

GMR Warora Energy Limited



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November 2, 2020

To
Bombay Stock Exchange
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai- 400001

Dear Sir/ Madam,

Sub: Financial Results under Clause 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Ref: Company Code: 10776; Company: GMR Warora Energy Limited (formerly Emco Energy Limited)

Please find enclosed the half-year unaudited financial results of the Company along with Limited Review Report for the half-year ended September 30, 2020.

This is for your records.

Thanking you,

Yours Faithfully,
For GMR Warora Energy Limited



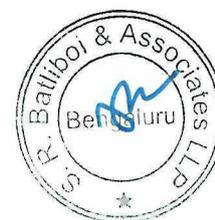
Company Secretary
M. No. F8649

Independent Auditor's Review Report on the Half-yearly Unaudited Financial Results of the Company Pursuant to Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**Review Report to
The Board of Directors
GMR Warora Energy Limited**

1. We have reviewed the accompanying statement of unaudited Ind AS financial results of GMR Warora Energy Limited (the "Company") for the half year ended September 30, 2020 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Material Uncertainty Related to Going Concern

5. We draw attention to Note 4 to the accompanying unaudited Ind AS financial results which indicate that the Company has accumulated losses of Rs. 6,511.32 million, its net worth has been substantially eroded and its current liabilities exceed current assets as at September 30, 2020. These conditions, together with the impact of the ongoing COVID-19 pandemic as explained in note 10, non-renewal of long term power purchase agreement with one of its key customer which expired during June 2020 and significant delays in the realization of outstanding receivables as detailed in note 3 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Emphasis of Matters

6. We draw attention to the following matters in the notes to the accompanying unaudited Ind AS financial results for the half year ended September 30, 2020:
- Note 3 in connection with realization of trade receivables and unbilled revenue (including claims towards change in law events, increased coal cost pass through and capacity charges from one of its customers during the period of lockdown based on declared capacity) of Rs. 7,478.18 million of the Company, which are pending settlement/ realization as on September 30, 2020. The management of the Company based on its internal assessment as detailed in note 3 to the accompanying unaudited Ind AS financial results and certain interim favourable regulatory orders for claims made by the Company is of the view that the aforesaid balances are fully recoverable as at September 30, 2020.
 - Note 6, regarding recovery of transmission charges of Rs. 5,907.30 million from March 17, 2014 till September 30, 2020 (including Rs 549.64 million accounted for the half year ended September 30, 2020) from Maharashtra State Electricity Distribution Company Limited ('MSEDCL') pursuant to the favourable Order received by the Company from APTEL and legal opinion obtained by the Company.
 - Note 9 relating to amounts due to certain vendors which are outstanding beyond permissible time period under the Foreign Exchange Management Act ('FEMA'). Pending filing for condonation of delay with competent authority no adjustments are made to the unaudited Ind AS financial results.
 - Note 10 which describes the impact of the outbreak of Corona virus (COVID-19) on the business operations, recoverability of assets, achievement of key assumptions considered in the valuation assessment of the carrying value of the assets and future cash flows of the Company. In view of the highly uncertain economic environment, a definitive assessment of impact on the subsequent periods is highly dependent upon circumstances as they evolve.

Our conclusion is not modified in respect of these matters.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004



per Sandeep Karnani

Partner

Membership No.: 061207

UDIN: 20061207AAAFAFK2471



Place: Bengaluru

Date: November 02, 2020

GMR Warora Energy Limited
Corporate Identification Number (CIN): U40100MH2005PLC155140

Registered Office: 701/704, 7th Floor, Naman Centre, A-Wing, BKC, Bandra, Mumbai - 400 051

Statement of unaudited Ind AS financial results for the half year ended September 30, 2020

