
2	Unit-II	27.7.2013	7.11.2013	104	High Hydro conditions, Grid constraints.
3	Unit-III	11.11.2013	7.3.2014	115	Grid restriction by OPTCL to evacuate only 350 MW

37. Accordingly, the petitioner has justified the delay in the commissioning of the project leading to time and cost overrun on account of the above events and has submitted that the same is not attributable to it and may accordingly be allowed.

Analysis and Decision

38. We have examined the matter. From the documents furnished by the petitioner, it is noticed that the permission for synchronization of Unit-II was accorded by OPTCL on 4.7.2013 and accordingly Unit-II was synchronized on 9.7.2013. As per terms of the Bulk Power Transmission Agreement (BPTA) entered between the petitioner and PGCIL, the pooling station and transmission lines were required to evacuate 800 MW capacity as per the commissioning schedule of the power plant of the petitioner. However, due to construction related issues, there was delay expected in the completion of the transmission line. Hence, PGCIL provided the petitioner an interim arrangement of LILO of one circuit of Talcher-Meramundali 400kV D/C line. Under this interim arrangement, the petitioner could not inject more than 350 MW and this fact was communicated by M/s. OPTCL vide on 4.7.2013. Unit-II was first synchronized with the grid on 9.7.2013 and applied to OPTCL /SLDC on 27.7.2013 for permission for COD. The permission of OPTCL/SLDC for COD was received on 7.11.2013 and COD of Unit-II was

achieved only on 12.11.2013. PGCIL has also considered its inability to provide the power evacuation facility of the petitioner as a Force Majeure constraint as per the Minutes of Meeting. In the background of the events and discussions, it is evident that the delay of 3.5 months (from 27.7.2013 to 7.11.2013) in the COD of Unit-II is on account of grid constraints and the petitioner cannot be held responsible for the same.

39. It is further noticed that due to capacity constraints in the OPTCL transmission system, the petitioner was not provided access for connecting the generation units to the grid. Unit-III, which was otherwise ready for synchronization in November, 2013 with the grid to achieve COD in the month of January, 2014, had received grid clearance only during March, 2014. The petitioner applied for grid connection on 11.11.2013 and the permission was obtained on 7.3.2014. Accordingly, the petitioner could declare the COD of Unit-III under commercial operation only on 24.3.2014. Thus, there was delay of 4 months (11.11.2013 to 7.3.2014) in getting the grid clearance for Unit-III. Moreover, as PGCIL pooling station including 765 kV Jharsuguda - Dharamjaygadh D/C line were still not available, the operation of the plant was restricted to 350 MW only. In the background of the events and discussions, it is evident that the delay of 4 months in the COD of Unit-III is on account of grid restrictions by OPTCL for which the petitioner cannot be held responsible.In view of the above, we conclude that the delay due to grid restrictions/evacuation constraints were beyond the control of the petitioner and the petitioner cannot be made attributable for the same. Accordingly, in terms of the principles laid down by the Tribunal in the judgment dated 27.4.2011 [(situation (ii)], the total delay of 7.5 months (3.5 months for COD of Unit-II and 4 months for COD of Unit-III) is condoned and the generating company is given the benefit of the additional cost incurred due to time overrun. However, the LD recovered from the contractor and the insurance proceeds, if any, would be considered for reduction of capital cost.

40. To summarise, the time overrun of 3 months due to Chinese Visa Policy in case of Unit-I, Unit-II and Unit-III from 11.2.2010 to 10.5.2010 have been condoned as the same is found to be

beyond the control of the petitioner. Further, the time overrun of 3.5 months (from 27.7.2013 to 7.11.2013) in case of Unit-II and 4 months (from 11.11.2013 to 7.3.2014) in case of Unit-III due to delay in allowing grid access by OPTCL/ SLDC have also been allowed as these delays were beyond the control of the petitioner. The balance period of delay on account of other reasons furnished by the petitioner is not found to be beyond the control of the petitioner and hence not allowed.

41. Based on the above discussions, the time overrun allowed (against the actual time overrun) for Unit-I, Unit-II and Unit-III and the schedule COD (reset) for the purpose of computation IDC is summarized as under:

Units	**Schedule COD as per LOA**	**Revised scheduled COD**	**Time overrun allowed** *(in months)*	**Time overrun disallowed** *(in months)*
I	27.11.2011	29.2.2012	**3**	**14**
II	27.1.2012	12.8.2012	**6.5**	**15**
II	27.3.2012	26.10.2012	**7**	**17**

Capital Cost

42. Regulation 7(1) of the 2009 Tariff Regulations, provides as under:

"The expenditure incurred or projected to be incurred, including interest during construction and financing charges, any gain or loss on account of foreign exchange risk variation during construction on the loan- (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the finds deployed, by treating the excess equity as normative loan, or (i) being equal to the actual amount of loan in the event of the actual equal less than 30% of the funds deployed, up to the date of commercial operation of the project, as admitted by the Commission, after prudence check;

Capitalized initial spares subject of the ceiling rates specified in regulation 8; and

Additional capital expenditure determined under regulation 9:

Provided that the assets forming part of the project, but not in use shall be taken out of the capital cost.

The capital cost admitted by the Commission after prudence check shall form the basis for determination of tariff;

Provided that in case of the thermal generating station and the transmission system, prudence check of capital cost may be carried out based on the benchmark norms to be specified by the Commission from time to time.

Approved Capital Cost

43. The Board of Directors of the Petitioner Company had approved the Project cost of ₹4540.00 crore on 8.4.2009. Thereafter, financial closure of the project was achieved on 27.5.2009 considering the total capital cost of ₹4540.00 crore. The Board of Directors of the Petitioner Company on 17.1.2013 had approved the Revised Cost Estimate of the project for ₹6307.00 crore, which was further revised to ₹6519.00 crore due to various delays in the project construction which was beyond the control of the petitioner. Based on the lenders appraisal, the revised cost of ₹6519.00 crore was approved by the lenders on 16.6.2014.

Actual Capital Cost as on COD

44. The petitioner vide affidavit dated 31.7.2014 has furnished the auditor certified capital cost as on COD of Unit-I, Unit-II and Unit-III/ generating station under:

(₹in crore)

	Actual capital expenditure as on COD of Unit-I (30.4.2013)	Actual capital expenditure as on COD of Unit-II (12.11.2013)	Actual capital expenditure as on COD of Unit-III/station (25.3.2014)
Capital cost excluding IDC FC, FERV & Hedging Cost	224857	357630	536765
IDC, FC, FERV & Hedging Cost	33223	71497	94266
Other Cost			36.84
Capital cost including IDC, FC, FERV & Hedging Cost	**258080**	**429127**	**634715**

45. It is observed from the note of the Auditor Certificate dated 10.6.2014, that the capital cost as on COD of Unit-III includes an amount of ₹410.72 crore of Common assets relating to all units which was allocated under Unit-IV contract and has been put to use and capitalized during 2013-14. In our view, any capital expenditure under Unit-IV contract cannot be considered under the capital cost for Unit-I, II and III, as the capital cost for determination of tariff is for Units-I, II and III, comprising of 1050 MW (3 x 350 MW) only in this order.

46. Accordingly, the capital cost as per Auditor certificate, after excluding the cost of Unit-IV, works out as under:

(₹in lakh)

	Actual capital expenditure as on COD of Unit-I as on 30.4.2013	Actual capital expenditure as on COD of Unit-II as on 12.11.2013	Actual capital expenditure as on COD of Unit-III/ station as on 25.3.2014
Capital cost excluding IDC FC, FERV & Hedging Cost	224857	357630	536765
IDC, FC, FERV & Hedging Cost	33223	71497	94266
Other Cost	0.00	0.00	3684
Capital cost including IDC, FC, FERV & Hedging Cost	258080	429127	634715
Less : Capital cost of Unit-IV	0.00	0.00	41072
Capital cost excluding cost of Unit-IV	**258080**	**429127**	**593643**

47. It is observed from the opening gross block as per books of accounts as on the respective COD of units and un-discharged liabilities that the capital cost derived is excluding un-discharged liabilities. In accordance with Regulation 7 of the 2009 Tariff Regulations, the capital cost as on COD shall include the expenditure incurred or projected to be incurred upto COD. The un-discharged liabilities shall not form a part of capital cost as on COD and accordingly, the capital cost, which excludes claim of un-discharged liabilities, has been considered. However, in order to verify the claim of un-discharged liabilities, which becomes payable as and when discharged by the petitioner, the petitioner is directed to furnish the balance sheet as on COD of each unit along with accompanying notes/ schedules (as relevant), asset wise/ party-wise details of the un-discharged liabilities as on COD, duly certified by Auditor and the same will be considered at the time of revision of tariff based on truing-up in accordance with Regulation 6(1) of the 2009 Tariff Regulations.

Increase in Project Cost

48. The increase in capital cost of the project as submitted by the petitioner vide affidavit dated 11.4.2014 is as under:

(₹in crore)

Sl. No	Project cost components	As per petition	Revised Estimate as on 31.12.2013	Increase	Reasons
1	Land	93.55	97.00	3.45	Increase in land price due to delay in release of status quo order by High Court on DAR and MGR land
2	EPC	4020.76	4104.00	83.24	Foreign exchange rate variation
3	Taxes & Duties	285.60	143.00	(-) 142.60	Refund of Customs Duty
4	Non-EPC Costs	484.48	625.27	140.79	Additional items (transmission line to GRIDCO, railway feeder line)
5	Pre-operating costs	495.95	518.50	22.55	Reduced infirm power generation due to coal shortage
6	IDC & Finance cost	782.90	820.00	37.10	Delay in completion of construction
7	Working Capital Margin	43.90	112.50	68.60	Increase in working capital limit
8	Contingency	0.00	0.00	0.00	-
9	Additional Spares	100.00	100.00	0.00	-
10	**Grand Total**	**6307.14**	**6520.27**	**213.13**	-

49. The petitioner was directed to confirm as to whether the project cost includes evacuation system cost from station switchyard to nearest pooling station of GRIDCO along with the reasons for the change in cost estimate. In response, the petitioner vide affidavit dated 31.7.2014 has submitted that at the time of filing the petition (April, 2013) the estimated project cost was given as ₹6207.00 crore and due to intervening events, the project cost was increased to ₹6520.27 crore. The petitioner has further submitted that based on lenders appraisal, the lenders approved a cost of ₹6519.00 crore on 16.6.2014. The details of the project cost as approved by the Board of the Petitioner Company, as submitted by the petitioner are as under:

(₹in core)

Sl.No	Head	Project cost as per petition	Project cost submitted vide affidavit dated 11.4.2014	Increase
1	Land	94	97	3
2	EPC	4021	4103	82
3	Taxes & Duties	286	143	(-)143
4	Non EPC	484	625	141
5	Pre-operative expenses	496	518	22
6	IDC & FC	783	820	37
7	Margin money	44	113	69
	Total cost submitted by petitioner	6207	6419	212
	Spares (additional capitalization)	100	100	0
	Total Cost as approved by Board of Petitioner Company	6307	6519	212

50. The petitioner has further submitted that the project cost includes the evacuation system cost from station switchyard to nearest pooling station of GRIDCO. The reasons for the change in Project cost as submitted by the petitioner is as under:

(₹in crore)

	Head	Increase	Reasons for increase/decrease
1	Land	3	Increase in total land cost due to further delay in vacating stay order by High Court related to the land required for MGR and direct approach road and on account of purchase of additional land.
2	EPC	82	Due to further delay in commissioning of unit 2 and unit 3 and during such delay period there was a steep depreciation of Rupee against the dollar from ₹54/- to ₹68/- therefore the offshore component of EPC component has increased.
3	Taxes and Duties	(-)143	Due to refund of Customs Duty ₹139.64 crore and balance amount is due to savings accrued from the estimated tax liability.
4	Non-EPC cost	141	The non-EPC costs have increased primarily on account of the cost for construction dedicated transmission line to OPTCL substation along with associated bays which is being constructed under the insistence of GRIDCO and OPTCL. Estimated cost of construction transmission line is ₹64 crore Indian Railway authorities require GKEL to share 50% of the railway feeder line from Talcher coalfields area till the mainline. Estimated cost is ₹77 crore
5	Pre-Operative expenses	22	Due to shortage of linkage coal, the GKEL could only produce 50% of infirm power generation projected in the petition. As against proposed sale of 406.422 units @ ₹1.52 per unit leading to a revenue of ₹61.94 crore, the GKEL was

			able to generate 72.15 MUs from Unit-1 billed @ ₹1.75 per unit. Accordingly, Billed amount of `42.30 Cr has been capitalized against actual receipt of ₹38.38 Cr. Due to delay in the Project, GKEL has incurred expenses towards salaries, professional & consultancy charges and start-up costs (power, fuel oil etc.)
6	IDC & FC	37	Delay in commissioning of individual units and increase in period for bearing interest burden. The reasons for delay in commissioning have been set out above.
7	Working Capital Margin Money	69	The GKEL requested the bankers to increase the working capital limit to cover the expected increase in operating costs on account of coal price increase and delay in receivables due to revision of tariff and determination of tariff under long term PPA. The sanction limit now is ₹450 crore of which the GKEL has considered 25%, i.e, ₹112.50 crore as working capital margin money.

51. As regards the price escalation in EPC/Non-EPC contracts, the petitioner vide affidavit dated 31.7.2014 has submitted that as EPC contracts were negotiated on fixed and firm basis, there is no price escalation in the EPC contract beyond the contract price agreed in the contract. It has also submitted that all Non-EPC contracts (except for transmission line contract and LILO connection contract) were negotiated on fixed and firm basis and there is no price escalation in the Non-EPC contract, beyond the contract price agreed under the contracts.

52. However, due to disallowance of time overrun of 14 months, 15.5 months and 17 months in case of Unit-I, Unit-II & Unit-III respectively, the overhead expenses in establishments such as salary, transportation, etc., require a pro-rata reduction in cost for the period of 14 months as on COD of Unit-I, 15.5 months as on COD of Unit-II and 17 months as on COD of Unit-III/station. The establishment cost as on COD of Unit-I is ₹157.16 crore, ₹258.28 crore as on COD of Unit-II and ₹367.74 crore as on COD of Unit-III. Thus, the *pro rata* deduction in overhead expenses due to delay of 14 months, 15.5 months and 17 months in the COD of Unit-I, Unit-II and Unit-III are worked out as follows :

	Total period taken from zero date to actual COD (months)	Time overrun disallowed (months)	Overhead Expenses (₹ in crore)	Pro-rata reduction **= (col.4x col.3)/col.2** (₹ in crore)
(1)	**(2)**	**(3)**	**(4)**	**(5)**
Unit-I	47	14	157.16	46.81

Unit-II	47.5	15.5	258.28	84.28
Unit-III	51	17	367.74	122.58

53. The submissions have been considered and the item-wise increase in the Audited capital cost as compared to the original project cost is examined and considered as under:

(₹ in crore)

Particulars	Original Estimate	Audited capital cost as on COD of Unit-III/station (24.3.2014)	Variation with respect to Audited capital cost	Commission's observations	Increase in cost allowed up to COD of Unit-III as capitalized and Certified by Auditor	Total Capitalization allowed as on COD of Unit-III/station (24.3.2014)
Land	73.00	101.36	28.36	The original appraised cost of land was ₹73.00 crore. The actual expenditure on acquisition of the Project land is ₹101.36 crore as on the COD of Unit-III. Therefore there has been an increase of ₹28.36 crore in the cost of land. The land cost of ₹101.36 crore is based on the actual payment made to IDCO. The petitioner has submitted the date/year-wise payment made to IDCO. Based on the details of the actual expenditure incurred, the increase of ₹28.36 crore towards the Land cost has been admitted.	28.36	101.36
EPC	3681.00 (Including taxes & duties of ₹63.00 crore)	4129.66 (4540.38-410.72)	448.66	The breakup of original EPC cost is as follows: Civil Works: ₹1265 crore. Original EPC cost: ₹2353 crore (excluding civil works). Taxes & duties ₹63 crore. Total EPC cost is ₹3681 crore. The audited EPC cost as on COD of Unit-III/station including taxes duties but excluding cost of Unit-IV (₹410.72crore) is ₹4129.66 crore The increase of ₹448.66 crore (4129.66-3681) in EPC costis due to	448.66	4129.66

				depreciation of Indian Rupee which caused a greater cash outflow due to delay in the actual COD as compared to the scheduled COD. The exchange rate was ₹40.00 during bid submission in November, 2007and was revised to ₹60.00 as on July, 2014. The EPC contract (offshore supplies) was signed in May, 2009 for CNY 3151 million. (Page 684, Annex-5, Vol.2/4) which was equal to ₹2192. The Off shore cost was first re-appraised in June, 2012 and there was over-run of ₹83 crore. There was overrun of INR 413 crore in the last appraisal in Nov, 2013 Thus, the off-shore component of EPC was revised to INR 2688. However, the on-shore component of INR 160 at the time of original estimate has been reduced to INR150. Thus, the EPC cost has been revised to ₹2839 crore In the revised estimate in November, 2013 as against the original estimate of ₹2353 crore. Thus, there is an increase of ₹486 crore as per revised estimate. The reasons for time overrun have been found to be beyond the control of the petitioner. Accordingly, the variation in exchange rate has resulted in the increase in EPC cost and the same is allowed.		
Non-EPC cost	**99.00**	**360.93**	**261.93**	The Non-EPC costs had increased by ₹261.93 crore as per the audited capital cost. However, the petitioner has claimed ₹217.85 crore on account of various change-in-law events. **Increase in Non-EPC cost** is due to change in scope of work such as :	**161.12**	**260.12**

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				6 Addition of Wagon tippler to receive imported coal as the NCDP led to reduction in assured quantity of coal = ₹46.05 crore. 6 Increase in MGR cost by ₹54.49 crore (79.99-25.50) as compared to the financial stage 6 Coal Blending System required for procuring imported coal = ₹23.74 crore (iv)Deposit towards alignment of canal (lining of irrigation canal-raw-water reservoir) = ₹36.84 crore. v) The change of evacuation point at Angul instead of Meramundali amounting to ₹73.34 crore- This has not been considered since the same is not claimed **as on COD or as on 31.3.2014.** ------------------------------------ **The total increase in Non-EPC cost of ₹161.12 crore is due to:** Increase in (i) MGR cost, (ii) new scope of work of Wagon Tippler which has been required due to introduction of New Coal Distribution Policy (NCDP) underwhich there was reduction in the coal quantity from 100% of the normative requirement to 65% of the annual contracted quantity from CIL, Coal blending system, and increase in the transmission line cost of the project at various stages from bidding stage to final revised estimate stage. As per audited cost the increase under the above heads is ₹161.12 crore as on COD and the same is allowed. However, the		

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				transmission line cost which is not claimed in the capital cost as on COD of Unit-III/station will be considered in the next tariff period (2014-19) and accordingly the increase on this count is not considered in this order.		
Pre–operative expenses	**156.00**	**517.17**	**361.17**	The pre-operative expenses as per the original Project cost is ₹156 crore. The pre-operating costs has increased by ₹361.17 crore as on COD as compared to the original estimate. This increase is due to Commissioning & Start up fuel cost of ₹149.43 crore and Overhead expenses (establishment, admin, etc.) of ₹367.74 crore claimed under the above heads. The Startup-fuel cost is higher due to the reduced availability of linkage coal which led to increased procurement of coal from open market ,e-auction. Further oil consumption which was assumed to be used in minimum had to be increased due higher dependence on oil while revenue earned through infirm power was reduced. Pre-operative expenses claimed for₹517.17 crore appears to be on higher side. However it is observed that in case of other contemporary projects like Mauda STPS and Vidhyachal STPS-Stage-IV, the Start-up fuel cost for 2x500 MW units under similar shortage of linkage coal and higher oil cost with less revenue earned from sale of infirm power had led to higher start-up costs of ₹144 crore and Overhead expenses of ₹364 crore, in case of Mauda STPS and ₹245 crore in case of Vindhyachal STPS	**238.59 (361.17 - 122.58) [Prorata reduction due to time overrun disallowed]**	**394.59**

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				Extension project. However, the establishment expenses has been reduced on pro rate basis for time overrun disallowed.		
Initial spares	0.0	0.0	0.0	It is submitted that the Initial spares of ₹100 crore has been proposed to be capitalized after 31.3.2014 as additional capital expenditure. There is no actual expenditure on initial spares as per audited capital cost. Hence not considered during this tariff period.	**0.00**	**0.00**
Total Hard Cost	**4009.00**	**5109.12**	**1100.12**		**876.73**	**4885.73**
IDC & Financing	**431.00**	**827.32**	**396.32**	The amount capitalized up to the COD of Unit-III as per audited capital cost. IDC based on actual COD has been allowed as time overrun has been found to be beyond the control of the petitioner and condoned.	**396.32**	**827.32**
Taxes & Duties	0.00	0.0	0.00	Included in EPC cost as per audited cost and hence not considered.	0.00	0.00
Total Cost incl. IDC & Financing charges, but excluding Margin money + Contingency cost	**4440.00**	**5936.44**	**1418.44**		**1273.05**	**5713.05**

54. Based on the above discussions, the Capital cost as on COD of Unit-I, Unit-II and Unit-III /Station found justified on prudence check, based on the audited capital cost, is summarized as under:

(₹in lakh)

Description	**Actual capital expenditure as on COD of Unit-I 30.4.2013**	**Actual capital expenditure as on COD of Unit-II 12.11.2013**	**Actual capital expenditure as on COD of Unit-III/Station 25.3.2014**
Land cost	4399.00	4399.00	10136.00
EPC cost with taxes & duties	195662.00	310768.00	412966.00
Non- EPC Costs	7446.00	21236.00	26012.00
Pre-operating costs	15324.00	26676.00	39459.00

(after pro-rata deduction due to time overrun)	(20005.00-4681.00)	(35104.00-8428.00)	(51717.00-12258)
IDC & FC	30567.00	57620.00	82732.00
Capital Cost including IDC &FC	**253398.00**	**420699.00**	**571305.00**

Reasonableness of Capital Cost

55. In order to assess the reasonability of the capital cost for determination of tariff on cost plus basis, the capital cost of this Project has been compared with other projects of similar capacity viz., 300 MW and 500 MW size, which have been commissioned in recent past and within the previous span of 4-5 years. The comparative statement is as under:

(₹in crore)

Sl. No	Plant Name	Commercial Operation Date (COD)	Capital Cost in	Capacity in MW	Capital Cost (in ₹ crore/ MW)
1	Reliance Rosa (Unit 1& 2)	30.6.2010	3112.81	2 x 300	5.31
2.	Sagardighi (Unit 2 & 3)	6.11.2008	2672.25	2 x 300	4.45
3.	Mauda STPS	30.3.2014	5521.37	2 x 500	5.52
4.	Indira Gandhi Jhajjar STPS (Unit 1to 3)	26.4.2013	7361.24	3 x 500	4.90
5.	**GMR- Kamalanga *(this project)***	**24.3.2014**	**5936.43**	**3 x 350**	**5.56**
6.	**UdupiPCL**	**18.2.2012**	**5344.76**	**2x600**	**4.45**

56. It is observed that the overall project cost of this Project of the petitioner is ₹5.56 crore/MW and the same is comparable to other similar unit size Project namely Reliance Rosa with a capital cost of ₹5.31 crore/MW which was commissioned during the year 2010 as against this Project of the petitioner which was commissioned during the year 2014. The capital cost of ₹3112.81 crore in respect of the Reliance Rosa Project up to cut-off date (31.3.2012)is as per the UP State Regulatory Commission's order dated 28.3.2011 in Petition No. 706/2010. The capital cost of this Project of the petitioner is also comparable to other contemporary project namely Mauda STPS of NTPC with a capacity of 500 MW. However, the capital cost of this Project of the petitioner is higher by 24% {(5.56-4.45)*100/4.45} than the Sagardighi Project (2 x 300 MW) with a similar capacity commissioned in November 2008 and Udipi Project based on imported coal in Karnataka commissioned in February 2012.

57. The Hard cost of the Project of the petitioner as on COD of the generating station is ₹4885.73crore. Accordingly, the hard cost per MW works out to ₹4.65 crore/MW (4885.73/1050).The hard cost of ₹4.65 crore/ MW includes cost of MGR as well as wagon Tripler and transmission line cost upto tie line. This hard cost however includes increase in EPC cost due to FERV of ₹448.66 crore up to 25.3.2014. Excluding this increase, the hard cost works out as ₹4437.07 crore which works out as ₹4.22 crore/MW. No bench mark capital cost for 350 MW size units based on coal/ lignite fired has been specified by the Commission. However, the bench mark capital cost (Hard cost) for 500 MW unit size for a Green Field Project is ₹5.08 for the first unit, ₹4.71 crore/MW for the second unit and ₹4.48 crore /MW for the third unit. The hard cost of the project is comparable to the benchmark hard cost of 500 MW considering the fact that the benchmark hard cost does not include cost of MGR system and transmission line upto tie point etc. The hard cost of UPCL project allowed by the Commission in order dated 10.7.2015 in Petition No 160/GT/ 2012 is ₹4289.986 crore including FERV of ₹54.056 crore which works out to 3.57 crore/MW. The BTG Package in both the cases were supplied by Chinese Companies. The EPC package in case of UPCL was finalised in December, 2006, whereas the EPC Package of this project of the petitioner was finalised in August, 2008.The difference in hard cost of the project of the petitioner and the UPCL project could be attributed to the difference in exchange rates during 2006 and 2008 and due to high pre-operative expenses in case of the project of the petitioner. Since the EPC package was decided for the project through a process of ICB and the cost of project is comparable to 500 MW projects despite unit size being lower and without any advantage of economy of scale, the hard cost of ₹4437.07 crore excluding FERV increase is considered reasonable.

Initial Spares

58. The petitioner has submitted that initial spares amounting to ₹10000 lakh is proposed to be capitalized after 31.3.2014 as additional capital expenditure. It is noticed that there is no actual expenditure incurred on initial spares as on COD of the generating station as per audited

capital cost. Hence, expenditure on initial spares has not been considered during this tariff period.

Sale of infirm power

59. The petitioner vide affidavit dated 31.7.2014 has furnished the details of the revenue earned from the sale on infirm power from the three units along with the cost of fuel incurred for generation of infirm power as under:

(₹in lakh)

	Unit-I	Unit-II	Unit-III
Revenue from sale of Infirm Power	1237.49	1956.43	644.19
Total Fuel Cost	4079.46	4497.97	1249.64

60. The submissions of the petitioner have been examined and the differential amounts in positive have been adjusted in the capital cost.

Interest During Construction

61. The petitioner was directed to furnish the details of IDC and in response, the petitioner vide affidavit dated 31.7.2014 has submitted that under the financing arrangement entered into by the petitioner it was required to pay IDC for the period prior to the COD of the respective units and the projector as the case may be. It has also submitted that IDC is paid on the loans raised by a company till the respective units are achieved commercial operation, for which loan has been taken. The crucial factors that have caused the increased in IDC as taken by the petitioner are as under.

a. The increase in capital cost in Rupee terms on account of the devaluation of the Indian Rupee which caused a greater cash outflow on account of increase in the EPC cost. EPC cost has increased due to abnormal, unprecedented and uncontrollable depreciation of Rupee because of delays;

b. The delays in project completion on account of land acquisition issues and changes in visa policy, Labour exodus due to industrial labour unrest, delay due to imposition of restriction on plying of vehicle during the day time, transmission line which have significantly extended the construction period, thereby leading to increased IDC;

c. Major delays in construction activity of Merry Go Round system, Direct Approach Road which are the only link through which coal can be brought to the plant and the same operated on a continuous and commercial basis.

d. Delay in allowing grid access to achieve COD for Unit-I, Unit-II, Unit-III. This had subsequent bearing achieving the commercial operation of the units. SLDC/OPTCL had also imposed the evacuation restriction to 350 MW using the existing Transmission system. The delay in construction of transmission line from the plant boundary to PGCIL pooling station.

62. Accordingly, the petitioner has submitted that as a result of the aforesaid factors, the IDC has increased from ₹431 crore to ₹820 crore. It has also stated that the increase in IDC was on account of unforeseeable, unprecedented and uncontrollable factors which could not have been controlled by the petitioner.

63. The IDC amount claimed by the petitioner is as under:

(₹in lakh)

As on COD of Unit-I 30.4.2013	As on COD of Unit-II 12.11.2013	As on COD of Unit-III 25.3.2014
26223.33	50424.43	70317.64

64. The IDC has been worked out based on the bank-wise loan details and the interest rates as per the loan agreement submitted by the petitioner. The revised scheduled CODs considered for the purpose of IDC computation is as under:

Units	Schedule COD as per LOA	Actual COD	Revised scheduled COD
I	27.11.2011	30.4.2013	29.2.2012
II	27.1.2012	12.11.2013	12.8.2012
II	27.3.2012	25.3.2014	26.10.2012

65. Accordingly, the unit-wise IDC allowed for capitalisation as on the COD (revised) is as under:

(₹ in lakh)

As on COD of Unit-I (30.4.2013)	As on COD of Unit-II (12.11.2013)	As on COD of Unit-III(25.3.2014)
20196.00	34404.49	44831.34

66. The IDC allowed is subject to revision at the time of truing-up based on audited balance sheet as on the respective dates of COD of the units.

Liquidated Damages

67. The petitioner vide affidavit dated 31.7.2014 has submitted that as the PG test and reliability test are not completed, it is not possible to ascertain the liability towards Liquidated Damages (LD). It has also submitted that at present it is not envisaged that LD shall be recovered, however, if any LD is to be recovered in future, the petitioner will intimate to the Commission and the same may be taken up in truing-up. The submissions have been considered. The petitioner is directed to furnish the amount of LD recovered from the contractor, if any, at the time of revision of tariff based on truing-up exercise in terms of Regulation 6(1) of the 2009 Tariff Regulations for consideration of the Commission for adjustment in the capital cost.

Financial Charges

68. The financing charges claimed by the petitioner are as under:

(₹ In lakh)

As on COD of Unit-I (30.4.2013)	As on COD of Unit-II (12.11.2013)	As on COD of Unit-III (25.3.2014)
4344.00	7196.00	12414.00

69. The petitioner has not furnished detailed calculations and breakup of the financial charges claimed, along with the supporting documents to substantiate the unit-wise allocation of the financing charges. In the absence of the same, financing charges have not been allowed as of now, as a conservative measure. However, the petitioner is granted liberty to submit the details of expenditure incurred towards the financing charges along with detailed breakup/ calculations, duly certified by Auditor, along with all supporting bank documents, including the basis of unit-wise allocation of the financing charges, at the time of revision of tariff based on truing-up exercise in terms of Regulation 6(1) of the 2009 Tariff Regulations.

Hedging Cost

70. It is observed from the Note in Form-4 of the petition, that the petitioner has exercised hedging against the payment in USD for foreign loans. However, in Form-5B of the petition, the

petitioner has indicated the expenditure as 'nil' towards hedging cost. In view of this, the expenditure towards cost of hedging has not been considered in the capital cost.

Foreign Exchange Rate Variation (FERV)

71. The petitioner has claimed FERV of ₹6999.27 lakh, ₹21072.16lakh and ₹23948.59lakh as on the respective date of COD of Unit-I, Unit-II and Unit-III respectively. However, the documents indicating the break-up and calculations of FERV have not been furnished by the petitioner. In the absence of the same, the extent of admissibility of FERV could not be worked out and hence as a conservative measure the same has not been considered. The petitioner is however granted liberty to furnish the detailed calculations of FERV, duly certified by Auditor, at the time of revision of tariff based on truing-up exercise in terms of Regulation 6(1) of the 2009 Tariff Regulations.

Capital Cost as on COD

72. Based on the above discussions, the capital cost as on COD considering the cost variation, capital liabilities, IDC, FC, FERV is summarized and allowed as under:

(₹ in lakh)

	Actual capital expenditure as on COD of Unit-I (30.4.2013)	Actual capital expenditure as on COD of Unit-II (12.11.2013)	Actual capital expenditure as on COD of Unit-III (25.3.2014)
Land cost	4399.00	4399.00	10136.00
EPC cost with taxes & duties	195662.00	310768.00	412966.00
Non- EPC Costs	7446.00	21236.00	26012.00
Pre-Operating costs	13006.00	14032.00	27768.00
FERV	-	-	-
IDC	20196.00	34404.49	44831.34
Financing Charges	-	-	-
Capital Cost including IDC, FC and FERV	**240709.00**	**384839.49**	**521713.34**

Additional Capital Expenditure

73. The petitioner has not claimed any additional capital expenditure from 24.3.2014 (COD of Unit-III) to 31.3.2014 and hence, the same has not been considered in this order.

Capital cost as on 31.3.2014

74. The capital cost as on COD of Unit-I till 31.3.2014 is allowed as under:

(₹ in lakh)

	Actual capital expenditure as on COD of Unit-I	Actual capital expenditure as on COD of Unit-II	Actual capital expenditure as on COD of Unit-III
Capital Cost (on cash basis) including IDC, & FERV	240709.00	384839.49	521713.34
Additional capital expenditure /Discharge of liabilities	0.00	0.00	0.00
Closing capital cost	**240709.00**	**384839.49**	**521713.34**

75. The capital cost allowed as above is subject to revision based on truing-up exercise in terms of Regulation 6(1) of the 2009 Tariff Regulations. The petitioner is directed to furnish the Audited balance sheets as on the COD of each units of the generating station.

Debt-Equity Ratio

76. Regulation 12 of the 2009 Tariff Regulations provides that:

"(a) For a project declared under commercial operation on or after 1.4.2009, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan.

Provided that where equity actually deployed is less than 30% of the capital cost, the actual equity shall be considered for determination of tariff.

Provided further that the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment.

Explanation.-The premium, if any, raised by the generating company or the transmission licensee, as the case may be, while issuing share capital and investment of internal resources created out of its free reserve, for the funding of the project, shall be reckoned as paid up capital for the purpose of computing return on equity, provided such premium amount and internal resources are actually utilised for meeting the capital expenditure of the generating station or the transmission system.

(2) In case of the generating station and the transmission system declared under commercial operation prior to 1.4.2009, debt-equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2009 shall be considered.

(3) Any expenditure incurred or projected to be incurred on or after 1.4.2009 as may be admitted by the Commission as additional capital expenditure for determination of tariff, and renovation and modernisation expenditure for life extension shall be serviced in the manner specified in clause (1) of this regulation.

77. The petitioner has claimed the debt-equity ratio as on COD based on the funds deployed for entire project as under:

	Amount (₹in lakh)	Percentage
Equity	221200.00	36.07%
Debt	392020.34	63.93%
Total	**613220.34**	100.00%

78. The debt and the equity amount submitted by the petitioner are as under:

(₹in lakh)

		30.4.2013	12.11.2013	25.3.2014
(A)	**Funding**			
	Actual Debt (Balance sheet)	341322.68	336665.62	392020.34
	Actual Equity (Share capital)	135637.40	159325.63	185275.63
	Total Fund deployed	**476960.08**	**495991.25**	**577295.97**
(B)	Capital Expenditure (Form 14)	**530995.00**	**609200.00**	**641900.00**

79. It is evident from the above that there is huge gap between the total fund deployed by the petitioner and the actual capital expenditure. As per balance sheet, reserve and surplus are negative and it is observed that the petitioner has deployed additional fund in the form of the share application money, borrowings from other sources and promoter's subordinate fund to bridge the gap of the capital requirements as detailed under:

(₹in lakh)

	As on COD of Unit-I	As on COD of Unit-II	As on COD of Unit-III
Share Application Money	13165.00	21900.00	12724.37
Borrowing from other sources	46755.94	44613.00	48821.00
Promoter's subordinate debt	24417.00	30817.00	34672.32
Total	**84337.94**	**97330.00**	**96217.69**

In absence of balance sheet as on COD, it is considered from nearest quarter end balance sheet i.e. balance sheet as on 31.3.13 for Unit I, balance sheet as on 30.9.13 for Unit II and balance sheet as on 31.3.14 for Unit III.

80. The petitioner has availed the fund as Share Application Money, Long term purpose of project. The petitioner has also considered it as a part of equity for the purpose of claiming Return on Equity. Since this amount is not a part of share holder's fund, but at the same time used for the project expenses, the question as to whether the Share Application Money, Long term borrowing from other parties and Promoter's subordinate debt used for the project expenses as part of equity for the purpose of tariff is to be allowed as part of equity is required

to be considered. This issue came up for consideration before the Commission in the tariff Petition No.199/GT/2013 (ONGC-Tripura Power Company Ltd v APDCL &ors) and the Commission by order dated 31.8.2015 rejected the prayer of the petitioner for considering the funds availed as part of equity and held as under:

> *"66. The petitioner has availed the fund as advance against equity and has utilized the same for the project. The petitioner has also considered the same as part of equity for the purpose of claiming return on equity (ROE). Since the petitioner has not converted this amount into equity, and has utilized the same for the project, the question as to whether the advance against equity used towards expenses of the project could be considered as part of equity for the purpose of tariff is required to be examined. We proceed to do so.*
>
> *67.It is evident that the amount of `29296.10 lakh has been availed by the petitioner as advance from the shareholders. Since the amount is not converted into equity prior to its utilization, this advance amount could either be transferred to share capital or could be revoked/ rejected. It can be inferred that the advance against equity, pending allotment of shares can be refunded to the shareholders if they have not been allotted shares of the company. In this background, it could not be prudent for us to consider it as equity for the purpose of ROE.*
>
> *68.Admittedly, the petitioner has utilized the advance against equity amount for the project. The funds deployed in the project are to be serviced either in the form of ROE or interest on loan and every fund deployed for the project has to be serviced. As stated above, the amount of advance against equity has not been allowed for the purpose of ROE. In order to safeguard the interest of consumers and to allow the recovery of reasonable cost to the petitioner as envisaged under Section 61 (d) of the Electricity Act, 2003 we follow a balanced approach. Accordingly, as the fund is deployed in the project by the petitioner, we consider the said amount of advance against equity as loan for the purpose of determination of tariff of the generating station."*

81. In line with the above decision, the prayer of the petitioner is rejected and the debt-equity ratio allowed as on the respective COD of the units has been arrived at based on the actual capital expenditure incurred, the actual debt incurred and the actual equity deployed as detailed under:

(₹ in lakh)

	As on COD of Unit I	**As on COD of Unit II**	**As on COD of Unit III**
Capital Expenditure (Form 14)	530995.00	609200.00	641900.00
Actual Equity (Share Capital)	135637.40	159325.63	185275.63
Equity (in Percentage)	25.54%	26.15%	28.86%
Debt (in Percentage)	74.46%	73.85%	71.14%

82. Debt has been worked out indirectly keeping the infused and reported equity in Balance sheet as constant since the share application money, subordinate debt fund and fund from other sources have been considered as loan. Equity has been worked out by considering the balance sheet of nearest quarter. The petitioner is directed to furnish the actual equity and the

debt deployed along with the supporting balance sheet as on the COD of respective units of the generating station.

Return on Equity

83. Regulation 15 of the 2009Tariff Regulations, as amended on 21.6.2011, provides that:

> *"(1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with regulation 12.*
>
> *(2) Return on equity shall be computed on pre-tax basis at the base rate of 15.5% to be grossed up as per clause (3) of this regulation.*
>
> *Provided that in case of projects commissioned on or after 1st April, 2009, an additional return of 0.5% shall be allowed if such projects are completed within the timeline specified in Appendix-II.*
>
> *Provided further that the additional return of 0.5% shall not be admissible if the project is not completed within the timeline specified above for reasons whatsoever.*
>
> *(3) The rate of return on equity shall be computed by grossing up the base rate with the Minimum Alternate/Corporate Income Tax Rate for the year 2008-09, as per the Income Tax Act, 1961, as applicable to the concerned generating company or the transmission licensee, as the case may be.*
>
> *(4) Rate of return on equity shall be rounded off to three decimal points and be computed as per the formula given below:*
>
> *Rate of pre-tax return on equity = Base rate / (1-t)*
>
> *Where t is the applicable tax rate in accordance with clause (3) of this regulation.*
>
> *(5) The generating company or the transmission licensee, as the case may be, shall recover the shortfall or refund the excess Annual Fixed charges on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax Rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission:*
>
> *Provided further that Annual Fixed Charge with respect to tax rate applicable to the generating company or the transmission licensee, as the case may be, in line with the provisions of the relevant Finance Acts of the respective year during the tariff period shall be trued up in accordance with Regulation 6 of these regulations."*

84. It is observed from the annual reports of the Petitioner Company for the year 2013-14 that there was no taxable income and hence no tax was payable for the year. As such, Return on Equity has not been allowed to be grossed up with the MAT rate as applied by the petitioner. Hence, the Return on Equity for the year 2013-14 has not been grossed up as no tax has been paid against the same. Accordingly, return on equity has been computed as under:

(₹ in lakh)

	30.4.2013 to 11.11.2013	12.11.2013 to 24.3.2014	25.3.2014 to 31.3.2014
Gross Notional Equity	61486.72	100648.05	150585.40
Additional Capitalisation	-	-	-
Closing Equity	61486.72	1,00648.05	150585.40
Average Equity	61486.72	100648.05	150585.40
Return on Equity (Base Rate)	15.500%	15.500%	15.500%
Tax rate (MAT)	0.000%	0.000%	0.000%
Rate of Return on Equity	15.500%	15.500%	15.500%
Return on Equity (annualised)	**9530.44**	**15600.45**	**23340.74**
Return on Equity (pro rata)	**5117.72**	**5684.55**	**447.63**

Interest on loan

85. Regulation 16 of the 2009 Tariff Regulations provides that:

"(1) The loans arrived at in the manner indicated in regulation 12 shall be considered as gross normative loan for calculation of interest on loan.

(2) The normative loan outstanding as on 1.4.2009 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2009 from the gross normative loan.

(3) The repayment for the year of the tariff period 2009-14 shall be deemed to be equal to the depreciation allowed for that year.

(4) Notwithstanding any moratorium period availed by the generating company or the transmission licensee, as the case may be the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed.

