

INDEPENDENT AUDITOR'S REPORT

To
The Board of Directors
GMR Lion Energy Limited

We have audited the accompanying financial statements of GMR Lion Energy Limited ("the Company"), which comprise the Statement of Assets and Liabilities as at 31 March 2015, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The accompanying financial statements have been prepared by the Management, based on the audited financial statements of the Company for the financial years ended 31 March 2015 prepared in accordance with International Financial Reporting Standards, after making appropriate adjustments as were necessary under Indian GAAP and revised Schedule VI of the Companies Act, 1956.

The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in 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 applicable Standards.

Our audit involved performing procedures and applying our judgement as were necessary to obtain assurance that the financial statements referred above are free from material misstatement and converted from IFRS to Indian GAAP correctly. We believe that the procedures we have performed are sufficient and appropriate to provide a basis for our audit opinion.

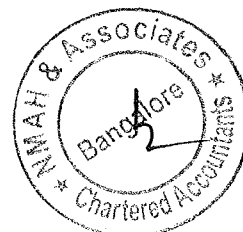
Basis for qualified opinion

The underlying financial statements of the Company for the financial year ended 31 March 2015, prepared in accordance with applicable corporate laws and International Financial Reporting Standards, have not been audited by us and we have relied upon such audited financial statements and the statutory auditors' reports for these years, provided to us by the Management, for the purpose of expressing our audit opinion and have not performed detailed verification of the underlying transactions which have been covered by the statutory auditors' in the course of their audit.

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter(s) described in the Basis for Qualified Opinion paragraph*, the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Statement of Assets and Liabilities, of the state of affairs of the Company as at 31 March 2015;



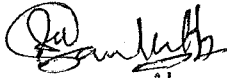
(b) in the case of the Statement of Profit and Loss, of the profit/ loss for the year ended on that date;
and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For NMAH & Associates

Chartered Accountants

Firm's Registration Number: 133288W



per Shankar Sanketh

Partner

Membership Number: 076939

Place of Signature: Bangalore

Date: 28-05-2015

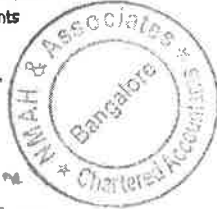


GMR Lion Energy Limited
Balance sheet as at 31 Mar 2015

Particulars	Notes	31-Mar-15 Amount in Rs	31-Mar-14 Amount in Rs
Equity and liabilities			
Shareholders' funds			
Share capital	2	185,529,898	177,968,657
Reserves and surplus	3	(21,414,686)	(7,527,450)
		164,115,212	170,441,207
Share application money pending allotment	4	388,092,938	337,493,309
Current liabilities			
Trade Payables	5	1,133,819	486,945
		1,133,819	486,945
TOTAL		553,341,969	508,421,461
Assets			
Non-current assets			
Non-current investments	6	9,169,050	8,795,367
Long-term loans and advances	7	542,126,655	498,328,560
		551,295,705	507,123,926
Current assets			
Cash and bank balances	8	1,631,030	425,268
Short-term loans and advances	7	415,234	872,266
		2,046,264	1,297,534
TOTAL		553,341,969	508,421,461
The accompanying notes are an integral part of the financial statements.			
As per our report of even date			

For NMAH and Associates
Chartered Accountants
FRN. No. 1332BBW

Shankar Sanjith
Shankar Sanjith
Partner
M.No. 076939
Place: Bangalore
Date: 28-05-2015



For and on behalf of the board
GMR Lion Energy Limited

J. K. Mani
Director
Place - Indonesia
Date: 28-05-2015



GMR Lion Energy Limited
Statement of profit and loss for the period ended 31 Mar 2015:

Particulars	Notes	31-Mar-15 Amount in Rs	31-Mar-14 Amount in Rs
Continuing operations			
Other Income	8	108,856	
Total revenue (i)		108,856	
Expenses			
Salaries & wages		6,778,093	
Other expenses	9	5,295,822	1,294,369
Total (ii)		12,071,915	1,294,369
Earnings before interest, tax, depreciation and amortization (EBITDA) [(i) - (ii)]		(11,963,059)	(1,294,369)
Depreciation and amortization expense			
Finance costs	10	210,224	94,274
Profit / (Loss) before tax		(12,173,283)	(1,388,643)
Tax expenses:			
Current tax		1,043,420	
Less: MAT credit entitlement			
Deferred tax			
Total tax expense		1,043,420	
Profit/(loss) for the period from continuing operations (A)		(13,216,703)	(1,388,643)
Profit/(loss) for the period (A+B)		(13,216,703)	(1,388,643)
Earnings per equity share			
Basic		-4.49	-0.47
Diluted		-4.49	-0.47

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

As per our report of even date.