Sr. No.	Particulars	Half year ended		(in Rs. millions)
		September 30, 2020	September 30, 2019	Year ended
		Unaudited	Unaudited	March 31, 2020 Audited
1	Revenue:			
	(a) Revenue from operations (refer note 3)	7,303.04	8,613.92	18,442.86
	(b) Other income	33.55	89.22	55.11
	Total revenue	7,336.59	8,703.14	18,497.97
2	Expenses			
	(a) Consumption of fuel	3,982.89	4,763.51	9,311.68
	(b) Purchase of traded goods	-	2.62	604.83
	(c) Employee benefit expenses	201.01	231.54	447.49
	(d) Finance costs	1,964.68	2,065.83	4,085.94
	(e) Depreciation and amortization expenses	606.39	601.26	1,212.38
	(f) Transmission charges (refer note 6)	354.59	479.54	1,122.78
	(g) Other expenses	361.63	476.15	977.37
	Total expenses	7,471.19	8,620.45	17,762.47
3	Profit / (loss) before tax (1 - 2)	(134.60)	82.69	735.50
4	Tax Expenses			
	(a) Current tax	-	-	-
	(b) Deferred tax charge / (credit) (refer note 7)	(31.29)	2,662.85	2,873.57
5	Profit / (loss) after tax (3 ± 4)	(103.31)	(2,580.16)	(2,138.07)
6	Other comprehensive income/(expenses) (net of tax)			
	(A) (i) Items that will not be reclassified to profit or loss	(0.54)	(0.12)	(1.10)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0.14	0.03	0.28
	(B) (i) Items that will be reclassified to profit or loss	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-
7	Total comprehensive income for the period (Comprising profit / (loss) and other comprehensive income / (expenses) (net of tax) for the period (5 ± 6)	(103.71)	(2,580.25)	(2,138.89)
8	Paid-up equity share capital (Face value of Rs.10 per share)	8,700.00	8,700.00	8,700.00
9	Paid up debt capital (refer note 12)	747.92	747.35	747.63
10	Debenture redemption reserve (refer note 13)	187.50	187.50	187.50
11	Earning per share (EPS) (of Rs 10 each) (not annualised)			
	(a) Basic EPS	(0.12)	(2.97)	(2.46)
	(a) Diluted EPS (refer note 8)	(0.12)	(2.97)	(2.46)
12	Weighted average number of equity shares for calculation of:			
	Basic earning per share (EPS)	870,000,000	870,000,000	870,000,000
	Diluted earning per share (EPS) (refer note 9)	870,000,000	870,000,000	870,000,000
13	Debt equity ratio (refer note 11)	7.78	8.22	7.15
14	Debt service coverage ratio (DSCR)(refer note 11)			
	a) DCSR based on EBIT	0.93	0.70	0.79
	b) DCSR based on EBITDA	1.24	0.90	0.99
15	Interest service coverage ratio (ISCR)(refer note 11)			
	a) ISCR based on EBIT	0.93	1.01	1.18
	b) ISCR based on EBITDA	1.24	1.30	1.47



Statement of assets and liabilities

		(in Rs. millions)	
Particulars	September 30, 2020	March 31, 2020	
	(Unaudited)	(Audited)	
A ASSETS			
1 Non-current assets			
Property, plant and equipment	31,101.64	31,660.11	
Capital work in progress	23.22	18.76	
Intangible assets	6.03	7.35	
Right of use assets	394.57	404.21	
Financial assets			
Investments (Rs. 2,500 (March 31, 2020: Rs. 2,500))	0.00	0.00	
Loans	18.65	18.71	
Other financial assets	160.81	112.59	
Non-current tax assets (net)	9.97	15.59	
Other non-current assets	121.48	128.80	
Total non-current assets	31,836.37	32,366.12	
2 Current assets			
Inventories	459.42	1,205.57	
Financial assets			
Loans	32.86	32.86	
Trade receivables	6,608.85	4,513.53	
Cash and cash equivalents	284.77	40.56	
Other financial assets	1,380.97	1,205.12	
Other current assets	878.63	388.34	
Total current assets	9,645.50	7,385.98	
Total assets (1+2)	41,481.87	39,752.10	
B EQUITY AND LIABILITIES			
1 EQUITY			
Equity share capital	8,700.00	8,700.00	
Other equity	(4,393.82)	(4,290.11)	
Total equity	4,306.18	4,409.89	
LIABILITIES			
2 Non-current liabilities			
Financial liabilities			
Borrowings	25,993.40	26,103.48	
Lease liabilities	43.02	48.13	
Provisions	66.18	61.28	
Deferred tax liabilities (net)	369.98	401.41	
Total non-current liabilities	26,472.58	26,614.30	
3 Current liabilities			
Financial liabilities			
Borrowings	3,361.56	3,064.57	
Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	26.40	30.05	
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,734.19	1,718.10	
Other financial liabilities	5,205.48	3,520.39	
Lease liabilities	30.64	19.08	
Other current liabilities	13.01	34.82	
Provisions	56.67	65.74	
Liabilities for current tax (net)	275.16	275.16	
Total current liabilities	10,703.11	8,727.91	
Total liabilities	37,175.69	35,342.21	
Total equity and liabilities (1+2+3)	41,481.87	39,752.10	