(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the project.

Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered.

Provided further that if the generating station or the transmission system, as the case may be, does not have actual loan, then the weighted average rate of interest of the generating company or the transmission licensee as a whole shall be considered.

(6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.

(7) The generating company or the transmission licensee, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such re-financing shall be borne by the beneficiaries and the net savings shall be shared between the beneficiaries and the generating company or the transmission licensee, as the case may be, in the ratio of 2:1.

(8) The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing.

(9) In case of dispute, any of the parties may make an application in accordance with the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, as amended from time to time, including statutory re-enactment thereof for settlement of the dispute.

Provided that the beneficiary or the transmission customers shall not withhold any payment on account of the interest claimed by the generating company or the transmission licensee during the pendency of any dispute arising out of re-financing of loan.

86. Interest on loan has been worked out as under:

i) The weighted average rate of interest has been calculated on the basis of average balance of actual individual loans such as 12.881%, 12.936% and 12.989% (annual) for each of the period, namely, from COD of Unit-I (30.4.2013) to 11.11.2013, COD of Unit-II (12.11.2013) to 24.3.2014 and COD of Unit-III (25.3.2014) to 31.3.2014 respectively. Accordingly, the same is considered for the calculation of interest of normative loan.

ii) The repayment for the period has been considered equal to the depreciation allowed for that period;

iii) The interest on loan has been calculated on the normative average loan of the year by applying the weighted average rate of interest. The calculation for weighted average rate of interest is enclosed as Annexure-I to this order.

87. The necessary calculation for interest on loan is as under:

(₹ in lakh)

	30.4.2013 to 11.11.2013	12.11.2013 to 24.3.2014	25.3.2014 to 31.3.2014
Gross Notional Loan	179222.28	284191.44	371127.94
Cumulative Repayment of Loan upto previous year	-	6399.35	13418.83
Net Opening Loan	179222.28	277792.08	357709.12
Additional capitalization	-	-	-
Repayment of Loan during the period	6399.35	7019.47	499.55
Net Closing Loan	172822.92	270772.61	357209.56
Average Loan	176022.60	274282.35	357459.34
Weighted Average Rate of Interest on Loan	12.881%	12.936%	12.989%
Interest on Loan (annualised)	22672.73	35480.84	46431.47
Interest on Loan (pro rata)	**12174.95**	**12928.63**	**890.47**

Depreciation

88. Regulation 17 of the 2009 Tariff Regulations provides as under:

"(1) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.

(2) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.

Provided that in case of hydro generating stations, the salvage value shall be as provided in the agreement signed by the developers with the State Government for creation of the site.

***Provided further** that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciable value shall correspond to the percentage of sale of electricity under long-term power purchase agreement at regulated tariff.*

(3) Land other than the land held under lease and the land for reservoir in case of hydro generating station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.

(4) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-III to these regulations for the assets of the generating station and transmission system.

***Provided** that, the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance useful life of the assets.*

(5) In case of the existing projects, the balance depreciable value as on 1.4.2009 shall be worked out by deducting the cumulative depreciation including Advance against Depreciation] as admitted by the Commission up to 31.3.2009 from the gross depreciable value of the assets.

(6) Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis."

89. The petitioner has submitted the weighted average rate of depreciation for the purpose of calculation of depreciation. The rate of depreciation rate has been worked out as 4.95%, 5.01% and 4.99% as on the respective COD of Units-I, II and III. Accordingly, depreciation has been calculated as given under:

(₹ in lakh)

	30.4.2013 to 11.11.2013	**12.11.2013 to 24.3.2014**	**25.3.2014 to 31.3.2014**
Opening Gross Block	240709.00	384839.49	521713.34
Addition capitalisation	-	-	-
Closing Gross Block	240709.00	384839.49	521713.34
Average Gross Block	240709.00	384839.49	521713.34
Freehold land	13.36	13.36	13.36
Gross block*	240695.64	384826.13	521699.98
Rate of Depreciation	4.95%	5.01%	4.99%
Depreciation (annualised)	11917.17	19263.96	26048.20
Depreciation (Pro rata)	**6399.35**	**7019.47**	**499.55**
Cumulative Depreciation	6399.35	13418.83	13918.38

**Cost of land included*

Operation & Maintenance Expenses

90. The O&M Expenses norms for 350 MW units for coal based generating stations for 2013-14 in terms of the 2009 Tariff Regulations is ₹19.99 lakh /MW. O&M expenses claimed by the petitioner are as under:

(₹in lakh)

2013-14		
30.4.2013 to 31.3.2014	**12.11.2013 to 31.3.2014**	**25.3.2014 to 31.3.2014**
6997	13993	20990

91. The Operation &Maintenance expenses based on above norms is worked out and allowed as under:

(₹in lakh)

	2013-14		
	30.4.2013 to 11.11.2013	12.11.2013 to 24.3.2014.	25.3.2014 to 31.3.2014
Annualised	6996.50	13993.00	20989.50
Pro rata	**3757.02**	**5098.82**	**402.54**

Interest on Working Capital

92. Regulation 18(1)(a) of the 2009 Tariff Regulations provides that the working capital for coal based generating stations shall cover:

> *(i) Cost of coal for 1.5 months for pit-head generating stations and two months for non-pithead generating stations, for generation corresponding to the normative annual plant availability factor;*
>
> *(ii) Cost of secondary fuel oil for two months for generation corresponding to the normative annual plant availability factor, and in case of use of more than one liquid fuel oil, cost of fuel oil stock for the main secondary fuel oil;*
>
> *(iii) Maintenance spares @ 20% of operation and maintenance expenses specified in regulation 19.*
>
> *(iv) Receivables equivalent to two months of capacity charge and energy charge for sale of electricity calculated on normative plant availability factor; and*
>
> *(v) O&M expenses for one month.*

93. Clause (3) of Regulation 18 of the 2009 Tariff Regulations as amended on 21.6.2011 provides as under:

> *"Rate of interest on working capital shall be on normative basis and shall be considered as follows:*

(i) SBI short-term Prime Lending Rate as on 01.04.2009 or on 1st April of the year in which the generating station or unit thereof or the transmission system, as the case may be, is declared under commercial operation, whichever is later, for the unit or station whose date of commercial operation falls on or before 30.06.2010.

(ii) SBI Base Rate plus 350 basis points as on 01.07.2010 or as on 1st April of the year in which the generating station or a unit thereof or the transmission system, as the case may be, is declared under commercial operation, whichever is later, for the units or station whose date of commercial operation lies between the period 01.07.2010 to 31.03.2014.

Provided that in cases where tariff has already been determined on the date of issue of this notification, the above provisions shall be given effect to at the time of truing up.

94. Working capital has been calculated considering the following elements:

Fuel components in working capital

95. The petitioner has claimed following cost of Fuel in working capital:

(₹ in lakh)

	2013-14		
	30.4.2013 to 11.11.2013	**12.11.2013 to 24.3.2014**	**25.3.2014 to 31.3.2014**
Coal stock for 2 months	11361	23172	34802
Oil stock for 2 months	243	529	858

96. The petitioner vide affidavit dated 24.7.2013 had considered the GCV and price of coal for the preceding 3 months i.e December, 2011, January, 2012 and February, 2012 in case of Units-I, II and III which is not in accordance with the provisions of the 2009 Tariff Regulations. However, in compliance with the directions of the Commission, the petitioner hasfurnished the price and GCV of coal for the preceding 3 months from the COD of Unit-I, II and III. Accordingly, based on the weighted average GCV and price of fuel for the preceding three months from the COD of Unit-I (30.4.2013) from COD of Unit-II (12.11.2013)and from COD of Unit-III (25.3.2014), the fuel components in working capital for the period 2013-14 works out and allowed as under:

(₹ in lakh)

	2013-14		
	30.4.2013 to 11.11.2013	**12.11.2013 to 24.3.2014**	**25.3.2014 to 31.3.2014**
Coal stock for 2 months	10835.28	22240.77	36260.34
Oil stock for 2 months	242.67	529.12	858.04

Cost of Secondary Fuel Oil

97. The petitioner has claimed the cost of Secondary Fuel Oil in 2013-14 as under:

(₹ in lakh)

2013-14		
30.4.2013 to 11.11.2013	**12.11.2013 to 24.3.2014**	**25.3.2014 to 31.3.2014**
1456	3175	5148

98. The Cost of Secondary fuel oil based on the weighted average price and GCV for the three preceding months from the COD of Unit-I, COD of Unit-II and COD of Unit-III/ is worked out and allowed for purpose of tariff as under:

(₹ in lakh)

2013-14		
30.4.2013 to 11.11.2013	12.11.2013 to 24.3.2014	25.3.2014 to 31.3.2014
1456.04	**3174.72**	**5148.24**

Maintenance Spares

99. Maintenance spares claimed by the petitioner for the purpose of working capital are as under:

(₹ in lakh)

2013-14		
30.4.2013 to 11.11.2013	12.11.2013 to 24.3.2014	.25.3.2014 to 31.3.2014
1399	2799	4198

100. The cost of maintenance spares (annualised) allowed in working capital is as under:

(₹ in lakh)

2013-14		
30.4.2013 to 11.11.2013	12.11.2013 to 24.3.2014	25.3.2014 to 31.3.2014
1399.30	**2798.60**	**4197.90**

O&M Expenses for 1 month

101. O & M expenses for 1 month (annualised) claimed by the petitioner for the purpose of working capital are asunder:

(₹in lakh)

2013-14		
30.4.2013 to 11.11.2013	30.4.2013 to 11.11.2013	30.4.2013 to 11.11.2013
583	1166	1749

102. O&M expenses for one month has been worked out and allowed as under:

(₹in lakh)

2013-14		
30.4.2013 to 11.11.2013	12.11.2013 to 24.3.2014	25.3.2014 to 31.3.2014
583.04	**1166.08**	**1749.12**

Receivables

103. Receivables equivalent to two months of capacity charge and energy charge for sale of electricity has been calculated on normative plant availability factor. Accordingly, receivables (pro rata) have been worked out on the basis of two months of fixed and energy charges (based on primary fuel only) as shown below:

(₹in lakh)

	2013-14		
	30.4.2013 to 11.11.2013	**12.11.2013 to 24.3.2014**	**25.3.2014 to 31.3.2014**
Capacity Charges- 2 months	9513.86	16048.53	22620.14
Energy Charges- 2 months	10835.28	22240.77	36260.34

104. Necessary computations in support of calculation of interest on working capital are as under:

(₹in lakh)

	30.4.2013 to 11.11.2013	**12.11.2013 to 24.3.2014**	**25.3.2014 to 31.3.2014**
Cost of Coal (2 month)	10835.28	22240.77	36260.34
Cost of Secondary Fuel Oil (2 months)	242.67	529.12	858.04
O&M expense (one month)	583.04	1166.08	1749.13
Receivables (Capacity Charges- 2 months)	9513.86	16048.53	22620.14
Receivables (Energy Charges- 2 months)	10835.28	22240.77	36260.34
Maintenance Spare (20% of the O&M Expenses)	1399.30	2798.60	4197.90
Total Working Capital	**33409.44**	**65023.88**	**101945.89**
Rate of Interest	13.50%	13.50%	13.50%
Interest on Working Capital (annualised)	**4510.27**	**8778.22**	**13762.69**
Interest on Working Capital (pro-rata)	**2421.96**	**3198.64**	**263.94**

Operational Norms

105. The operational norms considered by the petitioner as against the norms specified by the Commission are as under:

	Norms considered by petitioner	Norms specified by Commission
Normative Annual Plant Availability Factor (NAPAF) (%)	85	85
Gross Station Heat Rate (GSHR) (kcal/kWh)	2423.97	2443.11
Auxiliary Power Consumption (APC) (%)	7.55	6.5
Specific Fuel Oil Consumption (ml/kWh)	1.0	1.0

106. The Operational norms considered by the petitioner are in order except for theAuxiliary Power Consumption (APC) wherein the petitioner has sought deviation from the norms specified by the Commission and has prayed for allowing APC of 7.55% in exercise of Power to relax, under the 2009 Tariff Regulations. We now consider the operational norms as under:

Gross Station Heat Rate

107. The petitioner has considered the Gross Station Heat Rate (GSHR) of 2423.97 kcal/kW and has computed the same based on the guaranteed Design Unit Heat Rateof 2276.03 kcal/kWh at 100% MCR and 0% make up water with deviation factor of 6.5% from design heat rate value. The steam pressure indicated is 171kg/cm2 and the super heat temperature /reheat temperature (SH/RH) of 540/540 degree centigrade. The ceiling(maximum) norms of Gross Station Heat Rate specified by the Commission is 2443.11kCal/kWh at steam pressure of 170kg/cm2 and super heat temperature /reheat temperature (SH/RH) of 537/537 degree centigrade. Since the GSHR of 2423.97kCal/kWh considered by the petitioner is below the ceiling norms the same has been considered for the purpose of tariff.

Auxiliary Power Consumption

108. The normative Auxiliary Power Consumption (APC) as per the 2009 Tariff Regulations for a coal based power plant with unit size of 350 MW capacity is 6.0% if boiler feed pumps are steam driven with additional 0.5% for induced draft cooling towers. The petitioner vide affidavit dated 23.1.2015 has pointed out that in some of the Projects with similar sizes units, like Rosa Power Supply Company, Vidharbha Industries, EMCO-GMR etc., the respective State Regulatory Commissions have approved the actual APC of 9% or more. Accordingly, the

petitioner in the said affidavit has prayed that the Commission may consider Weighted Average APC as 9.74% for the year 2013-14 on the ground that the power plant was forced to operate at low plant factor. It has also stated that three Induced Draft Cooling Towers have been installed and the Boiler Feed Water system has 1 x 3 motor driven electric pumps with rating of each of the BFPs as 6000 kW. Thereafter, the petitioner vide affidavit dated 11.4.2014 has sought the relaxation in the APC norms for this Project and has submitted as under:

"(a) The normative Auxiliary Consumption as per the Tariff Regulations is 6.0% or 8.5% depending upon the nature of feed pump (steam driven or electricity driven) with additional 0.5% for inducted draft fooling tower for a coal based power plant with capacity 500 MW & above.As per the EPC contract for the project, the guaranteed auxiliary energy consumptions is 7.55%.

(b) The original norm for a 500 MW unit size was 6.50%, which was later applied to 350 MW unit size as well. The auxiliary energy consumption for a 350 MW unit in reality would be closer towards a smaller unit size such as 250 MW whose normative auxiliary consumption is 8.50%. If a linear relationship is assumed, the auxiliary consumption for 350 MW works out to 7.70% which higher than what the petitioner has submitted.

(c) it is submitted that since the power plant has been designed for the said auxiliary energy consumption, the same has been used by the petitioner for Energy Charge calculation. The petitioner requests the Hon'ble Commission to allow auxiliary energy consumption of 7.55% for tariff calculation."

109. The petitioner has also submitted that it has installed additional systems to comply with the directives of the Ministry of Environment & Forests, GOI, to meet the zero effluent discharge system to optimize the water usage. Accordingly, the annual energy consumption of these systems based on the usage and APC (%)have been detailed by the petitioner in the following table.

Sl. No.	System	Rating	Purpose	Basis for Consumption		Annual Energy Consumption (Units)
				Working	Standby	
1.	High Concentrate Slurry Disposal (HCSD) system	4 x 600 kW	Bottom Ash & Fly Ash Disposal to Ash pond	1 per unit	1	13402800
2.	Additional water pumping system	3 x 160 kW	Recycling of treated water to Reservoir	2	1	3618756
		4 x 110 kW		2	2	
3.	Ash water	3 x 75 kW	Dewatering of	2	1	1182600

Sl. No.	System	Rating	Purpose	Basis for Consumption		Annual Energy
	reclamation system		Ash pond			
4.	Coal waste water treatment plant	2 x 5.5 kW 2 x 7.5 kW 2 x 22 kW 2 x 7.5 kW	Treatment of coal waste water	1	1	353685
5.	Reverse Osmosis Plant	2 x 1.5 kW 4 x 4.0 kW	Treatment of CW Blow down water for reuse	1 2	1 2	79059
Total						**18636900**
Gross Generation in 2013-14						**1290,800,529**
Additional APC (%)						**1.44%**

110. The respondent, GRIDCO has submitted that the petitioner has sought deviation from the specified norms to allow APC of 7.55% as against the specified APC of 6.5% for tariff calculation as a special case and the exercise of the Power to relax is an additional benefit to the petitioner. The respondent has also submitted that the Commission has framed regulations keeping in view that the cost of electricity is recovered in a reasonable manner and at the same time interest of the consumer is safeguarded. It has also submitted that the grant of benefit to the petitioner on account of deviation sought from specified norms would disturb the equilibrium and the same would only result in unreasonable benefit to the petitioner and thus may not be allowed by the Commission.

111. The matter has been examined. The petitioner has submitted that the normative APC (%) allowed as per the 2009 Tariff Regulations is 6.0% with additional 0.5% towards induced draft cooling towers. Considering the normative APC parameters and additional allowance for special features mentioned above, the normative APC allowable would be as under:

Auxiliary Consumption for 350 MW unit	6.00%
Add: Additional Auxiliary Consumption for Induced Draft Cooling Towers	0.50%
Add: Auxiliary Consumption for additional features	1.44%
Total Auxiliary Power Consumption (%)	**7.94%**

112. It is evident from the submissions of the petitioner that the APC of 7.94% is mainly due to installation of some additional systems like High Concentrate Slurry disposal system, Additional water pumping system, Ash water reclamation system, Coal water treatment plant and Reverse Osmosis system. However, the petitioner has claimed the APC of 7.55% which include High Concentrate slurry Disposal (HCSD) system, additional water pumping system, Ash water reclamation system, Coal waste water treatment Plant and Reverse Osmosis system as part of the auxiliary consumption. In our view the installation of these systems namely, Ash water reclamation, coal water treatment etc. are for meeting the zero discharge of effluents to optimize the water usage as per the environmental norms. The systems for zero discharge of effluents have been installed in most of the existing plants based upon which the APC norm of 6.5 %has been specified by the Commission under the 2009 Tariff Regulations. In case of Indira Gandhi Super Thermal Project of Aravalli Power Company Pvt. Ltd, the generating company (APPCL) had not sought for any relaxation in the APC, even though high density Ash slurry system was installed. In case of smaller size units like Feroze Gandhi Unchahar TPS (2x210 MW) of NTPC, the actual APC during the period 2009-14 was 8.13% with motor driven Boiler Feed Pump and in case the consumption of motor driven BFP is considered as 2.5%, then the APC works out to 5.6%. Also, in the case of Simhadri STPS Stage- I (2x500 MW) of NTPC, the actual APC during the period 2008-13 was 5.58 % with steam driven BFP (which is less than norm of 6%). Considering these factors in totality, we are not inclined to exercise the Power to relax and allow the prayer of the petitioner for relaxation in the APC norm to 7.55% as claimed by the petitioner. Accordingly, the prayer of the petitioner is not allowed and the APC of 6.5% has been allowed in accordance with the 2009 Tariff Regulations for the purpose of tariff.

113. Based on the above discussions, the operational norms allowed to this generating station are summarized as under:

Normative Annual Plant Availability Factor (NAPAF) (%)	85
Gross Station Heat Rate (GSHR) (kcal/kWh)	2423.97
Auxiliary Power Consumption (APC) (%)	6.5
Specific Fuel Oil Consumption (ml/kWh)	1.0

Fixed Charges

114. Accordingly, the fixed charges (pro rata) allowed from the COD of the units of the generating station till 31.3.2014 for 1050 MW capacity is summarised as under:

(₹in lakh)

	30.4.2013 to 11.11.2013	12.11.2013 to 24.3.2014	25.3.2014 to 31.3.2014
Depreciation	6,399.35	7,019.47	499.55
Interest on Loan	12,174.95	12,928.63	890.47
Return on Equity	5,117.72	5,684.55	447.63
Interest on Working Capital	2,421.96	3,198.64	263.94
O&M Expenses	3,757.02	5,098.82	402.54
Secondary fuel oil cost	781.87	1,156.82	98.73
Total Fixed Charges	**30652.87**	**35086.93**	**2602.87**

115. The fixed charges approved as above are applicable corresponding to the capacity of 262.5 MW (25% of 1050 MW) which has been contracted for supply to the respondent beneficiaries.

Other Issues

116. It is noticed that the petitioner has claimed Electricity duty on Auxiliary Power Consumption and Water charges separately. There is no provision under the 2009 Tariff Regulations for considering the payment of Electricity duty on Auxiliary Power Consumption. In view of this, the prayer of the petitioner is beyond the scope of the 2009 Tariff Regulations and hence not considered.

117. The claim of the petitioner for Water Charges separately isnot allowed since water charges have already been considered in the O&M expense norms specified under the 2009 Tariff Regulations. It is pertinent to mention that the Commission while rejecting the prayer of NTPC for reimbursement of actual water charges for 2009-14 in Petition No.121/MP/2011 by order dated 10.4.2015 has observed as under:

> *25. In case of O & M expenses, all factors including the water charges have been taken into consideration while fixing the norms for the period 2009-14. O&M expenses allowed under the 2009 Tariff Regulations are a complete package and water charges are just one element of the package. It is possible that under-recovery of one element may be offset against over-*

recovery of another element. Therefore, any one element of O&M charges cannot be considered in isolation.

26. xxxx

28. If the submission of the petitioner for reimbursement of the water charges on actual basis is accepted, it will amount to allowing the O&M charges on the basis of normative or the actual whichever is higher. Such a dispensation would evoke similar demands from the beneficiaries for reimbursement of expenditure in tariff not at the normative levels but at the lower of the normative and actual. In our view, once the tariff has been fixed on the basis of normative parameters, the same should not be reopened even if there is any variation between normative and actual. During the 2009-14 period, some of the State Governments have enhanced the water charges. It is pertinent to mention that the Commission in due recognition of the escalation of the water charges by some of the State Governments has excluded water charges as a component of normative O&M expenses in the tariff regulation for the period 2009-14 and water charges have been allowed as a pass through during the tariff period 2014-19. Therefore, the impact of enhancement of water charges by some of the State Governments is confined to the period 2009-14 only. In our view, the petitioner should absorb the additional expenditure on account of water charges by offsetting the same against the savings made by the petitioner during the 2009-14 tariff period under other normative parameters including the operating norms."

118. The prayer of the petitioner in the instant case is accordinglydisposed of.

Energy Charge Rate (ECR)

119. Clauses 5 and 6 of Regulation 21of the 2009 Tariff Regulations provides for computation of Energy Charge for thermal generating stations as under:

"5. The Energy Charge shall cover the primary fuel cost and limestone consumption cost (where applicable), and shall be payable by every beneficiary for the total energy scheduled to be supplied to such beneficiary during the calendar month on ex-power plant basis, at the energy charge rate of the month (with fuel and limestone price adjustment). Total Energy charge payable to the generating company for a month shall be:

(Energy charge rate in ` / kWh) x {Scheduled energy (ex-bus) for the month in kWh.}

6. Energy charge rate (ECR) in Rupees per kWh on ex-power plant basis shall be determined to three decimal place in accordance with the following formula:
(a) for coal based and lignite fired stations

ECR = {(GHR –SFC x CVSF) x LPPF / CVPF +LC x LPL}X 100/(100-AUX)}

Where,

AUX = Normative auxiliary energy consumption in percentage.
CVPF = Gross calorific value of primary fuel as fired, in kCal per kg, per litre or per standard cubic metre, as applicable.

ECR = Energy charge rate, in Rupees per kWh sent out.
GHR = Gross station heat rate, in kCal per kWh.

LC = Normative limestone consumption in kg per kWh
LPL= Weighted average landed price of limestone in Rupees per kg.
LPPF = Weighted average landed price of primary fuel, in Rupees per kg, per litre or per standard cubic metre, as applicable, during the month.

SFC = Specific fuel oil consumption, in ml per kWh.

120. The petitioner has claimed an Energy Charge Rate (ECR) of 271.04 paisa/kWh based on the weighted average price and GCV of Coal procured and burnt for the period December, 2011, January,2012 and February, 2012 and not on based on the price and GCV of coal for the preceding three months from the COD of Unit-I, II and III. Since the same was not in conformity with the regulations, the petitioner was directed to submit the price and GCV of Fuels for preceding 3 months from the COD of Unit-I, II and III. The respondent, GRIDCO has submitted that the ECR as computed by the petitioner is based on large number of variable parameters works out to 204.19 paisa/kWh. It has also pointed out that the energy charge rate quoted by the petitioner in the competitive bidding for tariff under Section 63 of the Electricity Act, 2003 in respect of the State of Haryana State is 90.4 paisa/kWh. Accordingly, the respondent has submitted that there is wide gap in the ECR under the cost plus mechanism and the competitive bidding mechanism which can be attributed to the manipulation of large number of variable parameters in the calculation of ECR.

121. We have examined the matter. In compliance with the directions of the Commission, the petitioner has filed the details of price and GCV of coal for the preceding three months from the COD of Unit-I, II and III. Based on the weighted average price and GCV of coal procured and burnt for the preceding three months from the COD of Unit-I, II and III the ECR is worked out and allowed as under:

Description	Unit	**30.4.2013 to 11.11.2013**	**12.11.2013 to 24.3.2014**	**25.3.2014 to 31.3.2014**
Capacity	MW	350	700	1050
Gross Station Heat Rate	kCal/kWh	2424	2424	2424
Specific Fuel Oil Consumption	ml/kWh	1.0	1.0	1.0
Aux. Energy Consumption	%	6.50	6.50	6.50
Weighted Average GCV of Oil	kCal/l	10750	10706	10600

Weighted Average GCV of Coal	kCal/Kg	3099.00	3025.00	3350.00
Weighted Average Price of Oil	₹/KL	55870.65	60909.31	65848.54
Weighted Average Price of Coal	₹/MT	3203.46	3209.19	3862.66
Rate of Energy Charge ex-bus	**Paisa/kWh**	266.802	273.822	297.618

122. The Energy charge on month to month basis shall be billed by the petitioner as per Regulation 21 (6) (a) of the 2009 Tariff Regulations.

Application fee and the publication expenses

123. The petitioner has prayed for the reimbursement of tariff filing fees amounting to ₹36.00 lakh towards filing of the petition for 1.4.2013 to 31.3.2014 and the publication fees towards the publication of notice in newspapers as per Regulation 3(8) of the CERC (Procedure for making of application for determination of tariff, publication of the application and other related matters) Regulations, 2004.In terms of Regulation 42 of the 2009 Tariff Regulations and based on our decision contained in order dated 11.1.2010 in Petition No.109/2009, the expenses towards filing of tariff application for the period considered in this order and the expenses incurred on publication of notices shall be directly recovered from the beneficiaries, on *pro rata* basis on production of documentary proof. The excess filing fees, if any, shall be adjusted against the tariff petition filing fees for the next tariff period.

124. The fixed charges approved above are subject to truing up in terms of Regulation 6 (1) of the 2009 Tariff Regulations.

125. This disposes of Petition No.77/GT/2013.

-Sd/-
[A.K.Singhal]
Member

-Sd/-
[Gireesh B. Pradhan]
Chairperson

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Annexure-I

Calculation of weighted average rate of interest on Loan

(₹in lakh)

Particulars	30.4.2013 to 11.11.2013	12.11.2013 to 24.3.2014	25.3.2014 to 31.3.2014
Gross loan - Opening	341322.68	343760.62	399466.09
Cumulative repayments of loans upto previous year	0.00	7095.00	7445.28
Net loan -Opening	341322.68	336665.62	392020.81
Add: Drawal (s) during the Year	2437.94	55705.00	1285.00
Less: Repayment (s) of loans during the year	7095.00	350.28	0.00
Net loan - Closing	336665.62	392020.34	393305.81
Average Net Loan	338994.15	364342.98	392663.31
Interest on loan	43664.42	47130.98	51004.21
Weighted average Rate of Interest on Loan	**12.881%**	**12.936%**	**12.989%**

Annexure- P-3

GMR Energy

GMR Kamalanga Energy Limited

GMR 116

Administration Office:
Plot No. 29, Satya Nagar
Bhubaneswar 751 007
T +91-0674-2572795
F +91-0674-2572794
W www.gmrgroup.in

CIN: U40101KA2007PLC044809

EXTRACTS OF THE MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF GMR KAMALANGA ENERGY LIMITED HELD ON TUESDAY, OCTOBER 22, 2013 AT MINI BOARD ROOM (10TH FLOOR), IBC KNOWLEDGE PARK, PHASE II, TOWER D, NO. 4/1, BANNERGHATTA ROAD, BANGALORE – 560 029

TO APPROVE INCREASE IN PROJECT COST OF 1-3 UNITS 350 MW X 3) OF THE PROJECT

"**RESOLVED THAT** the Board do hereby approve the revised project cost of Rs. 6519 Cr for 1-3 UNITS (350 MW X 3) for Kamalanga Power Project in village Kamalanga, Dhenkanal District in the State of Odisha"

"**RESOLVED FURTHER THAT** as part of the funding plan, Rs.212 crore will be funded by the Promoters in the form of a non interest bearing subordinated loan which can be repaid or converted only after the Investors have exited completely."

//Certified True Copy//
For GMR Kamalanga Energy Limited

Venkataraman

Managing Director

Site Office:
Near Kamalanga Village,
Via-Mangalpur, Opp. Bhushan Steel,
Dist. Dhenkanal 759121, Orissa

Regd. Office:
25/1, Skip House, Museum Road,
Bangalore-560 025

ANNEXURE P-4

AASA & Associates

CHARTERED ACCOUNTANTS

(Formerly Roy & Sahoo)

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INDEPENDENT AUDITORS' REPORT

To the Director and COO
GMR Kamalanga Energy Limited

Report on the Financial Statements

We have audited the accompanying financial statements of GMR Kamalanga Energy Limited ("the Company"), which comprise the Balance Sheet as at 30th April, 2013 (date of COD of Unit-I of the Company), and the Statement of Profit and Loss for the period ended on that date, and a summary of significant accounting policies and other explanatory information. The audit has been conducted at the specific request of the company to comply with the requirement of Central Electricity Regulatory Commission for determination of generation tariff in respect of 262.5 MW gross capacity sale from Kamalanga Power Plant of GMR Kamalanga Energy Ltd to GRIDCO.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards specified by the Institute of Chartered Accountants of India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

AASA & ASSOCIATES CHARTERED ACCOUNTANTS BHUBANESWAR

Plot No.-1149, Govind Prasad, Behind Ekamra Cinema, Bomikhal, Bhubaneswar, Odisha-751010
Phone: 0674-2573915/916, Mobile: +91-9437041357/ +91-9437029129

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements read along with the notes on accounts give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at April 30, 2013;
(b) in the case of the Profit and Loss Account, of the Loss for the period ended on that date;

We report that:

a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c. The Balance Sheet, Statement of Profit and Loss dealt with by this Repoert are in agreement with the books of account;
d. In our opinion the Balance Sheet, Statement of Profit and Loss comply with the Accounting Standards issued by the Institute of Chartered Accountants of India.

For AASA & ASSOCIATES
Chartered Accountants
FRN-310073E

AASA & ASSOCIATES ★ CHARTERED ACCOUNTANTS ★ BHUBANESWAR

P.S.Nayak
(Partner)
M.No:-059950

Place :-Bhubaneswar
Date :- 22-12-2015

GMR Kamalanga Energy Limited

BALANCE SHEET AS AT 30th April 2013

Amount in Rs

Particulars	Note No.	April 30, 2013	March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.01	13,563,739,600	13,563,739,600
Reserves and surplus	2.02	(366,111,311)	(148,543,190)
		13,197,628,289	13,415,196,410
Share application money pending allotment	2.03	2,283,500,140	1,316,500,140
Non-current liabilities			
Long term borrowings	2.04	36,933,588,600	36,553,893,706
Other long term liabilities	2.05	-	26,967,374
		36,933,588,600	36,580,861,080
Current liabilities			
Short Term Borrowings		-	-
Trade payables	2.06	23,725,877	
Other current liabilities	2.07	8,320,931,637	8,430,083,056
Short term provisions	2.08	69,219,862	68,306,231
		8,413,877,376	8,498,389,287
TOTAL		60,828,594,405	59,810,946,917
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets	2.09	25,502,917,537	1,725,711,332
Intangible assets	2.09	26,712,683	20,259,696
Capital work-in-progress	2.10	24,660,480,927	47,897,795,599
		50,190,111,147	49,643,766,627
Long-term loans and advances	2.11	9,802,009,803	9,850,725,136
Other non-current assets	2.12	131,360,136	130,468,260
		60,123,481,086	59,624,960,023
Current assets			
Current investments	2.13	300,000,000	-
Inventories	2.14	115,711,099	-
Trade Receivables	2.15	32,470,877	-
Cash and bank balances	2.16	149,465,861	127,994,689
Short term loans and advances	2.17	107,414,837	26,396,674
Other current assets	2.18	50,645	31,595,531
		705,113,319	185,986,894
TOTAL		60,828,594,405	59,810,946,917

The notes referred to above form an integral part of the financial statements

As per our report of even date

For AASA & Associates
Chartered Accountants
Firm Registration Number : 310073E

P S Nayak
Partner
Membership No.: 059950

Place: Bhubaneswar
Date: 22-12-2015

ASSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

For GMR Kamalanga Energy Limited

R R Nair
Director & COO

B K Mishra
AVP - F/A

Place : Kamalanga
Date: 22-12-2015

GMR KAMALANGA ENERGY LIMITED

GMR Kamalanga Energy Limited

BALANCE SHEET AS AT 30th April 2013

Amount in Rs

Particulars	Note No.	April 30, 2013	March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.01	13,563,739,600	13,563,739,600
Reserves and surplus	2.02	(366,111,311)	(148,543,190)
		13,197,628,289	13,415,196,410
Share application money pending allotment	2.03	2,283,500,140	1,316,500,140
Non-current liabilities			
Long term borrowings	2.04	36,933,588,600	36,553,893,706
Other long term liabilities	2.05	-	26,967,374
		36,933,588,600	36,580,861,080
Current liabilities			
Short Term Borrowings		-	-
Trade payables	2.06	23,725,877	
Other current liabilities	2.07	8,320,931,637	8,430,083,056
Short term provisions	2.08	69,219,862	68,306,231
		8,413,877,376	8,498,389,287
TOTAL		60,828,594,405	59,810,946,917
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets	2.09	25,502,917,537	1,725,711,332
Intangible assets	2.09	26,712,683	20,259,696
Capital work-in-progress	2.10	24,660,480,927	47,897,795,599
		50,190,111,147	49,643,766,627
Long-term loans and advances	2.11	9,802,009,803	9,850,725,136
Other non-current assets	2.12	131,360,136	130,468,260
		60,123,481,086	59,624,960,023
Current assets			
Current investments	2.13	300,000,000	-
Inventories	2.14	115,711,099	-
Trade Receivables	2.15	32,470,877	-
Cash and bank balances	2.16	149,465,861	127,994,689
Short term loans and advances	2.17	107,414,837	26,396,674
Other current assets	2.18	50,645	31,595,531
		705,113,319	185,986,894
TOTAL		60,828,594,405	59,810,946,917

The notes referred to above form an integral part of the financial statements

As per our report of even date

For AASA & Associates
Chartered Accountants
Firm Registration Number : 310073E

P S Nayak
Partner
Membership No.: 059950

Place: Bhubaneswar
Date: 22-12-2015

AASA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

For GMR Kamalanga Energy Limited

R R Nair
Director & COO

B K Mishra
AVP - F/A

Place : Kamalanga
Date: 22-12-2015

GMR KAMALANGA ENERGY LIMITED

GMR Kamalanga Energy Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

Company overview

GMR Kamalanga Energy Limited is promoted as a Special Purpose Vehicle (SPV) by GMR Energy Limited, the holding Company, to develop and operate 3*350 MW under Phase 1 and 1*350 MW under Phase 2, coal based power project in Kamalanga Village, Dhenkanal District of Odisha. The Company has obtained Mega Power status certificate from Government of India, Ministry of Power vide letter dated February 1, 2012. The Company has declared commercial operation of Unit I of Phase 1 of the of 350MW on April 30, 2013.

1 Significant Accounting Policies

1.01 Basis of Preparation of Financial Statements

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non current classification of assets and liabilities.

1.02 Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

1.03 Revenue Recognition

i) Revenue from energy units sold as per the terms of the Power Purchase Agreement (PPA) and LOI (collectively hereinafter referred to as 'the PPAs') is recognised on an accrual basis and includes unbilled revenue accrued up to the end of the accounting year. Revenue from energy units sold on a merchant basis is recognised in accordance with billings made to the customers based on the units of energy delivered and rates agreed with customers.

ii) Revenue from sale of infirm power are recognised as per the guidelines of Central Electricity Regulatory Commission. Revenue prior to date of commercial operation are reduced from Project cost.

iii) Claims for delayed payment charges and any other claims, which the Company is entitled to under the PPAs, are accounted for in the year of acceptance. Similarly Commission, Rebate and any other charges are accounted for in the year of acceptance.

iv) Revenue earned in excess of billings has been included under "other assets" as unbilled revenue and billings in excess of revenue have been disclosed under "other liabilities" as unearned revenue.

v) Interest is recognized using the time proportion method based on rates implicit in the transaction. Interest income is included under the head "other income" in the statement of profit and loss. Dividend income is accounted for in the year in which the right to receive the same is established by the reporting date.

vi) On disposal of current investments, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss. Such income is included under the head "other income" in the statement of profit and loss.

SSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

1.04 Fixed Assets and Capital Work-in-progress

i) Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price and freight, duties, levies and borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

ii) Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

iii) Computer software where the estimated useful life is one year or less, is charged to the statement of profit and loss in the year of purchase. Computer Software purchased by the Company, which have an estimated useful life exceeding one year, are capitalized.

iv) Intangible assets are stated at the consideration paid for acquisition less accumulated amortization.

v) All Project related expenditure viz, civil works, machinery under erection, construction and erection materials, pre-operative expenditure incidental / attributable to construction of project, borrowing cost incurred prior to the date of commercial operation and trial run expenditure are shown under Capital Work-in-Progress. These expenses are net of recoveries and income from surplus funds arising out of project specific borrowings after taxes.

vi) Temporary structure constructed only for project period are fully depreciated in the year of capitalisation.

1.05 Depreciation / Amortisation

i) Depreciation on tangible assets, other than Plant and Equipment & Office Equipment of Power Generating facility are provided on pro-rata basis using straight line method at the rates specified under Schedule XIV to the Companies Act, 1956 which is estimated by the management to be the estimated useful lives of the assets, except for assets individually costing Rs 5,000 or less which are fully depreciated in the year of acquisition.

ii) In respect of depreciation on plant and equipment and office equipment of Power Generating facility is provided on a pro-rata basis on Straight Line Method at rates specified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulation 2009 in terms of MCA circular No 31/2011 Dated May 31, 2011.

iii) Leasehold land taken from Government Authorities are amortised as per Central Electricity Regulatory Commission as mentioned above.

iv) Software is amortised based on the useful life of 6 years on a straight-line basis as estimated by the

SASSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

1.06 Inventory

Inventories being raw materials, consumables, stores and spares are valued at lower of cost or net realisable value. Cost is determined, in general, on a weighted average basis and includes all applicable costs incurred in bringing goods to their present location and condition. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Inventory of raw materials held for trial run during project stage are disclosed under Capital work in progress.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

1.07 Borrowing cost

Borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset till the date of capitalization. Other borrowing costs are recognized as expenses in the period in which they are incurred.

1.08 Investments

i) Long term Investments are stated at cost. Provision for diminution in value of long term investments is made only if such a decline is other than temporary in the opinion of the management.

ii) Current Investments are stated at cost or market value whichever is lower.

1.09 Leases

Leases where the lessor effectively retains substantially all the risk and benefits of ownership of leased items, are classified as operating lease. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease term.

Finance lease, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

1.10 Foreign Currency Transactions

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

1.11 Derivative Instruments

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the Statement of Profit and Loss except in respect of project cost which is recognised as Capital Work in Progress (CWIP). Realised gains/losses in respect of project cost are recognised in CWIP. Net unrealised gains are ignored.

SSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

1.12 Employee Benefits

i) Defined Contribution Plan

Contributions paid / payable to defined contribution plans comprising of provident fund, pension fund, superannuation fund etc. in accordance with the applicable laws and regulations are recognised as expenses during the period in which the employees perform the services that the payments cover. Certain entities of the Group makes monthly contributions and has no further obligations under such plans beyond its contributions.

ii) Defined Benefit plan

The liability as at the balance sheet date is provided for based on the actuarial valuation, based on Projected Unit Credit Method at the balance sheet date, carried out by an independent actuary. Actuarial Gains and Losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognised immediately in the Statement of Profit and Loss as an income or expense.

iii) Other Long Term Employee Benefits

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

iv) **Short term employee benefits.**

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

1.13 Taxes on Income

Current tax is determined on the amount of tax payable in respect of taxable income for the year. Deferred tax is At each reporting date, the Company re-assess unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets are reviewed at each reporting date. The entity writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

1.14 Earnings per share

The basic earnings per share are computed by dividing the net profit after tax for the period by the weighted average number of equity shares outstanding during the year. Diluted earnings per share, if any are computed using the weighted average number of equity shares and dilutive potential equity share outstanding during the period except when the results would be anti-dilutive.

1.15 **Impairment**

At each Balance Sheet date, the Company reviews the carrying amounts of its Fixed Assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-discount rate that reflects the current market assessments of time value of money and the risks specific to the asset. Reversal of impairment loss is recognized immediately as income in the Statement of Profit and Loss.

SSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

1.16 Cash and Cash Equivalents

Cash for the purposes of cash flow statement comprise cash in hand and at bank (including deposits) and cash equivalents comprise of short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.17 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions, other than employee benefits, are not discounted to their present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent Assets are neither recognised nor disclosed in the financial statements.

SSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

2 Notes to Financial Statements

2.01 Share capital

Amount in Rs

Particulars	April 30, 2013	March 31, 2013
Authorised		
1,650,000,000 (March 31, 2013 : 1,650,000,000) Equity Shares of ` 10/- each	16,500,000,000	16,500,000,000
Issued, Subscribed and Paid up		
1,356,373,960 (March 31, 2013 : 1,356,373,960) Equity Shares of ` 10/- each, fully paid up	13,563,739,600	13,563,739,600
Total	13,563,739,600	13,563,739,600

Rights, preferences and restrictions attached to shares

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after satisfying all the dues to banks and financial institutions and after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company has only one class of shares referred to as equity shares having par value of ` 10/- each. Each holder of equity share is entitled to one vote per share.

Restrictions on the distribution of dividends :

Board shall subject to restrictions imposed by the project finance lenders, in terms of financing agreement, propose to the shareholders the maximum possible dividend payable under applicable law. Upon such recommendation shareholders shall declare dividends as follows -

(i) All such dividends & profits shall be paid to shareholders in their existing shareholding pattern.

(ii) Any such dividend or other distribution shall be based on profit generated by the Company or on appropriate basis permitted by the applicable laws.

Reconciliation of the number of equity shares outstanding :

Particulars	April 30, 2013		March 31, 2013	
	No of shares	Amount in `	No of shares	Amount in `
Number of shares at the beginning	1,356,373,960	13,563,739,600	621,203,600	6,212,036,000
Add: Issued during the year	-	-	735,170,360	7,351,703,600
Number of shares at the end	1,356,373,960	13,563,739,600	1,356,373,960	13,563,739,600

Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates :

Particulars	April 30, 2013	March 31, 2013
Equity Shares at par value of ` 10/- each	No. of shares	No. of shares
GMR Energy Limited [GEL] - Holding Company	1,096,167,366	1,096,167,366

Shares in the Company held by each shareholder holding 5 percent or more specifying the number of shares held:

Name of the Shareholders	April 30, 2013		March 31, 2013	
	No of shares	% of holding	No of shares	% of holding
GMR Energy Limited [GEL]	1,096,167,366	80.82%	1,096,167,366	80.82%
India Infrastructure Fund [IIF]	203,456,094	15.00%	203,456,094	15.00%
Infrastructure Development Finance Limited [IDFC]	56,750,000	4.18%	56,750,000	4.18%

2.02 Reserves and Surplus

Amount in Rs

Particulars	April 30, 2013	March 31, 2013
Reserves		
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(148,543,190)	(121,832,968)
Add: Net profit/(loss) after tax transferred from Statement of Profit and Loss	(217,568,121)	(26,710,222)
Closing balance	(366,111,311)	(148,543,190)
Total	(366,111,311)	(148,543,190)

2.03 Share application money pending allotment

Amount in Rs

Particulars	April 30, 2013	March 31, 2013
Share Application Money	2,283,500,140	1,316,500,140
Total	2,283,500,140	1,316,500,140

The Company has received share application money as on April 29, 2013 from GMR Energy Limited 2,283,500,140/- (March 31, 2013 : 1,316,500,140/-), The Company will be alloting the shares subsequent to the receipt of matching contribution from other investors as per the agreed terms. The Company has sufficient authorised share capital to cover the share capital amount on allotment of shares out of share application money.

ASSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

2.04 Long term borrowings

Amount in Rs

Particulars	April 30, 2013	March 31, 2013
Secured		
Rupee term loans (Refer Note No (a) (i) & (b) (i) below)		
from banks	24,155,601,770	24,155,601,770
from other parties	4,675,593,752	4,675,593,752
External Commercial Borrowings from Banks (Refer Note No.(a) (ii) & (b) (iii) below)	3,038,112,000	3,038,112,000
Other loans and advances (Refer Note No (b) (ii) below)		
Acceptances	19,859,474	-
Buyers' credit	2,202,721,604	2,242,886,184
Unsecured		
Promoters Subordinate debt- Holding Company (Refer Note No (c) below)	2,841,700,000	2,441,700,000
Total	36,933,588,600	36,553,893,706

Notes:
The Rupee Facility loans are availed from a consortium of lenders to develop 3*350 MW under Phase 1, coal based power project.

(a) Nature of Security :

i) Rupee Term Loan

A first mortgage and charge by way of registered mortgage in favour of the Lenders / Security trustee of all the borrowers immovable properties, present and future / a first charge by way of hypothecation of all the borrowers movables including movable plant and machinery, machinery spares, tools and accessories, present and future, borrowers stock of raw materials, semi-finished and finished goods and consumable goods, a first charge on the book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising present and future, intangibles, goodwill, uncalled capital, present and future / first charge on the Trust and Retention account including the debt service reserve account and other reserves and any other bank accounts, wherever maintained present and future first charge by way of assignment or creation of charge of all the right, title, interest, benefits, claims and demands whatsoever of the borrower in the project documents / in the clearances / in any letter of credit, guarantee, performance bond provided by any party to the project documents and all insurance contracts / insurance proceeds, Pledge of shares (in the demat form) representing a minimum of 51% of the total paid up equity share capital of the borrower / From the date of repayment of 50% of loans, the number of shares under the pledge may be reduced to 26% of the paid up equity share capital of the borrower held by Holding Company.

All the security set out above shall rank pari passu amongst the lenders of the project for an aggregate RTL of ` 3,405 Crores and working capital lenders for an amount acceptable to the lenders.

ii) External Commercial Borrowings from Bank

A first ranking charge/ assignment / mortgage / hypethecation / Security Interest on pari passu basis on all the Borrower's immovable (including land) and movable properties (excluding mining equipments) including plant and machinery, machine spares, tools and accessories, furniture, fixtures, vehicle and other movable assets, both present and future in relation to the project, all the tangible and intangible assets including but not limited to its goodwill, undertaking and uncalled capital, both present and future in relation to the project, all insurance policies, performance bonds, contractors guarantees and any letter of credit provided by any person under the Project documents, all the rights, titles, permits, clearances, approvals and interests of the Borrower in, to and in respect of the project Documents and all contracts relating to the project, all the book debts, operating cash flows, receivables, all other current assets, commission, revenues of the borrower, both present and future in relation to the project and all the accounts and all the bank accounts of the borrower in relation to the Project and pledge of shares (in the demat form) held by the Holding Company constituting 51% of the shares which shall be reduced to 26% of shares on repayment of half the loans subject to the compliance of conditions put forth by the Consortium of RTL lenders.

A first ranking pledge over Shares held by the sponsor constituting fifty one percent (51%) of shares which shall be reduced to twenty six percent (26%) of shares on repayment of half the loans. Provided however, such pledge shall be subject to section 19(2) & (3) of the Banking Regulations Act, 1949.

(b) Terms of repayment :

i) Rupee Term Loan:

As per the Rupee Term Loan (RTL) agreement entered into by the Company on May 27, 2009 with the consortium of banks and financial institution, the amount to be borrowed by the Company from the lenders shall not exceed ` 3,405 Crores. The applicable interest rate for all the lenders for the year varies from 11.50% p.a. to 14.50% pa.

The amount of RTL borrowed needs to be repaid in 48 equal quarterly installments from the earlier of a) 12 months from Schedule project completion date, or b) 51 months from the date of financial closure as per of the RTL agreement. The first quarterly installment of RTL falls due on June 15, 2013 as per the agreement mentioned above. As per the negotiation with the RTL lenders and opinions received the installment repayment begins from September 15, 2013, further if the amount disbursed is less than the sum agreed as per the Agreement, the installment of repayment of loan shall stand reduced proportionately.

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GMR KAMALANGA ENERGY LIMITED

ii) Acceptances and Buyers' credit
The Acceptances and Buyers' credit are sub limit to Rupee Term Loan as per the RTL Agreement availed by the Company and are secured in the same manner and terms & condition as Rupee Term Loan.

The Buyers' Credit, Foreign and inland Acceptances (letter of credit), disclosed above are in the nature of long term borrowing which are currently availed under these instruments and can be rolled over for a further period, based on the availability period under the Rupee Term Loan (RTL) Agreement and ultimately crystallized into Rupee Term Loan as per RTL Agreement with consortium of banks and financial institutions.

Acceptances denote usance letter of credit discounted with other banks. The rate of interest on such bill discounting ranges from 10.87% to 12.24% for Acceptances and from 2.13% to 4.43% for Buyers' credit and Foreign letter of credit during the period ended 29th April 13.

iii) External Commercial Borrowings :
As per the ECB Facility Agreement entered into by the Company on June 30, 2012 with ICICI Bank Limited, the USD amount to be borrowed should not exceed USD 6.25 Crores which on the drawdown date shall not exceed the rupee equivalent of ` 313.60 Crores. The rate of interest on each loan for each interest period is the percentage per annum which is aggregate of the applicable : a) Margin and Six (6) months USD Libor, calculated at two (2) Business Days prior to the relevant interest period. The rate of interest during the year is 5.34%. The Borrower has to repay 1% per annum of the total ECB Drawdown amount starting from 12 months from initial drawdown date for first four years and thereafter the balance amount is to be paid in the fifth installment.

c) Promoters Subordinate Debt :
As per the Promoter Sub debt Agreement between the Company and GMR Energy Limited ('Promoter') dated June 25, 2012, the promoter has infused Rs. 284.17 Crores into the Company as sub debt.

The Promoter Sub Debt does not carry any interest of whatsoever nature and is unsecured. Prior to achievement of the Financial Closure of project expansion, the Company shall be entitled to repay the Promoter Sub Debt only out of any extraordinary net cash flows received by the Company which are clearly demonstrated to have been received solely on account of the expenditure incurred towards Project expansion and do not have the impact of diluting the interest of the investors. The Promoter Sub Debt would rank lower in priority to the senior debt in repayment. The promoter shall reserve the right to convert the Promoter Sub Debt into Equity after achieving the Financial Closure of the Project Expansion. Such conversion shall be subject to prior written consent of the Investors. There will be no repayment of the promoter sub debt till the investors have exited from the Company fully.

2.05 Other long term liabilities

Amount in Rs

Particulars	April 30, 2013	March 31, 2013
Payable towards Capital goods/ services received	-	13,483,687
Retention Money	-	13,483,687
Total	-	26,967,374

2.06 Trade Payable

Amount in Rs

Particulars	April 30, 2013	March 31, 2013
Trade payables		
- due to Micro and small enterprises *		-
- due to others	23,725,877	-
Total	23,725,877	-

* There are no micro and small enterprises to which the Company owes dues or with which the Company had transactions during the period, based on the information available with the Company.

2.07 Other current liabilities

Amount in Rs

Particulars	April 30, 2013	March 31, 2013
Current Maturities of Long Term Debt towards		
Rupee Term Loan (Refer Note No (a) (i) & (b) (i) of note no 2.04)		
- From Banks	1,610,373,452	1,610,373,452
- From other parties	311,706,249	311,706,249
Buyers Credit (Refer Note No (b) (ii) of note no 2.04)	164,369,177	149,525,746
External Commercial Borrowings (Refer Note No (a) (ii) & (b) (iii) of note no 2.04)	30,688,000	30,688,000
Interest accrued but not due on		
Buyers' credit	10,512,480	5,050,806
External Commercial Borrowings	31,168,092	101,366,996
Other payables		
Retention money (Refer Annexure 1)	3,599,409,744	3,584,352,186
Payables towards capital goods / services received		
Micro and small enterprises *	-	-
Others (Refer Annexure 2)	2,364,753,176	2,445,858,082
Acceptances against purchase of fuel	168,767,048	156,014,420
Salaries, bonus and other payables to employees	6,880,450	4,702,504
Book overdraft	-	5,426,494
Statutory dues	22,303,769	25,018,121
Total	8,320,931,637	8,430,083,056

* The Management is in a continuous process of obtaining confirmations from suppliers regarding their registrations under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). There are no balances due to Micro, Small and Medium Enterprises as per the information available with the Company. Auditors have relied on the representations made by the management in this regard.

2.08 Short term provisions

Amount in Rs

Particulars	April 30, 2013	March 31, 2013
Provision for employee benefits		
Leave benefits	25,839,078	24,898,516
Other employee benefits	33,867,370	33,867,196
Provision for others		
Income tax (net of advance tax)	9,513,414	9,540,519
Total	69,219,862	68,306,231

2.11 Long- term loans and advances

Amount in Rs

Particulars	April 30, 2013	March 31, 2013
Unsecured, considered good		
Capital Advances	7,117,693,297	7,188,305,996
Loans and advances to employees	62,933	75,700
Deposits		
With related parties	31,437,214	31,437,214
Others	2,726,147	2,726,147
Deposit with Government authorities*	2,650,090,212	2,628,180,079
Total	9,802,009,803	9,850,725,136

* includes advance custom duty paid before clearance of shipment amounting to ` 2,164,737,506/- (March 31, 2013 : 2,089,996,541/-). Further includes entry tax paid under protest 134,213,191 (March 31, 2013 :` Nil).

2.12 Other non current assets

Amount in Rs

Particulars	April 30, 2013	March 31, 2013
Fixed Deposits with bank*	120,568,435	120,568,435
Interest accrued but not due - receivable at the time of maturity	10,791,701	9,899,825
Total	131,360,136	130,468,260

* - Pledged in favour of Executive Engineer Rengali Right Canal Division No. II, Dhenkanal.

2.13 Current investments

Amount in Rs

Particulars	April 30, 2013	March 31, 2013
Non Trade - Un quoted		
Investments in Mutual Funds		
Axis Liquid Fund - Institutional Growth	300,000,000	-
Total	300,000,000	-
Aggregate net asset value of Mutual Fund	300,000,000	-

Note : The current investments are valued at cost or market value whichever is lower.

SSA & ASSOCIATES BHUBANESWAR ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

2.14 Inventories

Amount in Rs

Particulars	April 30, 2013	March 31, 2013
Raw Materials (Valued at lower of Cost or Net Realisable Value)	115,711,099	-
Total	115,711,099	-

2.15 Trade Receivables

Amount in Rs

Particulars	April 30, 2013	March 31, 2013
Unsecured, considered good		
Trade receivables		
Outstanding for a period more than six months		
Others	32,470,877	-
Total	32,470,877	-

2.16 Cash and bank balances

Amount in Rs

Particulars	April 30, 2013	March 31, 2013
Cash and cash equivalents,		
Cash on hand	1,739,926	3,097,504
Balances with banks		
Current accounts	142,645,773	103,228,636
Total of cash and cash equivalents	**144,385,699**	**106,326,140**
Other bank balances		
Margin money deposit	5,080,162	21,668,549
Total	149,465,861	127,994,689

2.17 Short term loans and advances

Amount in Rs

Particulars	April 30, 2013	March 31, 2013
Unsecured, Considered good		
Loan and advances to employees	8,954,669	8,800,023
Loan receivable from related parties	2,000,000	2,000,000
Trade advances to be received in cash or in kind	81,613,190	-
Prepaid Expenses		
Interest / commission paid	10,547,895	10,962,331
Others	1,271,512	1,271,512
Gratuity plan asset (net of provision)	3,027,571	3,362,808
Total	107,414,837	26,396,674

ASSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

2.18 Other current assets

Amount in Rs

Particulars	April 30, 2013	March 31, 2013
Interest accrued but not due on deposits with bank	50,645	336,085
Unbilled revenue towards export of infirm power	-	31,259,446
Total	50,645	31,595,531

2.19 Other expenses

Amount in Rs

Particulars	April 1, 2013 to April 30, 2013	2012-13
Rates & Taxes	-	260,655
Advertisements	-	2,006,316
Board meeting expenses	67,416	776,467
Donations	30,000	418,334
Auditors remuneration		
Statutory audit fees	-	561,800
Certification charges	-	210,675
Logo fees	-	15,819,320
Miscellaneous expenses	87,950	6,656,655
Total	185,366	26,710,222

2.20 Claims/ Counter claims arising out of the project related contracts including Engineering, Procurement and Construction (EPC) Contract and Non EPC contracts, on account of delays in commissioning of the project, or any other reason is pending settlement / negotiations with concerned parties. The Company has considered its best estimate of cost on the work completed based on the contract, work and purchase orders issued where the final bills are pending to be received /approved. Any adjustment on account of these contracts/bills would be adjusted to the cost of fixed asset in the year of settlement / crystallization. Subsequent to the Balance Sheet date, the Company has invoked the Bank Guarantees of its EPC Contractors (herein after called "party") amounting to Rs 5,792,634,105 on 12th Nov 2014 for liquidated damages, non-payment of debit notes issued by the Company and Outstanding liabilities to Sub-contractors of EPC contractor. The matter is presently sub-judice with District Court, Dhenkenal Odisha.

2.21 Search under Section 132 of the Income Tax Act, 1961 was carried out at the premises of the Company by the Income Tax Authorities on October 11, 2012, followed by search closure visits on various dates during the year, to check the compliance with the provisions of the Income Tax Act, 1961. The Company .pursuant to the same has received the Income tax Assessment Orders passed under section 143(3) r.w.s 153A of the Income tax Act, 1961 for the Assessment Years AY 2008-09 to AY 2013-14. The Assessing Officer in the said orders has considered certain revenue expenditure claimed by the company as not deductible and has also considered certain items in capital work in progress as not eligible for capitalisation. The said adjustments have resulted in additional tax demand of Rs.2.81 Crore and initiation of penalty proceedings. The department after adjusting the refunds due raised a demand of Rs 1.10 Crore. The Company is has filed appeal before appellate authorities and hopeful of getting favorable order and does not foresee any financial implication on financial statements.

2.22 Other commitments relating to Power Purchase Agreements

The Company has entered into a PPA for 25 years, from the date of commercial operation of the project, with Grid Corporation of Orissa Limited (GRIDCO) wherein it has committed to sell and GRIDCO has committed to purchase aggregate contracted capacity of 25% of the total installed capacity. In addition, GRIDCO has the right to receive power generated by GKEL beyond 80% PLF and the entire infirm power (electricity generated prior to commercial operation of the unit of the generating station) generated.

The Company has entered into a PPA for 25 years, from the date of commercial operation, with Bihar State Electricity Board (BSEB) wherein it has committed to sell and BSEB has committed to purchase 260 MW.

The Company has entered into a PPA for 25 years, from the date of commercial operation, with Power Trading Corporation (PTC) wherein it has committed to sell and PTC has committed to purchase 300 MW.

SSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

2.23 Calculation of Earning per share:

Sl.	Particulars	April 1, 2013 to April 30, 2013	2012-13
a.	Nominal Value of Equity Shares (` per share)	10	10
b.	Total No. of Equity Shares outstanding at the beginning of the year	1,356,373,960	621,203,600
c.	Add: Shares allotted during the year	-	735,170,360
d.	Total No. of Equity Shares outstanding at the end of the year	1,356,373,960	1,356,373,960
e.	Weighted average No. of Equity shares for Basic earnings per Share	1,356,373,960	1,087,481,709
f.	Loss as per Statement of Profit and Loss (Amount in `)	(217,568,121)	(26,710,222)
g.	Basic/Diluted Earning per share of ` 10/- each (in `) [(f)/(e)]	(0.160)	(0.025)

2.24 Balances shown under Loans and Advances, current and non-current assets, current and non-current liabilities other than balances with banks and financial institutions are subject to confirmation.

2.25 In the opinion of the management, loans and advances, current and non current assets are good and recoverable and no provision considered necessary.

2.26 Segment Reporting

The Company is engaged primarily in the business of setting and running of Power plant. As the basic nature of the activities is governed by the same set of risk and returns these have been grouped as a single business segment. Accordingly separate primary and secondary segment reporting disclosures as envisaged in Accounting Standard (AS-17) on Segmental Reporting issued by the ICAI are not applicable to the present activities of the company.

2.27 Figures of the previous year wherever necessary, have been reworked, regrouped, reclassified and rearranged to conform with those of the current period.

The notes referred to above form an integral part of the financial statements

As per our report of even date

For AASA & Associates
Chartered Accountants
Firm Registration Number : 310073E

P S Nayak
Partner
Membership No.: 059950

Place: Bhubaneswar
Date: 22-12-2015

ASSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

For GMR Kamalanga Energy Limited

R R Nair
Director & COO

Place : Kamalanga
Date: 22-12-2015

B K Mishra
AVP - F/A

GMR KAMALANGA ENERGY LIMITED

GMR Kamalanga Energy Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

2.09 Fixed Assets

(Amount in Rs.)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	April 01, 2013	Additions	Deletions / Adjust-ments	April 30, 2013	April 01, 2013	For the year	Deletions / Adjust-ments	April 30, 2013	April 30, 2013	March 31, 2013
Tangible Assets										
Land										
Freehold	1,336,161	-		1,336,161	-	-	-	-	1,336,161	1,336,161
Leasehold	438,554,812	-	-	438,554,812	-	-	-	-	438,554,812	438,554,812
Building	1,166,104,477	1,996,880,261	-	3,162,984,738	5,548,185	30,108,764	-	35,656,949	3,127,327,789	1,160,556,292
Computers	13,409,507	751,903	-	14,161,410	4,403,645	232,154	-	4,635,799	9,525,611	9,005,862
Plant and Machinery	81,228,008	21,998,450,132	-	22,079,678,140	9,447,786	192,234,336	-	201,682,122	21,877,996,018	71,780,222
Office Equipments	21,712,618	263,723	-	21,976,341	2,649,160	84,547	-	2,733,707	19,242,634	19,063,458
Medical Equipment	5,835,626	-	-	5,835,626	335,361	32,323	-	367,684	5,467,942	5,500,265
Furniture and Fixtures	11,094,766	3,747,560	-	14,842,326	1,641,505	68,137	-	1,709,642	13,132,684	9,453,261
Vehicles	16,279,316	-	-	16,279,316	5,818,317	127,113	-	5,945,430	10,333,886	10,460,999
Sub Total (a)	**1,755,555,291**	**24,000,093,579**	**-**	**25,755,648,870**	**29,843,959**	**222,887,374**	**-**	**252,731,333**	**25,502,917,537**	**1,725,711,332**
Intangible Assets										
Software	45,259,513	7,007,067	-	52,266,580	24,999,817	554,080	-	25,553,897	26,712,683	20,259,696
Sub Total (b)	45,259,513	7,007,067	-	52,266,580	24,999,817	554,080	-	25,553,897	26,712,683	20,259,696
Total (a+b)	1,800,814,804	24,007,100,646	-	25,807,915,450	54,843,776	223,441,454	-	278,285,230	25,529,630,220	1,745,971,028
Previous year										
Tangible Assets	527,020,487	1,228,534,804	-	1,755,555,291	15,014,454	14,829,505	-	29,843,959	1,725,711,332	-
Intangible Assets	33,626,005	11,633,508	-	45,259,513	18,197,521	6,802,296	-	24,999,817	20,259,696	-
Previous Year Total	560,646,492	1,240,168,312	-	1,800,814,804	33,211,975	21,631,801	-	54,843,776	1,745,971,028	-

Depreciation adjustment :	April 1, 2013 to April 30, 2013
Depreciation for the year	223,441,454
Less: Depreciation Transferred to Capital work in Progress during Construction period	6,058,700
Depreciation charged to Statement of Profit and Loss	**217,382,754**

Notes:

i. The Company has transferred related Depreciation to Capital Work in Progress during construction period.

ii. Leasehold land taken from Government Authorities will be amortised over the period of 90 years from the date of commercial operation of the Power Plant.

iii. Estimated remaining useful life of software as on April 30, 2013 ranges from 9 months to 29 months.

GMR KAMALANGA ENERGY LIMITED

ASSA & ASSOCIATES * CHARTERED ACCOUNTANTS * BHUBANESWAR

GMR Kamalanga Energy Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

2.10 Capital Work in Progress

(Amount in Rs.)

Particulars		April 01, 2013	Incurred during the year / Adjusted	Capitalised / Adjusted *	April 30, 2013
A) Assets under Construction		35,670,097,139	1,183,907,335	19,028,542,048	17,825,462,426
B) Expenditure during Construction Period					
Employee benefits:					
Salaries, allowances and other employee benefits		1,205,390,160	25,386,887	577,457,320	653,319,727
Contribution to provident fund and other funds		70,087,776	392,425	34,041,818	36,438,383
Recruitment / placement costs		48,016,588	264,906	22,722,753	25,558,741
Staff welfare expenses		85,139,961	764,996	40,388,129	45,516,828
Rent		201,139,116	3,087,648	96,097,222	108,129,542
Rates and taxes		75,192,460	2,759,097	46,090,016	31,861,541
Repairs and maintenance		51,523,849	1,078,512	24,744,953	27,857,408
Office maintenance		211,668,464	341,320	99,736,242	112,273,542
Electricity charges		43,795,366	608,426	20,893,839	23,509,953
Insurance		174,734,396	77,559	82,256,326	92,555,629
Consultancy & professional charges		506,385,475	22,221,657	248,716,730	279,890,402
Travelling and conveyance		261,788,098	2,130,179	124,074,369	139,843,908
Air time sharing cost-variable		105,988,985	25,382,160	61,815,610	69,555,535
Communication expenses		34,823,291	322,952	16,537,775	18,608,468
Advertisement		40,891,162	51,021	19,265,007	21,677,176
Printing & stationery		13,584,398	100,236	6,439,192	7,245,442
Bidding expenses		1,001,575	-	471,283	530,292
Community development expenses		66,521,481	2,499,064	32,477,049	36,543,496
Miscellaneous expenses		150,427,002	37,835,811	105,121,066	83,141,747
Depreciation and amortisation		55,542,612	6,058,700	26,833,437	34,767,875
Trial run cost		536,088,195	288,182,510	768,547,024	55,723,681
Finance cost:					
Interest on long term borrowings					
Rupee term loan		4,579,425,834	347,252,792	2,361,964,525	2,564,714,101
Acceptances and buyer's credit		619,933,247	(157,517,945)	207,311,978	255,103,324
External Commercial Borrowings		100,078,674	13,113,811	53,056,105	60,136,380
Bank/ Other finance charges		918,733,487	273,023	435,808,181	483,198,329
Exchange differences gain / (loss)		1,753,320,806	(1,583,332)	699,927,188	1,051,810,286
Tax expense:					
Fringe benefit tax		8,758,577	-	4,121,276	4,637,301
Income tax		29,857,627	-	14,049,261	15,808,366
	(i)	11,949,838,662	621,084,415	6,230,965,674	6,339,957,403
Less: Incidental Income					
Revenue from sale of infirm power		31,259,446	-	143,179,543	(111,920,097)
Interest received:					
Margin money deposit		73,061,267	(129,631,110)	69,750,775	(126,320,618)
Income from current investment:					
Dividend received on mutual funds		9,517,556	-	4,478,408	5,039,148
Profit on sale of mutual funds		115,898,933	-	54,535,288	61,363,645
Other income		11,415,663	(597,006)	5,403,628	5,415,029
	(ii)	241,152,865	(130,228,116)	277,347,642	(166,422,893)
	(iii)	11,708,685,797	751,312,531	5,953,618,032	6,506,380,296
C) Material in Transit		311,241,966	167,910,492	150,514,253	328,638,205
D) Project Inventory		207,770,697	(207,770,697)	-	
TOTAL (A+B+C+D)		47,897,795,599	1,895,359,661	25,132,674,333	24,660,480,927

Includes amount of Rs 1,137,540,586, which was capitalised as part of Building in the previous year.

SASSA & ASSOCIATES CHARTERED ACCOUNTANTS BHUBANESWAR

GMR KAMALANGA ENERGY LIMITED

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GMR Kamalanga Energy Ltd

Retention Money Payable as on 30th April, 2013

Annexure 1

Vendor Code	Vendor Name	Amount (Rs)
101557	KINFOTECH PVT LTD	(31,202)
103876	AVAYA GLOBAL CONNECT	(21,132)
105361	SEPCO ELECTRIC POWER	(263,550)
106054	DARLING PUMPS PVT LT	(34,894)
106257	BROAD VISION	(89,250)
107990	TATA PROJECTS LIMITE	(46,798,921)
109838	BSTRANSCOMM	(18,973,982)
110446	SBEC PROJECT PRIVATE	(216,463)
110506	UNIFY ENTERPRISE COM	(55,499)
113873	SAI MAHI INFRA PROJE	(53,430)
114096	KARUNAKAR BEHERA	(24,029)
114097	SAI KRISHNA CONSTRUC	(122,717)
114200	PRANABANDHU SAHU	(5,484)
114202	DHABALESWAR CONSTRUC	(2,693)
117646	CHANDAN KUMAR DAS MO	(9,989)
118040	UTKAL ENERGY RESOURC	(8,615,709)
118096	K.R.ENTERPRISES	(7,450,287)
200227	SEPCO ELECTRIC POWER	(2,814,230,387)
301328	PAYIK SENTINELS PVT	(287,092)
302416	HONEYWELL AUTOMATION	(1,093,353)
304482	THYSSENKRUPP INDUSTR	(43,864,450)
305474	SEPCO ELECTRIC POWER	(618,201,745)
305826	SODEXO SVC INDIA PVT	(17,569)
306116	GVBR CONSTRUCTIONS	(492,683)
306482	GVBR CONCTRUCTIONS	(1,940,704)
308095	JAY DURGA CONSTRUCTI	(133,991)
309839	WIPRO LIMITED	(343,712)
312845	NITISH CONSTRUCTION	(111,527)
313458	BAJRANGI CONSTRUCTIO	(18,859)
313497	SKC INFRASTRUCTURE (	(703,856)
313638	TRILOCHAN BHUYAN	(21,980)
313677	JITENDRA KUMAR PATTA	(77,963)
313808	AASHRIWAD BIO-PLANTA	(19,972)
313828	RAMESH CHANDRA BISWA	(80,500)
313830	TULASHI CONSTRUCTION	(81,991)
314508	SUBHADRA INFRASTRUCT	(48,663)
314706	NARENDRA KUMAR SAHU	(58,267)
314717	J.K.SUPPLIER	(7,311)
314857	KRUSHNA CHANDRA SAHO	(177,235)
315005	EASTERN PILING & CON	(1,164,152)
315317	DEBANARAYAN SAMANTRA	(348,372)
317761	TANIYA CONSTRUCTION	(8,685)
318328	GVV CONSTRUCTIONS PR	(590,272)
320667	EMPOWERTRANS PRIVATE	(28,874,400)
320938	PHULCHAND AGARWALLA	(168,962)
321111	GANNON DUNKERLEY AND	(499,926)
321266	EDDA SERVICES	(10,542)
321870	PRADHAN CONSTRUCTION	(22,789)
321992	QUARTZ INFRA AND ENG	(39,080)
322053	MOHABIR CONSTRUCTION	(44,887)
322095	TIKU ENTERPRISES	(158,487)
322379	AGE TECHNO CONSULTAN	(100,000)
16100	GMR INFRASTRUCTURE L	(2,596,150)
Total		(3,599,409,744)

ASSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

GMR Kamalanga Energy Ltd

Undischarged Liabilities as on 30th April, 2013

Annexure 2

Vendor Code	Vendor Name	Amount (Rs)
100637	CRISIL LTD	(556,182)
106161	DELL INTERNATIONAL S	(1,620,529)
113738	KPMG (REGISTERED)	(470,169)
114096	KARUNAKAR BEHERA	(67,221)
116992	ZUARI CEMENT LTD	(772,000)
118040	UTKAL ENERGY RESOURC	(3,038,148)
118087	BABA GORAKHNATH ROAD	(2,028,634)
118096	K.R.ENTERPRISES	(6,073,287)
200362	OFFICE EXPRESS (BEIJ	(123,102)
200422	APOLLO BUILDING CO.	(729,718)
200571	AXA MINMETALS ASSURA	(732,426)
300210	INSPECTORATE GRIFFIT	(273,034)
300982	IBC KNOWLEDGE PARK P	(812,785)
301321	LAHMEYER INTERNATION	(77,332)
301328	PAYIK SENTINELS PVT	(864,414)
301828	ZIP BY SPREE AT WOOD	(126,775)
301842	GIRISH MURTHY & KUMA	(9,780)
302102	CBEC- A/C SERVICE TA	(471,704)
302220	DEEPA SRIDHAR	(143,724)
302736	MCKINSEY & COMPANY	(20,156,036)
302879	PRAXIS COUNSEL	(141,750)
306597	AARVEE ASSOCIATES AR	(489,260)
308368	LAHMEYER INTERNATION	(160,018)
308684	POWER GRID CORPORATI	(559,119)
309636	MAA HINGULA CONSTRUC	(336,099)
310490	PRICEWATERHOUSECOOPE	(202,248)
312482	GUPTA POWER INFRACST	(186,409)
312745	JAI HANUMAN ENTERPRI	(211,624)
312747	AMARAVATI ENTERPRISE	(2,225)
313555	KAMALESWAR CONSTRUCT	(148,500)
313557	ABHAYA KUMAR BHUTIA	(76,200)
313559	JAY JAGANNATH CONSTR	(415,800)
313798	SUSANTA KUMAR ROUT	(183,150)
313824	MAA GOURI CONSTRUCTI	(62,488)
313831	BASANT JENA	(198,000)
313832	DURGA CONSTRUCTION	(173,250)
314173	PEST CONTROL(INDIA)	(47,348)
314313	SHUSIL BEHERA	(61,722)
314314	BINAY KUMAR MOHAPATR	(185,684)
314316	TIRTHABAS BHUTIA	(62,864)
314381	GRJ&ASSOCIATES	(1,350)
314487	SARASWATI ENGINEERIN	(27,850)
314596	BIKRAM KESHARI MOHAP	(40,936)
314717	J.K.SUPPLIER	(158,400)
314857	KRUSHNA CHANDRA SAHO	(128,700)
317493	B.M.TRADERS	(47,828)

SASSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

GMR Kamalanga Energy Ltd
Undischarged Liabilities as on 30th April, 2013

Annexure 2

Vendor Code	Vendor Name	Amount (Rs)
317859	JAGANNATH ENTERPRISE	(216,600)
318089	SARAT CHANDRA ROUT	(183,150)
321111	GANNON DUNKERLEY AND	(423,653)
321266	EDDA SERVICES	(563,394)
321292	SEEMA ENTERPRISES	(27,720)
321293	NIRANJAN MOHAPATRA	(178,200)
321626	TULASI CONSTRUCTION	(474,702)
321973	SWARNAMAYEE GARNAIK	(78,858)
322148	MAHA LAXMI ENTRERPRI	(79,200)
322149	OMM ENTERPRISES	(118,471)
322161	SPARK INDIA	(790,762)
322177	POWER GRID CORPORATI	(97,573)
322469	MONALISHA CONSTRUCTI	(95,147)
322477	S.K.MAJHI CONSTRUCTI	(71,162)
322579	TARINI ENTERPRISES	(83,098)
322699	NIROD KUMAR ROUT	(159,674)
322727	JK CORPORATE SERVICE	(230,102)
322848	SUBASH CHANDRA PATAN	(84,131)
322920	K G ENTERPRISERS	(539,125)
109838	BSTRANSCOMM	(500,575)
200227	SEPCO ELECTRIC POWER	(2,115,172,498)
301862	ESSAE DIGITRONICS PV	(610,500)
304482	THYSSENKRUPP INDUSTR	(10,635,997)
305128	BHAMBRA SERVICE CENT	(56,647)
309810	MAA BAUTI CONSTRUCTI	(191,420)
309839	WIPRO LIMITED	(7,997,858)
314302	HINDUSTAN PETROLEUM	(128,877,947)
12600	GMR CONSULTING SERVI	(16,503,636)
18100	GMR AVIATION PRIVATE	(24,874,515)
18600	GMR VARALAKSHMI FOUN	(2,062,371)
16000	GMR HOLDINGS PRIVATE	(9,318,669)
	Total	**(2,364,753,176)**

SASSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

GMR Kamalanga Energy Ltd

Capital Advance as on 30th April, 2013

Annexure 3

Vendor Code	Vendor Name	Amount (Rs)
304834	ORISSA POWER TRANSMI	5,000
315005	EASTERN PILING & CON	29,948
100636	CREDIT ANALYSIS & RE	1,910,120
102007	NATIONAL INSURANCE C	73,280,166
103499	UNITED INDIA INSURAN	5,966,520
104502	STYLE SPA FURNITURE	97,637
105180	PETE HAMMOND POWER S	1,820,165
105334	AREVA T&D INDIA LTD.	334,406
106015	TATA STEELS LIMITED	11,840
107067	DISTRICT COUNCIL OF	250,000
108887	MADRAS CEMENTS LTD	2,280
110621	TAHASILDAR , ODAPADA	4,000,000
111417	KRISHNA KUMAR KL	25,491,866
113473	APSHWCS LTD	5,000,000
113856	DIRECTORATE OF FACTO	306,180
113923	GARUDA POWER PRIVATE	20,965
114801	LAXMI DEVI AGRAWALLA	116,667
115909	DIRECTORATE GENERAL	33,708
117120	VIVEK DAS	100,000
117923	SURELAND FIRE & SECU	552,395
300200	IBM INDIA PVT. LTD.	16,293,603
302307	FACAO,EAST COAST RAI	67,789,655
304834	ORISSA POWER TRANSMI	1,350,000
306420	LG ELECTRONICS INDIA	3,467
307320	COALTRANS CONFERENCE	40,343
308058	DIVISIONAL FOREST OF	25,249,902
308385	POWER EXCHANGE INDIA	112,360
308993	BIRLA SUNLIFE INSURA	1,139,432
308997	SUB REGISTRAR-DHENKA	38,172,450
309187	INDIAN ENERGY EXCHAN	112,360
313972	JAI MAA DURGA FURNIT	10,000
314221	THE CONTROLLER OF PU	14,000
314779	EMBEE SOFTWARE PVT L	529,086
315005	EASTERN PILING & CON	204,819
315443	SADHU CHARAN BEHERA	80,000
317826	REDINGTON INDIA LTD	28,904
318041	SACHIDA NANDA MALLIC	4,000
318175	STATE POLLUTION CONT	3,945,250
320098	MJUNCTION SERVICES L	40,050
320667	EMPOWERTRANS PRIVATE	65,225,899
321265	RASHTRAUDHYOG LIMITE	84,487

SASSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

321600	CHIEF CONTROLLER OF	7,900
322154	MJUNCTION SERVICES L	21,600,000
322775	UMA ENGINEERING WORK	275,946
105361	SEPCO ELECTRIC POWER	292,839,511
107990	TATA PROJECTS LIMITE	13,120,322
301325	ORISSA INDUSTRIAL IN	394,561,984
302416	HONEYWELL AUTOMATION	696,277
305474	SEPCO ELECTRIC POWER	4,530,420,695
220227	SEPCO ELECTRIC POWER	1,262,300,000
306482	GVBR CONCTRUCTIONS	5,750,844
310313	EE TED CESU CHAINPAL	6,858,236
312525	HINDUSTAN HOSPITALIT	1,777,199
312632	FINANCIAL ADVISOR &	20,881,162
313497	SKC INFRASTRUCTURE (	9,245,272
318328	GVV CONSTRUCTIONS PR	3,303,403
321125	MAX INTERIOR	1,647,462
16100	GMR INFRASTRUCTURE L	203,599,281
18000	RAXA SECURITY SERVIC	9,047,872
	Total	7,117,693,297

ASSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

Annexure - R 5

AASA & Associates

CHARTERED ACCOUNTANTS

(Formerly Roy & Sahoo)

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INDEPENDENT AUDITORS' REPORT

To the Director and COO
GMR Kamalanga Energy Limited

Report on the Financial Statements

We have audited the accompanying financial statements of GMR Kamalanga Energy Limited ("the Company"), which comprise the Balance Sheet as at 12th November , 2013 (date of COD of Unit-II of the Company), and the Statement of Profit and Loss for the period ended on that date, and a summary of significant accounting policies and other explanatory information. The audit has been conducted at the specific request of the company to comply with the requirement of Central Electricity Regulatory Commission for determination of generation tariff in respect of 262.5 MW gross capacity sale from Kamalanga Power Plant of GMR Kamalanga Energy Ltd to GRIDCO.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards specified by the Institute of Chartered Accountants of India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the

AASA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements read along with the notes on accounts give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 12th November, 2013;
(b) in the case of the Profit and Loss Account, of the Loss for the period ended on that date;

We report that:

a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c. The Balance Sheet, Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;

d. In our opinion the Balance Sheet, Statement of Profit and Loss comply with the Accounting Standards issued by the Institute of Chartered Accountants of India.

