

**M. S. Sethi & Associates**  
Chartered Accountants

**Manoj Sethi**  
B.Com, F.C.A.

191-R, Cavel Cross Lane No. 9  
2<sup>nd</sup> Floor, Dr. Viegas Street  
Kalbadevi, Mumbai-400 002  
Tel. 93245 17501

### **Independent Auditors' Report**

To The Members of  
**Coastal Andhra Power Limited**

We have audited the accompanying financial statements of **Coastal Andhra Power Limited** ('the Company') which comprise the Balance Sheet as at March 31, 2016, 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 Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 have taken into account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, 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 on the financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016; its Loss and its Cash Flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) Section 143 of Act, we give in the Annexure A, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the aforesaid financial statements comply materially with the applicable accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of written representations received from the Directors and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2016 from being appointed as Director in terms of section 164(2) of the Act;
  - f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i) As per the best estimates made by the management, the ongoing litigations as at the reporting date would not have a material impact on its financial position;
    - ii) Based upon the assessment made by the Company, there are no material foreseeable losses on its long-term contracts that may require any provisioning;
    - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For M. S. Sethi & Associates**  
Chartered Accountants  
Regn.No.109407W

**Manoj Sethi**

Proprietor  
Membership No. 39784

Place: Mumbai  
Date: 25.05.2016

## ANNEXURE A TO THE AUDITORS' REPORT

Referred to in our Report of even date on Accounts of **Coastal Andhra Power Limited** for the year ended March 31, 2016

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
b) The fixed assets have been physically verified by the management at reasonable interval and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.  
c) According to information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii) The Company has no inventory therefore clause (ii) of paragraph 3 of the Order is not applicable.
- iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained pursuant to section 189 of the Act. Hence the reporting requirements under sub-clause (a), (b) and (c) of paragraph 3(iii) of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v) The Company has not accepted any deposits from the public.
- vi) As informed to us, no cost records have been prescribed by Central Government under section 148(1) of the Act.
- vii) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess or/and any other material statutory dues, wherever applicable, with the appropriate authorities during the year and there were no such outstanding dues as at March 31, 2016 for a period of more than six months from the date they became payable.  
(b) As per the records and as per information and explanations given to us, there are no disputed statutory dues pending to be deposited with the respective authorities during the year by the Company.
- viii) According to the information and explanations given to us, the Company has not raised any funds from financial institutions or banks or by issue of debentures during the year, hence, question of repayment of dues to them does not arise.
- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or debentures during the year except allotment of 55,00,00,000 Equity Shares of Rs.10 each to Reliance Power Limited (RPower), the Holding Company and the sole shareholder during the year 2015-16, upon RPower exercising the Call option for conversion of 5,500 Zero% Compulsorily Convertible Redeemable Secured Debentures of equivalent value into Equity shares fully paid up.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For M. S. Sethi & Associates**

Chartered Accountants

Regn.No.109407W

**Manoj Sethi**

Proprietor

Membership No. 39784

Place: Mumbai

Date: 25.05.2016

## **ANNEXURE B TO THE AUDITORS' REPORT**

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

We have audited the internal financial controls over financial reporting (Financial Controls) of **Coastal Andhra Power Limited** ("the Company") in conjunction with our audit of the Company for the year ended March 31, 2016.

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

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's Financial Controls based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Financial Controls are established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of Financial Controls includes obtaining an understanding of Financial Controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate Financial Controls system and such Financial Controls are operating effectively as at March 31, 2016, based on the Financial Controls criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by ICAI.