Notes to the unaudited Ind AS financial results for the half year ended September 30, 2020

1. The unaudited Ind AS financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards ("Ind AS") 34 on Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013, read with relevant rules made thereunder and in terms of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No. CIR/IMD/DF1/69/2016 dated August 10, 2016.
2. The unaudited Ind AS financial results of the Company for the half year ended September 30, 2020 have been reviewed by the Audit Committee in their meeting on November 02, 2020 and approved by the Board of Directors in their meeting on November 02, 2020.
- 3(a) The Company has claimed compensation for various "change in law" events including coal cost pass through, duties and taxes, carrying cost etc. from its customers under the Power Purchase Agreements ('PPA') and filed petitions with the regulatory authorities for settlement of such claims in favour of the Company. Based on certain interim favourable orders by Central Electricity Regulatory Commission ('CERC') the management is confident of settlement of claims (including interest thereon) made by the Company in its favour and has accordingly accounted Rs. 8,817.01 million till the period ended September 30, 2020 (including Rs. 407.49 million accounted during the half year ended September 30, 2020). The Company has trade receivables and unbilled revenue of Rs. 7,478.18 million as at September 30, 2020, including Rs 3,047.57 million receivable towards the aforementioned claims. The management of the Company based on its internal assessment and certain interim favourable regulatory orders, is of the view that the aforesaid balances are fully recoverable as at September 30, 2020 and accordingly, has not made any adjustments in the unaudited Ind AS financial results of the Company for the half year ended September 30, 2020.
- 3(b) The Company received notices from one of its customer disputing payment of capacity charges of Rs 1,320.06 million for the period March 23, 2020 to June 30, 2020 as the customer had not availed power during the said period sighting force majeure on account of COVID 19 pandemic. The Company responded and clarified that the said situation is not covered under force majeure clause in view of the clarification by the Ministry of Power stating that Discoms will have to comply with the obligation to pay fixed capacity charges as per PPA. The customer is of the view that the aforesaid clarification by the Ministry of Power cannot override the terms of the PPA and continue to dispute the payment thereof. Also, the PPA with the customer expired in June 2020. Further, during the half year ended September 30, 2020, the Company filed petition with CERC for settlement of the dispute. The management of the Company based on its internal assessment, legal expert advice and petition filed with CERC, is of the view that the aforesaid capacity charges are fully recoverable and have accordingly recognised the same as revenue during the half year ended September 30, 2020.

The statutory auditors of the Company have drawn an Emphasis of Matter in their Independent Auditor's Review Report in this regard.