For NMAH and Associates
Chartered Accountants

FRN No. 133288W

Shankar Sankath
Shankar Sankath

Partner

M.No. 076939

Place: *Bangalore*

Date:

28.05.15



For and on behalf of the board
GMR Lion Energy Limited

J. Mani

Director

Place - *Indonesia*

Date - *28.05.2015*



Cash Flow of GMR Lion Energy Limited for the year ended March 31, 2015

Particulars	31-Mar-15 Amount in Rs.	31-Mar-14 Amount in Rs.
A. CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES		
Profit / (Loss) before tax from continuing operations	-13,216,703	-1,388,643
Interest Income	1,710	
Interest and finance costs	-210,224	94,274
Foreign Currency translation reserve	327,246	12,342
Operating Profit Before Working Capital Changes	-13,752,464	-1,282,027
Adjustments for :		
Increase/ (Decrease) in trade payable	610,000	32,272
(Increase) in other Receivables	481,320	-613,169
Cash generated from / (used in) operations	-12,661,144	-1,862,918
Direct taxes paid (net of refunds)		
Net cash flow from/ (used in) operating activities (A)	-12,661,144	-1,862,918
B. CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		
Long term Loans & Advances -Deposit in Shares	-22,043,084	-21,341,968
Interest received	-1,710	
Foreign currency translation reserve	584,889	140,200
Net cash flow from/ (used in) investing activities (B)	-22,627,663	-21,201,768
C. CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from Share Application money	35,373,484	23,625,320
Interest and finance charges paid	-210,224	-94,274
Foreign currency translation reserve	542,861	-154,581
Net cash flow from/ (used in) financing activities (C)	36,476,568	23,376,465
Net increase/(decrease) in cash and cash equivalents (A + B + C)	1,187,741	311,779
Cash and cash equivalents at the beginning of the period	425,268	102,814
Cash and cash equivalents on acquisitions during the period		
FCTR		
Effect of changes in exchange rates on cash and cash equivalent	18,021	10,675
Cash and cash equivalents at the end of the period	1,631,030	425,268
Components of cash and cash equivalents		
Cash on hand		
Cheques/ drafts on hand		
With banks- on current account	1,631,030	425,268
Total cash and cash equivalents	1,631,030	425,268

For NMAH and Associates
Chartered Accountants
Firm No. 133289W

S. S. Sankar
S. S. Sankar

Partner
M.No. 076633
Place: Bangalore
Date: 26-05-15



For and on behalf of the board
GMR Lion Energy Limited

J. L. Dan

Director
Place: Indonesia
Date: 26-05-2015



2 Share capital

Authorized shares

Issued, subscribed and fully paid-up shares
 (i) 2,942,117 (March 31, 2014: 2,942,117) common shares of \$ 1 each fully paid up

31-Mar-15 Amount in Rs	31-Mar-14 Amount in Rs
185,529,898	177,968,657

Outstanding at the end of the period

2,942,117	185,529,898	2,942,117	177,968,657
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Preference shares

b) Terms/ rights attached to equity shares

The Company has been incorporated in Mauritius on 29th February 2008 under the Mauritius Companies Act, 2001. The concept of Authorized Capital and Paid up capital is not there.

c) Terms/ rights attached to preference shares

(d) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates
 Out of equity and preference shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

Numbers
 GMR Energy (Mauritius) Limited, the immediate holding company, effective February 29, 2008.
 2,942,117 (March 31, 2014: 2,942,117) equity shares of \$ 1 each fully paid up

31-Mar-15 Amount in Rs	31-Mar-14 Amount in Rs
185,529,898	177,968,657

(e) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

31-Mar-15	31-Mar-14
NIL	

Equity shares allotted as fully paid-up pursuant to conversion of preference shares.

Ordinary shares of \$ 1 each fully paid
 GMR Energy (Mauritius) Limited

31-Mar-15		31-Mar-14	
No.	% holding in	No.	% holding in
2,942,117	100.00%	2,942,117	100.00%