For AASA & ASSOCIATES
Chartered Accountants
FRN-310073E

AASA & ASSOCIATES ★ BHUBANESWAR ★ CHARTERED ACCOUNTANTS

P.S.Nayak
(Partner)
M.No:-059950

Place :-Bhubaneswar
Date :- 22-12-2015

GMR Kamalanga Energy Limited

BALANCE SHEET AS AT NOVEMBER 12, 2013

Amount in Rs

Particulars	Note No.	November 12, 2013	March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.01	15,932,563,200	13,563,739,600
Reserves and surplus	2.02	(2,712,902,166)	(148,543,190)
		13,219,661,034	13,415,196,410
Share application money pending allotment	2.03	2,595,000,080	1,316,500,140
Non-current liabilities			
Long term borrowings	2.04	36,503,395,305	36,553,893,706
Other long term liabilities	2.05	-	26,967,374
		36,503,395,305	36,580,861,080
Current liabilities			
Short Term Borrowings	2.06	3,649,138,966	-
Trade payables	2.06A	257,900,967	-
Other current liabilities	2.07	8,435,500,243	8,430,083,057
Short term provisions	2.08	48,890,401	68,306,231
		12,391,430,577	8,498,389,288
TOTAL		64,709,486,996	59,810,946,918
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets	2.09	41,834,917,437	1,725,711,332
Intangible assets	2.09	23,042,494	20,259,696
Capital work-in-progress	2.10	11,600,860,566	47,897,795,600
		53,458,820,497	49,643,766,628
Long-term loans and advances	2.11	9,090,575,523	9,850,725,136
Other non-current assets	2.12	135,886,406	130,468,260
		62,685,282,426	59,624,960,024
Current assets			
Current investments	2.13	551,322,806	-
Inventories	2.14	376,125,533	-
Trade Receivables	2.15	175,356,397	-
Cash and bank balances	2.16	335,778,701	127,994,689
Short term loans and advances	2.17	370,457,533	26,396,674
Other current assets	2.18	215,163,600	31,595,531
		2,024,204,570	185,986,894
TOTAL		64,709,486,996	59,810,946,918
Significant accounting policies and notes to financial statements	1&2		

The notes referred to above form an integral part of the financial statements

As per our report of even date

For AASA & Associates
Chartered Accountants
Firm Registration Number : 310073E

P S Nayak
Partner
Membership No.: 059950

Place: Bhubaneswar
Date: 22-12-2015

For GMR Kamalanga Energy Limited

R R Nair
Director & COO

B K Mishra
AVP - F/A

Place : Kamalanga
Date: 22-12-2015

GMR Kamalanga Energy Limited

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED NOVEMBER 12, 2013

Amount in Rs

Particulars	Note No.	April 1, 2013 to November 12, 2013	2012-13
Revenue from operations	2.19	68,059,336	-
Total revenue		68,059,336	-
Expenses:			
Cost of materials consumed	2.20	88,573,244	-
Employee cost	2.21	164,290,199	-
Other expenses	2.22	239,734,668	26,710,222
Total expenses		492,598,111	26,710,222
Earnings before interest, tax, depreciation and amortization [EBITDA]		(424,538,775)	(26,710,222)
Depreciation [refer note no. 2.09 (1)]	2.09	995,052,109	-
Finance cost	2.23	1,144,768,092	-
Loss before tax		(2,564,358,976)	(26,710,222)
Tax expense:			
Current tax		-	-
Loss for the Period		(2,564,358,976)	(26,710,222)
Earnings per equity share:			
[Nominal value of ` 10/- each]			
Basic and Diluted	2.27	(1.815)	(0.025)
Significant accounting policies and notes to financial statements	1&2		

The notes referred to above form an integral part of the financial statements

As per our report of even date

For AASA & Associates
Chartered Accountants
Firm Registration Number : 310073E

P S Nayak
Partner
Membership No.: 059950

Place: Bhubaneswar
Date: 22-12-2015

AASA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

For GMR Kamalanga Energy Limited

R R Nair
Director & COO

B K Mishra
AVP - F/A

Place : Kamalanga
Date: 22-12-2015

GMR KAMALANGA ENERGY LIMITED

GMR Kamalanga Energy Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

Company overview

GMR Kamalanga Energy Limited is promoted as a Special Purpose Vehicle (SPV) by GMR Energy Limited, the holding Company, to develop and operate 3*350 MW under Phase 1 and 1*350 MW under Phase 2, coal based power project in Kamalanga Village, Dhenkanal District of Odisha. The Company has obtained Mega Power status certificate from Government of India, Ministry of Power vide letter dated February 1, 2012. The Company has declared commercial operation of Unit I and Unit II of Phase 1 of the of 350MW each on April 30, 2013 and 12th November 2013 respectively.

1 Significant Accounting Policies

1.01 Basis of Preparation of Financial Statements

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non current classification of assets and liabilities.

1.02 **Use of Estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

1.03 **Revenue Recognition**

i) Revenue from energy units sold as per the terms of the Power Purchase Agreement (PPA) and LOI (collectively hereinafter referred to as 'the PPAs') is recognised on an accrual basis and includes unbilled revenue accrued up to the end of the accounting year. Revenue from energy units sold on a merchant basis is recognised in accordance with billings made to the customers based on the units of energy delivered and rates agreed with customers.

ii) Revenue from sale of infirm power are recognised as per the guidelines of Central Electricity Regulatory Commission. Revenue prior to date of commercial operation are reduced from Project cost.

iii) Claims for delayed payment charges and any other claims, which the Company is entitled to under the PPAs, are accounted for in the year of acceptance. Similarly Commission, Rebate and any other charges are accounted for in the year of acceptance.

iv) Revenue earned in excess of billings has been included under "other assets" as unbilled revenue and billings in excess of revenue have been disclosed under "other liabilities" as unearned revenue.

v) Interest is recognized using the time proportion method based on rates implicit in the transaction. Interest income is included under the head "other income" in the statement of profit and loss. Dividend income is accounted for in the year in which the right to receive the same is established by the reporting date.

vi) On disposal of current investments, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss. Such income is included under the head "other income" in the statement of profit and loss.

ASSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

1.04 Fixed Assets and Capital Work-in-progress

i) Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price and freight, duties, levies and borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

ii) Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

iii) Computer software where the estimated useful life is one year or less, is charged to the statement of profit and loss in the year of purchase. Computer Software purchased by the Company, which have an estimated useful life exceeding one year, are capitalized.

iv) Intangible assets are stated at the consideration paid for acquisition less accumulated amortization.

v) All Project related expenditure viz, civil works, machinery under erection, construction and erection materials, pre-operative expenditure incidental / attributable to construction of project, borrowing cost incurred prior to the date of commercial operation and trial run expenditure are shown under Capital Work-in-Progress. These expenses are net of recoveries and income from surplus funds arising out of project specific borrowings after taxes.

vi) Temporary structure constructed only for project period are fully depreciated in the year of capitalisation.

1.05 Depreciation / Amortisation

i) Depreciation on tangible assets, other than Plant and Equipment & Office Equipment of Power Generating facility are provided on pro-rata basis using straight line method at the rates specified under Schedule XIV to the Companies Act, 1956 which is estimated by the management to be the estimated useful lives of the assets, except for assets individually costing Rs 5,000 or less which are fully depreciated in the year of acquisition.

ii) In respect of depreciation on plant and equipment and office equipment of Power Generating facility is provided on a pro-rata basis on Straight Line Method at rates specified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulation 2009 in terms of MCA circular No 31/2011 Dated May 31, 2011.

iii) Leasehold land taken from Government Authorities are amortised as per Central Electricity Regulatory Commission as mentioned above.

iv) Software is amortised based on the useful life of 6 years on a straight-line basis as estimated by the

SASSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

1.06 Inventory

Inventories being raw materials, consumables, stores and spares are valued at lower of cost or net realisable value. Cost is determined, in general, on a weighted average basis and includes all applicable costs incurred in bringing goods to their present location and condition. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Inventory of raw materials held for trial run during project stage are disclosed under Capital work in progress.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

1.07 Borrowing cost

Borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset till the date of capitalization. Other borrowing costs are recognized as expenses in the period in which they are incurred.

1.08 Investments

i) Long term Investments are stated at cost. Provision for diminution in value of long term investments is made only if such a decline is other than temporary in the opinion of the management.

ii) Current Investments are stated at cost or market value whichever is lower.

1.09 Leases

Leases where the lessor effectively retains substantially all the risk and benefits of ownership of leased items, are classified as operating lease. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease term.

Finance lease, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

1.10 Foreign Currency Transactions

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

ASSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

1.11 Derivative Instruments

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the Statement of Profit and Loss except in respect of project cost which is recognised as Capital Work in Progress (CWIP). Realised gains/losses in respect of project cost are recognised in CWIP. Net unrealised gains are ignored.

1.12 Employee Benefits

i) **Defined Contribution Plan**

Contributions paid / payable to defined contribution plans comprising of provident fund, pension fund, superannuation fund etc. in accordance with the applicable laws and regulations are recognised as expenses during the period in which the employees perform the services that the payments cover. Certain entities of the Group makes monthly contributions and has no further obligations under such plans beyond its contributions.

ii) Defined Benefit plan

The liability as at the balance sheet date is provided for based on the actuarial valuation, based on Projected Unit Credit Method at the balance sheet date, carried out by an independent actuary. Actuarial Gains and Losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognised immediately in the Statement of Profit and Loss as an income or expense.

iii) **Other Long Term Employee Benefits**

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

iv) **Short term employee benefits.**

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

1.13 Taxes on Income

Current tax is determined on the amount of tax payable in respect of taxable income for the year. Deferred tax is At each reporting date, the Company re-assess unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets are reviewed at each reporting date. The entity writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

1.14 Earnings per share

The basic earnings per share are computed by dividing the net profit after tax for the period by the weighted average number of equity shares outstanding during the year. Diluted earnings per share, if any are computed using the weighted average number of equity shares and dilutive potential equity share outstanding during the period except when the results would be anti-dilutive.

SSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

1.15 Impairment

At each Balance Sheet date, the Company reviews the carrying amounts of its Fixed Assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-discount rate that reflects the current market assessments of time value of money and the risks specific to the asset. Reversal of impairment loss is recognized immediately as income in the Statement of Profit and Loss.

1.16 **Cash and Cash Equivalents**

Cash for the purposes of cash flow statement comprise cash in hand and at bank (including deposits) and cash equivalents comprise of short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.17 **Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions, other than employee benefits, are not discounted to their present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent Assets are neither recognised nor disclosed in the financial statements.

RSSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

2 Notes to Financial Statements

2.01 Share capital

Amount in Rs

Particulars	November 12, 2013	March 31, 2013
Authorised		
2,200,000,000 (March 31, 2013 : 1,650,000,000) Equity Shares of ` 10/- each	22,000,000,000	16,500,000,000
Issued, Subscribed and Paid up		
1,593,256,320 (March 31, 2013 : 1,356,373,960) Equity Shares of ` 10/- each, fully paid up	15,932,563,200	13,563,739,600
Total	15,932,563,200	13,563,739,600

Rights, preferences and restrictions attached to shares

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after satisfying all the dues to banks and financial institutions and after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company has only one class of shares referred to as equity shares having par value of ` 10/- each. Each holder of equity share is entitled to one vote per share.

Restrictions on the distribution of dividends :

Board shall subject to restrictions imposed by the project finance lenders, in terms of financing agreement, propose to the shareholders the maximum possible dividend payable under applicable law. Upon such recommendation shareholders shall declare dividends as follows -

(i) All such dividends & profits shall be paid to shareholders in their existing shareholding pattern.

(ii) Any such dividend or other distribution shall be based on profit generated by the Company or on appropriate basis permitted by the applicable laws.

Reconciliation of the number of equity shares outstanding :

Particulars	November 12, 2013		March 31, 2013	
	No of shares	Amount in `	No of shares	Amount in `
Number of shares at the beginning	1,356,373,960	13,563,739,600	621,203,600	6,212,036,000
Add: Issued during the year	236,882,360	2,368,823,600	735,170,360	7,351,703,600
Number of shares at the end	1,593,256,320	15,932,563,200	1,356,373,960	13,563,739,600

Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates :

Particulars	November 12, 2013	March 31, 2013
Equity Shares at par value of ` 10/- each	No. of shares	No. of shares
GMR Energy Limited [GEL] - Holding Company	1,297,517,372	1,096,167,366

Shares in the Company held by each shareholder holding 5 percent or more specifying the number of shares held:

Name of the Shareholders	November 12, 2013		March 31, 2013	
	No of shares	% of holding	No of shares	% of holding
GMR Energy Limited [GEL]	1,297,517,372	81.44%	1,096,167,366	80.82%
India Infrastructure Fund [IIF]	238,988,448	15.00%	203,456,094	15.00%
Infrastructure Development Finance Limited [IDFC]	56,750,000	3.56%	56,750,000	4.18%

2.02 Reserves and Surplus

Amount in Rs

Particulars	November 12, 2013	March 31, 2013
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(148,543,190)	(121,832,968)
Add: Net profit/(loss) after tax transferred from Statement of Profit and Loss	(2,564,358,976)	(26,710,222)
Closing balance	(2,712,902,166)	(148,543,190)
Total	(2,712,902,166)	(148,543,190)

2.03 Share application money pending allotment

Amount in Rs

Particulars	November 12, 2013	March 31, 2013
Share Application Money	2,595,000,080	1,316,500,140
Total	2,595,000,080	1,316,500,140

Share application money balance as on November 12, 2013 relating to amount received from GMR Energy Limited Rs 2,595,000,080/- (March 31, 2013: 1,316,500,140/-). The Company will be alloting the shares subsequent to the receipt of matching contribution from other investors as per the agreed terms.

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GMR KAMALANGA ENERGY LIMITED

2.04 Long term borrowings

Amount in Rs

Particulars	November 12, 2013	March 31, 2013
Secured		
Rupee term loans (Refer Note No (a) (i) & (b) (i) below)		
from banks	22,988,269,135	24,155,601,770
from other parties	4,461,300,001	4,675,593,752
External Commercial Borrowings from Banks (Refer Note No (a) (ii) & (b) (iii) below)	3,441,317,386	3,038,112,000
Other loans and advances (Refer Note No (b) (ii) below)		
Acceptances	-	-
Buyers' credit	2,530,808,783	2,242,886,184
Unsecured		
Promoters Subordinate debt- Holding Company (Refer Note No (c) below)	3,081,700,000	2,441,700,000
Total	36,503,395,305	36,553,893,706

Notes:
The Rupee Facility loans are availed from a consortium of lenders to develop 3*350 MW under Phase 1 and 1*350 MW under Phase 2, coal based power project.

(a) Nature of Security :

i) Rupee Term Loan
A first mortgage and charge by way of registered mortgage in favour of the Lenders / Security trustee of all the borrowers immovable properties, present and future / a first charge by way of hypothecation of all the borrowers movables including movable plant and machinery, machinery spares, tools and accessories, present and future, borrowers stock of raw materials, semi-finished and finished goods and consumable goods, a first charge on the book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising present and future, intangibles, goodwill, uncalled capital, present and future / first charge on the Trust and Retention account including the debt service reserve account and other reserves and any other bank accounts, wherever maintained present and future first charge by way of assignment or creation of charge of all the right, title, interest, benefits, claims and demands whatsoever of the borrower in the project documents / in the clearances / in any letter of credit, guarantee, performance bond provided by any party to the project documents and all insurance contracts / insurance proceeds, Pledge of shares (in the demat form) representing a minimum of 51% of the total paid up equity share capital of the borrower / From the date of repayment of 50% of loans, the number of shares under the pledge may be reduced to 26% of the paid up equity share capital of the borrower held by Holding Company.

All the security set out above shall rank pari passu amongst the lenders of the project for an aggregate RTL of ` 3,405 Crores and working capital lenders for an amount acceptable to the lenders.

ii) External Commercial Borrowings from Bank
A first ranking charge/ assignment / mortgage / hypothecation / Security Interest on pari passu basis on all the Borrower's immovable (including land) and movable properties (excluding mining equipments) including plant and machinery, machine spares, tools and accessories, furniture, fixtures, vehicle and other movable assets, both present and future in relation to the project, all the tangible and intangible assets including but not limited to its goodwill, undertaking and uncalled capital, both present and future in relation to the project, all insurance policies, performance bonds, contractors guarantees and any letter of credit provided by any person under the Project documents, all the rights, titles, permits, clearances, approvals and interests of the Borrower in, to and in respect of the project Documents and all contracts relating to the project, all the book debts, operating cash flows, receivables, all other current assets, commission, revenues of the borrower, both present and future in relation to the project and all the accounts and all the bank accounts of the borrower in relation to the Project and pledge of shares (in the demat form) held by the Holding Company constituting 51% of the shares which shall be reduced to 26% of shares on repayment of half the loans subject to the compliance of conditions put forth by the Consortium of RTL lenders.

A first ranking pledge over Shares held by the sponsor constituting fifty one percent (51%) of shares which shall be reduced to twenty six percent (26%) of shares on repayment of half the loans. Provided however, such pledge shall be subject to section 19(2) & (3) of the Banking Regulations Act, 1949.

ASSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

(b) Terms of repayment :

i) Rupee Term Loan:

As per the Rupee Term Loan (RTL) agreement entered into by the Company on May 27, 2009 with the consortium of banks and financial institution, the amount to be borrowed by the Company from the lenders shall not exceed ` 3,405 Crores. The applicable interest rate for all the lenders for the year varies from 11.50% p.a. to 14.50% pa.

The amount of RTL borrowed needs to be repaid in 48 equal quarterly installments from the earlier of a) 12 months from Schedule project completion date, or b) 51 months from the date of financial closure as per of the RTL agreement. The first quarterly installment of RTL falls due on June 15, 2013 as per the agreement mentioned above. As per the negotiation with the RTL lenders and opinions received the installment repayment begins from September 15, 2013, further if the amount disbursed is less than the sum agreed as per the Agreement, the installment of repayment of loan shall stand reduced proportionately. Accorrdingly the Company has paid the first principal instalment on the above said date.

ii) Acceptances and Buyers' credit

The Acceptances and Buyers' credit are sub limit to Rupee Term Loan as per the RTL Agreement availed by the Company and are secured in the same manner and terms & condition as Rupee Term Loan.

The Buyers' Credit, Foreign and inland Acceptances (letter of credit), disclosed above are in the nature of long term borrowing which are currently availed under these instruments and can be rolled over for a further period, based on the availability period under the Rupee Term Loan (RTL) Agreement and ultimately crystallized into Rupee Term Loan as per RTL Agreement with consortium of banks and financial institutions.

Acceptances denote usance letter of credit discounted with other banks. The rate of interest on such bill discounting ranges from 10.50% to 12.24% for Acceptances and from 1.27% to 1.51% for Buyers' credit and Foreign letter of credit during the period ended November 12, 2013.

iii) External Commercial Borrowings :

As per the ECB Facility Agreement entered into by the Company on June 30, 2012 with ICICI Bank Limited, the USD amount to be borrowed should not exceed USD 6.25 Crores which on the drawdown date shall not exceed the rupee equivalent of ` 313.60 Crores. The rate of interest on each loan for each interest period is the percentage per annum which is aggregate of the applicable : a) Margin and Six (6) months USD Libor, calculated at two (2) Business Days prior to the relevant interest period. The rate of interest during the period is 5.1449%. The Borrower has to repay 1% per annum of the total ECB Drawdown amount starting from 12 months from initial drawdown date for first four years and thereafter the balance amount is to be paid in the fifth installment. Accordingly the Company has paid USD 560,000 as the first principal instalment during this period.

c) **Promoters Subordinate Debt :**

As per the Promoter Sub debt Agreement between the Company and GMR Energy Limited ('Promoter') dated June 25, 2012, the promoter has infused Rs. 308.17 Crores into the Company as sub debt.

The Promoter Sub Debt does not carry any interest of whatsoever nature and is unsecured. Prior to achievement of the Financial Closure of project expansion, the Company shall be entitled to repay the Promoter Sub Debt only out of any extraordinary net cash flows received by the Company which are clearly demonstrated to have been received solely on account of the expenditure incurred towards Project expansion and do not have the impact of diluting the interest of the investors. The Promoter Sub Debt would rank lower in priority to the senior debt in repayment. The promoter shall reserve the right to convert the Promoter Sub Debt into Equity after achieving the Financial Closure of the Project Expansion. Such conversion shall be subject to prior written consent of the Investors. There will be no repayment of the promoter sub debt till the investors have exited from the Company fully.

ASSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

2.05 Other long term liabilities

Amount in Rs

Particulars	November 12, 2013	March 31, 2013
Payable towards Capital goods/ services received	-	13,483,687
Retention Money	-	13,483,687
Total	-	26,967,374

2.06 Short Term Borrowings

Amount in Rs

Particulars	November 12, 2013	March 31, 2013
Secured		
Cash Credit [refer note no (a) below]	29,138,966	-
Unsecured		
Unsecured Loan from related party [refer note no (b) below]	3,620,000,000	-
Total	3,649,138,966	-

(a) Cash Credit :

Cash Credit facilities are secured by way of a first charge and registered mortgage of all the immovable properties and movables including plant and machinery, machinery spares, tools and accessories, stock of raw materials, semi finished goods and consumable goods and by book debts, operating cash flows, receivables, revenues whatsoever in nature, present and future. Further it is secured by pledge of shares representing 51% of the total paid up equity share capital. The beneficial interest in the Security shall rank pari passu among all the Rupee Lenders and the lenders participating in the bank borrowings for the working capital requirements/bank guarantee facility to the extent as approved by the Rupee Lenders. The Cash Credit Overdraft facility is repayable on demand subjected to annual review/renewal and carrying Interest rate at respective Banks base rate plus 3.00% and the interest rate is ranging between 12.50% to 13.20%.

(b) Loan from related party :

Unsecured Loan from GMR Power Corporation Limited (GPCL) is repayable with in one year from date of disbursement. Applicable interest rate for the year is ranging between 14.35% to 15.60% and interest payable at the end of financial year.

2.06A Trade Payable

Amount in Rs

Particulars	November 12, 2013	March 31, 2013
Trade payables		
- due to Micro and small enterprises *		
- due to others	257,900,967	-
Total	257,900,967	-

* There are no micro and small enterprises to which the Company owes dues or with which the Company had transactions during the period, based on the information available with the Company.

2.07 Other current liabilities

Amount in Rs

Particulars	November 12, 2013	March 31, 2013
Current Maturities of Long Term Debt towards		
Rupee Term Loan (Refer Note No (a) (i) & (b) (i) of note no 2.04)		
- From Banks	2,417,200,000	1,610,373,452
- From other parties	420,800,000	311,706,249
Buyers Credit (Refer Note No (b) (ii) of note no 2.04)	230,069,510	149,525,746
External Commercial Borrowings (Refer Note No (a) (ii) & (b) (iii) of note no 2.04)	35,414,400	30,688,000
Interest accrued but not due on		
Buyers' credit	7,203,352	5,050,806
External Commercial Borrowings	13,006,357	101,366,996
Unsecured loan from Related Party	85,949,117	-
Other payables		
Retention money (Annexure 1)	4,138,024,287	3,584,352,186
Payables towards capital goods / services received		
Micro and small enterprises	-	-
Others (Annexure 2)	522,392,522	2,445,858,083
Acceptances against purchase of fuel	543,783,827	156,014,420
Salaries, bonus and other payables to employees	7,442,055	5,356,091
Book overdraft	-	5,426,494
Statutory dues	14,214,816	24,364,534
Total	8,435,500,243	8,430,083,057

2.08 Short term provisions

Amount in Rs

Particulars	November 12, 2013	March 31, 2013
Provision for employee benefits		
Leave benefits	27,817,500	24,898,516
Other employee benefits	17,946,395	33,867,196
Provision for others		
Income tax (net of advance tax)	3,126,506	9,540,519
Total	48,890,401	68,306,231

2.11 Long- term loans and advances

Amount in Rs

Particulars	November 12, 2013	March 31, 2013
Unsecured, considered good		
Capital Advances	7,755,742,392	7,188,305,996
Loans and advances to employees	85,000	75,700
Deposits		
With related parties	-	31,437,214
Others	34,083,361	2,726,147
Deposit with Government authorities	1,300,664,770	2,628,180,079
Total	9,090,575,523	9,850,725,136

2.12 Other non current assets

Amount in Rs

Particulars	November 12, 2013	March 31, 2013
Fixed Deposits with bank *	120,568,435	120,568,435
Interest accrued but not due - receivable at the time of maturity	15,317,971	9,899,825
Total	135,886,406	130,468,260

*Pledged in favour of Executive Engineer Rengali Right Canal Division No. II, Dhenkanal.

2.13 Current investments

Amount in Rs

Particulars	November 12, 2013	March 31, 2013
Birla Sun life Savings Fund - Instl. -Daily Dividend	151,322,806	
Kotak liquid scheme - Growth	400,000,000	-
Total	551,322,806	-

2.14 Inventories

Amount in Rs

Particulars	November 12, 2013	March 31, 2013
Raw Materials	371,249,456	-
(Valued at lower of Cost or Net Realisable Value)		
Stores	4,876,077	-
Total	376,125,533	-

2.15 Trade Receivables

Amount in Rs

Particulars	November 12, 2013	March 31, 2013
Unsecured, considered good		
Trade receivables		
Outstanding for a period more than six months	-	-
Others	175,356,397	-
Total	175,356,397	-

BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

2.16 Cash and bank balances

Amount in Rs

Particulars	November 12, 2013	March 31, 2013
Cash and cash equivalents		
Cash on hand	568,329	3,097,504
Balances with banks		
Current accounts	217,309,463	103,228,636
Total of cash and cash equivalents	217,877,792	106,326,140
Other bank balances		
Margin money deposit	117,900,909	21,668,549
Total	335,778,701	127,994,689

2.17 Short term loans and advances

Amount in Rs

Particulars	November 12, 2013	March 31, 2013
Unsecured, Considered good		
Loan and advances to employees	4,432,019	8,800,023
Loan receivable from related parties	33,437,214	2,000,000
Advances to Suppliers - other than capital goods	312,368,660	-
Prepaid Expenses		
Interest / commission paid	15,109,524	10,962,331
Others	2,149,153	1,271,512
Gratuity plan asset (net of provision)	2,960,963	3,362,808
Total	370,457,533	26,396,674

2.18 Other current assets

Amount in Rs

Particulars	November 12, 2013	March 31, 2013
Interest accrued but not due on deposits with bank	43,761,010	336,085
Unbilled revenue towards export of infirm power	171,402,590	31,259,446
Total	215,163,600	31,595,531

2.19 Revenue from operations

Amount in Rs

Particulars	April 1, 2013 to November 12, 2013	2012-13
Sale of Electrical Energy	68,059,336	-
Total	68,059,336	-

2.20 Cost of materials consumed

Amount in Rs

Particulars	April 1, 2013 to November 12, 2013	2012-13
Coal	55,689,342	-
Light Diesel Oil	24,772,940	-
Heavy Furnace Oil	5,731,908	-
Others	2,379,054	-
Total	88,573,244	-

SSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

2.21 Employee cost

Amount in Rs

Particulars	April 1, 2013 to November 12, 2013	2012-13
Salaries, Allowances and other Employee benefits	134,026,660	-
Contribution to provident fund and others	9,232,088	-
Recruitment/Placement Costs	8,775,454	-
Staff welfare Expenses	12,255,997	-
	164,290,199	-

2.22 Other expenses

Amount in Rs

Particulars	April 1, 2013 to November 12, 2013	2012-13
Transmission & Distribution charges	2,609,799	-
Unscheduled interchange charges (net)	2,449,471	-
Rent	16,747,173	-
Rates & Taxes	7,319,509	260,655
Repairs and maintenance	3,169,166	-
Electricity charges	10,412,248	-
Insurance	5,360,102	-
Consultancy & professional charges	87,473,409	-
Office Maintenance	55,955,330	-
Business Promotion	4,375,083	1,023,165
Travelling & Conveyance	18,577,713	-
Printing & Stationery	1,230,223	-
Bidding Expenses	33,632	-
Communication expenses	2,224,409	-
Advertisements	617,676	2,006,316
Board meeting expenses	255,758	776,467
Donations	32,000	418,334
Community Development	15,094,440	-
Auditors remuneration		
Statutory audit fees	561,800	561,800
Certification charges	203,756	210,675
Logo fees	3,511,251	15,819,320
Miscellaneous expenses	1,520,720	5,633,490
Total	239,734,668	26,710,222

2.23 Finance Cost

Amount in Rs

Particulars	April 1, 2013 to November 12, 2013	2012-13
Interest Expense		
Term loan	1,035,328,137	-
External commercial borrowing	48,341,959	-
Working capital loan	2,545,147	
Other interest	1,714,470	-
Bank and other finance charges	56,838,379	-
Total	1,144,768,092	-

ASSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

2.24 Claims/ Counter claims arising out of the project related contracts including Engineering, Procurement and Construction (EPC) Contract and Non EPC contracts, on account of delays in commissioning of the project, or any other reason is pending settlement / negotiations with concerned parties. The Company has considered its best estimate of cost on the work completed based on the contract, work and purchase orders issued where the final bills are pending to be received /approved. Any adjustment on account of these contracts/bills would be adjusted to the cost of fixed asset in the year of settlement / crystallization. Subsequent to the Balance Sheet date, the Company has invoked the Bank Guarantees of its EPC Contractors (herein after called "party") amounting to Rs 5,792,634,105 on 12th Nov 2014 for liquidated damages, non-payment of debit notes issued by the Company and Outstanding liabilities to Sub-contractors of EPC contractor. The matter is presently sub-judice with District Court, Dhenkenal, Odisha.

2.25 Search under Section 132 of the Income Tax Act, 1961 was carried out at the premises of the Company by the Income Tax Authorities on October 11, 2012, followed by search closure visits on various dates during the year, to check the compliance with the provisions of the Income Tax Act, 1961. The Company pursuant to the same has received the Income tax Assessment Orders passed under section 143(3) r.w.s 153A of the Income tax Act, 1961 for the Assessment Years AY 2008-09 to AY 2013-14. The Assessing Officer in the said orders has considered certain revenue expenditure claimed by the company as not deductible and has also considered certain items in capital work in progress as not eligible for capitalisation. The said adjustments have resulted in additional tax demand of Rs.2.81 Crore and initiation of penalty proceedings. The department after adjusting the refunds due raised a demand of Rs 1.10 Crore. The Company is has filed appeal before appellate authorities and hopeful of getting favorable order and does not foresee any financial implication on financial statements.

2.26 Other commitments relating to Power Purchase Agreements

The Company has entered into a PPA for 25 years, from the date of commercial operation of the project, with Grid Corporation of Orissa Limited (GRIDCO) wherein it has committed to sell and GRIDCO has committed to purchase aggregate contracted capacity of 25% of the total power exported. In addition, GRIDCO has the right to receive power generated by GKEL beyond 80% PLF and the entire infirm power (electricity generated prior to commercial operation of the unit of the generating station) generated.

The Company has entered into a PPA for 25 years, from the date of commercial operation, with Bihar State Electricity Board (BSEB) wherein it has committed to sell and BSEB has committed to purchase 260 MW.

The Company has entered into a PPA for 25 years, from the date of commercial operation, with Power Trading Corporation (PTC) wherein it has committed to sell and PTC has committed to purchase 300 MW.

2.27 **Calculation of Earning per share:**

Sl.	Particulars	April 1, 2013 to November 12, 2013	2012-13
a.	Nominal Value of Equity Shares (` per share)	10	10
b.	Total No. of Equity Shares outstanding at the beginning of the year	1,356,373,960	621,203,600
c.	Add: Shares allotted during the year	236,882,360	735,170,360
d.	Total No. of Equity Shares outstanding at the end of the year	1,593,256,320	1,356,373,960
e.	Weighted average No. of Equity shares for Basic earnings per Share	1,412,909,166	1,087,481,709
f.	Loss as per Statement of Profit and Loss (Amount in `)	(2,564,358,976)	(26,710,222)
g.	Basic/Diluted Earning per share of ` 10/- each (in `) [(f)/(e)]	(1.815)	(0.025)

ASSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

2.28 Balances shown under Loans and Advances, current and non-current assets, current and non-current liabilities other than balances with banks and financial institutions are subject to confirmation.

2.29 In the opinion of the management, loans and advances, current and non current assets are good and recoverable and no provision considered necessary.

2.30 Segment Reporting

The Company is engaged primarily in the business of setting and running of Power plant. As the basic nature of the activities is governed by the same set of risk and returns these have been grouped as a single business segment. Accordingly separate primary and secondary segment reporting disclosures as envisaged in Accounting Standard (AS-17) on Segmental Reporting issued by the ICAI are not applicable to the present activities of the company.

2.31 Figures of the previous year wherever necessary, have been reworked, regrouped, reclassified and rearranged to conform with those of the current year.

For AASA & Associates
Chartered Accountants
Firm Registration Number : 310073E

P S Nayak
Partner
Membership No.: 059950

Place: Bhubaneswar
Date: 22-12-2015

AASA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

For GMR Kamalanga Energy Limited

R R Nair
Director & COO

B K Mishra
AVP - F/A

Place : Kamalanga
Date: 22-12-2015

GMR KAMALANGA ENERGY LIMITED

GMR Kamalanga Energy Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

2.09 Fixed Assets

(Amount in Rs.)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	April 01, 2013	Additions	Deletions / Adjust-ments	November 12, 2013	April 01, 2013	For the year	Deletions / Adjust-ments	November 12, 2013	November 12, 2013	March 31, 2013
Tangible Assets										
Land										
Freehold	1,336,161	-		1,336,161	-	-	-	-	1,336,161	1,336,161
Leasehold	438,554,812	-	-	438,554,812	-	7,865,630	-	7,865,630	430,689,182	438,554,812
Building	1,166,104,477	2,807,798,795	-	3,973,903,272	5,548,185	81,260,962	-	86,809,147	3,887,094,125	1,160,556,292
Computers	13,409,507	6,321,259	-	19,730,766	4,403,645	1,672,697	-	6,076,342	13,654,424	9,005,862
Plant and Machinery	81,228,008	38,278,102,570	-	38,359,330,578	9,447,786	902,346,611	-	911,794,397	37,447,536,181	71,780,222
Office Equipments	21,712,618	4,662,273	-	26,374,891	2,649,160	650,873	-	3,300,033	23,074,858	19,063,458
Medical Equipment	5,835,626	-	-	5,835,626	335,361	239,652	-	575,013	5,260,613	5,500,265
Furniture and Fixtures	11,094,766	6,237,040	-	17,331,806	1,641,505	581,329	-	2,222,834	15,108,972	9,453,261
Vehicles	16,279,316	1,660,074	-	17,939,390	5,818,317	958,152	-	6,776,469	11,162,921	10,460,999
Sub Total (a)	1,755,555,291	41,104,782,011	-	42,860,337,302	29,843,959	995,575,906	-	1,025,419,865	41,834,917,437	1,725,711,332
Intangible Assets										
Software	45,259,513	7,062,462	-	52,321,975	24,999,817	4,279,664	-	29,279,481	23,042,494	20,259,696
Sub Total (b)	45,259,513	7,062,462	-	52,321,975	24,999,817	4,279,664	-	29,279,481	23,042,494	20,259,696
Total (a+b)	1,800,814,804	41,111,844,473	-	42,912,659,277	54,843,776	999,855,570	-	1,054,699,346	41,857,959,931	1,745,971,028
Previous year										
Tangible Assets	527,020,487	1,228,534,804	-	1,755,555,291	15,014,454	14,829,505	-	29,843,959	1,725,711,332	-
Intangible Assets	33,626,005	11,633,508	-	45,259,513	18,197,521	6,802,296	-	24,999,817	20,259,696	-
Previous Year Total	560,646,492	1,240,168,312	-	1,800,814,804	33,211,975	21,631,801	-	54,843,776	1,745,971,028	-

Notes:

1 Depreciation adjustment :

	April 1, 2013 to November 12, 2013	2012-13
Depreciation for the year	999,855,570	21,631,801
Less: Depreciation Transferred to Capital work in Progress during Construction period	4,803,461	21,631,801
Depreciation charged to Statement of Profit and Loss	995,052,109	-

2 Additions to building and plant and equipment includes the following :

	April 1, 2013 to November 12, 2013
Salary, rent, depreciation, other administrative expenses and income tax (net)	2,578,405,986
Trial run cost (net)	1,352,528,666
Borrowing Cost & Finance Charges	5,766,432,285
Foreign Exchange Fluctuation	2,107,216,087
Total	11,804,583,024

3 Assets are owned and are used for own use, unless otherwise mentioned.

4 Leasehold land taken from Government Authorities are amortised from the date of commercial operation of the Power Plant at the rate specified by Central Electricity Regulatory Commission Guidelines.

5 Estimated remaining useful life of software as on November 12, 2013 ranges from 9 months to 22 months.

GMR Kamalanga Energy Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

2.10 Capital Work in Progress

(Amount in Rs.)

Particulars		April 01, 2013	Incurred during the year / Adjusted	Capitalised / Adjusted *	November 12, 2013
A) Assets under Construction		35,670,097,139	1,902,949,565	30,688,683,262	6,884,363,442
B) Expenditure during Construction Period					
Employee benefits:					
Salaries, allowances and other employee benefits		1,205,390,160	34,095,404	904,685,338	334,800,226
Contribution to provident fund and other funds		70,087,776	3,067,645	55,807,380	17,348,041
Recruitment / placement costs		48,016,588	727,146	36,106,479	12,637,255
Staff welfare expenses		85,139,961	951,531	67,194,652	18,896,840
Rent		201,139,116	5,091,743	151,172,613	55,058,246
Rates and taxes		75,192,460	3,919,991	57,415,594	21,696,857
Repairs and maintenance		51,523,849	1,699,403	39,401,019	13,822,233
Office maintenance		211,668,464	329,942	156,002,622	55,995,784
Electricity charges		43,795,366	1,064,985	31,928,829	12,931,522
Insurance		174,734,396	125,662,936	220,077,566	80,319,766
Consultancy & professional charges		506,385,475	79,368,495	364,378,695	221,375,275
Travelling and conveyance		261,788,098	4,131,423	195,345,622	70,573,899
Air time sharing cost-variable		105,988,985	24,536,088	96,085,733	34,439,340
Communication expenses		34,823,291	320,408	25,868,624	9,275,075
Advertisement		40,891,162	95,556	30,313,619	10,673,099
Printing & stationery		13,584,398	101,107	10,134,072	3,551,433
Bidding expenses		1,001,575	-	737,307	264,268
Community development expenses		66,521,481	2,415,763	50,747,994	18,189,250
Miscellaneous expenses		150,427,002	43,412,342	171,126,346	22,712,998
Depreciation and amortisation		55,542,612	4,803,461	45,516,120	14,829,953
Trial run cost		536,088,195	2,001,035,891	1,705,358,433	831,765,653
Finance cost:					
Interest on long term borrowings					
Rupee term loan		4,579,425,834	1,386,151,365	4,463,572,684	1,502,004,515
Acceptances and buyer's credit		619,933,247	1,485,612	525,814,275	95,604,584
External Commercial Borrowings		100,078,674	156,689,472	53,056,105	203,712,041
Bank/ Other finance charges		918,733,487	37,373,947	723,989,221	232,118,213
Exchange differences gain / (loss)		1,753,320,806	1,240,414,953	2,107,216,087	886,519,672
Tax expense:					
Fringe benefit tax		8,758,577	-	6,447,606	2,310,971
Income tax		29,857,627	5,883,405	17,445,370	18,295,662
	(i)	11,949,838,662	**5,164,830,014**	**12,312,946,005**	**4,801,722,671**
Less: Incidental Income					
Revenue from sale of infirm power		31,259,446	322,740,318	352,829,767	1,169,997
Interest received:					
Margin money deposit		73,061,266	18,425,173	54,469,777	37,016,662
Income from current investment:					
Dividend received on mutual funds		9,517,556	-	7,006,327	2,511,229
Profit on sale of mutual funds		115,898,933	11,270,174	85,318,734	41,850,373
Other income		11,415,663	-	8,738,376	2,677,287
		241,152,864	**352,435,665**	**508,362,981**	**85,225,548**
		11,708,685,798	**4,812,394,349**	**11,804,583,024**	**4,716,497,123**
C) Material in Transit		311,241,966	(311,241,966)	-	-
D) Project Inventory		207,770,697	(207,770,697)	-	-
TOTAL (A+B+C+D)		47,897,795,600	6,196,331,251	42,493,266,286	11,600,860,565

Includes amount of Rs 1,137,540,586, which was capitalised as part of Building in the previous year.

ASSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

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GMR Kamalanga Energy Ltd
Retention money Payable
As on 12th Nov, 2013

Annexure 1

Vendor Code	Vendor Name	Amount (Rs)
101557	KINFOTECH PVT LTD	(31,202)
103876	AVAYA GLOBAL CONNECT	(21,132)
105361	SEPCO ELECTRIC POWER	(263,550)
106054	DARLING PUMPS PVT LT	(34,894)
106490	SWAN ENVIRONMENTAL P	(1,323,860)
107990	TATA PROJECTS LIMITE	(53,418,009)
109838	BSTRANSCOMM	(18,973,982)
111677	NIRMAL SAI CONSTRUCT	(266,567)
113873	SAI MAHI INFRA PROJE	(6,818)
114096	KARUNAKAR BEHERA	(24,029)
114097	SAI KRISHNA CONSTRUC	(122,717)
114200	PRANABANDHU SAHU	(5,484)
114202	DHABALESWAR CONSTRUC	(2,693)
118040	UTKAL ENERGY RESOURC	(8,615,709)
118096	K.R.ENTERPRISES	(2,214,792)
200227	SEPCO ELECTRIC POWER	(3,297,228,015)
301328	PAYIK SENTINELS PVT	(333,566)
302416	HONEYWELL AUTOMATION	(1,093,353)
304482	THYSSENKRUPP INDUSTR	(46,977,992)
305474	SEPCO ELECTRIC POWER	(618,201,745)
305826	SODEXO SVC INDIA PVT	(17,569)
306116	GVBR CONSTRUCTIONS	(492,683)
306482	GVBR CONCTRUCTIONS	(1,807,320)
308095	JAY DURGA CONSTRUCTI	(133,991)
309200	ROHIT KUMAR NAYAK	(69,276)
309637	LOTUS ENTERPRISE	(452,400)
309810	MAA BAUTI CONSTRUCTI	(205,833)
309839	WIPRO LIMITED	(343,712)
312845	NITISH CONSTRUCTION	(111,527)
313458	BAJRANGI CONSTRUCTIO	(18,859)
313497	SKC INFRASTRUCTURE (	(703,856)
313638	TRILOCHAN BHUYAN	(21,980)
313677	JITENDRA KUMAR PATTA	(77,963)
313808	AASHRIWAD BIO-PLANTA	(19,972)
313834	UMA SHANKAR CONSTRUC	(20,625)
313915	PURNIMA CONSTRUCTION	(50,775)
314508	SUBHADRA INFRASTRUCT	(48,663)
314706	NARENDRA KUMAR SAHU	(58,267)
314717	J.K.SUPPLIER	(7,311)
315005	EASTERN PILING & CON	(1,164,152)

SASSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

GMR Kamalanga Energy Ltd
Retention money Payable
As on 12th Nov, 2013

Annexure 1

Vendor Code	Vendor Name	Amount (Rs)
317859	JAGANNATH ENTERPRISE	(117,582)
318328	GVV CONSTRUCTIONS PR	(11,020,634)
320667	EMPOWERTRANS PRIVATE	(32,970,880)
321064	SRIVALLI CONSTRUCTIO	(870,592)
321111	GANNON DUNKERLEY AND	(499,926)
321266	EDDA SERVICES	(10,542)
321626	TULASI CONSTRUCTION	(204,346)
321870	PRADHAN CONSTRUCTION	(22,789)
321992	QUARTZ INFRA AND ENG	(39,080)
322053	MOHABIR CONSTRUCTION	(44,887)
322095	TIKU ENTERPRISES	(177,394)
322379	AGE TECHNO CONSULTAN	(100,000)
322579	TARINI ENTERPRISES	(181,586)
322706	TRINATH SAHU	(26,550)
322707	DAYANIDHI BEHERA	(75,285)
322708	JYOTI ENTERPRISES	(80,113)
322719	BINOD GADANAYAK	(104,454)
322727	JK CORPORATE SERVICE	(83,490)
322845	ADITYA BEHERA	(43,492)
322849	RADHA KRISHNA CONSTR	(45,147)
323024	EARTH PAVERS [HYD] P	(471,494)
323095	SAI ENTERPRISES	(96,799)
323366	BABULI SAHOO	(21,768)
323574	PRECISION ERECTORS A	(70,990)
323794	SHAILJA ENTERPRISES	(111,803)
323919	INDO INSTRUMENTS	(51,886)
16100	GMR INFRASTRUCTURE L	(35,493,936)
		(4,138,024,287)

ASSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

GMR Kamalanga Energy Ltd
Undischarged Liabilities
As on 12th Nov, 2013

Annexure 2

Vendor Code	Vendor Name	Amount (Rs)
113738	KPMG (REGISTERED)	(426,861)
118040	UTKAL ENERGY RESOURC	(8,293,836)
118087	BABA GORAKHNATH ROAD	(205,809)
118096	K.R.ENTERPRISES	(24,162,697)
200362	OFFICE EXPRESS (BEIJ	(123,102)
200422	APOLLO BUILDING CO.	(811,098)
200571	AXA MINMETALS ASSURA	(732,426)
300982	IBC KNOWLEDGE PARK P	(5,505,132)
301328	PAYIK SENTINELS PVT	4,999
301842	GIRISH MURTHY & KUMA	(9,780)
302102	CBEC- A/C SERVICE TA	(674,118)
306597	AARVEE ASSOCIATES AR	(185,888)
312745	JAI HANUMAN ENTERPRI	(32,224)
313824	MAA GOURI CONSTRUCTI	(62,488)
314173	PEST CONTROL(INDIA)	(47,348)
314302	HINDUSTAN PETROLEUM	(17,692,074)
314381	GRJ&ASSOCIATES	(1,350)
317493	B.M.TRADERS	(3,394)
107990	TATA PROJECTS LIMITE	(1,683,311)
301862	ESSAE DIGITRONICS PV	(397,016)
306482	GVBR CONCTRUCTIONS	(560,642)
310313	EE TED CESU CHAINPAL	(7,717,720)
200227	SEPCO ELECTRIC POWER	(176,250,626)
322148	MAHA LAXMI ENTRERPRI	(107,100)
309839	WIPRO LIMITED	(7,062,462)
I2600	GMR CONSULTING SERVI	(16,503,636)
I8600	GMR VARALAKSHMI FOUN	(562,689)
I6000	GMR HOLDINGS PRIVATE	(3,066,912)
101383	J SAGAR ASSOCIATES	(350,000)
102792	SIEMENS LIMITED	(6,097,278)
103402	IDBI TRUSTEESHIP SERVICES LTD	(159,843)
104502	STYLE SPA FURNITURE LIMITED	(654,989)
104894	NIKON ELECTRONICS PVT LTD	(171,995)
105180	PETE HAMMOND POWER SOLUTIONS PVT LT	(1,994,165)
105506	RADIANT AGENCIES	(1,120,612)
106161	DELL INTERNATIONAL SERVICE INDIA PV	(265,500)
107990	TATA PROJECTS LIMITED	(10,669,790)
110506	UNIFY ENTERPRISE COMMUNICATIONS PRI	(2,130,481)
116675	SOFITEL MUMBAI BKC DIV.	(23,449)
200227	SEPCO ELECTRIC POWER CONSTRUCTION	(77,929,702)
300210	INSPECTORATE GRIFFITH INDIA PVT LTD	(224,720)
302282	EMERSON NETWORK POWER (INDIA) PVT.L	(31,558)

ASSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENE

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GMR Kamalanga Energy Ltd
Undischarged Liabilities
As on 12th Nov, 2013

Annexure 2

Vendor Code	Vendor Name	Amount (Rs)
304482	THYSSENKRUPP INDUSTRIES INDIA PVT.L	(1,960,430)
305474	SEPCO ELECTRIC POWER CONSTRUCTION	(123,085,778)
306099	SOUTHERN REGIONAL LOAD DISPATCH CEN	(4,562,749)
306597	AARVEE ASSOCIATES ARCHITECTS ENGINE	(337,080)
307240	INSPECTORATE GRIFFITH INDIA PVT LTD	(151,686)
308095	JAY DURGA CONSTRUCTION	(758,024)
309119	ICRA LIMITED	(1,012,645)
309637	LOTUS ENTERPRISE	(798,611)
309674	LAXMIDHAR PANGARI	(4,500,250)
309839	WIPRO LIMITED	(179,629)
312282	BAJAJ ELECTRICALS LIMITED	(173,379)
313568	ALFA ENGINEERING & CONSTRUCTION	(248,880)
314779	EMBEE SOFTWARE PVT LTD	(33,380)
315005	EASTERN PILING & CONSTRUCTION PVT.	(697,732)
315898	FAAC INDIA PVT LTD	(139,326)
321125	MAX INTERIOR	(564,000)
322775	UMA ENGINEERING WORKS	(275,946)
322809	J.SAGAR ASSOCIATES	(136,590)
323188	TATA METALIKS KUBOTA PIPES LIMITED	(2,031,891)
323485	INGERSOLL RAND INDIA LIMITED	(4,536,413)
323794	SHAILJA ENTERPRISES	(896,489)
323919	INDO INSTRUMENTS	(539,066)
324270	SATPATHY BROTHERS	(71,725)
		(522,392,522)

KASSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

GMR Kamalanga Energy Ltd
Capital Advance
As on 12th Nov, 2013

Annexure 3

Vendor Code	Vendor Name	Amount (Rs)
113473	APSHWCS LTD	5,000,000
105334	AREVA T&D INDIA LTD.	334,406
312282	BAJAJ ELECTRICALS LI	415,857
308993	BIRLA SUNLIFE INSURA	1,139,432
109838	BSTRANSCOMM	667,715
321600	CHIEF CONTROLLER OF	400
307320	COALTRANS CONFERENCE	40,343
100636	CREDIT ANALYSIS & RE	1,910,120
115909	DIRECTORATE GENERAL	33,708
113856	DIRECTORATE OF FACTO	441,680
107067	DISTRICT COUNCIL OF	250,000
308058	DIVISIONAL FOREST OF	25,249,902
315005	EASTERN PILING & CON	204,819
320667	EMPOWERTRANS PRIVATE	163,946,547
302307	FACAO,EAST COAST RAI	96,466,235
312632	FINANCIAL ADVISOR &	10,971,424
113923	GARUDA POWER PRIVATE	92,763
16100	GMR INFRASTRUCTURE L	129,442,063
306482	GVBR CONCTRUCTIONS	1,005,231
318328	GVV CONSTRUCTIONS PR	663,482
312525	HINDUSTAN HOSPITALIT	3,259,151
302416	HONEYWELL AUTOMATION	696,277
300200	IBM INDIA PVT. LTD.	16,293,603
309187	INDIAN ENERGY EXCHAN	112,360
313972	JAI MAA DURGA FURNIT	449
308095	JAY DURGA CONSTRUCTI	700,000
106656	JINDAL STEEL & POWER	57,958
111417	KRISHNA KUMAR KL	25,491,866
101638	LARSEN & TOUBRO LTD.	2,432,194
114801	LAXMI DEVI AGRAWALLA	116,667
309674	LAXMIDHAR PANGARI	450,000
306420	LG ELECTRONICS INDIA	3,467
108887	MADRAS CEMENTS LTD	2,280
323131	MERIT SCADA AUTOMATI	256,000
320098	MJUNCTION SERVICES L	30,683,421
319967	MSTC LIMITED	3,371
102007	NATIONAL INSURANCE CO LTD	23,167,315
301325	ORISSA INDUSTRIAL IN	400,825,743
304834	ORISSA POWER TRANSMI	1,879,508
105180	PETE HAMMOND POWER S	2,083,762

SSA & ASSOCIATES BHUBANESWAR ... RED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

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308385	POWER EXCHANGE INDIA	112,360
18000	RAXA SECURITY SERVIC	49,946,756
317826	REDINGTON INDIA LTD	28,904
318041	SACHIDA NANDA MALLIC	4,000
315443	SADHU CHARAN BEHERA	80,000
109842	SAN ENGINEERING & LO	28,035,914
105361	SEPCO ELECTRIC POWER	293,720,274
305474	SEPCO ELECTRIC POWER	5,084,825,418
200227	SEPCO ELECTRIC POWER	1,259,500,000
117281	SHREE GANESH COAL TR	1,364,298
102792	SIEMENS LIMITED	9,453,736
313497	SKC INFRASTRUCTURE (	14,181,268
318175	STATE POLLUTION CONT	3,920,000
308997	SUB REGISTRAR-DHENKA	39,181,422
117923	SURELAND FIRE & SECU	552,395
110621	TAHASILDAR , ODAPADA	4,025,000
323188	TATA METALIKS KUBOTA	2,033,586
107990	TATA PROJECTS LIMITE	860,481
106015	TATA STEELS LIMITED	11,840
314221	THE CONTROLLER OF PU	14,000
304482	THYSSENKRUPP INDUSTR	4,824,829
109753	ULTRATECH CEMENT LIM	1,128,080
110506	UNIFY ENTERPRISE COM	1,921,432
103499	UNITED INDIA INSURAN	6,034,802
117120	VIVEK DAS	77,500
309839	WIPRO LIMITED	3,112,579
		7,755,742,392

SSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

Annexure- P- 6

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AASA & Associates

CHARTERED ACCOUNTANTS
(Formerly Roy & Sahoo)

INDEPENDENT AUDITORS' REPORT

To the Director and COO
GMR Kamalanga Energy Limited

Report on the Financial Statements

We have audited the accompanying financial statements of GMR Kamalanga Energy Limited ("the Company"), which comprise the Balance Sheet as at 25th March , 2014 (date of COD of Unit-III of the Company), and the Statement of Profit and Loss for the period ended on that date, and a summary of significant accounting policies and other explanatory information. The audit has been conducted at the specific request of the company to comply with the requirement of Central Electricity Regulatory Commission for determination of generation tariff in respect of 262.5 MW gross capacity sale from Kamalanga Power Plant of GMR Kamalanga Energy Ltd to GRIDCO.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards specified by the Institute of Chartered Accountants of India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the

AASA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements read along with the notes on accounts give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 25th March , 2014;
(b) in the case of the Profit and Loss Account, of the Loss for the period ended on that date;

We report that:

a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c. The Balance Sheet, Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;
d. In our opinion the Balance Sheet, Statement of Profit and Loss comply with the Accounting Standards issued by the Institute of Chartered Accountants of India.

For AASA & ASSOCIATES
Chartered Accountants
FRN-310073E

AASA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

P.S.Nayak
(Partner)
M.No:-059950

Place :-Bhubaneswar
Date :- 22-12-2015

GMR Kamalanga Energy Limited

BALANCE SHEET AS AT MARCH 25, 2014

Amount in Rs

Particulars	Note No.	March 25, 2014	March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.01	15,932,563,200	13,563,739,600
Reserves and surplus	2.02	(4,674,790,118)	(148,543,190)
		11,257,773,082	13,415,196,410
Share application money pending allotment	2.03	3,867,436,800	1,316,500,140
Non-current liabilities			
Long term borrowings	2.04	40,317,255,643	36,553,893,706
Other long term liabilities	2.05	-	26,967,374
		40,317,255,643	36,580,861,080
Current liabilities			
Short Term Borrowings	2.06	2,327,965,980	-
Trade Payables	2.07	2,013,239,358	-
Other current liabilities	2.08	9,959,580,144	8,430,083,057
Short term provisions	2.09	86,215,148	68,306,231
		14,387,000,630	8,498,389,288
TOTAL		69,829,466,155	59,810,946,918
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets	2.10	61,848,789,215	1,725,711,332
Intangible assets	2.10	20,055,807	20,259,696
Capital work-in-progress	2.11	1,721,710,633	47,897,795,600
		63,590,555,655	49,643,766,628
Long-term loans and advances	2.12	2,620,947,628	9,850,725,136
Other non-current assets	2.13	134,001,578	130,468,260
		66,345,504,861	59,624,960,024
Current assets			
Current investments	2.14	329,514,476	-
Inventories	2.15	527,155,195	-
Trade Receivables	2.16	681,256,283	-
Cash and bank balances	2.17	1,317,627,801	127,994,689
Short term loans and advances	2.18	625,375,396	26,396,674
Other current assets	2.19	3,032,143	31,595,531
		3,483,961,294	185,986,894
TOTAL		69,829,466,155	59,810,946,918

Significant accounting policies and notes to financial statements - 1&2

The notes referred to above form an integral part of the financial statements

As per our report of even date

For AASA & Associates
Chartered Accountants
Firm Registration Number : 310073E

P S Nayak
Partner
Membership No.: 059950

Place: Bhubaneswar
Date: 22.12.2015

For GMR Kamalanga Energy Limited

R K Nair
Director & COO

Place : Kamalanga
Date: 22.12.2015

B K Mishra
AVP - F/A

ASSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

GMR Kamalanga Energy Limited

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 25, 2014

Amount in Rs

Particulars	Note No.	For the period ended Mar 25, 2014	For the year ending March 31, 2013
Revenue from operations	2.20	2,319,317,229	-
Other income	2.21	21,582,508	
Total revenue		2,340,899,737	-
Expenses:			
Cost of materials consumed	2.22	1,328,499,983	-
Employee cost	2.23	239,829,336	-
Other expenses	2.24	1,002,336,782	26,710,222
Total expenses		**2,570,666,101**	**26,710,222**
Earnings before interest, tax, depreciation and amortization [EBITDA]		(229,766,364)	(26,710,222)
Depreciation [refer note no. 2.10 (1)]	2.10	1,540,055,299	-
Finance cost	2.25	2,756,425,265	-
Loss before tax		**(4,526,246,928)**	**(26,710,222)**
Tax expense:			
Current tax		-	-
Loss for the Period		(4,526,246,928)	(26,710,222)
Earnings per equity share:			
[Nominal value of Rs 10/- each]			
Basic and Diluted	2.29	(3.015)	(0.025)

Significant accounting policies and notes to financial statements - 1&2

The notes referred to above form an integral part of the financial statements
As per our report of even date

For AASA & Associates
Chartered Accountants
Firm Registration Number : 310073E

P S Nayak
Partner
Membership No.: 059950

Place: Bhubaneswar
Date: 22.12.2015

AASA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

For GMR Kamalanga Energy Limited

R R Nair
Director & COO

Place : Kamalanga
Date: 22.12.2015

B K Mishra
AVP - F/A

GMR KAMALANGA ENERGY LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

Company overview

GMR Kamalanga Energy Limited is promoted as a Special Purpose Vehicle (SPV) by GMR Energy Limited, the holding Company, to develop and operate 3*350 MW under Phase 1 and 1*350 MW under Phase 2, coal based power project in Kamalanga Village, Dhenkanal District of Odisha. The Company has obtained Mega Power status certificate from Government of India, Ministry of Power vide letter dated February 1, 2012. The Company has declared commercial operation of Unit I, Unit II and Unit III of Phase 1 of the of 350MW each on April 30, 2013, 12th November 2013 and 25th March 2014 respectively.

1 Significant Accounting Policies

1.01 Basis of Preparation of Financial Statements

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non current classification of assets and liabilities.

1.02 Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

1.03 Revenue Recognition

i) Revenue from energy units sold as per the terms of the Power Purchase Agreement (PPA) and LOI (collectively hereinafter referred to as 'the PPAs') is recognised on an accrual basis and includes unbilled revenue accrued up to the end of the accounting year. Revenue from energy units sold on a merchant basis is recognised in accordance with billings made to the customers based on the units of energy delivered and rates agreed with customers.

ii) Revenue from sale of infirm power are recognised as per the guidelines of Central Electricity Regulatory Commission. Revenue prior to date of commercial operation are reduced from Project cost.

iii) Claims for delayed payment charges and any other claims, which the Company is entitled to under the PPAs, are accounted for in the year of acceptance. Similarly Commission, Rebate and any other charges are accounted for in the year of acceptance.

iv) Revenue earned in excess of billings has been included under "other assets" as unbilled revenue and billings in excess of revenue have been disclosed under "other liabilities" as unearned revenue.

v) Interest is recognized using the time proportion method based on rates implicit in the transaction. Interest income is included under the head "other income" in the statement of profit and loss. Dividend income is accounted for in the year in which the right to receive the same is established by the reporting date.

vi) On disposal of current investments, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss. Such income is included under the head "other income" in the statement of profit and loss.

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1.04 Fixed Assets and Capital Work-in-progress

i) Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price and freight, duties, levies and borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

ii) Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

iii) Computer software where the estimated useful life is one year or less, is charged to the statement of profit and loss in the year of purchase. Computer Software purchased by the Company, which have an estimated useful life exceeding one year, are capitalized.

iv) Intangible assets are stated at the consideration paid for acquisition less accumulated amortization.

v) All Project related expenditure viz, civil works, machinery under erection, construction and erection materials, pre-operative expenditure incidental / attributable to construction of project, borrowing cost incurred prior to the date of commercial operation and trial run expenditure are shown under Capital Work-in-Progress. These expenses are net of recoveries and income from surplus funds arising out of project specific borrowings after taxes.

vi) Temporary structure constructed only for project period are fully depreciated in the year of capitalisation.

1.05 Depreciation / Amortisation

i) Depreciation on tangible assets, other than Plant and Equipment & Office Equipment of Power Generating facility are provided on pro-rata basis using straight line method at the rates specified under Schedule XIV to the Companies Act, 1956 which is estimated by the management to be the estimated useful lives of the assets, except for assets individually costing Rs 5,000 or less which are fully depreciated in the year of acquisition.

ii) In respect of depreciation on plant and equipment and office equipment of Power Generating facility is provided on a pro-rata basis on Straight Line Method at rates specified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulation 2009 in terms of MCA circular No 31/2011 Dated May 31, 2011.

iii) Leasehold land taken from Government Authorities are amortised as per Central Electricity Regulatory Commission as mentioned above.

iv) Software is amortised based on the useful life of 6 years on a straight-line basis as estimated by the

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1.06 Inventory

Inventories being raw materials, consumables, stores and spares are valued at lower of cost or net realisable value. Cost is determined, in general, on a weighted average basis and includes all applicable costs incurred in bringing goods to their present location and condition. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Inventory of raw materials held for trial run during project stage are disclosed under Capital work in progress.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

1.07 Borrowing cost

Borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset till the date of capitalization. Other borrowing costs are recognized as expenses in the period in which they are incurred.

1.08 Investments

i) Long term Investments are stated at cost. Provision for diminution in value of long term investments is made only if such a decline is other than temporary in the opinion of the management.

ii) Current Investments are stated at cost or market value whichever is lower.

1.09 Leases

Leases where the lessor effectively retains substantially all the risk and benefits of ownership of leased items, are classified as operating lease. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease term.

Finance lease, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

1.10 Foreign Currency Transactions

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

1.11 Derivative Instruments

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the Statement of Profit and Loss except in respect of project cost which is recognised as Capital Work in Progress (CWIP). Realised gains/losses in respect of project cost are recognised in CWIP. Net unrealised gains are ignored.

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1.12 Employee Benefits

i) **Defined Contribution Plan**

Contributions paid / payable to defined contribution plans comprising of provident fund, pension fund, superannuation fund etc. in accordance with the applicable laws and regulations are recognised as expenses during the period in which the employees perform the services that the payments cover. Certain entities of the Group makes monthly contributions and has no further obligations under such plans beyond its contributions.

ii) **Defined Benefit plan**

The liability as at the balance sheet date is provided for based on the actuarial valuation, based on Projected Unit Credit Method at the balance sheet date, carried out by an independent actuary. Actuarial Gains and Losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognised immediately in the Statement of Profit and Loss as an income or expense.

iii) **Other Long Term Employee Benefits**

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

iv) **Short term employee benefits.**

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

1.13 **Taxes on Income**

Current tax is determined on the amount of tax payable in respect of taxable income for the year. Deferred tax is At each reporting date, the Company re-assess unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets are reviewed at each reporting date. The entity writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

1.14 **Earnings per share**

The basic earnings per share are computed by dividing the net profit after tax for the period by the weighted average number of equity shares outstanding during the year. Diluted earnings per share, if any are computed using the weighted average number of equity shares and dilutive potential equity share outstanding during the period except when the results would be anti-dilutive.

1.15 **Impairment**

At each Balance Sheet date, the Company reviews the carrying amounts of its Fixed Assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-discount rate that reflects the current market assessments of time value of money and the risks specific to the asset. Reversal of impairment loss is recognized immediately as income in the Statement of Profit and Loss.

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1.16 Cash and Cash Equivalents

Cash for the purposes of cash flow statement comprise cash in hand and at bank (including deposits) and cash equivalents comprise of short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.17 **Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions, other than employee benefits, are not discounted to their present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent Assets are neither recognised nor disclosed in the financial statements.

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2 Notes to Financial Statements

2.01 Share capital

Amount in Rs

Particulars	March 25, 2014	March 31, 2013
Authorised 2,200,000,000 (March 31, 2013 : 1,650,000,000) Equity Shares of Rs 10/- each	22,000,000,000	16,500,000,000
Issued, Subscribed and Paid up 1,593,256,320 (March 31, 2013 : 1,356,373,960) Equity Shares of Rs 10/- each, fully paid up	15,932,563,200	13,563,739,600
Total	**15,932,563,200**	**13,563,739,600**

Rights, preferences and restrictions attached to shares

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after satisfying all the dues to banks and financial institutions and after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company has only one class of shares referred to as equity shares having par value of Rs 10/- each. Each holder of equity share is entitled to one vote per share.

Restrictions on the distribution of dividends :

Board shall subject to restrictions imposed by the project finance lenders, in terms of financing agreement, propose to the shareholders the maximum possible dividend payable under applicable law. Upon such recommendation shareholders shall declare dividends as follows -

(i) All such dividends & profits shall be paid to shareholders in their existing shareholding pattern.

(ii) Any such dividend or other distribution shall be based on profit generated by the Company or on appropriate basis permitted by the applicable laws.

Reconciliation of the number of shares outstanding and amount of share capital :

Particulars	Number of shares at the Closing		Shares Issued During the Period		Number of shares at the beginning	
	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
March 25, 2014	1,593,256,320	15,932,563,200	236,882,360	2,368,823,600	1,356,373,960	13,563,739,600
March 31, 2013	1,356,373,960	13,563,739,600	735,170,360	7,351,703,600	621,203,600	6,212,036,000

Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates :

Particulars	March 25, 2014	March 31, 2013
	No. of shares	No. of shares
GMR Energy Limited [GEL] - Holding Company Equity Shares at par value of Rs 10/- each	1,297,517,372	1,096,167,366

Shares in the Company held by each shareholder holding 5 percent or more specifying the number of shares held:

Year	Name of the Shareholders (along with its nominees)	No. of Shares held	% of Holding
March 25, 2014	GMR Energy Limited [GEL]	1,297,517,372	81.44%
	India Infrastructure Fund [IIF]	238,988,448	15.00%
	Infrastructure Development Finance Limited [IDFC]	56,750,000	3.56%
March 31, 2013	GMR Energy Limited [GEL]	1,096,167,366	80.82%
	India Infrastructure Fund [IIF]	203,456,094	15.00%
	Infrastructure Development Finance Limited [IDFC]	56,750,000	4.18%

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2.02 Reserves and Surplus

Amount in Rs

Particulars	March 25, 2014	March 31, 2013
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(148,543,190)	(121,832,968)
Add: Net profit/(loss) after tax transferred from Statement of Profit and Loss	(4,526,246,928)	(26,710,222)
Closing balance	(4,674,790,118)	(148,543,190)
Total	(4,674,790,118)	(148,543,190)

2.03 Share application money pending allotment

Amount in Rs

Particulars	March 25, 2014	March 31, 2013
Share Application Money	3,867,436,800	1,316,500,140
Total	3,867,436,800	1,316,500,140

The Company has received share application money as on March 25, 2014 from GMR Energy Limited Rs. 3,867,436,800 (March 31, 2013 : Rs. 1,316,500,140). The Company will allot the shares subsequent to the receipt of matching contribution from other investors as per the agreed terms.

2.04 Long term borrowings

Amount in Rs

Particulars	March 25, 2014	March 31, 2013
Secured		
Rupee term loans -		
- from banks	27,975,969,135	24,155,601,770
- from other parties	4,882,100,001	4,675,593,752
[refer note no. (a)(i) & (b)(i) below]		
External Commercial Borrowings from Banks	3,319,691,200	3,038,112,000
[refer note no. (a)(ii) & (b)(iii) below]		
Other loans and advances		
Acceptances	-	-
Buyers' credit	830,232,027	2,242,886,184
[refer note no. (b)(ii) below]		
Unsecured		
Promoters Subordinate debt - from Holding Company	3,309,263,280	2,441,700,000
[refer note no. (c) below]		
Total	40,317,255,643	36,553,893,706

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Notes :

(a) Nature of Security :

i) Rupee Term Loan

A first mortgage and charge by way of registered mortgage in favour of the Lenders/Security trustee of all the borrowers immovable properties, present and future/a first charge by way of hypothecation of all the borrowers movables including movable plant and machinery, machinery spares, tools and accessories, present and future, borrowers stock of raw materials, semi-finished and finished goods and consumable goods, a first charge on the book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising present and future, intangibles, goodwill, uncalled capital, present and future/first charge on the Trust and Retention account including the debt service reserve account and other reserves and any other bank accounts, wherever maintained present and future first charge by way of assignment or creation of charge of all the right, title, interest, benefits, claims and demands whatsoever of the borrower in the project documents/in the clearances/in any letter of credit, guarantee, performance bond provided by any party to the project documents and all insurance contracts/insurance proceeds, Pledge of shares (in the demat form) representing a minimum of 51% of the total paid up equity share capital of the borrower/from the date of repayment of 50% of loans, the number of shares under the pledge may be reduced to 26% of the paid up equity share capital of the borrower held by Holding Company.

All the security set out above shall rank pari passu amongst the lenders of the project for an aggregate RTL of Rs. 3,405 Crores and working capital lenders for an amount acceptable to the lenders.

ii) External Commercial Borrowings from Bank

A first ranking charge/assignment/mortgage/hypothecation/Security Interest on pari passu basis on all the Borrower's immovable (including land) and movable properties (excluding mining equipments) including plant and machinery, machine spares, tools and accessories, furniture, fixtures, vehicle and other movable assets, both present and future in relation to the project, all the tangible and intangible assets including but not limited to its goodwill, undertaking and uncalled capital, both present and future in relation to the project, all insurance policies, performance bonds, contractors guarantees and any letter of credit provided by any person under the Project documents, all the rights, titles, permits, clearances, approvals and interests of the Borrower in, to and in respect of the project Documents and all contracts relating to the project, all the book debts, operating cash flows, receivables, all other current assets, commission, revenues of the borrower, both present and future in relation to the project and all the accounts and all the bank accounts of the borrower in relation to the Project and pledge of shares (in the demat form) held by the Holding Company constituting 51% of the shares which shall be reduced to 26% of shares on repayment of half the loans subject to the compliance of conditions put forth by the Consortium of RTL lenders.

A first ranking pledge over Shares held by the sponsor constituting fifty one percent (51%) of shares which shall be reduced to twenty six percent (26%) of shares on repayment of half the loans. Provided however, such pledge shall be subject to section 19(2) & (3) of the Banking Regulations Act, 1949.

(b) Terms of repayment :

i) Rupee Term Loan:

As per the Rupee Term Loan (RTL) agreement entered into by the Company on May 27, 2009 with the consortium of banks and financial institution, the amount to be borrowed by the Company from the lenders shall not exceed Rs. 3,405 Crores. The applicable interest rate for all the lenders for the period ending March 25, 2014 varies from 12.75% p.a. to 14.50% p.a.

The amount of RTL borrowed needs to be repaid in 48 equal quarterly installments from the earlier of a) 12 months from Schedule project completion date, or b) 51 months from the date of financial closure as per of the RTL agreement. The first quarterly installment of RTL falls due on June 15, 2013 as per the agreement mentioned above. As per the negotiation with the RTL lenders and opinions received the installment repayment began from September 15, 2013, further if the amount disbursed is less than the sum agreed as per the Agreement, the installment of repayment of loan shall stand reduced proportionately. Accordingly the Company has paid the first principal installment on the above said date.

ii) Acceptances and Buyers' credit

The Acceptances and Buyers' credit are sub limit to Rupee Term Loan as per the RTL Agreement availed by the Company and are secured in the same manner and terms & condition as Rupee Term Loan.

The Buyers' Credit, Foreign and inland Acceptances (letter of credit), disclosed above are in the nature of long term borrowing which are currently availed under these instruments and can be rolled over for a further period, based on the availability period under the Rupee Term Loan (RTL) Agreement and ultimately crystallized into Rupee Term Loan as per RTL Agreement with consortium of banks and financial institutions.

Acceptances denote usance letter of credit discounted with other banks. The rate of interest on such bill discounting ranges from 09.70% to 10.20% for Acceptances and from 1.27% to 1.51% for Buyers' credit and Foreign letter of credit during the period ended March 25, 2014.

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iii) External Commercial Borrowings :

As per the ECB Facility Agreement entered into by the Company on June 30, 2012 with ICICI Bank Limited, the USD amount to be borrowed should not exceed USD 6.25 Crores which on the drawdown date shall not exceed the rupee equivalent of Rs. 313.60 Crores. The rate of interest on each loan for each interest period is the percentage per annum which is aggregate of the applicable : a) Margin and Six (6) months USD Libor, calculated at two (2) Business Days prior to the relevant interest period. The rate of interest during the period is 5.1449%. The Borrower has to repay 1% per annum of the total ECB Drawdown amount starting from 12 months from initial drawdown date for first four years and thereafter the balance amount is to be paid in 32 quarterly installment from fifth year onwards. Accordingly the Company has paid USD 560,000 as the first principal installment during this period.

c) **Promoters Subordinate Debt :**

As per the Promoter Sub debt Agreement between the Company and GMR Energy Limited ('Promoter') dated June 25, 2012, the promoter has infused Rs. 330.92 Crores into the Company as Sub debt.

The Promoter Sub Debt does not carry any interest of whatsoever nature and is unsecured. Prior to achievement of the Financial Closure of project expansion, the Company shall be entitled to repay the Promoter Sub Debt only out of any extraordinary net cash flows received by the Company which are clearly demonstrated to have been received solely on account of the expenditure incurred towards Project expansion and do not have the impact of diluting the interest of the investors. The Promoter Sub Debt would rank lower in priority to the senior debt in repayment. The promoter shall reserve the right to convert the Promoter Sub Debt into Equity after achieving the Financial Closure of the Project Expansion. Such conversion shall be subject to prior written consent of the Investors. There will be no repayment of the promoter sub debt till the investors have exited from the Company fully.

2.05 Other long term liabilities

Amount in Rs

Particulars	March 25, 2014	March 31, 2013
Payable towards Capital goods/ services received	-	13,483,687
Retention Money	-	13,483,687
Total	-	26,967,374

2.06 Short Term Borrowings

Amount in Rs

Particulars	March 25, 2014	March 31, 2013
Secured		
Cash Credit [refer note no (a) below]	207,965,980	-
Unsecured		
Loan from related party [refer note no (b) below]	2,120,000,000	-
Total	2,327,965,980	-

Notes:

(a) Cash Credit :

Cash Credit facilities are secured by way of a first charge and registered mortgage of all the immovable properties and movables including plant and machinery, machinery spares, tools and accessories, stock of raw materials, semi finished goods and consumable goods and by book debts, operating cash flows, receivables, revenues whatsoever in nature, present and future. Further it is secured by pledge of shares representing 51% of the total paid up equity share capital. The beneficial interest in the Security shall rank pari passu among all the Rupee Lenders and the lenders participating in the bank borrowings for the working capital requirements/bank guarantee facility to the extent as approved by the Rupee Lenders. The Cash Credit Overdraft facility is repayable on demand subjected to annual review/renewal and carrying interest rate at respective Banks base rate plus 3.00% and the interest rate is ranging between 12.50% to 13.20%.

(b) Loan from related party :

Unsecured Loan from GMR Power Corporation Limited [GPCL] is repayable with in one year from date of disbursement. Applicable interest rate for the year is ranging between 14.35% to 15.60% and interest payable at the end of financial year.

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2.07 Trade payables

Amount in Rs

Particulars	March 25, 2014	March 31, 2013
Trade payables		
- due to Micro and small enterprises *	-	-
- due to others	1,806,781,388	-
Acceptances against Fuels	206,457,970	-
[Represents Letter of Credit accepted and discounted by the Company. Acceptances are part of the working capital facility sanctioned by the Banks and are secured as given in note no. (a) Note no 2.06]		
Total	**2,013,239,358**	-

* There are no micro and small enterprises to which the Company owes dues or with which the Company had transactions during the period, based on the information available with the Company.

2.08 Other current liabilities

Amount in Rs

Particulars	March 25, 2014	March 31, 2013
Current Maturities of Long Term Debt towards :		
Rupee Term Loan [refer note no. (a)(i) & (b)(i) of Note 2.04]		
- from Banks	-	1,610,373,452
- from other parties	-	311,706,249
- Bridge Loan from Financial Institution	3,000,000,000	-
Acceptances [refer note no. (b)(ii) Note no 2.04]	-	-
Buyers Credit [refer note no. (b)(ii) Note no 2.04]	-	149,525,746
External Commercial Borrowings [refer note no. (a)(ii) & (b)(iii) Note 2.04]	33,874,400	30,688,000
Interest accrued but not due on :		
Buyers' credit	-	5,050,806
External Commercial Borrowings	73,537,480	101,366,996
Unsecured loan from Related Party	163,013,187	-
Other payables :		
Retention money (Refer Annexure 1)	4,055,298,427	3,584,352,186
Salaries, bonus and other payables to employees	11,735,960	5,356,091
Book overdraft	-	5,426,494
Statutory dues	10,312,587	23,384,516
Payables towards capital goods / services received to -		
- Others (Refer Annexure 2)	2,611,808,103	2,446,838,101
- Acceptances against purchase of fuel [refer note no. (b)(ii) Note no 2.04]	-	156,014,420
Total	9,959,580,144	8,430,083,057

* The Management is in a continuous process of obtaining confirmations from its vendors regarding their registrations under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). There are no balances due to Micro, Small and Medium Enterprises as per the information available with the Company. Auditors have relied on the representations made by the management in this regard.

2.09 Short term provisions

Amount in Rs

Particulars	March 25, 2014	March 31, 2013
Provision for employee benefits		
- Leave benefits	25,821,815	24,898,516
- Other employee benefits	60,393,333	33,867,196
Provision for others		
Income tax (net of advance tax)	-	9,540,519
Total	86,215,148	68,306,231

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2.12 Long- term loans and advances

Amount in Rs

Particulars	March 25, 2014	March 31, 2013
Unsecured, considered good		
Capital Advances	1,503,497,459	7,188,305,996
Loans and advances to employees	-	75,700
Deposits with		
- related parties	-	31,437,214
- Government authorities *	1,096,521,675	2,628,180,079
- Others	16,703,577	2,726,147
Advance income tax and tax deducted at source (net of provision)	4,224,917	-
Total	2,620,947,628	9,850,725,136

* - includes advance custom duty paid before clearance of shipment amounting to Rs 6,270,993 (March 31, 2013 : Rs 2,163,427,373). Further includes entry tax paid under protest Rs. 231,713,191 (March 31, 2013 : Rs 134,213,191)

2.13 Other non current assets

Amount in Rs

Particulars	March 25, 2014	March 31, 2013
Fixed Deposits with bank *	120,568,435	120,568,435
Interest accrued but not due - receivable at the time of maturity	13,433,143	9,899,825
Total	134,001,578	130,468,260

* - Out of the above Rs 120,568,435 pledged in favour of Executive engineer Rengali Right Canal Division No II, Dhenkanal.

2.14 Current investments

Amount in Rs

Particulars	March 25, 2014	March 31, 2013
Birla Sunlife Cash Plus-Growth	22,734,008	
Axis Liquid Fund - Institutional Growth	163,870,890	-
ICICI Prudential Liquid Regular Plan -Growth	53,588,692	-
Tata Liquid Fund Plan A Growth	38,175,011	-
UTI Liquid Cash Plan Institutional - Growth Option	51,145,875	-
Total	329,514,476	-

Aggregate net asset value of Mutual Fund	329,514,476	-

Note : The current investments are valued at cost or market value whichever is lower.

2.15 Inventories

Amount in Rs

Particulars	March 25, 2014	March 31, 2013
Raw Materials	509,086,769	-
Stores	18,068,426	-
Total	527,155,195	-

Note : Inventories are valued at lower of Cost or Net Realisable Value

2.16 Trade Receivables

Amount in Rs

Particulars	March 25, 2014	March 31, 2013
Unsecured, considered good		
Trade receivables -		
- outstanding for a period more than six months	18,039,219	-
- others	663,217,064	-
Total	681,256,283	-

ASSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

2.17 Cash and bank balances

Amount in Rs

Particulars	March 25, 2014	March 31, 2013
Cash and cash equivalents		
Cash on hand	318,176	3,097,504
Balances with banks in Current accounts	967,197,836	103,228,636
Total of cash and cash equivalents	967,516,012	106,326,140
Other bank balances		
Margin money deposit	350,111,789	21,668,549
Total	1,317,627,801	127,994,689

2.18 Short term loans and advances

Amount in Rs

Particulars	March 25, 2014	March 31, 2013
Unsecured, Considered good		
Advances paid towards goods / services	575,750,904	-
Loan and advances to employees	4,589,842	8,800,023
Loans and Advances receivable from related parties	3,072,240	2,000,000
Security Deposit receivable from related parties	31,437,214	-
Prepaid Expenses -		
- Interest / commission paid	494,605	10,962,331
- others	7,164,482	1,271,512
Gratuity plan asset (net of provision)	2,866,109	3,362,808
Total	625,375,396	26,396,674

2.19 Other current assets

Amount in Rs

Particulars	March 25, 2014	March 31, 2013
Interest accrued but not due on deposits with bank	3,032,143	336,085
Unbilled revenue towards export of infirm power	-	31,259,446
Total	3,032,143	31,595,531

2.20 Revenue from operations

Amount in Rs

Particulars	For the period ended Mar 25, 2014	For the year ending March 31, 2013
Sale of Electrical Energy	2,319,317,229	-
Total	2,319,317,229	-

2.21 Other Income

Amount in Rs

Particulars	For the period ended Mar 25, 2014	For the year ending March 31, 2013
Other Income	21,582,508	-
Total	21,582,508	-

2.22 Cost of materials consumed

Amount in Rs

Particulars	For the period ended Mar 25, 2014	For the year ending March 31, 2013
Coal	1,222,289,231	-
Light Diesel Oil	89,103,983	-
Heavy Furnace Oil	17,106,769	-
Total	**1,328,499,983**	-

2.23 Employee cost

Amount in Rs

Particulars	For the period ended Mar 25, 2014	For the year ending March 31, 2013
Salaries, Allowances and other Employee benefits	234,260,809	-
Contribution to provident fund and others	695,403	-
Recruitment/Placement Costs	953,814	-
Staff welfare Expenses	3,919,310	-
	239,829,336	-

2.24 Other expenses

Amount in Rs

Particulars	**For the period ended Mar 25, 2014**	**For the year ending March 31, 2013**
Transmission & Distribution charges	141,224,385	-
Unscheduled interchange charges (net)	213,895,915	-
Environment Cess	37,110,080	-
Rent	26,241,256	-
Rates & Taxes	12,316,766	260,655
Repairs and maintenance	26,564,638	-
Electricity charges	18,063,226	-
Water charges	17,325,940	
Insurance	37,204,060	-
Consultancy & professional charges	225,071,642	-
Office Maintenance	142,633,273	-
Business Promotion	5,418,655	1,023,165
Travelling & Conveyance	30,451,897	-
Printing & Stationery	2,769,349	-
Bidding Expenses	6,509	-
Communication expenses	3,957,046	-
Advertisements	1,459,803	2,006,316
Board meeting expenses	395,228	776,467
Donations	676,045	418,334
Community Development	39,195,987	-
Auditors remuneration -	-	
- Statutory audit fees	1,069,232	561,800
- Certification charges	816,865	210,675
Logo fees	4,139,170	15,819,320
Wealth Tax	-	-
Miscellaneous expenses	14,329,813	5,633,490
Total	**1,002,336,782**	**26,710,222**

RASSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

2.25 Finance Cost

Amount in Rs

Particulars	For the period ended Mar 25, 2014	For the year ending March 31, 2013
Interest expense on -		
- Term loan	2,365,645,092	-
- External commercial borrowing	117,974,817	-
- Working capital loan	6,336,129	
- Other interest	154,982,364	-
	-	
Bank and other finance charges	111,486,863	-
Total	2,756,425,265	-

2.26 Claims/ Counter claims arising out of the project related contracts including Engineering, Procurement and Construction (EPC) Contract and Non EPC contracts, on account of delays in commissioning of the project, or any other reason is pending settlement / negotiations with concerned parties. The Company has considered its best estimate of cost on the work completed based on the contract, work and purchase orders issued where the final bills are pending to be received /approved. Any adjustment on account of these contracts/bills would be adjusted to the cost of fixed asset in the year of settlement / crystallization. Subsequent to the Balance Sheet date, the Company has invoked the Bank Guarantees of its EPC Contractors amounting to Rs 5,792,634,105 on 12th Nov 2014 for liquidated damages, non-payment of debit notes issued by the Company and Outstanding liabilities to Sub-contractors of EPC contractor. The matter is presently sub-judice with District Court, Dhenkenal, Odisha.