4. The Company has accumulated losses of Rs 6,511.32 million as at September 30, 2020 which has resulted in substantial erosion of the net worth of the Company and its current liabilities exceed current assets by Rs. 1,057.61 million. There have been delays in repayment of dues to the lenders on account of the delay in the receipt of receivables as detailed in note 3 above, from its customers thereby resulting in lowering of credit ratings for the Company's borrowings. Further, as detailed in note 10 in view of the ongoing COVID-19 pandemic and expiry of the PPA with one of the customer availing 200 MW of power in June 2020 and a consequent cancellation of the fuel supply agreement, there could be impact on the future business operations, financial position and future cash flows of the Company. However, the Company has made profits before taxes for the year ended March 31, 2020 and March 31, 2019 and have favourable interim orders towards the aforementioned claims. Accordingly, the management of the Company based on the future business plans and forecasted cash flows is of the opinion that the Company will generate sufficient profits in the future years, realise its receivables and meet its debt obligations. Accordingly, the



Notes to the unaudited Ind AS financial results for the half year ended September 30, 2020

unaudited Ind AS financial results of the Company continue to be prepared on a going concern basis which contemplates realisation of current assets and settlement of current liabilities in an orderly manner.

The statutory auditors of the Company have drawn a 'Material Uncertainty Related to Going Concern' in their Independent Auditor's Review Report in this regard.

5. The management of the Company carried out a valuation assessment of its Property, Plant and Equipment ('PPE') during the year ended March 31, 2020 by an external expert. The valuation assessment includes certain key assumptions relating to renewal of PPA with one of its customer which had expired in June 2020, conclusion and realisation of claims with Discoms currently under dispute for various change in law events as detailed in note 3 above, operational performance of the plants, life extension plans, ramp up in generation, availability and market prices of coal with specific grades, decline in interest rates etc., which the management believes reasonably reflect the future expectations and is of the view that the carrying value of the PPE as at September 30, 2020 is appropriate and accordingly has not made any adjustments to the carrying values of PPE as at September 30, 2020.
6. The Company has a PPA with Maharashtra State Electricity Distribution Company Limited ('MSEDCL') for sale of power for an aggregate contracted capacity of 200 MW. MSEDCL disputed place of evacuation of power with Maharashtra Electricity Regulatory Commission ('MERC'), wherein MERC has directed the Company to construct separate lines for evacuation of power through State Transmission Utility ('STU') though the Company was connected to Central Transmission Utility ('CTU'). Aggrieved by the MERC Order, the Company preferred an appeal with Appellate Tribunal for Electricity ('APTEL'). APTEL vide its interim Order dated February 11, 2014 directed the Company to start scheduling the power from the Company's bus bar and bear transmission charges of inter-state transmission system towards supply of power. The Company in terms of the interim order scheduled the power from its bus bar from March 17, 2014 and paid inter-state transmission charges. APTEL vide its final Order dated May 8, 2015 upheld the Company's contention of scheduling the power from bus bar and directed MSEDCL to reimburse the inter-state transmission charges hitherto borne by the Company as per its interim order. Accordingly, as at September 30, 2020, the Company has raised claim of Rs. 5,907.30 million towards reimbursement of transmission charges from March 17, 2014 till September 30, 2020. MSEDCL preferred an appeal with Hon'ble Supreme Court of India and the matter is pending conclusion.

In view of the favourable Order from APTEL, rejection of stay petition of MSEDCL by the Hon'ble Supreme Court of India, receipt of substantial amounts towards reimbursement of transmission charges and legal expert advice, the Company has recognized the reimbursement of transmission charges of Rs. 5,907.30 million relating to the period from March 17, 2014 to September 30, 2020 (including Rs. 549.64 million for the half year ended September 30, 2020) in the Statement of profit and loss.

The statutory auditors of the Company have drawn an Emphasis of Matter in their Independent Auditor's Review Report in this regard.

7. On September 20, 2019, the Taxation Laws (Amendment) Ordinance, 2019 ('ordinance') was passed introducing section 115BAA of the Income-tax Act, 1961 which allowed domestic Companies to opt for an alternative tax regime from FY 2019-20. As per the regime, Companies are allowed to pay reduced income tax @ 22% (plus surcharge and cess) subject to foregoing of certain exemptions which were earlier allowed. Central Board of Direct taxes vide circular no 29/2019 clarified that Companies opting for lower rates of taxes will not be allowed to offset brought forward losses on account of additional depreciation and carry forward MAT credit. Pursuant to the aforesaid amendment, the Company had opted for lower rate of tax and accordingly has reversed deferred tax asset on additional depreciation claimed by the Company and MAT credit existing as at March 31, 2019. Further the Company has restated the deferred tax assets and liabilities as on April 1, 2019 at the rate of 25.17%.