3 Reserves and surplus		31-Mar-15 Amount in Rs	31-Mar-14 Amount in Rs
Surplus/ (deficit) in the statement of profit and loss			
Balance as per last financial statements			
	(6,300,675)	(4,912,031)	(1,388,643)
Profit \ (loss) for the year			
	(13,216,703)	(1,388,643)	
Total appropriations			
	(19,917,377)	(6,300,675)	
Net surplus in the statement of profit and loss			
Exchange Difference due to translations - FCTR			
	(1,897,309)	(1,226,779)	
Total reserves and surplus	(21,414,686)	(7,527,450)	
4 Share Application Money (pending Allotment)			
		31-Mar-15 Amount in Rs	31-Mar-14 Amount in Rs
Balance as per last financial statement		337,493,309	284,484,555
Current Year Transfer		50,599,629	53,008,754
Closing Balance		388,092,938	337,493,309
5 Trade payable (including acceptances)			
		31-Mar-15 Amount in Rs	31-Mar-14 Amount in Rs
Accrued Expenses		1,133,819	486,945
		1,133,819	486,945
6 Non-current investments			
		31-Mar-15 Amount in Rs	31-Mar-14 Amount in Rs
Non-Trade Investments (valued at cost unless stated otherwise)			
Unquoted equity Instruments			
<i>Investment in subsidiaries</i>			
1,095,000 (31 Mar 2014; 1,095,000) Ordinary shares @ Nepal			
Rupee 10 fully paid up in GMR Upper Kamali Hydro power Public			
Ltd.- 73 % Holding			
	9,169,050	8,795,367	
	9,169,050	8,795,367	
Non-trade Investments (valued at cost unless stated otherwise)			
	9,169,050	8,795,367	



7 Loans and advances		Non-current		Current	
		31-Mar-15 Amount in Rs	31-Mar-14 Amount in Rs	31-Mar-15 Amount in Rs	31-Mar-14 Amount in Rs
Loan and advances Unsecured, considered good Share application money pending allotment* Other Advance - Employee (A)		542,126,655	498,328,560	199,569	604,900
		542,126,655	498,328,560	199,569	604,900
Prepaid expenses: FSC Licence fees ROC Licence fees Directors fees Secretarial fees (B)		-	-	27,589	26,464
		-	-	14,661	14,084
		-	-	86,708	113,419
		-	-	86,708	113,419
Total (A+B)		542,126,655	498,328,560	415,234	872,166

		Non-current		Current	
		31-Mar-15 Amount in Rs	31-Mar-14 Amount in Rs	31-Mar-15 Amount in Rs	31-Mar-14 Amount in Rs
* Includes long term Investment In Company's Subsidiary GMR Upper Karnali Hydropower Public Limited , share application money		542,126,655	498,328,560	-	-
		542,126,655	498,328,560	-	-

8 Cash and bank balances		Non-current		Current	
		31-Mar-15 Amount in Rs	31-Mar-14 Amount in Rs	31-Mar-15 Amount in Rs	31-Mar-14 Amount in Rs
Cash and cash equivalents Balances with banks: - On current accounts Cash on hand		-	-	1,631,030	425,268
		-	-	1,631,030	425,268
Amount disclosed under non-current assets		-	-	1,631,030	425,268
		-	-	1,631,030	425,268



8 Other income

Interest Income
Exchange Fluctuation Gain

31-Mar-15 Amount in Rs	31-Mar-14 Amount in Rs
1,710	-
107,146	-
108,856	-

9 Other expenses

Directors' fees
Secretarial fees
FSC Licence fees
Accountancy fees
Professional Fee
Taxation fees
ROC fee
TRC renewal fee
Sundry Exp
Payment to auditor (Refer details below)
Commission Expenses
Office Rent
Logistic Charges
Travelling Expenses
Office Expenses
Telephone expenses
Miscellaneous Expenses

31-Mar-15 Amount in Rs	31-Mar-14 Amount in Rs
122,860	91,335
122,860	91,335
107,503	106,558
215,005	243,560
604,052	248,583
33,787	66,979
46,073	18,876
43,001	79,157
6,143	6,089
423,867	341,897
610,000	-
994,858	-
87,326	-
487,913	-
1,082,326	-
240,319	-
65,930	-
5,293,822	1,294,369

Payment to auditor

As auditor:
Audit fee

31-Mar-15 Amount in Rs	31-Mar-14 Amount in Rs
423,867	341,897
423,867	341,897

10 Finance costs

Interest
Bank charges

31-Mar-15 Amount in Rs	31-Mar-14 Amount in Rs
210,224	94,274
210,224	94,274



GMR LION ENERGY LIMITED

1. Legal Status and Business Activity

GMR Lion Energy Limited ("the Company") was incorporated in Mauritius, under the Mauritius Companies Act 2001, on 29 February 2008 as a Private Company with limited liability by shares. The registered office of the company is C/o MULTICONSULT LIMITED, ROGERS HOUSE, 5 PRESIDENT JOHN KENNEDY STREET, PORT LOUIS, MAURITIUS. The principal activity of the company is that of investing in energy projects, coal mining assets and other related activities.

2. Presentation and disclosure of financial statements

The financial statements have been translated from IFRS to Generally Accepted Accounting Principles ('GAAP') in India. The Financial Statements have been prepared to comply in all material respects with Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 2013.