2.27 Search under Section 132 of the Income Tax Act, 1961 was carried out at the premises of the Company by the Income Tax Authorities on October 11, 2012, followed by search closure visits on various dates during the year, to check the compliance with the provisions of the Income Tax Act, 1961. The Company pursuant to the same has received the Income tax Assessment Orders passed under section 143(3) r.w.s 153A of the Income tax Act, 1961 for the Assessment Years AY 2008-09 to AY 2013-14. The Assessing Officer in the said orders has considered certain revenue expenditure claimed by the company as not deductible and has also considered certain items in capital work in progress as not eligible for capitalisation. The said adjustments have resulted in additional tax demand of Rs.2.81 Crore and initiation of penalty proceedings. The department after adjusting the refunds due raised a demand of Rs 1.10 Crore. The Company is has filed appeal before appellate authorities and hopeful of getting favorable order and does not foresee any financial implication on financial statements.

2.28 **Other commitments relating to Power Purchase Agreements**

The Company has entered into a PPA for 25 years, from the date of commercial operation of the project, with Grid Corporation of Orissa Limited (GRIDCO) wherein it has committed to sell and GRIDCO has committed to purchase aggregate contracted capacity of 25% of the total power exported. In addition, GRIDCO has the right to receive power generated by GKEL beyond 80% PLF and the entire infirm power (electricity generated prior to commercial operation of the unit of the generating station) generated.

The Company has entered into a PPA for 25 years, from the date of commercial operation, with Bihar State Electricity Board (BSEB) wherein it has committed to sell and BSEB has committed to purchase 260 MW.

The Company has entered into a PPA for 25 years, from the date of commercial operation, with Power Trading Corporation (PTC) wherein it has committed to sell and PTC has committed to purchase 300 MW.

SSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

2.29 Calculation of Earning per share:

Sl. No	Particulars	For the period ended Mar 25, 2014	For the year ending March 31, 2013
a.	Nominal Value of Equity Shares (Rs per share)	10	10
b.	Total No. of Equity Shares outstanding at the beginning of the year	1,356,373,960	621,203,600
c.	Add: Shares allotted during the year	236,882,360	735,170,360
d.	Total No. of Equity Shares outstanding at the end of the year	1,593,256,320	1,356,373,960
e.	Weighted average No. of Equity shares for Basic earnings per Share	1,501,324,484	1,087,481,709
f.	Loss as per Statement of Profit and Loss (Amount in Rs.)	(4,526,246,928)	(26,710,222)
g.	Basic/Diluted Earning per share of Rs 10/- each (in Rs.) [(f)/(e)]	(3.015)	(0.025)

2.30 Balances shown under Loans and Advances, current and non-current assets, current and non-current liabilities other than balances with banks and financial institutions are subject to confirmation.

2.31 In the opinion of the management, loans and advances, current and non current assets are good and recoverable and no provision considered necessary.

2.32 The Company is engaged primarily in the business of setting and running of Power plant. As the basic nature of the activities is governed by the same set of risk and returns these have been grouped as a single business segment. Accordingly separate primary and secondary segment reporting disclosures as envisaged in Accounting Standard (AS-17) on Segmental Reporting issued by the ICAI are not applicable to the present activities of the company.

2.33 Figures of the previous period wherever necessary, have been reworked, regrouped, reclassified and rearranged to conform with those of the current year.

The notes referred to above form an integral part of the financial statements
As per our report of even date

For AASA & Associates
Chartered Accountants
Firm Registration Number : 310073E

P S Nayak
Partner
Membership No.: 059950

Place: Bhubaneswar
Date: 22.12.2015

For GMR Kamalanga Energy Limited

R R Nair
Director & COO

Place : Kamalanga
Date: 22.12.2015

B K Mishra
AVP - F/A

AASA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

GMR Kamalanga Energy Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

2.10 Fixed Assets

(Amount in Rs.)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	April 01, 2013	Additions	Deletions / Adjust-ments	March 25, 2014	April 01, 2013	For the year	Deletions / Adjust-ments	March 25, 2014	March 25, 2014	March 31, 2013
Tangible Assets										
Land										
Freehold	1,336,161	-		1,336,161	-	-	-	-	1,336,161	1,336,161
Leasehold	438,554,812	573,662,861	-	1,012,217,673	-	13,203,023	-	13,203,023	999,014,650	438,554,812
Building	1,166,104,477	4,424,312,382	-	5,590,416,859	5,548,185	114,772,228	-	120,320,413	5,470,096,446	1,160,556,292
Computers	13,409,507	9,888,336	-	23,297,843	4,403,645	2,223,861	-	6,627,506	16,670,337	9,005,862
Plant and Machinery	81,228,008	56,637,611,319	-	56,718,839,327	9,447,786	1,406,455,314	-	1,415,903,100	55,302,936,227	71,780,222
Office Equipments	21,712,618	6,685,224	-	28,397,842	2,649,160	1,106,366	-	3,755,526	24,642,316	19,063,458
Medical Equipment	5,835,626	7,455	-	5,843,081	335,361	375,388	-	710,749	5,132,332	5,500,265
Furniture and Fixtures	11,094,766	9,842,864	-	20,937,630	1,641,505	938,001	-	2,579,506	18,358,124	9,453,261
Vehicles	16,279,316	1,660,074	-	17,939,390	5,818,317	1,518,451	-	7,336,768	10,602,622	10,460,999
Sub Total (a)	**1,755,555,291**	**61,663,670,515**	-	**63,419,225,806**	**29,843,959**	**1,540,592,632**	-	**1,570,436,591**	**61,848,789,215**	**1,725,711,332**
Intangible Assets										
Software	45,259,513	7,062,462	-	52,321,975	24,999,817	7,266,351	-	32,266,168	20,055,807	20,259,696
Sub Total (b)	45,259,513	7,062,462	-	52,321,975	24,999,817	7,266,351	-	32,266,168	20,055,807	20,259,696
Total (a+b)	1,800,814,804	61,670,732,977	-	63,471,547,781	54,843,776	1,547,858,983	-	1,602,702,759	61,868,845,022	1,745,971,028
Previous year										
Tangible Assets	527,020,487	1,228,534,804	-	1,755,555,291	15,014,454	14,829,505	-	29,843,959	1,725,711,332	-
Intangible Assets	33,626,005	11,633,508	-	45,259,513	18,197,521	6,802,296	-	24,999,817	20,259,696	-
Previous Year Total	560,646,492	1,240,168,312	-	1,800,814,804	33,211,975	21,631,801	-	54,843,776	1,745,971,028	-

Notes:

1 Depreciation adjustment :

	For the period ended Mar 25, 2014	2012-13
Depreciation for the year	1,547,858,983	21 63 18 01
Less: Depreciation Transferred to Capital work in Progress during Construction period	7,803,684	21 63 18 01
Depreciation charged to Statement of Profit and Loss	1,540,055,299	-

2 Additions to building and plant and equipment includes the following :

	For the period ended Mar 25, 2014
Salary, rent, depreciation, other administrative expenses and income tax (net)	4,918,784,470
Trial run cost (net)	2,178,925,896
Borrowing Cost	7,031,764,194
Foreign Exchange Fluctuation	2,394,859,186
Total	16,524,333,746

3 Assets are owned and are used for own use, unless otherwise mentioned.
4 Leasehold land taken from Government Authorities are amortised from the date of commercial operation of the Power Plant at the rate specified by Central Electricity Regulatory Commission Guidelines.
5 Estimated remaining useful life of software as on March 25, 2014 ranges from 8 months to 18 months.
6 The Assets Capitalised includes Rs 410,71,68,518 of common assets relating to all units which was allocated under Unit IV contract has been put to use and capitalised during the Financial Year 2013-14.

GMR Kamalanga Energy Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

2.11 Capital Work in Progress

(Amount in Rs.)

Particulars		April 01, 2013	Incurred during the year / Adjusted	Capitalised / Adjusted	March 25, 2014
A) Assets under Construction		35,670,097,139	10,337,602,876	44,569,816,801	1,437,883,214
B) Expenditure during Construction Period					
Employee benefits:					
Salaries, allowances and other employee benefits		1,205,390,160	39,508,110	1,244,898,270	-
Contribution to provident fund and other funds		70,087,776	3,571,849	73,659,625	-
Recruitment / placement costs		48,016,588	772,321	48,788,909	-
Staff welfare expenses		85,139,961	4,095,981	89,235,942	-
Rent		201,139,116	12,957,064	214,096,180	-
Rates and taxes		75,192,460	25,056,703	100,249,163	-
Repairs and maintenance		51,523,849	4,716,177	56,240,026	-
Office maintenance		211,668,464	63,941,184	275,609,648	-
Electricity charges		43,795,366	-	43,795,366	-
Insurance		174,734,396	129,957,135	304,691,531	-
Consultancy & professional charges		506,385,475	117,546,237	623,931,712	-
Travelling and conveyance		261,788,098	3,889,744	265,677,842	-
Air time sharing cost-variable		105,988,985	22,889,624	128,878,609	-
Communication expenses		34,823,291	255,825	35,079,116	-
Advertisement		40,891,162	-	40,891,162	-
Printing & stationery		13,584,398	-	13,584,398	-
Bidding expenses		1,001,575	-	1,001,575	-
Community development expenses		66,521,481	35,572,076	102,093,557	-
Miscellaneous expenses		150,427,002	2,641,247	153,068,249	-
Depreciation and amortisation		55,542,612	7,803,684	63,346,296	-
Trial run cost		536,088,195	2,064,101,080	2,600,189,275	-
Finance cost:					
Interest on long term borrowings					
Rupee term loan		4,579,425,834	1,854,251,801	6,148,721,798	284,955,837
Acceptances and buyer's credit		619,933,247	167,552,616	787,485,863	-
External Commercial Borrowings		100,078,674	-	95,556,533	4,522,141
Bank/ Other finance charges		918,733,487	324,121,389	1,242,854,876	-
Exchange differences gain / (loss) *		1,753,320,806	635,887,821	2,394,859,186	(5,650,559)
Tax expense:					
Fringe benefit tax		8,758,577	-	8,758,577	-
Income tax		29,857,627	-	29,857,627	-
	(i)	11,949,838,662	5,521,089,668	17,187,100,911	283,827,419
Less: Incidental Income					
Revenue from sale of infirm power		31,259,446	390,003,933	421,263,379	-
Interest received:					
Margin money deposit		73,061,266	12,349,967	85,411,233	-
Income from current investment:					
Dividend received on mutual funds		9,517,556	-	9,517,556	-
Profit on sale of mutual funds		115,898,933	18,617,053	134,515,986	-
Other income		11,415,663	643,348	12,059,011	-
	(ii)	241,152,864	421,614,301	662,767,165	-
	(i - ii)	11,708,685,798	5,099,475,367	16,524,333,746	283,827,419
C) Material in Transit		311,241,966	(311,241,966)	-	-
D) Project Inventory		207,770,697	(207,770,697)	-	-
TOTAL (A+B+C+D)		47,897,795,600	14,918,065,580	61,094,150,547	1,721,710,633

Note : 1. The Capital Work In Process as on 25th March 2014 includes Rs 56,93,15,449 incurred for the 4th Unit of the Project.

BHUBANESWAR ASSOCIATES ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

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GMR Kamalanga Energy Ltd.
Retention money Payable
As on 25th Mar, 2014

Annexure 1

Vendor Code	Vendor Name	Amount (Rs)
101557	KINFOTECH PVT LTD	(31,202)
102792	SIEMENS LIMITED	(1,356,296)
103876	AVAYA GLOBAL CONNECT	(21,132)
105361	SEPCO ELECTRIC POWER	(263,550)
106054	DARLING PUMPS PVT LT	(34,894)
106490	SWAN ENVIRONMENTAL P	(1,573,860)
107990	TATA PROJECTS LIMITE	(55,213,775)
109838	BSTRANSCOMM	(18,973,982)
111677	NIRMAL SAI CONSTRUCT	(954,711)
113873	SAI MAHI INFRA PROJE	(6,818)
114096	KARUNAKAR BEHERA	(24,029)
114097	SAI KRISHNA CONSTRUC	(122,717)
114200	PRANABANDHU SAHU	(5,484)
114202	DHABALESWAR CONSTRUC	(2,693)
118040	UTKAL ENERGY RESOURC	(8,615,709)
118096	K.R.ENTERPRISES	(2,214,792)
200227	SEPCO ELECTRIC POWER	(3,024,600,903)
301328	PAYIK SENTINELS PVT	(349,863)
304482	THYSSENKRUPP INDUSTR	(48,095,187)
305474	SEPCO ELECTRIC POWER	(769,896,072)
306116	GVBR CONSTRUCTIONS	(492,683)
306482	GVBR CONCTRUCTIONS	(1,933,215)
308095	JAY DURGA CONSTRUCTI	(133,991)
309200	ROHIT KUMAR NAYAK	(69,276)
309637	LOTUS ENTERPRISE	(475,719)
309839	WIPRO LIMITED	(343,712)
312845	NITISH CONSTRUCTION	(111,527)
313458	BAJRANGI CONSTRUCTIO	(18,859)
313497	SKC INFRASTRUCTURE (	(703,856)
313638	TRILOCHAN BHUYAN	(21,980)
313677	JITENDRA KUMAR PATTA	(77,963)
313808	AASHRIWAD BIO-PLANTA	(19,972)
313832	DURGA CONSTRUCTION	(30,087)
313834	UMA SHANKAR CONSTRUC	(20,625)
313915	PURNIMA CONSTRUCTION	(80,209)
314508	SUBHADRA INFRASTRUCT	(48,663)
314706	NARENDRA KUMAR SAHU	(58,267)
314717	J.K.SUPPLIER	(7,311)
315005	EASTERN PILING & CON	(1,164,152)
318328	GVV CONSTRUCTIONS PR	(18,196,730)
320667	EMPOWERTRANS PRIVATE	(50,833,554)

SAI & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

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GMR Kamalanga Energy Ltd.
Retention money Payable
As on 25th Mar, 2014

Annexure 1

Vendor Code	Vendor Name	Amount (Rs)
320998	NANDINI ENTERPRISE	(29,790)
321064	SRIVALLI CONSTRUCTIO	(3,463,149)
321266	EDDA SERVICES	(10,542)
321626	TULASI CONSTRUCTION	(444,430)
321870	PRADHAN CONSTRUCTION	(22,789)
321992	QUARTZ INFRA AND ENG	(39,080)
322053	MOHABIR CONSTRUCTION	(44,887)
322095	TIKU ENTERPRISES	(194,321)
322579	TARINI ENTERPRISES	(51,549)
322706	TRINATH SAHU	(26,550)
322707	DAYANIDHI BEHERA	(75,285)
322708	JYOTI ENTERPRISES	(108,080)
322719	BINOD GADANAYAK	(104,454)
322727	JK CORPORATE SERVICE	(123,738)
322845	ADITYA BEHERA	(43,492)
322849	RADHA KRISHNA CONSTR	(45,147)
323024	EARTH PAVERS [HYD] P	(471,494)
323095	SAI ENTERPRISES	(96,799)
323366	BABULI SAHOO	(21,768)
323574	PRECISION ERECTORS A	(385,725)
323794	SHAILJA ENTERPRISES	(201,451)
323919	INDO INSTRUMENTS	(131,342)
324198	KSHIROD KUMAR DEO	(67,841)
325078	PRECISION ENGINEERIN	(46,380)
16100	GMR INFRASTRUCTURE L	(41,549,325)
18000	RAXA SECURITY SERVIC	(299,000)
	Total	(4,055,298,427)

... & ASSOCIATES
BHUBANESWAR

GMR KAMALANGA ENERGY LIMITED

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GMR Kamalanga Energy Ltd
Undischarged Liabilities
As on 25th Mar, 2014

Annexure 2

Vendor Code	Vendor Name	Total Payable
325034	ABHISEK CONTECH INDIA PVT LTD	(9,634,281)
200422	APOLLO BUILDING CO.	(973,860)
200571	AXA MINMETALS ASSURA	(732,426)
313353	BUREAU VERITAS INDIA	(3,514,634)
310313	EE TED CESU CHAINPAL	(7,717,720)
12600	GMR CONSULTING SERVI	(16,503,636)
16610	GMR CORPORATE AFFAIR	(14,398,545)
12000	GMR ENERGY LIMITED	(33,657,534)
302416	HONEYWELL AUTOMATION	(106,000)
300982	IBC KNOWLEDGE PARK P	(760,752)
302530	IDFC LIMITED	(69,747,470)
323485	INGERSOLL RAND INDIA	(636,777)
309637	LOTUS ENTERPRISE	(2,202,627)
117893	NANDINI INDUSTRIAL C	(15,280)
200362	OFFICE EXPRESS (BEIJ	(27,013)
200227	SEPCO ELECTRIC POWER CONSTRUCTION	(2,352,141,591)
102792	SIEMENS LIMITED	(10,246,127)
325131	SMP INFRA PRIVATE LIMITED	(50,162,800)
321064	SRIVALLI CONSTRUCTIONS	(16,885,966)
107990	TATA PROJECTS LIMITE	(1,192,962)
304482	THYSSENKRUPP INDUSTRIES INDIA PVT.L	(9,720,734)
321626	TULASI CONSTRUCTION	(2,527,845)
309839	WIPRO LIMITED	(7,591,927)
306482	GVBR CONCTRUCTIONS	(709,596)
		(2,611,808,103)

ASSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

GMR Kamalanga Energy Ltd
Capital Advance
As on 25th Mar, 2014

Vendor Code	Vendor Name	Total
324412	ALSTOM T&D INDIA LIM	14,385,430
113473	APSHWCS LTD	5,000,000
105334	AREVA T&D INDIA LTD.	334,406
312282	BAJAJ ELECTRICALS LI	415,857
324070	BEMCO HYDRAULICS LIM	2,787,789
109838	BSTRANSCOMM	667,715
321600	CHIEF CONTROLLER OF	400
115909	DIRECTORATE GENERAL	33,708
113856	DIRECTORATE OF FACTO	441,680
107067	DISTRICT COUNCIL OF	250,000
308058	DIVISIONAL FOREST OF	25,249,902
315005	EASTERN PILING & CON	234,767
320667	EMPOWERTRANS PRIVATE	114,814,840
	Entry Tax Paid to Govt Under Protest	82,907,189
302307	FACAO,EAST COAST RAI	67,515,040
312632	FINANCIAL ADVISOR &	20,881,162
113923	GARUDA POWER PRIVATE	20,965
16000	GMR HOLDINGS PRIVATE	93,213
16100	GMR INFRASTRUCTURE L	227,122,116
308391	GODREJ & BOYCE MFG.C	4,660,127
306116	GVBR CONSTRUCTIONS	843,899
318328	GVV CONSTRUCTIONS PR	170,884
312525	HINDUSTAN HOSPITALIT	3,204,597
300200	IBM INDIA PVT. LTD.	16,293,603
309187	INDIAN ENERGY EXCHAN	112,360
313972	JAI MAA DURGA FURNIT	449
106656	JINDAL STEEL & POWER	57,958
111417	KRISHNA KUMAR KL	25,491,866
101638	LARSEN & TOUBRO LTD.	25,837,576
306420	LG ELECTRONICS INDIA	3,467
108887	MADRAS CEMENTS LTD	2,280
302736	MCKINSEY & COMPANY	19,550,640
320098	MJUNCTION SERVICES L	30,764,802
319967	MSTC LIMITED	3,371
301325	ORISSA INDUSTRIAL IN	568,514,758
304834	ORISSA POWER TRANSMI	1,879,508
105180	PETE HAMMOND POWER S	263,597
308385	POWER EXCHANGE INDIA	112,360
18000	RAXA SECURITY SERVIC	102,051,650
317826	REDINGTON INDIA LTD	28,904
318041	SACHIDA NANDA MALLIC	4,000
315443	SADHU CHARAN BEHERA	80,000

SASSA & ASSOCIATES
BHUBANESWAR
CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LIMITED

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313497	SKC INFRASTRUCTURE (	14,181,268
325131	SMP INFRA PRIVATE LI	14,454,375
306099	SOUTHERN REGIONAL LOAD DESPATCH CENTRE	(3,505,832)
318175	STATE POLLUTION CONT	4,957,252
308997	SUB REGISTRAR-DHENKA	40,317,279
117923	SURELAND FIRE & SECU	552,395
110621	TAHASILDAR , ODAPADA	5,994,800
323188	TATA METALIKS KUBOTA	1,695
107990	TATA PROJECTS LIMITE	62,071,722
106015	TATA STEELS LIMITED	11,840
314221	THE CONTROLLER OF PU	14,000
109753	ULTRATECH CEMENT LIM	1,357,830
Total		1,503,497,459

SSA & ASSOCIATES CHARTERED ACCOUNTANTS BHUBANESWAR

GMR KAMALANGA ENERGY LIMITED

ANNEXURE P-7

BEFORE THE CENTRAL ELECTRICITY REGULATORY COMMISSION, NEW DELHI

REVIEW PETITION NO. OF 2016

IN

PETITION NO. 77/GT/2013

IN THE MATTER OF:

GMR-Kamalanga Energy Limited ...Review Petitioner/Original Petitioner

Versus

GRIDCO Limited & Ors. ...Respondents

INDEX

Sr. No.	Particulars	Page Nos.
1	Petition seeking review of the CERC Order dated 12.11.2015 passed in Petition No. 77/GT/2013 on behalf of the Review Petitioner/GMR-Kamalanga Energy Ltd.	1–19
2	**Annexure R-1:** Copy of the Order dated 12.11.2015 in Petition No. 77/GT/2013 passed by CERC. – already on Record	20–83

as Annexure- R-2

GMR Kamalanga Energy Limited / Review Petitioner

Through:

J. Sagar Associates

Advocates for the Review Petitioner

B-303, 3rd Floor, Ansal Plaza,

Hudco Place, August Kranti Marg

New Delhi -110049

Place: New Delhi

Date: 18 January, 2016

BEFORE THE CENTRAL ELECTRICITY REGULATORY COMMISSION, NEW DELHI

REVIEW PETITION NO. OF 2016

IN

PETITION NO. 77/GT/2013

IN THE MATTER OF:

Review Petition under Section 94(1)(f) of the Electricity Act, 2003 read with Regulation 103 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 seeking review of the Order dated 12.11.2015 passed by this Hon'ble Commission in Petition No. 77/GT/2013

AND

IN THE MATTER OF:

GMR-Kamalanga Energy Limited
Skip House, 25/1 Museum Road
Bangalore - 5600025

...Review Petitioner/ Original Petitioner

Versus

1. **GRIDCO Limited**
   Janpath, Bhubaneshwar- 751022
   Orissa

2. **Central Electricity Supply Utility of Orissa**
   2nd Floor, Idco Tower,
   Janpath, Bhubaneswar -751022

3. **North Eastern Electricity Supply Company of Orissa Limited**
   Januganj, Balasore, 756019

4. **Western Electricity Supply Company of Orissa Limited**
   Burla- 768017, Dist - Sambalpur, Orissa

5. **Southern Electricity Supply Company of Orissa**
   Courtpeta, Berhampur, Ganjam, Orissa - 760 004.

...Respondents

PETITION SEEKING REVIEW OF THIS HON'BLE COMMISSIONS ORDER DATED 12.11.2015 PASSED IN PETITION NO. 77/GT/2013

I. Conspectus of Petition

1. GMR Kamalanga Energy Limited ("**Review Petitioner**" / "**Petitioner**") is filing the present Review Petition under Section 94(1)(f) of the Electricity Act, 2003 (the "**Act**") read with Regulation 103 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 read with the Central Electricity Regulatory Commission (Conduct of Business) Amendment Regulations, 2013 ("**Conduct of Business Regulations**") seeking review of this Hon'ble Commission's Order dated 12.11.2015 ("**Order dated 12.11.2015**") passed in Petition No. 77/GT/2013 ("**Original Petition**"). The certified copy of the Order was received on 04.12.2015. A copy of the Order dated 12.11.2015 in Petition No. 77/GT/2013 is annexed herewith and marked as **Annexure R-1**.

2. The Review Petitioner filed Petition No. 77/GT/2013 for determination of tariff in respect of supply of 262.6 MW power to GRIDCO Limited ("**Respondent No. 1**" / "**GRIDCO**") from Stage I of the Kamalanga Thermal Power Plant ("**Power Plant**") (i.e. 25% of 1050 MW) for the consumption by the Central Electricity Supply Utility of Orissa, North Eastern Electricity Supply Company of Orissa Limited, Western Electricity Supply Company of Orissa Limited and Southern Electricity Supply Company of Orissa Limited (collectively "***Odisha Discoms***"), seeking the following relief:

> "(a) *Admit the present petition and determine the determination of tariff for supply of power.*
>
> (b) *Approve the provisional tariff of the power plant of the Petitioner pending determination of tariff.*
>
> (c) *Allow auxiliary power consumption of 7.55% in tariff determination as a special case for the Petitioner as set out in paragraph 50(f).*
>
> (d) *Allow Return on Equity of 16% on normative equity as set out in paragraph 42.*
>
> (e) *Approve the basis of calculation of Energy Charge Rate (ECR) as set out in paragraph 50(k).*

(f) *Allow the Petitioner to charge GRIDCO the energy charge on month to month basis based on the landed cost of fuel for the month on actual costs.*

(g) *Allow the Petitioner to claim as fuel price adjustment change in price of secondary fuel oil as set out in paragraph 47.*

(h) *Allow payment of incentive for generation and supply beyond 85% of Plant Availability Factor (PAF) as set out in paragraph 49.*

(i) *Allow pass through at actual any cess, duty, tax, government levy, royalty etc applicable to the Petitioner for supply of power to GRIDCO.*

(j) *Allow the recovery of the filing fees as and when paid to the Hon'ble Commission and also the publication expenses from the beneficiaries.*

(k) *Allow any addition, change, modification, alteration of the present petition, if required, at a later stage.*

(l) *To pass such order(s) as the Hon'ble Commission may deem fit in the circumstances and facts of the present petition."*

3. It is submitted that the present Petition has been filed seeking review of the Order dated 12.11.2015 on the following issues:

(a) The computation of Non EPC Cost requires review by this Hon'ble Commission as there are computation errors;

(b) The computation of Pre-Operative Expenses requires review by this Hon'ble Commission as there are computation errors;

(c) There is an error in computation of IDC based on time over-run allowed in terms of the Order dated 12.11.2015.

(d) No act of a court should prejudice the Review Petitioner in line with the principles of '*Actus Curiae Neminen Gravabit*'

4. It is respectfully submitted that the Review Petitioner is not repeating the facts and background of the present case for the sake of brevity. In this regard the contents of the Petition No. 77/GT/2013 and Affidavits dated 31.07.2015 and 23.01.2015 filed by the Petitioner may be read as part of the present petition.

II. SUBMISSIONS/ GROUNDS MANDATING REVIEW OF THE ORDER DATED 12.11.2015

A. Project Cost

Re. Non-EPC Costs

5. It is respectfully submitted that this Hon'ble Commission in Paragraph 54, Pg. 37 of the Order dated 12.11.2015 has approved Non-EPC costs against Review Petitioner's claims in Tariff Petition as tabulated below.

Particular	COD of Unit-I (30.4.2013)	COD of Unit-II (12.11.2013)	COD of Unit-III (25.3.2014)
Non-EPC cost claimed	74.46	212.36	361.17
Non-EPC cost approved	74.46	212.36	260.12
Balance	-	-	101

(Rs. Crores)

6. Further, the Hon'ble Commission has approved Non-EPC cost towards following elements against the actual capitalized Non-EPC cost for FY 2013-14:

Particulars	Amount (In Rs. Cr.)
Original Cost	**99**
Allowed Increase	
Wagon Tippler	46.05
MGR	54.40
Coal blending system	23.74
Lining of Irrigation canal	36.84
Total Non-EPC cost allowed	**260**
Capitalized and Claimed in Original Petition	**361**
Balance	**101**

7. It is submitted that no reasoning has been given for exclusion of the balance Rs. 101 Crores. Therefore, it appears that the same has been excluded inadvertently. It is submitted that there is an apparent error in the approval of Non-EPC costs which requires review.

8. In addition to the aforesaid the Ld. Commission in Para 53 (page 34) of the Order dated 12.11.2015 has stated that the Review Petitioner claimed Rs. 217.85 crores on account of various change in law events. The said para is reproduced hereunder for ready reference -

> *"The Non-EPC costs had increased by Rs. 261.93 crore as per the audited capital cost. However, the petitioner has claimed Rs. 217.85 crore on account of various change-in-law events."*

9. It is respectfully submitted that the Tariff is being determined under Section 62 of the Electricity Act, 2003 and Review Petitioner has claimed all costs including Non-EPC costs capitalized and duly certified by the Statutory Auditor as on COD of the Project. It is submitted that the Review Petitioner has claimed Rs. 361 Crores towards capital cost for Non-EPC items in terms of Tariff Regulations. There is no segregation of claims on account of change in law and other heads. Therefore, this statement needs to be rectified.

10. The Review Petitioner has provided the board approvals with respect to Project Cost in its submissions for Tariff determination before this Hon`ble Commission:

- Originally approved Rs. 4540 Cr.
- Cost overrun, revised approval Rs. 6519 Cr.

11. The Review Petitioner has also submitted recent financing agreement wherein the lenders have appraised the cost overruns based on Lenders Engineers' report in following manner.

PROJECT COST	Original Project Cost	Revised Project Cost
Land, Site Development	73	97
Civil Works	1,265	1,265

A

PROJECT COST	Original Project Cost	Revised Project Cost
EPC (Excluding Civil Works)	2,353	2,839
Non-EPC	99	625
Taxes & Duties	63	143
Pre-operative expenses	156	519
Initial Spares	-	-
Contingency	78	-
Interest during Construction	431	820
Working Capital Margin Money	24	113
Total	**4,540**	**6,519**

(Rs. Crores)

12. The Non-EPC component as per revised Project Cost was Rs. 625 Cr. Out of which, the Capitalized Non-EPC Cost as on COD of the Project was only 58%, i.e. Rs. 361 Cr. The Review Petitioner has provided audited balance sheets and break up of Capital Cost in Form 5-B duly certified by statutory auditors. The detailed list of Non-EPC cost components is given below:

Items	**COD I (30.4.2013)**	**COD II (12.11.2013)**	**COD III (25.3.2014)**
220 KV & 400 KV Transmission Lines (Diversion) – India	-	-	-
Coal Blending System - India	-	-	23.74
Construction Power – India	6.90	6.90	7.00
Wagon Tippler Package – India	-	46.56	46.05
Miscl Plant Work	3.43	3.43	14.36
Construction Water – India	1.78	1.78	1.73
Direct Procured Assets	23.54	25.51	27.10
Boundry Wall – India	9.46	14.70	14.70
Misc. Civil Work – India	3.80	3.80	10.30

Items	COD I (30.4.2013)	COD II (12.11.2013)	COD III (25.3.2014)
Community Hall (Sqft Area : 14209.43) – India	-	-	3.05
Merry Go Round	-	61.27	79.99
Township & Colony			20.63
Enabling works	14.77	32.11	53.00
Strengthening of Roads	5.92	5.92	6.98
Operators Training	2.52	5.43	7.52
Tools & Plant	2.36	4.96	7.94
Lining of Irrigation canal - raw water reservoir	-	-	36.84
Non-EPC Cost	**74**	**212**	**361**
Approved by Hon`ble CERC	**74**	**212**	**260**
Deducted without specifying any reason	**0**	**0**	**101**

(Rs. Crores)

(The costs towards highlighted components are allowed in the Tariff Order)

13. It is respectfully submitted that the Hon`ble Commission in its Tariff Order has allowed Non-EPC Cost for all the components as on COD of Unit I i.e. Rs. 74 Crores, for all the components as on COD of Unit II i.e. Rs. 212 Crores. However, there is no specific reason provided for dis-allowing Rs. 101 Cr. towards Non-EPC cost.

14. The Review Petitioner would like to submit that all the components of Non-EPC costs are the expenses incurred towards genuine requirement for the completion of Project. The Lenders' Engineers have duly incorporated these requirements in their reports, based on which lenders have appraised the revised Project Cost in the financing agreements as elaborated in paragraphs above.

15. The detailed justification of all the Non-EPC components capitalized as on COD of Project is provided for the reference of Hon`ble Commission.

(a) **Construction Power:** Construction Power was required for construction activities of the plant. For this purpose, GKEL had to erect a 33 KV power line from CESU substation at Chainpal to the plant at the expense of Rs. 2 Cr. for drawing construction power of 3000 KVA. GKEL incurred fixed charges of approximately Rs. 6 lakhs per month since 2010 Project COD. In addition GKEL paid Rs. 2 Cr. towards energy charges till last date of Project COD. Together, GKEL had paid around Rs. 7 Crs. towards Construction Power.

(b) **Miscl Plant Work:** Rs. 14.36 Cr. was incurred towards miscellaneous plant lighting works, air compressor system for track hopper, C&I package for coal blending system which are not included in the EPC Contract works.

(c) **Construction Water:** GKEL was allotted 2 cusec of construction water from River Brahamani during the construction phase of Project. In order to draw water from river, GKEL had to lay pipeline and construct temporary reservoir at a cost of Rs. 1.73 Cr.

(d) **Direct Procured Assets:** The Direct Procured Assets required the project stage which consist of (a) IT systems – Computers, Laptops, IT systems & software, SAP implementation, UPS, networking, Audio and video accessories, LCD displays etc. (b) Medical equipments, (c) Project office infrastructure - furniture and fixtures, vehicles, air condition, LED TV and various office equipments. The cost of Direct Procured Assets capitalized was Rs. 27.10 Cr.

(e) **Boundry Wall:** – Boundary wall is an integral part of the plant & township premises and was not included in the scope of EPC contract. GKEL had to ensure protection of the assets put to use and the township and related amenities. For this purpose, boundary walls were constructed for plant and township with radii of around 8.5 KM and 5 KM respectively. The cost incurred towards boundary walls was Rs. 14.70 Cr.

(f) **Miscl Civil Work:** Rs. 10.30 Cr. was incurred towards temporary office measuring 6000 sq. ft. during construction period, temporary residential field hostel consisting of 20 rooms and safety training halls for workers rest houses.

(g) **Community Hall (Sqft Area : 14209.43):** A community hall of size 13799 Sq. Ft. was built to cater to the needs of the community as well as the employees in the township area at a cost of Rs. 3.05 Cr.

(h) **Township & Colony:** As directed by Rehabilitation and Periphery Development Advisory Committees (RPDAC), a 30 bed hospital was to be built to serve the local community as there is no hospital in the vicinity. To promote education facility in the local area, a school of 57,670 Sq. Ft. area was constructed. Apart from this, a commercial complex of 16,355 Sq. Ft was also constructed to cater the needs of community and employees. Apart from this, a club house of 30,020 Sq. Ft. was also built to cater the needs of the employees. The capitalized cost of Township & Colony was Rs. 20.63 Cr.

(i) **Enabling works:** It primarily consists of extended Ash pond area and associated construction. An area of 80 acres was acquired for extended ash pond. A boundary wall to protect the ash pond, and associated civil construction along with a separate approach road was carried out. Also, it included Rock excavation in water reservoir, Construction of Raw water reservoir-2 and connection between Reservoir-1 and 2. The expenditure works out to Rs 51 Cr.

(j) **Strengthening of Roads:** During the construction phase, as there was no direct approach road, GKEL had to rely on existing narrow village road of 11.5 km length for transportation of project material. As per the directions of State Government and Odisha High Court, GKEL had to carry out widening and strengthening of this road to withstand the burden of project related traffic at a cost of Rs. 6.98 Cr.

(k) **Operators Training:** The operators had to be trained in China for operating the equipments as they were supplied by Chinese company. In addition, to provide hands on experience, a speculative simulator was purchased; together it resulted in a total expenditure of Rs. 7.52 Cr.

(l) **Tools & Plant:** In order to ensure smooth operation of the Chinese plant, GKEL had procure specialized tools from china at a cost of Rs. 7.94 Cr., as compatible tools & equipment were not available in India.

16. It may be noted that, at the time of original project cost appraisal, soil investigation survey and other surveys were not completed as land was not handed over to GKEL. Rs. 99 Crore was estimated and budgeted towards Non-EPC costs based on the limited available details related to soil data and other site conditions. Post completion of soil investigation survey and other surveys, detailed engineering was completed. After detailed engineering, the requirement has undergone substantial change resulting in change in scope from that at the time of original estimation. This has resulted in increase in cost of Non-EPC items from Rs. 99 Cr. to Rs. 625 Crs. The above cost is also duly appraised by lenders which is factored in the financing agreements. The contracts were awarded post detailed engineering and were negotiated on fixed and firm price basis (except for transmission line contract and LILO connection contract) and there is no price escalation in the non-EPC contracts beyond the price agreed under the contract thereafter.

17. Thus, it is evident that the Non-EPC costs incurred towards the above components was a genuine requirement as acknowledged in lenders engineers' reports, appraised by lenders in financing agreements and duly certified by statutory auditors in balance sheets as well as Form 5-B of Tariff forms. Therefore, Hon`ble Commission ought to have allowed Rs. 361 Cr. towards Non-EPC costs as claimed by the Review Petitioner and disallowing the same without recording any reasons thereof is an error apparent on the face of the record and ought to be correctly by way of review of the Tariff Order.

Re. Pre-Operative Expenses

18. It is submitted that there seems to be a typographical error / arithmetic error as the amount towards Pre-operative Expenses recorded in the table in Paragraph 72 (Pg. 43) is different from the approved amount recorded in Paragraph 54 (Page 37) of the Order dated 12.11.2015 .

19. In this respect it is submitted that the Review Petitioner had sought approval of Rs. 517.17 Cr. towards Pre-Operative Expense against which this Hon`ble Commission in its Tariff Order (*Para 54, Page 37*) has approved Rs. 394.59 Cr. after deducting Rs. 122.58 Cr. towards disallowance of cost increase on account of time

overrun.

However, while determining the Tariff, this Hon'ble Commission has considered Pre-Operative costs of Rs. 277.68 only as opposed to the approved amount of Rs. 394.59 crores (*Para 72, Page 43 of Tariff Order*). The details of the error in computation is set out below:

(Amount in Rs. crores)

Particular	Reference	COD of Unit-I (30.4.2013)	COD of Unit-II (12.11.2013)	COD of Unit-III (25.3.2014)
Pre-Operative Expenses claimed	Petitioner's submissions	200.05	351.04	517.17
Pre-Operative Expenses Approved	Para 54, Page 37 of Tariff Order	153.24	266.76	394.59
Pre-Operative Expenses Approved	Para 72, Page 43 of Tariff Order	130.06	140.32	277.68
Balance		23.18	126.44	116.91

20. Based on the above, there seems to be an apparent error in terms of Pre-Operative expenses allowed and finally considered for purposes of computation of tariff. Therefore, Hon`ble Commission is humbly requested to take in consideration the approved amount of Rs. 394.59 crores towards Pre-Operative expenses and accordingly re-determine the Tariff for FY 2013-14 period.

Re. Interest During Construction (IDC) & Finance Charges

21. The Review Petitioner has claimed the IDC & Finance Charges based on audited financials in its submission before this Commission in following manner.

Particular	COD of Unit-I (30.4.2013)	COD of Unit-II (12.11.2013)	COD of Unit-III (25.3.2014)
IDC	262.23	504.24	703.18
Finance Charges	43.44	71.96	124.14
Total (IDC+FC)	**305.67**	**576.20**	**827.32**

(Rs. Crores)

22. The Hon`ble Commission in para 69 of its Tariff Order disallowed the Finance Charges with a liberty to provide requisite information along with documents at the time of revision of tariff based on truing-up exercise in term's of Regulation 6(1) of the 2009 Tariff Regulations.

> *69. The petitioner has not furnished detailed calculations and breakup of the financial charges claimed, along with the supporting documents to substantiate the unit-wise allocation of the financing charges. In the absence of the same, financing charges have not been allowed as of now, as a conservative measure. However, the petitioner is granted liberty to submit the details of expenditure incurred towards the financing charges along with detailed breakup/ calculations, duly certified by Auditor, along with all supporting bank documents, including the basis of unit-wise allocation of the financing charges, at the time of revision of tariff based on truing-up exercise in terms of Regulation 6(1) of the 2009 Tariff Regulations.*

23. The Commission has approved the IDC based on the revised scheduled COD in following manner.

> *64. The IDC has been worked out based on the bank-wise loan details and the interest rates as per the loan agreement submitted by the petitioner. The revised scheduled CODs considered for the purpose of IDC computation is as under:*

Units	*Schedule COD as per LOA*	*Actual COD*	*Revised scheduled COD*
I	*27.11.2011*	*30.4.2013*	*29.2.2012*
II	*27.1.2012*	*12.11.2013*	*12.8.2012*
III	*27.3.2012*	*25.3.2014*	*26.10.2012*

> *65. Accordingly, the unit-wise IDC allowed for capitalisation as on the COD (revised) is as under:*

As on COD of Unit-I (30.4.2013)	*As on COD of Unit-II (12.11.2013)*	*As on COD of Unit-III (25.3.2014)*
201.96	*344.04*	*448.31*

> *66. The IDC allowed is subject to revision at the time of truing-up based on audited balance sheet as on the respective dates of COD of the units.*

24. The Review Petitioner is committed to provide detailed working along with requisite documents in support of IDC and Finance Charges capitalized, at the time of truing-up as directed by this Hon`ble Commission. However, Review Petitioner has worked out IDC and found that there is an error in calculation of IDC approved by this Commission in its Order and need to be reviewed.