Notes to the unaudited Ind AS financial results for the half year ended September 30, 2020

8. The allotment of conversion option in case of Compulsorily Convertible Preference Shares ('CCPS') would decrease the loss per share for the periods in which the Company has incurred losses and accordingly has been ignored for the purpose of calculation of diluted earnings per share in those respective periods.
9. As at September 30, 2020 the amount payable in foreign currency to certain vendors of USD 5.75 million is outstanding for more than 3 years. The Company is in the process of filing necessary documents with the Reserve Bank of India and is confident that such delays will not require any adjustments to the unaudited Ind AS financial results of the Company for the half year ended September 30, 2020.

The statutory auditors of the Company have drawn an Emphasis of Matter in their Independent Auditor's Review Report in this regard.

10. The spread of COVID-19 has severely impacted businesses operations around the globe including India. The Company is in the business of generation of electricity which is an essential service as emphasized by the Ministry of Power, Government of India. Hence, the Company has ensured continuity in power supply during the period of lockdown. However, considering the lockdown and uncertain economic environment, the demand for power is expected to be lower in the recent future and accordingly, the Company may have to operate power plants at lower load factor. As detailed in note 3(b) above, the Company had also received notices of force majeure from one of its customer disputing payment of capacity charges post March 23, 2020 till June 30, 2020. The Company had responded and clarified that the said situation is not covered under force majeure clause in view of the clarification by the Ministry of Power stating that Discoms will have to comply with the obligation to pay fixed capacity charges as per PPA. However, the customer continues to dispute the aforesaid payment of capacity charges. Further, the customers continue to delay the payment of various change in law/ coal cost pass through and other claims as detailed in note 3(a) above thereby causing significant stress on the cash flows of the Company. However, the Reserve Bank of India had granted relief to borrowers by way of moratorium of interest and principal instalments falling due to banks and financial institution during the period March 2020 till August 2020. This will mitigate the stress on cash flows during the period of COVID-19. The interest during the said moratorium period has been converted into Funded Interest Term Loans (FITL) payable as per the revised repayment schedules. Also refer note 4 above.

The statutory auditors of the Company have drawn an Emphasis of Matter in their Independent Auditor's Review Report in this regard.

11. Debt Service Coverage Ratio (DSCR) represents profit and other income before net finance costs (finance costs reduced by interest income) and tax expenses / finance costs plus principal repayment of loan funds during the period. ISCR represents profit and other income before net finance costs and tax expenses / finance costs. Debt-equity ratio represents loan funds (long-term borrowings, short-term borrowings and current maturities of long-term borrowings included in current liabilities) / shareholders' funds (equity shares + other equity)
12. Paid-up debt capital represents outstanding non-convertible debentures issued by the Company (excluding provision for redemption) as at the period end.
13. The Company has created Debenture Redemption Reserve of Rs.187.50 million as per the provisions of Section 71 of the Companies Act, 2013.
14. The Statutory auditors of the Company have carried out a limited review of the unaudited Ind AS financial results for the half year ended September 30, 2020.



Notes to the unaudited Ind AS financial results for the half year ended September 30, 2020

15. Previous period / year's figures have been regrouped / reclassified, wherever necessary to confirm to current period's classification.

For and behalf of the board of Directors of GMR Warora Energy Limited

Deshpande

Dhananjay Deshpande
Whole Time Director
DIN : 07663196



Ashish Deshpande

Ashish Deshpande
Chief Financial Officer
Membership no. – 110081

Place: Warora, Maharashtra
Date: November 02, 2020