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

Dividend on investment in subsidiary companies

As per the requirement of AS 9 Revenue Recognition, the Company recognizes dividend income from subsidiary companies when the right to receive the same is established by the reporting date.

2.1 Summary of Significant Accounting Policies

a. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

b. Revenue Recognition

- (i) Interest on investments and bank deposits are booked on a time proportionate basis taking into account the amounts invested and the rate of interest, as applicable. Interest income is included under the head "other income" in the Statement of Profit and Loss.
- (ii) Expenses are accounted for in the income statement on the accrual basis.

c. Borrowing cost:



GMR LION ENERGY LIMITED

Borrowing cost that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets till the period such assets are ready to put to use. A qualifying asset is one that takes substantial period of time to get ready for its intended use or sale. Other borrowing costs not attributable to the acquisition of any capital asset or investments are recognized as expenses in the period in which they are incurred.

d. Investments:

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

e. Foreign Currency Transactions:

Transactions in foreign currency are recorded at the exchange rate prevailing at the dates of the transaction. Monetary items are translated at year-end foreign exchange rates. Resultant exchange difference, arising on payment or conversion of liabilities / assets, is recognized as income or expense, in the year in which they arise.

f. Financial Statements Translation

The Financial Statements of GMR Lion Energy Limited have been translated from its functional currency the United States Dollar to Indian Rupees to comply with the requirements of the Indian GAAP.

- (i) Assets and liabilities are translated using the exchange rate on the Balance Sheet date;
- (ii) Income and expenses are translated using the weighted average exchange rate; and
- (iii) Procedures (i) and (ii) will produce a difference in translation which will be presented in the Reserve and Surplus separately as "Foreign Currency Translation Difference" in the Balance Sheet.

For practical reasons, an exchange rate that is close to the real exchange rate, such as the average exchange rate during a period, is often used to translate revenues and expenses.

g. Taxes on Income



GMR LION ENERGY LIMITED

Tax expense comprises current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in Mauritius.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured on the tax rate and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future tax income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognizes unrecognized deferred tax assets 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 is reviewed at each Balance Sheet date. The Company writes-down the carrying amount of a 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.

h. Contingent Liabilities:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

i. Loans and Receivables:

Loans and receivables are presented at their realizable value.

j. Cash and Cash Equivalents:

Cash for the purposes of cash flow statement comprise cash in hand and at bank (including deposits with maturity period of less than 3 months from balance sheet date) 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.

k. Provisions:

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a



GMR LION ENERGY LIMITED

reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best 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 best estimates.



GMR LION ENERGY LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31 MAR 2015

1. Nature of Business:

The principal activity of the company is that of investing in energy projects, coal mining assets and other related activities.

2. Related Party transactions:

- a) Name of Related Parties and description of Relationship with whom the Company has transactions

(i)	Enterprises that control the Company	GMR Energy Mauritius Limited (Holding Company)
(ii)	Subsidiary Companies	GMR Upper Karnali Hydropower Limited

- b) Summary of transactions with the above related parties is as follows:

Receivables - Sy. Debtors / Interest accrued but not due / Deposits Paid

Share Capital & Share application Money

Counter Party Group Company	Nature of Transaction	31-Mar-15	31-Mar-14
GMR Energy Mauritius Limited	Share Capital	185,529,898	177,968,657
GMR Energy Mauritius Limited	Share Application Money	388,092,938	337,493,309

Loans to Subsidiaries / Advance towards SAM / Advances to Subsidiaries / Advances to KMP

Counter Party Group Company	Nature of Transaction	31-Mar-15	31-Mar-14
GMR Upperkarnali Project	Share Application Monies	542,126,655	498,328,560
GMR Upperkarnali Project	Inv in Ordinary Shares	9,169,050	8,795,367
Employee Advance-KMP	Advances to KMP	199,569	604,900

Salaries & Wages and Commission paid to the KMP

Counter Party Group Company	Nature of Transaction	31-Mar-15	31-Mar-14
JK Sharma - KMP	Salaries and Wages	6,778,093	-
	Commission	610,000	-



GMR LION ENERGY LIMITED

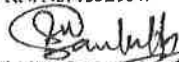
3. Segment Reporting

The company is engaged primarily in the business of holding of investment. 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.

4. Capital Commitments/Other commitments

The Company had no significant commitments or contingent liabilities.

For NMAH and Associates
Chartered Accountants
FRN. No. 133288W



Shankar Sanjiv

Partner


M.No. 076939

Place: Bangalore

Date: 28-05-15



For on Behalf of Board
GMR Lion Energy Limited



Director

Place - Indonesia

Date - 28-05-2015