IDC with Approved Time Overrun

25. The Review Petitioner has considered the time overrun approved by Hon`ble Commission, and worked out IDC in following manner.

Approved Time overrun

Units	Schedule COD as per LOA	Actual COD	Time Overrun sought	Approved scheduled COD	Time Overrun allowed
I	27.11.2011	30.4.2013	17 Months	29.2.2012	3 Months
II	27.1.2012	12.11.2013	22 Months	12.8.2012	6.5 Months
III	27.3.2012	25.3.2014	24 Months	26.10.2012	7 Months

IDC Computation

(Rs. Crore)

	Particular		Project COD
A.	IDC Capitalized		703
B.	Less: IDC towards Initial 7 Months Delay disallowed (From Aug-09 to Feb-10)		33
C.	IDC net of 7 months delay	A – B	670
D.	Cost Overrun, if any (IDC in original project cost Rs. 431 Cr.)	C – 431	239
E.	Actual Time Overrun (Months)		24
F.	Time overrun less Initial 7 Months delay disallowed	E – 7	17
G.	Time overrun allowed (Months)		7
H.	Cost Overrun Pro-rata to time overrun allowed	D x G / F	99
			H + 431
I.	IDC for approved Project Cost and delay		530

(Rs. Crores)

Therefore, even as per the directions in the Tariff Order and taking into account the time over-run approved by this Hon'ble Commission, the IDC works out to Rs. 530 Crores against Rs. 448.31 Crores allowed in the Tariff Order. Therefore, there is an error in computation of IDC which needs to be rectified. It is submitted that the Petitioner will submit the details in this regard by way of a separate affidavit.

26. It is submitted that the IDC for the initial delay of 7 months, as capitalized by the Review Petitioner is as under:

Month	IDC – Capitalised (Rs. Crores)
Aug-09	4,83,22,108
Sep-09	4,68,37,788
Oct-09	4,84,14,123
Nov-09	4,68,51,493
Dec-09	4,84,13,210
Jan-10	4,84,13,210
Feb-10	4,37,28,060
Total	**33 Crore**

27. It is submitted that the IDC is required to be computed in terms of the foregoing and the entire amount of Rs. 530 Crores allowed.

28. It is submitted that the Ld. Central Commission vide its order dated 04.06.2012 approved the benchmark norms as on December 2011, for capital cost for Thermal Power Station/Unit size(s) 500/600/660/800 MW which shall be taken into consideration while determining the capital cost in accordance with clause (2) of Regulation 7 of 2009 Tariff Regulations. The approved benchmarks are given below:

CERC Approved benchmarks

BENCHMARK HARD COST IN Rs. Crore Per MW With December 2011 Indices as Base

Unit size in MW	500	500	500	500	500	500	600	600	600	600	600	600
Number Of Units	1	2	3	4	1	2	1	2	3	4	1	2
Type	G F	G F	G F	G F	Ext	Ext	G F	G F	G F	G F	Ext	Ext
TOTAL HARD COST ***	5.08	4.71	4.48	4.34	4.92	4.53	4.37	4.54	4.32	4.01	4.47	4.19

Unit size in MW	660	660	660	660	660	660	800	800	800	800	800	800
Number Of Units	1	2	3	4	1	2	1	2	3	4	1	2
Type	G F	G F	G F	G F	Ext	Ext	G F	G F	G F	G F	Ext	Ext
TOTAL HARD COST ***	5.37	5.01	4.67	4.37	4.96	4.67	4.98	4.79	4.59	4.44	4.63	4.44

*** Total Hard cost with December 2011 as base for indices includes Steam Generator/Boiler Island, Turbine Generator Island, Associated auxiliaries, Transformers, Switchgears, cables, cable facilities, Grounding & Lighting packages, Control & Instrumentation, Initial Spares for BTG, Balance of Plant including cooling tower, water system, coal handling plant, ash handling plant, Fuel oil unloading & storage, Mechanical miscellaneous package, switchyard, Chimney, Emergency DG Set. This does not include MGR, Railway siding, unloading equipment at jetty, and Rolling stock, locomotive, Transmission line till the point.

G F - Green Field   Ext - Extension

29. In this regard it is submitted that the Ld. Central Commission approved benchmark cost to include total Hard cost with December 2011 as base for indices. The Hard Cost includes Steam Generator/Boiler Island, Turbine Generator island, Associated auxiliaries, Transformers, Switchgears, cables, cable facilities, Grounding & Lighting packages, Control & Instrumentation, Initial Spares for BTG, Balance of Plant including cooling tower, water system, coal handling plant, ash handling plant, Fuel oil unloading & storage, Mechanical miscellaneous package, switchyard, Chimney, Emergency DG Set.

30. It is submitted that since the Ld. Central Commission's Benchmark norms are notified as on December, 2011, escalation/de-escalation has been considered on completed project cost based on below mentioned indices:

(a) BTG

i. Fixed component 15% escalated on WPI Index

ii. Labour component 35% escalated on Labour Index

iii. Base Metal & Alloys 50% escalated on Metal Index

31. It is submitted that the reference for the above formula is taken from the CERC Order dated 04.06.2012 in the matter of Benchmark Capital Cost (Hard cost) for Thermal Power Stations.

(a) BOP

i. Fixed component 15% escalated on WPI Index

ii. Labour component 15% escalated on Labour Index

iii. Base Metal & Alloys 55% escalated on Metal Index

iv. Other consumables 15% escalated on WPI Index

32. It is further submitted that the Hard cost of Review Petitioner's project as on COD (25.03.2014) is Rs. 3986 Crore. The hard cost is as per CERC bench mark to compare with Review Petitioner's cost as on March, 2014. The same is Rs. 5.27 Cr per MW as mentioned in the below table. It is further submitted that CERC specified Benchmark norms for 3 Unit Configuration for 500 & 600 MW are extrapolated on linear basis to arrive at Benchmark cost for 3 Unit Configuration for 350 MW for comparison.

Project Cost Comparison:

	CERC Benchmark as on Dec'2011	**CERC Benchmark as on Dec'2011**	**Derived CERC Benchmark Escalated to March'2014**	**GKEL cost as on March'2014**
Unit Size (MW)	600 X 3	500 x 3	350 x 3	350 x 3
Type	Greenfield	Greenfield	Greenfield	Greenfield
COD	Dec-11	Dec-11	Dec-11	Mar-14
Hard Cost Rs. Cr.	NA	NA	NA	3986
Hard Cost Rs. Cr./ MW	4.32	4.48	4.73	3.80
Escalation Factor based on Indices	NA	NA	1.115	NA
Total Adjusted Hard Cost (Rs. Cr./ MW)	**4.32**	**4.48**	**5.27**	**3.80**

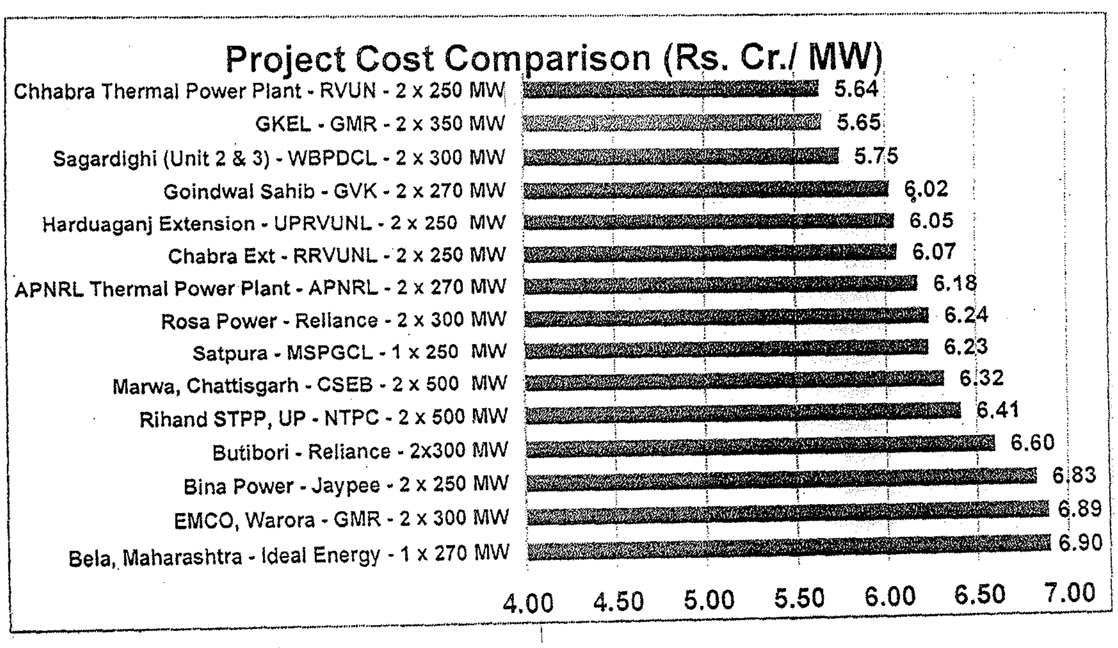
Unit adjustment factor for 100 MW unit size difference	((Hard Cost of 600 MW– Hard Cost of 500 MW) / (Hard Cost of 500 MW)	3.70%

A

Unit adjustment factor for 150 MW unit size difference	Adjustment Factor for 100 MW difference x 1.5	5.56%
Derived CERC bench mark capital cost for 350 MW	**4.48 x (1 + 5.56%)**	**Rs. 4.73 Cr./ MW**

33. In light of the forgoing, it is respectfully submitted that the Hard cost of the Review Petitioner's Project (Rs. 3.80 Cr./MW) is much lower than the CERC approved Capital Cost Benchmark (Rs. 5.27 Cr./ MW) for 350 MW unit size as on March'2014. It is further submitted that the Hard Cost of Review Petitioner's Project is also lower than the benchmarks for 600 MW unit size (Rs. 4.82/ MW) and for 500 MW unit size (Rs. 4.99/ MW) escalated to March'2014 levels.

34. It is further submitted that the following chart depicts comparison of cost (Rs. Cr./ MW) for projects having similar size/ unit size as that of GKEL at March'2014 level :



35. From the forgoing it is evident that the Total Capitalized Project Cost of the Review Petitioner (Rs. 5.65 Cr./MW) while compared with the Project Cost (2014 base) of similar sized/ similar unit size projects, comes among the few projects having lowest cost per MW.

36. It is stated that the present Review Petition has been filed within the time

prescribed under the Conduct of Business Regulations. Further as there are apparent error in the Tariff Order, as elaborated hereinabove the Tariff Order ought to be reviewed and the computation of the tariff for FY 2013-14 revised accordingly.

37. The Review Petitioner craves leave of this Hon'ble Commission to produce such additional material as may be considered necessary for proper adjudication of this Review Petition. The Review Petitioner also craves leave of this Hon'ble Commission to refer to rely upon its submissions/ documents as made/ filed in the Original Petition.

PRAYERS

38. In view of the above and in the interest of justice, it is most respectfully prayed that this Hon'ble Commission may be pleased to:-

(a) Allow Non-EPC Cost of Rs. 101 Crores in terms of the Tariff Order dated 12.11.2015 wrongly excluded in computation of tariff;

(b) Allowed approved Pre-Operative expenditure of Rs. 394.59 Crores in computation of tariff;

(c) Rectify the computation of IDC for the time over-run allowed in terms of the Tariff Order to Rs. 530 Crores;

(d) Revise the tariff taking into consideration the aforesaid claims; and

(e) Pass such other / consequential orders as may be necessary in the interest of justice.

GMR Kamalanga Energy Limited / Review Petitioner

Through:

J. Sagar Associates

Advocates for the Review Petitioner

B-303, 3rd Floor, Ansal Plaza,

Hudco Place, August Kranti Marg

New Delhi -110049

18/01/2016

New Delhi

BEFORE THE HON'BLE CENTRAL ELECTRICITY REGULATORY COMMISSION, NEW DELHI

REVIEW PETITION NO. _______ OF 2016

IN

PETITION NO. 77/GT/2013

IN THE MATTER OF:

GMR Kamalanga Energy Limited ...Petitioners

Versus

GRIDCO Ltd. & Ors. ...Respondents

Affidavit

I, Abani Prasad Mishra S/o Bipin Bihari Mishra, aged about 45 years residing at Flat No: 181, Jawaharlal CGHS, Plot No: 9, Sector 5, Dwarka, New Delhi-110075, working Associate Vice President of the Petitioners Companies, having its office at New Shakti Bhawan, Building No. 302- New Uddan Bawan, Opposite Terminal- 3, Indira Gandhi International Airport, New Delhi- 110037 as do hereby solemnly affirm and state as under:-

1. I say that I am duly authorized and competent to affirm this Affidavit for and on behalf of the Petitioners and I am acquainted with the facts and circumstances of the present case. I say that I have read and understood the contents of the accompanying Petition.

2. I state that the facts stated in the accompanying Petition are true and correct to the best of my knowledge based on the records of the Petitioners Companies and that the legal submissions made therein are based upon information received by me and believed to be true. The present Petition has been drafted pursuant to my instructions and its contents are true and correct.

3. I say that the annexures annexed with the petition are true copies of the original.

GMR KAMALANGA ENERGY LTD.

DEPONENT

Identified

VERIFICATION

I, the deponent above named, do hereby verify that the contents of my above affidavit are true and correct, no part of it is false and nothing material has been concealed therefrom.

Verified at New Delhi on this ____ day of January, 2016

DEPONENT

GMR KAMALANGA ENERGY LTD.

Annexure P. 8

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AASA & Associates

CHARTERED ACCOUNTANTS

(Formerly Roy & Sahoo)

CERTIFICATE

This is to certify that we have verified the relevant records of GMR Kamalanga Energy Limited having its registered office at 25/1,Skip House, Museum Road, Bangalore – 560025, Karnataka, and on the basis of verification, we certify that the bank and financing charges incurred as part of Capital Cost for 3 X 350 MW Kamalanga Thermal Power Plant as on COD Dates of Unit-I, II & III are as follows:

GL DESCRIPTION	As on 29.04.2013 (COD –Unit I)	As on 11.11.2013 (COD-Unit II)	As on 24.03.2014 (COD- Unit III)
Bank Charges - DD / PO	25,269	40,131	53,701
Bank Charges - TT	5,134	10,038	14,515
Bank Charges - RTGS Charges	6,786	12,345	18,503
Bank Charges - Foreign Remittance	565,295	1,866,331	3,056,554
Bank Charges - Cheque Book Charges	8,449	13,418	17,955
Bank Charges -TRA Charges	2,125,165	3,375,149	4,516,421
Bank Charges - Service Charges	3,920,958	6,829,297	9,532,676
Bank Charges-Bank Guarantee Commission	26,392,571	44,846,052	58,570,435
Bank Charges-LC Commission	139,096,944	236,653,755	419,154,159
Finance Charges-Processing Fee/Mgt Fee	67,881,422	113,342,222	155,911,037
Finance Charges-Upfront Fees	77,859,169	123,845,729	334,372,779
Finance Charges-Syndication Fees	54,625,330	86,754,989	116,090,290
Finance Charges-Security Trustee Fees	563,008	894,159	1,303,252
Finance Charges-Credit Rating Expense	2,284,991	4,158,323	7,778,850
Finance Charges-Lenders Agent's Fee	3,128,585	4,968,764	6,648,900
Finance Charges-Others	55,927,815	92,080,462	127,449,349
Grand Total	**434,416,890**	**719,691,165**	**1,244,489,377**

AASA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

Plot No.-1149, Govind Prasad, Behind Ekamra Cinema, Bomikhal, Bhubaneswar, Odisha-751010
Phone: 0674-2573915/916, Mobile: +91-9437041357/ +91-9437029129

TC

This to further certify that the above summary has been prepared on the basis of information drawn from audited accounts of GMR Kamalanga Energy Limited up to March 25, 2014.

For ASSA & ASSOCIATES
Chartered Accountants
FRN-310073E

ASSA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

P.S. Nayak
(Partner)
M. No:-059950

Place : Kamalanga
Date : 22-03-2016

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Summary of Supporting Documents Enclosed

S.No	Document	Amount
1	Upfront Fees : Canara Bank Letter dtd.12.5.2009	420,00,000
2	Upfront Fees : IDFC Letter dated Dec 12, 2013	766,25,000
3	Upfront Fees : GMR letter to SBI dated 2nd April 2009	60,00,000
4	Processing Fees: ICICI Invoice dated Sept 27, 2012	792,81,216
5	Syndication Fees : IDFC Invoice dtd 28 Mar 2008	91,09,025
6	Syndication Fees : IDFC Invoice dtd 24 Sep 2008	49,42,295
7	Syndication Fees : IDFC Invoice dtd 30 Mar 2009	90,10,270
8	Syndication Fees : IDFC Invoice dtd 30 Mar 2009	581,23,137
9	Management Fees : GKEL Ltr.to SBI dated 2nd Apr 2009	390,00,000
10	Management Fees IDBI letter dated 26th Mar 2009	300,00,000

SASSA & ASSOCIATES * CHARTERED ACCOUNTANTS * BHUBANESWAR

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केनरा बैंक Canara Bank

PRIME CORPORATE BRANCH,
"SHANKARANARAYANA BUILDING"
25, M G ROAD, BANGALORE – 560 001

Selected Business Industry Validated

Ref : PCBB CR 20 5544 2009-10 BGK DT.12-05-2009

M/s GMR Energy Ltd
25/1, Skip House,
Museum Road,
Bangalore - 560 025

Dear Sir,

Sub : M/S GMR KAMALANGA ENERGY LTD-
- Revalidation of TL and modification in sanction terms.
Ref: PCBB CR 20 5543 2009-10 BGK DT.12-05-2009 .

This bears further reference to our referred letter communicating revalidation of Term Loan of Rs.300 crores sanctioned for the project and permitting modification in sanction terms. In this regard please note that the above is however subject to :

1. Company making payment of additional upfront fee of 1.40% (sanctioned upfront fee 0.10%).

2. Payment of modification/revalidation charges of Rs.1 lac+service tax.

Please treat this as a part and parcel of our above communication and retransmit the duplicate copy of this letter duly signed by your authorized signatory for having accepted the terms and conditions.

Yours faithfully,

T.L.PAI
CHIEF MANAGER

CANARA BANK
PRIME CORPORATE BRANCH
"SHANKARANARAYANA BUILDING
25, M G ROAD
BANGALORE – 560 001

PHONE 25599254; 25599259;
FAX 25599108
E-MAIL blr2636@canbank.co.in
WEB SITE www.canarabank.com

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IDBI BANK

आईडीबीआई बैंक लिमिटेड
पंजीकृत कार्यालय : आईडीबीआई टॉवर,
डब्ल्यूटीसी कॉम्प्लेक्स, कफ परेड,
मुंबई - 400 005.
टेलीफ़ोन : (+91 22) 6655 3355, 2218 9111
फैक्स : (+91 22) 2218 0411
वेबसाइट : Website : www.idbi.com

IDBI Bank Limited
Regd. Office : IDBI Tower,
WTC Complex, Cuffe Parade,
Mumbai - 400 005.
Tel.: (+91 22) 6655 3355, 2218 9111
Fax : (+91 22) 2218 0411
Website : www.idbi.com

In Duplicate

Ref No. HO/PAD/GKEL/153

March 26, 2009

GMR Kamalanga Energy Limited
Skip House, 25/1,
Museum Road,
Bangalore - 560025.

Dear Sirs,

Financial assistance of Rs.300 crore

Please refer to your application and the subsequent discussions your representatives had with us regarding financial assistance for the project to develop, construct, own and operate 1050 MW (3x350 MW) coal based thermal power plant in Kamalanga village, Dhenkanal District of Orissa. The proposal has been considered and IDBI Bank Ltd. (IDBI Bank) is agreeable, in principle, to grant to you Rupee Term Loan (RTL) of Rs.300 crore (Rupee Three hundred crore only) for part financing the aforesaid project. The Letter of Intent (LOI), containing the detailed terms & conditions was issued vide letter No. HO/PAD/GKEL/152 dated March 26, 2009.

2. Please note that IDBI's sanction would be valid subject to the following additional condition

(i)	Appraisal fee	The company shall pay to IDBI appraisal fee of Rs.10 lakh, plus applicable taxes, on or before the issue of LOI.
(ii)	Management fee	The company shall pay to IDBI a non-refundable and non-adjustable management fee Rs.3 crore (plus applicable taxes) which would be paid as under: • Rs. 1 crore on or before issue of Letter of Intent, and • Balance Rs. 2 crore on or before execution of Common Loan Agreement
(iii)	Interest differential on Net Present Value (NPV) basis	The company shall pay to IDBI, before execution of the Common Loan Agreement, NPV of the 0.5% interest differential for 42 months based on the drawdown schedule envisaged in the financial model which works out to approx. Rs.1.96 crore (plus applicable taxes).
(iv)	TRA Agent	The company shall appoint IDBI as the TRA Agent at a fee of Rs. 10 lakh p.a.

Cont'd --2--

3. Please note that the Letter of Intent Ref No. HO/PAD/GKEL/152 dated March 26, 2009 shall be read in conjunction with this letter. You are requested to return a copy of this letter duly signed by an authorized signatory as token of acceptance.

4. Meanwhile, kindly acknowledge receipt of this Letter.

Regd. Office: IDBI Tower Mumbai-5. IDBI BANK LIMITED

Yours faithfully,

[Sanjiv K. Sachdev]
Deputy General Manager

ACCEPTED

For GMR Kamalanga Energy Limited

AUTHORISED SIGNATORIES

1. NAME : ____________________
DESIGNATION : ____________________
ADDRESS : ____________________

2. NAME : ____________________
DESIGNATION : ____________________
ADDRESS : ____________________

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IDFC

December 12, 2013

GMR Kamalanga Energy Limited (Borrower)
No. 25/1
Skip House
Bangalore – 560 025.

Kind attn.: Mr. R.V. Sheshan

Dear Sir

Sub: Rupee Loan Agreement dated December 2, 2013 entered into between the Borrower and the Lender (hereinafter referred to as "the Loan Agreement"), for Rs 300 crore

We refer to our discussions and are agreeable to the amendment and restatement of Clause 2.7 of the Loan Agreement as under:

> The Company shall pay to the Lender, a non-refundable and non adjustable upfront fee of Rs 7,66,25,000 (Rupees Seven Crore Sixty Six Lakhs and Twenty Five Thousand only) on or before the date of first disbursement of the Loan.

The Loan Agreement and this amendatory letter shall be read together harmoniously. Upon acceptance of this letter by you, the Loan Agreement shall stand supplemented and amended as provided hereinabove.

All other terms and conditions of the Loan Agreement shall remain unchanged and operative.

Yours sincerely

Rajeev Mahajan

Rajeev Mahajan
Director – Portfolio

The Borrower is agreeable to the aforesaid amendment to the Loan Agreement.

For GMR Kamalanga Energy Limited
Authorised signatory
Name of signatory: Rakesh B G.
Designation: Manager
Date: 13th Dec 2013

GMR KAMALANGA ENERGY LTD. GMR
Company seal

IDFC Limited (*Formerly known as Infrastructure Development Finance Company Limited*)
Naman Chambers, C-32, G-Block, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051 Tel: +91 22 4222 2000 / 6147 8383
Registered Office: KRM Tower, 8th Floor, No. 1, Harrington Road, Chetpet, Chennai 600 031 Tel: +91 44 4564 4000 Fax: +91 44 4564 4022 info@idfc.com www.idfc.com
Corporate Identity Number: L65191TN1997PLC037415

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GMR Energy

GMR Energy Limited

GMR

1208 - 1211 Dalamal Towers,
12th Floor, Nariman Point,
Mumbai 400 021
T +91 22 40331111
F +91 22 222818441
W www.gmrgroup.in

2nd April 2009

The Deputy General Manager
Project Finance
State Bank of India
Madam Cama Road
Mumbai

Dear Sir

Further to the in-principle terms for financial assistance of upto Rs. 600 Crs for the construction of 1050 MW GMR Kamalanga Energy Limited vide your letter dated 26th March 2009 and discussions thereafter we are pleased to accept the following terms and conditions

1. Tenor: moratorium 12 months from CoD of Project (39 months from Financial Close).
2. Repayment; 48 quarterly installments with a call option at end of 15 years from financial close.
3. Interest Rate; SBAR less 0.2% .
4. Upfronting of 0.5% interest rate differential per annum at a discount rate 12.50% upto first reset date computed based on the draw down schedule as per the business plan.
5. Upfront fees: 0.1 % of the debt amount.
6. Management fee of 0.65% of the debt amount.

We look forward to participation of State Bank of India in the consortium and your continued support to all endeavor at GMR Group.

With Warm Regards

Devdas B Prabhu
General Manager Finance

Regd. Office:
Skip House, 25/1, Museum Road,
Bangalore 560 025

ICICI Bank

PFG /2012-13/____

September 27, 2012

GMR Kamalanga Energy Limited
IBC Knowledge Park,
No.4/1, 10th Floor, Bannerghatta Road,
Bengaluru – 560029

Attention:

Dear Sir,

Sub: Processing fee for Letter of Credit Facility

We refer to our CAL no. Credit Arrangement Letter No. 23/IBGSIN/45900, 23/PFGMUM/45881 dated June 26, 2012 & 23/PFGMUM/46085 dated June 29, 2012 regarding the Rupee Term Loan of ₹ 3,136.0 million with fully interchangeable Letter of Credit sub limit of ₹ 3,136.0 million (the "Facilities") sanctioned to you. For the credit appraisal and the sanction of these Facilities, a processing fee of 2.25% of the Facility Amount and the applicable service tax are payable. The fee payable is as below:

Particulars	Amount (₹)
Processing Fee	70,560,000.0
Service Tax @12.36%	8,721,216.0
Total Amount Payable	**79,281,216.0**

Account details are as follows:

IFSC Code : ICIC0000004
Branch : Nariman Point, Mumbai
Beneficiary A/c No. : 000405000022
Beneficiary Name : ICICI Bank Ltd

The details of the service tax registration are as below.

Service Tax Category : Banking and Financing Services
Service Tax Registration No. : MIV/ST/Bank & Finc/4
PAN Based Assessee Code No. : AAACI1195HST001

Yours faithfully,

NIRUPAMA GURUPRASAD

ICICI Bank Limited
ICICI Bank Towers,
No.1, Commissiariat Road,
Bangaore - 560 025.

Tel : 080 - 41296711

Website : www.icicibank.com

Regd. Off. : "Landmark", Race Course Circle, Vadodara 390 007.
Corp. Off. : ICICI Bank Towers, Bandra - Kurla Complex,
Mumbai 400 051, India.Tel (+91-22)2653 1414. Fax (+91-22)2653 112

ICICI Bank

PFG /2012-13/___

September 27, 2012

GMR Kamalanga Energy Limited

Attention:

Dear Sir,

Sub: Processing fee for External Commercial Borrowing Facility

We refer to our Credit Arrangement Letter No. 23/IBGSIN/45900, 23/PFGMUM/45881 dated June 26, 2012, 23/IBGSIN/46055 dated June 28, 2012, 23/IBGSIN/46066 dated June 28, 2012 regarding Rupee Term Loan (RTL) facility of ₹ 3,136.0 million with fully interchangeable External Commercial Borrowing sub limit of ₹ 3,136.0 million equivalent amount (USD 56.0 million at exchange rate of ₹ 56.0 per USD) (the "Facilities") sanctioned to you. For the credit appraisal and the sanction of these Facilities, a processing fee of 1.50% of the Facility Amount is payable. The fee payable as on date is mentioned below:

Particulars	**Amount (USD)**
Processing Fee	840,000.0
Total Amount Payable	**840,000.0**

Other details for the fee remittance are:
Beneficiary: ICICI Bank Ltd, Singapore Branch
Swift Code: ICICSGSG
Beneficiary A/c No: 890-0518-480
A/c with Institution: IRVTUS3N
Institution Name: Bank of Newyork Mellon, Newyork Branch
Remarks: Towards fees for GMR Kamalanga Energy Limited.

Yours faithfully,

(NIRUPAMA GURUPRASAD)

ICICI Bank Limited
ICICI Bank Towers,
No.1, Commissiariat Road,
Bangaore - 560 025.

Tel : 080 - 41296711

Website : www.icicibank.com

Regd. Off. : "Landmark", Race Course Circle, Vadodara 390 007.
Corp. Off. : ICICI Bank Towers, Bandra - Kurla Complex,
Mumbai 400 051, India.Tel (+91-22)2653 1414. Fax (+91-22)2653 1122.

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ICICI Bank

Date : 30-Jun-2012

Ref : G138201

GMR KAMALANGA ENERGY LIMITED
IBC Knowledge Park, Phase 2,
D-Block, 10th Floor,4/1 Bannerghatta Road,
Bangalore – 560029

Sub : Service Tax Invoice

Dear Sir,

We value your relationship with ICICI Bank Limited. We look forward to a continued association.

Please find the details of service tax mentioned below.

Particular of Invoice	Amount (Rs.)
Loan Processing Fees	70,560,000.00
Add :service tax @ 12.36% (incl.education cess)	8,721,216.00
Total	79,281,216.00

ICICI BANK LTD
Authorised Signatory.

Note :1) Service Tax has been charged @5% on the value of fees billed, pursuant to the levy of Service Tax @5% on Banking & Other Financial Service with effect from July 16,2001 vide the Finance Act,2001 read with Notification No. 4/2001.
The rate of service tax stands increased from 5% to 8% with effect from 14 May 2003, vide the Finance Act
The rate of service tax stands increased from 8% to 10.2%(incl. education cess)with effect from 10 September 2004, vide the Finance Act, 2003.
The rate of service tax stands increased from 10.2% to 12.24%(incl. education cess) with effect from 19 April 2006 ,vide the Finance Bill,2006
The rate of service tax stands increased from 12.24% to 12.36%(incl. Education cess) with effect from May 11, 2007, vide the Finance Bill, 2007.
The rate of service tax stands decreased from 12.36% to 10.30%(incl. education cess) with effect from Feb 24, 2009, vide the Finance Bill, 2009.
The rate of service tax stands increased from 10.3% to 12.36% (inclusive of education cess) w.e.f.April 1, 2012.
2) Our registration no is MIV/ST/Bank & Finc/4. Pan based STC AAACI1195HST001.
3) Category of Service : Banking and other Financial Service.
4) Kindly note that this is not a receipt and/or confirmation of amount paid by the client

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Infrastructure Development Finance Company Limited

2nd Floor, Ramon House, H.T.Parekh Marg, Mumbai - 400020
Tel No. : 022 - 66339100 Fax No. : 022 - 22838159

DFC
nfrastructure
ink IDFC

Regd. Office :3rd floor, ITC Center, 760 'Anna Salai, Chennai - 600 002
Tel No. : 044 - 28559440 Fax No. : 044 - 28547597

28 - Mar - 2008

Service Tax Reg .No . AACI2663NST001

AMALANGA ENERGY LIMITED
p House, Museum Road

AR 8331/29.3.08

e
a
0025
tention : Mr I V Srinivasa Rao

Title : Sole Lead Arranger for Debt Syndication for 3 X 350 MW Thermal Power Project

Description : Sole Lead Arranger for Debt Syndication for 3 X 350 MW Thermal Power Project. Total Project Cost Rs 4,211 crs, Senior Debt Rs 2,948 Crs, Total fees @ 27.5 bps

No. : ADV/07-08/0469
unt Due : **9,109,025.20**

Payment Head	Due Date	Amount (Rs.)	Remarks
Advisory Fee	28-Mar-2008	8,107,000.00	Invoicing the client for 10% of the contract value for achieving the first milestone of Acceptance of the Syndication Mandate
Service Tax	28-Mar-2008	1,002,025.20	
Total		**9,109,025.20**	

astructure Development Finance Company Limited

Pawani B. N

Gemani)
r - Accounts Audit & Tax

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IDFC

Infrastructure Development Finance Company Limited

2nd Floor, Ramon House, H.T.Parekh Marg, Mumbai - 400020
Tel No. : 022 - 66339100 Fax No. : 022 - 22838159

Regd. Office :3rd floor, ITC Center, 760 'Anna Salai, Chennai - 600 002
Tel No. : 044 - 28559440 Fax No. : 044 - 28547597

24 - Sep - 2008

Service Tax Reg .No . AAACI2663NST001

To,

GMR KAMALANGA ENERGY LIMITED
25/1, Skip House, Museum Road

Bangalore
Karnataka
Pin : 560025

Kind Attention :

Contract Title : Sole Lead Arranger for Incremental Debt Syndication of Rs. 457 crs of 3 X350 MW Thermal Power

Contract Description : Debt for GMR Kamalanga Energy Limited has increased from Rs. 2949 crs to Rs. 3405 crs, as per the mandate letter the excess debt has to be invoiced at the same rate of 0.275% of incremental debt (Rs. 457 crs)

Invoice No. : ADV/08-09/0193

Net Amount Due : **4,942,295.05**

Sl. No.	Payment Head	Due Date	Amount (Rs.)	Remarks
1	Advisory Fee	24-Sep-2008	4,398,625.00	Invoicing the client for 35% of the contract value for achieving the first and second milestone for Acceptance of the revised Syndication Mandate and launching the same in the market.
2	Service Tax	24-Sep-2008	543,670.05	
	Total		**4,942,295.05**	

For Infrastructure Development Finance Company Limited

(Bipin Gemani)
Director - Accounts Audit & Tax

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Infrastructure Development Finance Company Limited

IDFC

2nd Floor, Ramon House, H.T.Parekh Marg, Mumbai - 400020
Tel No. : 022 - 66339100 Fax No. : 022 - 22838159

Regd. Office :3rd floor, ITC Center, 760 'Anna Salai, Chennai - 600 002
Tel No. : 044 - 28559440 Fax No. : 044 - 28547597

24 - Sep - 2008

Service Tax Reg .No . AACI2663NST001

To,

GMR KAMALANGA ENERGY LIMITED
25/1, Skip House, Museum Road

Bangalore
Karnataka
Pin : 560025

Kind Attention : Mr I V Srinivasa Rao

Contract Title : Sole Lead Arranger for Debt Syndication for 3 X 350 MW Thermal Power Project

Contract Description : Sole Lead Arranger for Debt Syndication for 3 X 350 MW Thermal Power Project. Total Project Cost Rs 4,211 crs, Senior Debt Rs 2,948 Crs, Total fees @ 27.5 bps

Invoice No. : ADV/08-09/0194

Net Amount Due : **22,772,563.00**

Sl. No.	Payment Head	Due Date	Amount (Rs.)	Remarks
1	Advisory Fee	24-Sep-2008	20,267,500.00	Invoicing the client for 25% of the contract value for achieving the second milestone of Acceptance of PIM and sign-off thereon by the company for the commencement of Syndication.
2	Service Tax	24-Sep-2008	2,505,063.00	
	Total		**22,772,563.00**	

For Infrastructure Development Finance Company Limited

Gemani B. N

(Bipin Gemani)
Director - Accounts Audit & Tax

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INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED

IDFC
Think Infrastructure
Think IDFC

501, Naman Chambers, C-32, G-Block,	Regd. Office: 3rd floor, ITC Center,
Bandra Kurla Complex,Bandra East ,Mumbai 400051	760 AnnaSalai, Chennai - 600002
Tel No : 022-61478383	Tel No : 044- 28547611
Fax No : 022-22651440	Fax No : 044-28547597
Service Tax Registration No : AAAC12663NST001	Category: Banking and Financial Services

To

GMR KAMALANGA ENERGY LIMITED

Central Processing Department,
IBC Knowledge Park,Phase2 , D Block,
10Th Floor,4/1, Bannerghatta Road,
Bangalore PIN - 560029
Karnataka

GMR
IBC111083

Date	:	30/03/2009
Company No	:	GMRK00000001558
Invoice No	:	ADV/08-09/0387
Invoice Amount	:	**9,010,270.00**

Kind Attention : I.V.Srinivasa Rao

Details of Invoice

Particulars		**Amount**	**Description**
Advisory Fee		8,168,875.00	Invocing the client for 65% of the contract value.
Service Tax	@ 10.00 %	816,888.00	
Education Cess	@ 2.00 %	16,338.00	
Sec & Higher Sec Education Cess	@ 1.00 %	8,169.00	
	Total	**9,010,270.00**	

[INR- Ninety Lakhs Ten Thousand Two Hundred Seventy Only]

For Infrastructure Development Finance Company Limited

Authorised Signatory

Terms and Conditions

a) This bill is payable on receipt by Cheque/DD/Wire transfer/RTGS in favour of "**IDFC Limited**"

Bank	:	**HDFC Bank Limited, Fort, Mumbai 400001**
Account No	:	**00010350000469**
RTGS IFSC Code	:	**HDFC0000060**

b) TDS Certificate, if applicable to be sent to Rinkoo H. Somani. 501, Naman Chambers, C-32, G-Block, Bandra Kurla Complex,Bandra East ,Mumbai 400051

c) In case of queries please contact [Melwin Ornello(022-61478383 Ext No- 22135) / Narendra Tater (022-61478383 Ext No- 22139)]

INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED

IDFC
Think Infrastructure Think IDFC

501, Naman Chambers, C-32, G-Block,
Bandra Kurla Complex,Bandra East ,Mumbai 400051
Tel No : 022-61478383
Fax No : 022-22651440

Regd. Office: 3rd floor, ITC Center,
760 AnnaSalai, Chennai - 600002
Tel No : 044- 28547611
Fax No : 044-28547597

Service Tax Registration No : AAAC12663NST001

Category: Banking and Financial Services

To

GMR KAMALANGA ENERGY LIMITED
Central Processing Department,
IBC Knowledge Park,Phase2 , D Block,
10Th Floor,4/1, Bannerghatta Road,
Bangalore PIN - 560029
Karnataka

GMR
IBC111084

Date	:	30/03/2009
Company No	:	GMRK00000001558
Invoice No	:	ADV/08-09/0388
Invoice Amount	:	**58,123,137.00**

Kind Attention : I.V.Srinivasa Rao

Details of Invoice

Particulars		**Amount**	**Description**
Advisory Fee		52,695,500.00	Invocing the client for 65% of the contract value
Service Tax	@ 10.00 %	5,269,550.00	
Education Cess	@ 2.00 %	105,391.00	
Sec & Higher Sec Education Cess	@ 1.00 %	52,696.00	
Total		**58,123,137.00**	

[INR- Five Crores Eighty-One Lakhs Twenty-Three Thousand One Hundred Thirty-Seven Only]

For Infrastructure Development Finance Company Limited

Kumar B. N

Authorised Signatory

Terms and Conditions

a) This bill is payable on receipt by Cheque/DD/Wire transfer/RTGS in favour of "**IDFC Limited**"

Bank	:	**HDFC Bank Limited, Fort, Mumbai 400001**
Account No	:	**00010350000469**
RTGS IFSC Code	:	**HDFC0000060**

b) TDS Certificate, if applicable to be sent to Rinkoo H. Somani. 501, Naman Chambers, C-32, G-Block, Bandra Kurla Complex,Bandra East ,Mumbai 400051

c) In case of queries please contact [Melwin Ornello(022-61478383 Ext No- 22135) / Narendra Tater (022-61478383 Ext No- 22139)]

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GMR Energy

GMR Energy Limited

GMR

1208 - 1211 Dalamal Towers,
12th Floor, Nariman Point,
Mumbai 400 021
T +91 22 40331111
F +91 22 222818441
W www.gmrgroup.in

2nd April 2009

The Deputy General Manager
Project Finance
State Bank of India
Madam Cama Road
Mumbai

Dear Sir

Further to the in-principle terms for financial assistance of upto Rs. 600 Crs for the construction of 1050 MW GMR Kamalanga Energy Limited vide your letter dated 26th March 2009 and discussions thereafter we are pleased to accept the following terms and conditions

1. Tenor: moratorium 12 months from CoD of Project (39 months from Financial Close).
2. Repayment; 48 quarterly installments with a call option at end of 15 years from financial close.
3. Interest Rate; SBAR less 0.2% .
4. Upfronting of 0.5% interest rate differential per annum at a discount rate 12.50% upto first reset date computed based on the draw down schedule as per the business plan.
5. Upfront fees: 0.1 % of the debt amount.
6. Management fee of 0.65% of the debt amount.

We look forward to participation of State Bank of India in the consortium and your continued support to all endeavor at GMR Group.

With Warm Regards

Devdas B Prabhu
General Manager Finance

Regd. Office:
Skip House, 25/1, Museum Road,
Bangalore 560 025

ANNEXURE-R 9

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AASA & Associates

CHARTERED ACCOUNTANTS
(Formerly Roy & Sahoo)

CERTIFICATE

This is to certify that we have verified the relevant records of GMR Kamalanga Energy Limited having its registered office at 25/1,Skip House, Museum Road, Bangalore - 560025, Karnataka, and on the basis of verification, we certify that the Hedging Loss incurred as part of Capital Cost for 3 X 350 MW Kamalanga Thermal Power Plant are Rs 53,70,31,685/- and the details are given in the table below .

Particulars	Financial Year	Gain /(Loss) (Rs)
INR/USD Hedging for SEPCO EPC Payments	2011-12	10,01,99,880
INR/USD Hedging for SEPCO EPC Payments	2012-13	(56,73,46,123)
INR/USD ICICI ECB Principal Hedge	2013-14	(9,37,28,250)
INR/USD ICICI ECB Interest Hedge	2013-14	2,38,42,808
Grand Total		(53,70,31,685)

This to further certify that the above summary has been prepared on the basis of information drawn from audited accounts of GMR Kamalanga Energy Limited upto March 25, 2014.