**For M. S. Sethi & Associates**

Chartered Accountants

Regn.No.109407W

**Manoj Sethi**

Proprietor

Membership No. 39784

Place: Mumbai

Date: 25.05.2016

**Coastal Andhra Power Limited**  
**Balance Sheet as at March 31, 2016**

Particulars	Note	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
<b>Equity and Liabilities</b>			
<b>Shareholders' Funds</b>			
Share capital	3.1	6,010,000,000	510,000,000
Reserves and surplus	3.2	(5,511,940,692)	(202,359,129)
<b>Non-current liabilities</b>			
Long term borrowings	3.3	-	10,000,000,000
Long term provisions	3.4	-	333,020
<b>Current liabilities</b>			
Short-term borrowings	3.5	4,593,325,000	9,600,000
Other current liabilities	3.6	81,353,641	115,184,692
Short-term provisions	3.7	-	15,201
<b>Total</b>		<b>5,172,737,949</b>	<b>10,432,773,784</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	3.8	2,644,109,419	2,664,285,504
Intangible assets	3.8	-	401,097
Capital work-in-progress	3.9	2,470,232,545	7,720,232,544
Long-term loans and advances	3.10	8,160,753	9,937,057
<b>Current assets</b>			
Cash and bank balances	3.11	6,705,436	1,685,855
Short term loans and advances	3.12	32,520,392	25,453,922
Other current assets	3.13	8,572,503	8,340,904
<b>Total</b>		<b>5,170,301,048</b>	<b>10,430,336,883</b>

Significant accounting policies 2  
The notes are an integral part of these financial statements.

As per our Report of even date.

**For MS Sethi and Associates**  
Firm Registration No.109407W  
Chartered Accountants

**Manoj Sethi**  
Proprietor  
Membership No.39784

**For and on behalf of the Board of Directors**

Satyendra Sarupria  
**Director**  
DIN 00270718

Suresh H Joshi  
Director  
DIN 07143407

**Potnuru Nagavenu**  
Chief Financial Officer

Viplavi Sonalkar  
Company Secretary & Manager  
ACS 43187

Date : May 25, 2016  
Place: Mumbai

Date : May 25, 2016  
Place: Mumbai

**Coastal Andhra Power Limited**  
**Statement of Profit and Loss for the year ended March 31, 2016**

Particulars	Note	Year ended March 31, 2016 Rupees	Year ended March 31, 2015 Rupees
<b>Revenue</b>			
Other income	3.14	-	470,870
<b>Total Revenue</b>		<u>-</u>	<u>470,870</u>
<b>Expenses:</b>			
Employee benefits	3.15	2,306,390	5,692,602
Finance cost	3.16	25,612,802	55,300,853
Depreciation / amortization	3.8	23,474,069	30,391,124
Other expenses	3.17	8,188,302	12,119,991
<b>Total Expenses</b>		<u>59,581,563</u>	<u>103,504,570</u>
<b>Profit / (Loss) before exceptional and extraordinary item</b>		<b>(59,581,563)</b>	<b>(103,033,700)</b>
<b>Exceptional item</b>			
Provision for impairment (refer note 5 (b))		5,250,000,000	-
<b>Profit / (Loss) before tax</b>		<u><b>(5,309,581,563)</b></u>	<u><b>(103,033,700)</b></u>
<b>Tax expense:</b>			
Income tax for the year		-	36,270
<b>Profit / (Loss) for the year</b>		<u><b>(5,309,581,563)</b></u>	<u><b>(103,069,970)</b></u>
Earnings / (Loss) per equity share: (face value of Rs. 10 each)	9		
- Basic and Diluted		(86.94)	(2.02)

Significant accounting policies 2  
The notes are an integral part of these financial statements.

As per our attached report of even date.