For ASSA & ASSOCIATES
Chartered Accountants
FRN-310073E

ASSA & ASSOCIATES * BHUBANESWAR * CHARTERED ACCOUNTANTS

P.S. Nayak
(Partner)
M. No:-059950

Place : Kamalanga
Date : 22-03-2016

Plot No.-1149, Govind Prasad, Behind Ekamra Cinema, Bomikhal, Bhubaneswar, Odisha-751010
Phone: 0674-2573915/916, Mobile: +91-9437041357/ +91-9437029129

GKEL				GKEL		DD/MM/YR												
Date	Bank	No	Currency	USD Amount	Spot	Premium / (Discount)	Net Rate	Maturity	Notional INR Bought	Copy	Cancellation Date	Spot	Premium / (Discount)	Total	MTM	BC	MTM in INR	Party:
10-08-2011	Indus	1	USD/INR	4,00,000	45.2600	0.0225	45.2825	25/08/11	1,81,13,000	Y	25/08/11	46.14	(0.03)	46.11	0.8300		3,32,000	SEPCO
Sep 2011 Q:																		
10-08-2011	Indus	2	USD/INR	16,00,000	45.2600	0.2125	45.4725	28/10/11	7,27,56,000	Y	28/10/11	48.84	(0.05)	48.7950	3.3225		53,16,000	SEPCO
28/09/11	Indus	3	USD/INR	18,00,000	48.7650	0.2125	48.9775	28/10/11	8,81,59,500	No	28/10/11	48.84	(0.05)	48.7900	(0.1875)		(3,37,500)	SEPCO
10-08-2011	Indus	4	USD/INR	40,00,000	45.2600	0.4625	45.7225	30/12/11	18,28,90,000	Y	30/12/11	53.2500	(0.0925)	53.1575	7.4350		2,97,40,000	SEPCO
Dec 2011 Q:																		
02-12-2011	Indus	5	USD/INR	38,90,000	51.3400	0.4825	51.8225	03-01-2012	20,15,89,525	Y	03-01-2012	53.5175	-	53.5175	1.6950		65,93,550	SEPCO
02-12-2011	Indus	6	USD/INR	20,00,000	51.3200	0.6525	51.9725	29/02/12	10,39,45,000	Y	29/02/12	48.9175	-	48.9175	(3.0550)		(61,10,000)	SEPCO
19/12/2011	Indus	7	USD/INR	33,00,000	52.6250	0.5825	53.2075	10-02-2012	17,55,84,750	Y	10-02-2012	49.5925	-	49.5925	(3.6150)		(1,19,29,500)	SEPCO
March 2012 Q:																		
10-01-2012	Indus	8	USD/INR	40,00,000	51.9275	0.3475	52.2750	10-02-2012	20,91,00,000		10-02-2012	49.5925	-	49.5925	(2.6825)		(1,07,30,000)	SEPCO
11-01-2012	IDBI	9	USD/INR	25,00,000	51.7200	0.34	52.0600	10-02-2012	13,01,50,000	Y	10-02-2012	49.5775	-	49.5775	(2.4825)		(62,06,250)	SEPCO
11-01-2012	IDBI	10	USD/INR	35,00,000	51.6750	0.565	52.2400	02-03-2012	18,28,40,000	Y	02-03-2012	49.4535	-	49.4535	(2.7865)		(97,52,750)	SEPCO
11-01-2012	IDBI	11	USD/INR	15,00,000	51.6450	0.5625	52.2075	02-03-2012	7,83,11,250	Y	02-03-2012	49.4535	-	49.4535	(2.7540)		(41,31,000)	SEPCO
11-01-2012	Indus	12	USD/INR	20,00,000	51.6750	0.5625	52.2375	02-03-2012	10,44,75,000		02-03-2012	49.4575	-	49.4575	(2.7800)		(55,60,000)	SEPCO
13/1/2012	IDBI	13	USD/INR	10,00,000	51.3600	0.535	51.8950	02-03-2012	5,18,95,000	Y	02-03-2012	49.4535	-	49.4535	(2.4415)		(24,41,500)	SEPCO
18/1/2012	IDBI	14	USD/INR	30,00,000	50.6283	0.655	51.2833	13/3/2012	15,38,49,900	Y	13/3/2012	49.8075	-	49.8075	(1.4758)		(44,27,400)	
19/1/2012	Indus	15	USD/INR	10,00,000	50.2800	0.6375	50.91750	13/3/2012	5,09,17,500	Y	13/3/2012	49.8362	-	49.8362	(1.08130)		(10,81,300)	
24/1/2012	Indus	16	USD/INR	10,00,000	49.9650	0.5675	50.5325	13/3/2012	5,05,32,500	Y	13/3/2012	49.8362	-	49.8362	(0.6963)		(6,96,300)	
25/01/12	Indus	17	USD/INR	33,00,000	50.0489	0.5475	50.5964	13/3/2012	16,69,68,120	Y	13/3/2012	49.8362	-	49.8362	(0.7602)		(25,08,660)	SEPCO
27/01/12	Indus	18	USD/INR	1,20,00,000	49.4092	1.3325	50.7417	25/05/2012	60,89,00,400	Y	25/05/2012	55.6718	-	55.6718	4.9301		5,91,61,200	
06-02-2012	Indus	19	USD/INR	20,00,000	48.99	1.1075	50.0975	25/05/2012	10,01,95,000	Y	25/05/2012	55.6718	-	55.6718	5.57430		1,11,48,600	
07-02-2012	Indus	20	USD/INR	60,00,000	48.94	1.1175	50.0575	25/05/2012	30,03,45,000	Y	25/05/2012	55.6718	-	55.6718	5.6143		3,36,85,800	
09-02-2012	Indus	21	USD/INR	33,00,000	49.3615	1.1425	50.5040	25/05/2012	16,66,63,200	Y	25/05/2012	55.6718	-	55.6718	5.1678		1,70,53,740	
09-02-2012	Indus	22	USD/INR	9,00,000	49.3615	0.9525	50.3140	04-05-2012	4,52,82,600	Y	04-05-2012	53.7375	-	53.7375	3.4235		30,81,150	SEPCO
																	12,10,49,340	
																	10,01,99,880	
29-05-2012	Indus	25	USD/INR	50,00,000	55.7425	0	55.7425	15-06-2012	27,87,12,500	Y	13-06-2012	55.80	-	55.80	0.0575		2,87,500	
04-06-2012	Indus	26	USD/INR	50,00,000	55.705	0	55.7050	15-06-2012	27,85,25,000	Y	13-06-2012	55.80	-	55.80	0.0950		4,75,000	SEPCO
																	7,62,500	
															30-06-2012		10,09,62,380	
25-05-2012	Indus	23	USD/INR	50,00,000	55.919	0	55.9190	06-07-2012	27,95,95,000	Y	06-07-2012	55.45	-	55.45	(0.4725)		(23,62,500)	SEPCO
21-06-2012	IDBI	30	USD/INR	1,37,50,000	56.6673	0	56.6673	11-07-2012	77,91,75,375	Y	11-07-2012	55.33	-	55.33	(1.3348)		(1,83,53,500)	SEPCO
																	8,02,46,380	

Date	Bank	No	Currency	USD Amount	Spot	Premium / (Discount)	Net Rate	Maturity	Notional INR Bought	Copy	Cancellation Date	Spot	Premium / (Discount)	Total	MTM	BC	MTM in INR	Party:
25-05-2012	Indus	24	USD/INR	50,00,000	56.094	0	56.0940	23-07-2012	28,04,70,000	Y	23-07-2012	55.79	-	55.79	(0.3015)	281.0	(15,07,781)	SEPCO
																	7,87,38,599	
13-06-2012	Indus	27	USD/INR	50,00,000	56.735	0	56.7350	17-09-2012	28,36,75,000	Y	17-09-2012	53.84	(0.0375)	53.8025	(2.9325)		(1,46,62,500)	
13-06-2012	Indus	28	USD/INR	50,00,000	56.735	0	56.7350	17-09-2012	28,36,75,000	Y	17-09-2012	53.84	(0.0375)	53.8025	(2.9325)		(1,46,62,500)	
13-06-2012	Indus	29	USD/INR	35,00,000	56.5725	0	56.5725	17-09-2012	19,80,03,750	Y	17-09-2012	53.84	(0.0375)	53.8025	(2.7700)		(96,95,000)	SEPCO
22-06-2012	Deu Bank	31	USD/INR	59,80,000	58.1425	0	58.1425	17-09-2012	34,76,92,150	Y	17-09-2012	53.83	(0.0350)	53.7950	(4.3475)		(2,59,98,050)	SEPCO
																	(6,50,18,050)	
																	1,37,20,549	
25-06-2012	IDBI	32	USD/INR	97,50,000	56.7393	1.1325	57.8718	10-10-2012	56,42,50,050	Y	05-10-2012	51.5600	-	51.5600	(6.3118)		(6,15,40,050)	SEPCO
25-06-2012	IDBI	33	USD/INR	1,00,00,000	56.7393	1.265	58.0043	25-10-2012	58,00,43,000	Y	05-10-2012	51.7120	-	51.7120	(6.2923)		(6,29,23,000)	SEPCO
02-07-2012	IDBI	34	USD/INR	20,00,000	55.5925	1.24	56.8325	25-10-2012	11,36,65,000	Y	05-10-2012	51.7120	-	51.7120	(5.1205)		(1,02,41,000)	SEPCO
02-07-2012	IDBI	35	USD/INR	40,00,000	55.5725	1.095	56.6675	12-10-2012	22,66,70,000	Y	05-10-2012	51.5770	-	51.5770	(5.0905)		(2,03,62,000)	SEPCO
02-07-2012	IDBI	36	USD/INR	20,00,000	55.5925	1.11	56.7025	12-10-2012	11,34,05,000	Y	05-10-2012	51.5770	-	51.5770	(5.1255)		(1,02,51,000)	SEPCO
02-07-2012	IDBI	37	USD/INR	20,00,000	55.5375	1.11	56.6475	12-10-2012	11,32,95,000	Y	05-10-2012	51.5770	-	51.5770	(5.0705)		(1,01,41,000)	SEPCO
																	(17,54,58,050)	
																Cum	(16,17,37,501)	
03-07-2012	IDBI	38	USD/INR	54,00,000	54.981	1.65	56.6310	14-12-2012	30,58,07,400	Y	05-10-2012	54.2500	-	54.2500	(2.3810)		(1,28,57,400)	SEPCO
03-07-2012	IDBI	39	USD/INR	89,00,000	54.981	1.635	56.6160	12-12-2012	50,38,82,400	Y	05-10-2012	54.2250	-	54.2250	(2.3910)		(2,12,79,900)	SEPCO
Feb 2013 LC liability covered upto 12/12/2012, on 12/12 this will be rolled over.																		
04-07-2012	IDBI	40	USD/INR	1,30,00,000	54.5925	1.725	56.3175	28-12-2012	73,21,27,500	Y	28-12-2012	54.8150	-	54.8150	(1.5025)		(1,95,32,500)	SEPCO
13-07-2012	IDBI	42	USD/INR	1,05,00,000	55.6352	1.61	57.2452	28-12-2012	60,10,74,600	Y	28-12-2012	54.8150	-	54.8150	(2.3452)		(2,46,24,600)	SEPCO
					57.1602		57.1602	On Mat Banker taken this rate- Ref rev cont										
02-08-2012	IDBI	44	USD/INR	50,00,000	55.8525	1.3425	57.195	10-12-2012	28,59,75,000	Y	10-12-2012	54.4725	-	54.4725	(2.7225)		(1,36,12,500)	SEPCO
06-08-2012	IDBI	45	USD/INR	39,00,000	55.465	1.33	56.795	10-12-2012	22,15,00,500	Y	10-12-2012	54.4725	-	54.4725	(2.3225)		(90,57,750)	SEPCO
																	(2,26,70,250)	
																	(26,27,02,151)	
					57.2452		57.2452	On Mat Banker taken this rate- Ref rev cont										
13-07-2012	IDBI	41	USD/INR	44,00,000	55.4652	1.695	57.1602	07-01-2013	25,15,04,880	Y	07-01-2013	54.9750	(0.0300)	54.9450	(2.3002)		(1,01,20,880)	SEPCO
10-08-2012	IDBI	48	USD/INR	53,50,000	55.3927	1.69	57.0827	23-01-2013	30,53,92,445	Y	23-01-2013	53.7500	-	53.7500	(3.3327)		(1,78,29,945)	SEPCO
10-08-2012	IDBI	49	USD/INR	15,80,000	55.3927	1.68	57.0727	22-01-2013	9,01,74,866	Y	22-01-2013	53.7700	-	53.7700	(3.3127)		(52,34,066)	SEPCO
																	(29,58,87,042)	
02-08-2012	IDBI	43	USD/INR	20,00,000	55.7425	1.8725	57.615	05-02-2013	11,52,30,000	Y	05-02-2013	53.3150	-	53.3150	(4.3000)		(86,00,000)	
06-08-2012	IDBI	46	USD/INR	5,00,000	55.465	1.8675	57.3325	05-02-2013	2,86,66,250	Y	05-02-2013	53.3150	-	53.3150	(4.0175)		(20,08,750)	
12-12-2012	IDBI	58A	USD/INR	89,00,000	54.25	0.56	54.8125	05-02-2013	48,78,31,250	Y	05-02-2013	53.3150	-	53.3150	(1.4975)		(1,33,27,750)	SEPCO
			Above hedge Rolled over on 12 12 2012															
08-08-2012	IDBI	47	USD/INR	20,00,000	55.1475	1.83	56.9775	06-02-2013	11,39,55,000	Y	06-02-2013	53.1000	-	53.1000	(3.8775)		(77,55,000)	
10-08-2012	IDBI	50	USD/INR	63,00,000	55.3927	1.82	57.2127	06-02-2013	36,04,40,010	Y	06-02-2013	53.1000	-	53.1000	(4.1127)		(2,59,10,010)	SEPCO

Date	Bank	No	Currency	USD Amount	Spot	Premium / (Discount)	Net Rate	Maturity	Notional INR Bought	Copy	Cancellation Date	Spot	Premium / (Discount)	Total	MTM	BC	MTM in INR	Party:
30-11-2012	Indus	56	USD/INR	50,00,000	55.1883	0	55.1883	08-02-2013	27,59,41,500	Y	08-02-2013	53.5930	(0.0510)	53.5420	(1.6463)		(82,31,500)	SEPCO
07-12-2012	Indus	57	USD/INR	50,00,000	54.1575	0.55	54.7075	01-02-2013	27,35,37,500	Y	06-02-2013	52.9225	-	52.9225	(1.7850)		(89,25,000)	
17-01-2013	Indus	61	USD/INR	47,50,000	54.2800	0.1225	54.4025	01-02-2013	25,84,11,875	Y	06-02-2013	52.9225	-	52.9225	(1.4800)		(70,30,000)	
04-02-2013	IDBI	69	USD/INR	2,20,00,000	52.9810	0.0255	53.0065	08-02-2013	1,16,61,43,000	Y	08-02-2013	53.4900	(0.0500)	53.4400	0.4335		95,37,000	
																	(36,81,38,052)	
10-08-2012	IDBI	52	USD/INR	1,20,00,000	55.295	1.96	57.255	19-02-2013	68,70,60,000	Y	15-02-2013	53.8905	(0.0610)	53.8295	(3.4255)		(4,11,06,000)	SEPCO
30-11-2012	IDBI	53	USD/INR	1,50,00,000	55.4025	0	55.4025	19-02-2013	83,10,37,500	Y	15-02-2013	53.8905	(0.0610)	53.8295	(1.5730)		(2,35,95,000)	SEPCO
30-11-2012	Indus	54	USD/INR	1,05,00,000	55.2833	0	55.2833	19-02-2013	58,04,74,650	Y	15-02-2013	53.8907	(0.0610)	53.8297	(1.4536)		(1,52,62,800)	SEPCO
30-11-2012	Indus	55	USD/INR	91,00,000	55.2508	0	55.2508	15-02-2013	50,27,82,280	Y	15-02-2013	53.8907	(0.0610)	53.8297	(1.4211)		(1,29,32,010)	SEPCO
17-01-2013	DB	58	USD/INR	50,00,000	54.2450	0.2700	54.5150	15-02-2013	27,25,75,000	Y	15-02-2013	54.2450	0.2700	54.5150	-		-	
17-01-2013	DB	59	USD/INR	43,60,000	54.2700	0.2700	54.5400	15-02-2013	23,77,94,400	Y	15-02-2013	54.2700	0.2700	54.5400	-		-	
17-01-2013	DB	60	USD/INR	50,00,000	54.2600	0.2725	54.5325	15-02-2013	27,26,62,500	Y	15-02-2013	54.2600	0.2725	54.5325	-		-	
18-01-2013	DB	62	USD/INR	1,00,00,000	54.0250	0.2650	54.2900	15-02-2013	54,29,00,000	Y	15-02-2013	54.0250	0.2650	54.2900	-		-	
18-01-2013	DB	63	USD/INR	25,00,000	53.8500	1.2675	55.1175	15-02-2013	13,77,93,750	Y	15-02-2013	53.8500	1.2675	55.1175	-		-	
04-02-2013	DB	68	USD/INR	71,00,000	53.0250	0.1000	53.1250	15-02-2013	37,71,87,500	Y	15-02-2013	53.0250	0.1000	53.1250	-		-	
04-02-2013	IDBI	70	USD/INR	92,75,000	52.9810	0.0700	53.0510	12-02-2013	49,20,48,025	Y	12-02-2013	54.0125	-	54.0125	0.9615		89,17,913	SEPCO
06-02-2013	IDBI	71	USD/INR	2,98,80,000	53.0219	0.0850	53.1069	15-02-2013	1,58,68,34,172	Y	15-02-2013	53.8905	(0.0610)	53.8295	0.7226		2,15,91,288	SEPCO
07-02-2013	DB	72	USD/INR	1,93,746.00	53.2600	0.0525	53.3125	15-02-2013	1,03,29,084	Y	15-02-2013	53.2600	0.0525	53.3125	-		-	
22-01-2013	DB	64	USD/INR	50,00,000	53.5000	0.3225	53.8225	22-02-2013	26,91,12,500	Y	22-02-2013	53.5000	0.3225	53.8225	-		-	
28-01-2013	DB	65	USD/INR	30,00,000	53.8250	0.2575	54.0825	22-02-2013	16,22,47,500	Y	22-02-2013	53.8250	0.2575	54.0825	-		-	
30-01-2013	DB	66	USD/INR	30,00,000	53.5300	0.2325	53.7625	22-02-2013	16,12,87,500	Y	22-02-2013	53.5300	0.2325	53.7625	-		-	
04-02-2013	DB	67	USD/INR	10,00,000	53.0250	0.1750	53.2000	22-02-2013	5,32,00,000	Y	22-02-2013	53.0250	0.1750	53.2000	-		-	
07-02-2013	DB	73	USD/INR	1,94,939.00	53.2600	0.1325	53.3925	22-02-2013	1,04,08,281	Y	22-02-2013	53.2600	0.1325	53.3925	-		-	
10-08-2012	IDBI	51	USD/INR	1,26,60,000	55.3927	1.95	57.3427	22-02-2013	72,59,58,582	Y	22-02-2013	54.4500	-	54.4500	(2.8927)		(3,66,21,582)	SEPCO
06-12-2013	IDBI	78	USD/INR	32,00,000	65.6425	1.95	65.6425	06-12-2013	21,00,56,000		06-12-2013	61.0600	-	61.0600				
														For 13-14			(6,98,56,067)	
																	(53,70,02,311)	
																Total Hedging Loss as Capitalised	(53,70,31,685)	

ANNEXURE- 8.10

AASA & Associates

CHARTERED ACCOUNTANTS
(Formerly Roy & Sahoo)

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CERTIFICATE

This is to certify that we have verified the relevant records of GMR Kamalanga Energy Limited having its registered office at 25/1, Skip House, Museum Road, Bangalore – 560025, Karnataka, and on the basis of verification, we certify that the total Foreign Exchange Rate Variation (FERV) expenses of Rs 239,48,59,186 has been capitalised as part of Capital Cost as on COD of Unit-III for 3 X 350 MW Kamalanga Thermal Power Plant . The summary of FERV expenses capitalised are given in Table below.

Particulars	Amount (in Rs)
Forex Loss on FLC Restatement Q1 13-14	23,78,54,746
Forex Loss on ECB Interest Accrued Q1 13-14	34,49,577
Forex Loss on ECB Loan Restatement Q1 13-14	30,46,40,000
Forex Loss on SEPCO Balance Restatement Q1 13-14	56,74,15,561
Forex Loss on FLC Restatement Q2 13-14	13,13,13,171
Forex Loss on SEPCO Balance Restatement Q2 13-14	35,18,88,677
Forex Loss on ECB Loan Restatement Q2 13-14	16,30,28,901
Forex Loss on SEPCO Balance Restatement Q3 13-14	3,51,14,554
Bank of China Balance Restatement Q4 2013-14	90,67,029
Forex Loss on SEPCO Balance Restatement Q4 13-14	8,10,86,576
Loss on Foreign Exchange	30,98,62,773
Loss on Foreign Exchange	20,01,37,621
Total Foreign Exchange Rate Variation	239,48,59,186

AASA & ASSOCIATES BHUBANESWAR CHARTERED ACCOUNTANTS

Plot No.-1149, Govind Prasad, Behind Ekamra Cinema, Bomikhal, Bhubaneswar, Odisha-751010
Phone: 0674-2573915/916, Mobile: +91-9437041357/ +91-9437029129

This is to further Certify that the total Foreign Exchange Rate Variation (FERV) expenses capitalised on COD dated of Unit-I, II & III are given in the Table bellow:

DESCRIPTION	As on 29.04.2013 (COD – Unit I)	As on 11.11.2013 (COD – Unit II)	As on 24.03.2014 (COD – Unit III)
CWIP - Exchange Rate Gain	(253,433,833)	(487,041,063)	(3,637,172,430)
CWIP - Loss on Foreign Exchange	9,391,802	18,048,866	5,390,493,235
Misc. Income - Exchange Rate Gain	(136,517,761)	(395,847,295)	(234,609,310)
Hedging Income	(175,331,094)	(368,082,572)	(102,520,827)
Misc. Income - Exchange Rate Gain	(888,624,825)	(1,876,633,843)	(1,355,917,824)
SGA - Loss on Foreign Exchange	1,520,647,159	2,924,452,157	395,546,313
Hedging Loss	269,103,641	530,849,307	56,228,253
SGA - Loss on Foreign Exchange	-	80,546,269	(634,013,385)
SGA - Loss on Foreign Exchange	354,692,100	1,680,924,261	2,516,825,161
Total	**699,927,188**	**2,107,216,087**	**2,394,859,186**

This to further certify that the above summary has been prepared on the basis of information drawn from audited accounts of GMR Kamalanga Energy Limited up to March 25, 2014.

For ASSA & ASSOCIATES
Chartered Accountants
FRN-310073E

ASSA & ASSOCIATES
BHUBANESWAR
CHARTERED ACCOUNTANTS

P.S. Nayak
(Partner)
M. No:-059950

Place : Kamalanga
Date : 22-03-2016

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Forex Capitalised Details	
Particulars	**Amount**
Forex Loss on FLC Restatement Q1 13-14	23,78,54,746
Forex Loss on ECB Interest Accrued Q1 13-14	34,49,577
Forex Loss on ECB Loan Restatement Q1 13-14	30,46,40,000
Forex Loss on SEPCO Balance Restatement Q1 13-14	56,74,15,561
Forex Loss on FLC Restatement Q2 13-14	13,13,13,171
Forex Loss on SEPCO Balance Restatement Q2 13-14	35,18,88,677
Forex Loss on ECB Loan Restatement Q2 13-14	16,30,28,901
Forex Loss on SEPCO Balance Restatement Q3 13-14	3,51,14,554
Bank of China Balance Restatement Q4 2013-14	90,67,029
Forex Loss on SEPCO Balance Restatement Q4 13-14	8,10,86,576
Loss on Foreign Exchange	30,98,62,773
Loss on Foreign Exchange	20,01,37,621
Total SGA - Loss on Foreig	**2,39,48,59,186**

Forex Loss on Restatement 30th Jun 2013:

1. FLC Restatement

	Value 30th Jun'13 (USD)	Value 30th Jun'13 (INR)	Restated value:	Restatement gain or (loss):
1 BANK OF INDIA ANTWERP BRANCH	2,85,88,260	1,56,71,33,514	1,72,21,56,787	(15,50,23,273)
2 STATE BANK OF INDIA - ANTERWERPEN-CHICAGO	1,52,62,778	83,65,98,249	91,94,29,721	(8,28,31,472)
	4,38,51,038	**2,40,37,31,762**	**2,64,15,86,508**	(23,78,54,746)

USD rate as on 30/06/2013 60.24

2. ECB Interest Accrued

	Value 30th Jun'13 (USD)	Value 30th Jun'13 (INR)	Restated value:	Restatement gain or (loss):
Interest Accrued as on 30th Jun, 2013	7,20,286	3,99,40,452	4,33,90,029	(34,49,577)

USD rate as on 30/06/2013 60.24

3. ECB Loan Restatement

	Value 30th Jun'13 (USD)	Value 30th Jun'13 (INR)	Restated value:	Restatement gain or (loss):
ECB Loan as on 30th Jun, 2013	5,60,00,000	3,06,88,00,000	3,37,34,40,000	(30,46,40,000)

USD rate as on 30/06/2013 60.24

4. SEPCO Balance Restatement

	Value 30th Jun'13 (CNY)	Value 30th Jun'13 (INR)	Restated value:	Restatement gain or (loss):
SEPCO Creditor as on 30th Jun, 2013	25,19,58,868	2,22,78,53,676	2,47,85,67,236	(25,07,13,560)
SEPCO Retention as on 30th Jun, 2013	31,82,75,078	2,81,42,30,387	3,13,09,32,389	(31,67,02,002)
	57,02,33,945	**5,04,20,84,063**	**5,60,94,99,625**	(56,74,15,561)

1USD	CNY	6.1237
1USD	INR	60.24
1CNY	INR	9.8372

Forex Loss on Restatement 30th Sep 2013:

1. FLC Restatement

	Value 30th Sep'13 (USD)	Value 30th Sep'13 (INR)	Restated value:	Restatement gain or (loss):
IMLC/2011/519907	54,44,055	32,79,49,873	34,42,82,038	(1,63,32,165)
049911FLCU0004	97,62,341	58,80,83,422	61,73,70,445	(2,92,87,023)
049911FLCU0002	1,32,79,463	79,99,54,851	83,97,93,240	(3,98,38,389)
049911FLCU0003	1,51,71,293	91,39,18,690	95,94,32,569	(4,55,13,879)
Interest Accrued on FLC as on 30th Sep, 2013	1,13,905	68,61,637	72,03,352	(3,41,715)
	4,37,71,057	**2,63,67,68,474**	**2,76,80,81,645**	**(13,13,13,171)**

UDS Rate 30.09.2013 63.24

2. SEPCO Balance Restatement

	Value 30th Sep'13 (CNY)	Value 30th Sep'13 (INR)	Restated value:	Restatement gain or (loss):
SEPCO Creditor as on 30th Sep, 2013	8,76,34,911	72,20,36,967	90,78,15,455	(18,57,78,489)
SEPCO Retention as on 30th Sep, 2013	31,82,94,080	3,13,11,17,827	3,29,72,28,015	(16,61,10,189)
	40,59,28,991	**3,85,31,54,793**	**4,20,50,43,471**	**(35,18,88,677)**

1USD	CNY	6.1048
1USD	INR	63.24
1CNY	INR	10.3591

3. ECB Loan Restatement

	Value 30th Sep'13 (USD)	Value 30th Sep'13 (INR)	Restated value:	Restatement gain or (loss):
ECB Loan as on 30th Sep, 2013	5,54,40,000	3,34,29,96,699	3,50,60,25,600	(16,30,28,901)

USD rate as on 30/09/2013 **63.24**

Forex Loss on Restatement 31st Dec 2013:

1. SEPCO Restatement

	Value 31st Dec'13 (CNY)	Value 31st Dec'13 (INR)	Restated value:	Restatement gain or (loss):
SEPCO Capiutal Advance 31st Dec'13	(15,12,49,254)	(1,57,66,55,656)	(1,55,28,73,230)	(2,37,82,426)
SEPCO Payable as on 30th Sep, 2013	22,65,36,841	2,31,45,17,333	2,32,58,49,461	(1,13,32,128)

7,52,87,587	**73,78,61,676**	**77,29,76,231**	(3,51,14,554)

1USD	CNY	6.0641
1USD	INR	62.26
1CNY	INR	10.2670

Forex Loss on Restatement 31st Mar 2014:

1. Bank of China Balance Restatement

	Value 31st Mar'14 (CNY)	**Value 31st Mar'14 (INR)**	**Restated value:**	**Restatement (gain) or loss:**
Balance as per BOC 31st Mar'15	18,361	92,45,699	1,78,670	90,67,029

1USD	CNY	6.2163
1USD	INR	60.49
1CNY	INR	9.7309

2. SEPCO Restatement

	Value 31st Mar'14 (CNY)	**Value 31st Mar'14 (INR)**	**Restated value:**	**Restatement (gain) or loss:**
SEPCO Capital Advance 31st Mar'14	15,12,49,254	1,55,28,73,230	1,47,17,86,654	8,10,86,576
				-
	15,12,49,254	**1,55,28,73,230**	**1,47,17,86,654**	8,10,86,576

1USD	CNY	6.2163
1USD	INR	60.49
1CNY	INR	9.7309

6100054001	SGA - Loss on Foreign Exchange					
G/L Account	Document Number	Posting Date	Year/month	Debit/Credit Ind	Reference	Assignment
6100054001	15000280	30-09-2013	2013/06	H	M159099	M159099
6100054001	18000810	18-06-2013	2013/03	S	130377FTTO00457	18062013
6100054001	18001578	01-08-2013	2013/05	S	M156536	01082013
6100054001	18001948	11-09-2013	2013/06	S	M159099	M159099
6100054001	18002884	10-12-2013	2013/09	S	OFFSHORE-115-35A	20131210
6100054001	18002885	31-12-2013	2013/09	S	OFFSHORE-076-28A	20131231
6100054001	18002886	31-12-2013	2013/09	S	OFFSHORE-081-29A	20131231
6100054001	18002887	31-12-2013	2013/09	S	OFFSHORE-082-29B	20131231
6100054001	18002888	31-12-2013	2013/09	S	OFFSHORE-089-31A	20131231
6100054001	18002889	31-12-2013	2013/09	S	OFFSHORE-101-33A	20131231
6100054001	18002890	31-12-2013	2013/09	S	OFFSHORE-115-35A	20131231
6100054001	18002891	31-12-2013	2013/09	S	OFFSH-115-35BMRC	20131231
6100054001	18003201	09-01-2014	2013/10	S	28B SHIPMENT	20140109
6100054001	18003202	09-01-2014	2013/10	S	37A SHIPMENT	20140109
6100054001	18003203	09-01-2014	2013/10	S	6A SHIPMENT	20140109
6100054001	18003204	09-01-2014	2013/10	S	13A SHIPMENT	20140109
6100054001	18003206	09-01-2014	2013/10	S	15A SHIPMENT	20140109
6100054001	18003894	13-03-2014	2013/12	S	FLC REPAYMENT	20140313
6100054001	18003895	01-03-2014	2013/12	S	FLC REPAYMENT	20140301
6100054001	18003896	01-03-2014	2013/12	S	FLC REPAYMENT	20140301
6100054001	53001686	01-07-2013	2013/04	S	OPEN ITEM CLRNG	subramanyam Munigo
6100054004	40000406	01-10-2013	2013/07	S	OPEN ITEM CLRNG	20131001
6100054004	40000515	07-12-2013	2013/09	S	MAIL DT 27.12.13	MAIL DT 27.12.13
6100054004	40000635	31-01-2014	2013/10	S	MAIL DT 03.01.14	MAIL DT 03.01.14
6100054004	40000693	07-02-2014	2013/11	S	MAIL DT 05.03.14	MAIL DT 05.03.14
6100054004	40000762	31-03-2014	2013/12	S	MAIL DT 05.03.14	MAIL DT 05.03.14
6100054004	53007301	13-03-2014	2013/12	S	MAIL DT 05.03.14	MAIL DT 05.03.14
6100054004	53007302	13-03-2014	2013/12	S	MAIL DT 05.03.14	MAIL DT 05.03.14
		13-03-2013	2013/12	S		
6100000515	53010918	18-03-2014	2013/12	S	EXCHANGE CHARGES	20140318

Vendor Name	Vendor	Customer Name	Amount in doc curr.	Document currency	Amount in local currency	Local Curr ency	Pmnt currency	Fiscal Year
SEPCO ELECTRIC POWER CONSTRUCTION	200227		0.00	USD	(0)	INR		2013
BANK OF TOKYO-MITSUBISHI UFJ LTD	200833		0.00	USD	1,264	INR		2013
SEPCO ELECTRIC POWER CONSTRUCTION	200227		0.00	CNY	34,56,421	INR		2013
SEPCO ELECTRIC POWER CONSTRUCTION	200227		0.00	USD	0	INR		2013
SEPCO ELECTRIC POWER CONSTRUCTION	200227		0.00	CNY	12,36,396	INR		2013
SEPCO ELECTRIC POWER CONSTRUCTION	200227		0.00	CNY	1,37,12,675	INR		2013
SEPCO ELECTRIC POWER CONSTRUCTION	200227		0.00	CNY	1,19,03,155	INR		2013
SEPCO ELECTRIC POWER CONSTRUCTION	200227		0.00	CNY	1,49,72,183	INR		2013
SEPCO ELECTRIC POWER CONSTRUCTION	200227		0.00	CNY	36,25,744	INR		2013
SEPCO ELECTRIC POWER CONSTRUCTION	200227		0.00	CNY	12,58,622	INR		2013
SEPCO ELECTRIC POWER CONSTRUCTION	200227		0.00	CNY	3,46,098	INR		2013
SEPCO ELECTRIC POWER CONSTRUCTION	200227		0.00	CNY	2,71,199	INR		2013
SEPCO ELECTRIC POWER CONSTRUCTION	200227		0.00	CNY	54,94,008	INR		2013
SEPCO ELECTRIC POWER CONSTRUCTION	200227		0.00	CNY	8,55,265	INR		2013
SEPCO ELECTRIC POWER CONSTRUCTION	200227		0.00	CNY	67,95,198	INR		2013
SEPCO ELECTRIC POWER CONSTRUCTION	200227		0.00	CNY	95,32,803	INR		2013
SEPCO ELECTRIC POWER CONSTRUCTION	200227		0.00	CNY	1,22,22,510	INR		2013
BANK OF INDIA ANTWERP BRANCH	201178		0.00	USD	9,29,41,918	INR		2013
BANK OF INDIA ANTWERP BRANCH	201178		0.00	USD	12,49,81,038	INR		2013
BANK OF INDIA ANTWERP BRANCH	201178		0.00	USD	9,19,39,816	INR		2013
Akash Kumar Saxena	10611		0.00	RMB	0	INR		2013
			22325915.00	INR	2,23,25,915	INR		2013
			12832000.00	INR	1,28,32,000	INR		2013
			846.00	INR	846	INR		2013
			2022492.60	INR	20,22,493	INR		2013
			1126.00	INR	1,126	INR		2013
			11875000.00	INR	1,18,75,000	INR		2013
			7170873.80	INR	71,70,874	INR		2013
SEPCO ELECTRIC POWER CONSTRUCTION				INR	5,82,24,022	INR		2013
			1804.84	INR	1,805	INR		2013
			0.00	**CNY**	**51,00,00,393**	**INR**		

Text	Offsetting acct no	Invoice reference	Profit Center	Document Date	Posting Key	Document Type	User name
SEPCO Remittance	1031102252	15000280	20130100	11-09-2013	50	ZD	00019066
Swift and bank charges	1031102252	18000810	20130100	18-06-2013	40	KZ	00017268
Partial Payment made	1031102252	18001578	20130100	03-07-2013	40	KZ	00017268
SEPCO Remittance	1031102252	18001948	20130100	11-09-2013	40	KZ	00017268
Partial Pmt Offshore-115, 35A shipment	1031102252	18002884	20130100	10-12-2013	40	KZ	00019384
Partial Pmt Offshore-076, 28A shipment	1031102252	18002885	20130100	31-12-2013	40	KZ	00019384
MRC OFFSHORE-081-29A	1031102252	18002886	20130100	31-12-2013	40	KZ	00019384
MRC OFFSHORE-082-29B	1031102252	18002887	20130100	31-12-2013	40	KZ	00019384
MRC OFFSHORE-089-31A	1031102252	18002888	20130100	31-12-2013	40	KZ	00019384
PARTIAL PAYMENT OFFSHORE-101-33A	1031102252	18002889	20130100	31-12-2013	40	KZ	00019384
Partial Pmt Offshore-115, 35A shipment	1031102252	18002890	20130100	31-12-2013	40	KZ	00019384
MRC Pmt Offshore-115, 35B shipment	1031102252	18002891	20130100	31-12-2013	40	KZ	00019384
10% MRC Pmt 28B	1031102252	18003201	20130100	09-01-2014	40	KZ	00019384
10% MRC Pmt 37A	1031102252	18003202	20130100	09-01-2014	40	KZ	00019384
PARTIAL PMT 5% OFFSHORE 6A	1031102252	18003203	20130100	09-01-2014	40	KZ	00019384
PARTIAL PMT 5% OFFSHORE 13A	1031102252	18003204	20130100	09-01-2014	40	KZ	00019384
PARTIAL PMT 5% OFFSHORE 15A	1031102252	18003206	20130100	09-01-2014	40	KZ	00019384
FLC Repaymt with interest & Conv to TL	1031011602	18003894	20130100	13-03-2014	40	KZ	00019384
FLC Repaymt with interest & Conv to TL	1031011602	18003895	20130100	07-02-2014	40	KZ	00019384
FLC Repaymt with interest & Conv to TL	1031011602	18003896	20130100	31-01-2014	40	KZ	00019384
Clrg doc no:18000328,53008522 & 27001113	10611	53001686	20130100	01-07-2013	40	AB	00010610
ECB Intrest	1031102252	40000406	20130100	01-10-2013	40	SA	00019066
Buyers Credti-Corp BAnk	1031102252	40000515	20130100	07-12-2013	40	SA	00008803
Buyers Credit FLCU0004- FWC 1303770261	1031102252	40000635	20130100	31-01-2014	40	SA	00008803
Buyers Credit	1031102252	40000693	20130100	07-02-2014	40	SA	00008803
FWCNO.:1303770104:CHARGE	1031102252	40000762	20130100	31-03-2014	40	SA	00017269
Buyers Credit 049911FLC00002	1031102252	53007301	20130100	13-03-2014	40	AB	00019384
Buyers Credit 049911FLC00002	1031102252	53007302	20130100	13-03-2014	40	AB	00019384
pertains to till 2013							
Exchange Rate-BILL ID ^: 140377FIBA00210^	1031102252	53010918	20130100	18-03-2014	40	AB	00004972
			20130100				

Booking of Liability					Payment					Loss
Date	Amount in FC	FC	Amount in LC	Remark	Date	Amount in FC	FC	Amount in LC		
01.03.2013	1,32,79,463	USD	71,74,89,386	049911FLCU0002	13.03.2014	1,32,79,463	USD	81,04,31,304		9,29,41,918
01.03.2013	1,51,71,293	USD	81,97,04,961	049911FLCU0003	01.03.2014	1,51,71,293	USD	94,46,85,999		12,49,81,038
10.10.2012	97,62,341	USD	51,86,73,177	049911FLCU0004	01.03.2014	97,62,341	USD	61,06,12,993		9,19,39,816
										30,98,62,773

ANNEXURE-P- P-11

AASA & Associates

CHARTERED ACCOUNTANTS

(Formerly Roy & Sahoo)

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CERTIFICATE

This is to certify that we have verified the relevant records of GMR Kamalanga Energy Limited having its registered office at 25/1,Skip House, Museum Road, Bangalore - 560025, Karnataka, and on the basis of verification, we certify that the year-wise Additional Capitalisation from the date of COD of Unit-III of its 3 X 350 MW Kamalanga Thermal Power Plant till the Financial Year 2016-17 is as given in Table below.

(in Rs Crore)

Description	Amount	Nature of Expense
Additional Capitalisation during FY 2013-14 (from 26.03.2014 to 31.03.2014)		
Retention Money Paid and Liabilities Discharged	67.12	Undischarged Liabilities
Additional Capitalisation during FY 2014-15		
Retention Money Paid and Liabilities Discharged	91.72	Undischarged Liabilities
Land	4.70	Works Deferred for Execution
EPC Works	22.32	Works Deferred for Execution
Non EPC Works – Transmission Line	240.35	Works Deferred for Execution
Initial Spares Procured within Original Scope	21.70	Initial Spares
Total during FY 2014-15	**380.79**	
Estimated/Proposed Additional Capitalisation during FY 2015-16		
Retention Money Paid and Liabilities Discharged	94.96	Undischarged Liabilities
Initial Spares Procured within Original Scope	78.00	Initial Spares
Total during FY 2015-16	**172.96**	
Proposed Additional Capitalisation during FY 2016-17		
Liabilities to be Discharged	238.65	Undischarged Liabilities
Other Works	102.73	Works Deferred for Execution
Total during FY 2016-17	**341.38**	

AASA & ASSOCIATES BHUBANESWAR

Plot No.-1149, Govind Prasad, Behind Ekamra Cinema, Bomikhal, Bhubaneswar, Odisha-751010
Phone: 0674-2573916, Mobile: +91-9437041357 / +91-9437029129, E-mail: aasaassociates@gmail.com

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This to further certify that the above summary has been prepared on the basis of information drawn from audited accounts of GMR Kamalanga Energy Limited up to March 31, 2015 for additional capitalisation up to Financial Year 2014-15 and based on the information received from the management of the company for Financial Year 2015-16 and Financial Year 2016-17.

For ASSA & ASSOCIATES
Chartered Accountants
FRN-310073E

P.S. Nayak
(Partner)
M. No:-059950

ASSA & ASSOCIATES
BHUBANESWAR

Place : Kamalanga
Date : 22-03-2016