**For MS Sethi and Associates**  
Firm Registration No.109407W  
Chartered Accountants

**Manoj Sethi**  
Proprietor  
Membership No.39784

**For and on behalf of the Board of Directors**

Satyendra Sarupria  
**Director**  
DIN 00270718

Suresh H Joshi  
Director  
DIN 07143407

**Potnuru Nagavenu**  
Chief Financial Officer

Viplavi Sonalkar  
Company Secretary & Manager  
ACS 43187

Date : May 25, 2016  
Place: Mumbai

Date : May 25, 2016  
Place: Mumbai

**Coastal Andhra Power Limited**  
**Cash Flow Statement for the year ended March 31, 2016**

	<b>Year ended March 31, 2016 Rupees</b>	<b>Year ended March 31, 2015 Rupees</b>
<b>(A) Cash Flow from / (used in) Operating Activities</b>		
Profit / (Loss) before tax	(5,309,581,563)	(103,033,700)
Adjusted for :		
Net Loss on sale / impairment of fixed asset (including capital work-in-progress )	5,250,400,518	1,301,123
Provision for gratuity and leave encashment	-	113,321
Excess Provision Written back	-	(470,870)
Depreciation	23,474,069	30,391,124
Finance Cost	25,612,802	55,300,853
Operating Profit / (Loss) before working capital changes	<b>(10,094,174)</b>	<b>(16,398,149)</b>
Adjustments for :		
Current liabilities and provisions	(34,179,270)	(1,266,679)
Long term loans and advances	1,776,304	4,045,119
Loans and advances & other current assets	(7,298,071)	45,049,823
Taxes Paid	-	(27,243)
Net cash from /(used in) operating activities	<b>(49,795,211)</b>	<b>31,402,871</b>
<b>(B) Cash flow from / (used in) Investing Activities</b>		
Purchase of Fixed assets (including capital work-in-progress )	(8,359,770)	(39,885,889)
Sale of Fixed Assets	5,062,364	1,714,674
ICD received back from holding company	-	23,511,734
Net cash from/(used in) Investing Activities	<b>(3,297,406)</b>	<b>(14,659,481)</b>
<b>(C) Cash flow from / (used in) Financing Activities</b>		
Proceeds from Inter Corporate Deposits	83,725,000	9,600,000
Interest and finance charges	(25,612,802)	(27,441,217)
Net cash from / (used in) Financing Activities	<b>58,112,198</b>	<b>(17,841,217)</b>
<b>Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)</b>	<b>5,019,581</b>	<b>(1,097,827)</b>
<b>Cash and Cash equivalents at the beginning of the year :</b>		
Bank Balance - Current Account	<b>1,685,855</b>	2,783,683
<b>Cash and Cash equivalents at the end of the year :</b>		
Bank Balance - Current Account	<b>6,705,436</b>	1,685,855

Prev Previous year figures have been regrouped and recast wherever necessary to the current year classification.



**Coastal Andhra Power Limited**

As per our Report of even date.

**For M S Sethi and Associates**

Firm Registration No.109407W

Chartered Accountants

**Manoj Sethi**

Proprietor

Membership No.39784

**For and on behalf of the Board of Directors**

**Satyendra Sarupria**

Director

DIN 00270718

**Suresh H Joshi**

Director

DIN 07143407

**Potnuru Nagavenu**

Chief Financial Officer

**Viplavi Sonalkar**

Company Secretary & Manager

ACS 43187

Date : May 25, 2016

Place : Mumbai

Date : May 25, 2016

Place : Mumbai

## **Coastal Andhra Power Limited**

### **Notes to the financial statements as of and for the year ended March 31, 2016**

#### **1. General information**

Coastal Andhra Power Limited is a wholly owned subsidiary of Reliance Power Limited. The Company has been set up as a special purpose vehicle for executing the 3,960 MW (6 units x 660 MW) imported coal-based Krishnapatnam power project in Nellore District of coastal Andhra Pradesh. After commissioning, the power generated by the company will be sold to procurers from the states of Andhra Pradesh, Maharashtra, Karnataka and Tamil Nadu. Refer Note 5(b) of the financial statements.

#### **2. Significant Accounting Policies**

##### **a) Basis of Preparation:**

The Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the relevant provisions of the Companies Act, 2013 (The "Act") and the Accounting Standards notified under the Act. The Financial Statements are prepared on accrual basis under the historical cost convention and are presented in Indian Rupees round off to the nearest rupee.

##### **b) Use of Estimates:**

The preparation and presentation of Financial Statements requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities as on the date of the Financial Statements and reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates is recognised in the period in which the results are known / materialised.

##### **c) Tangible Assets and Capital Work-in-Progress:**

- (i) Tangible assets are stated at cost net of recoverable taxes, duties, trade discounts and rebates, less accumulated depreciation and impairment of loss, if any. The cost of Tangible Assets comprises of its purchase price, borrowing costs and adjustment arising for exchange rate variations attributable to the assets, including any cost directly attributable to bringing the assets to their working condition for their intended use. Subsequent expenditure related to an item of Tangible assets are added to its book value only if they increase the future benefits from the existing assets beyond its previously assessed standards of performance.

Expenditure incurred on assets which are not ready for their intended used, comprising direct cost, related incidental expenses and attributable borrowing cost are disclosed as Capital Work in Progress.

All project related expenditure viz, civil works, machinery under erection, construction and erection materials, pre-operative expenditure incidental / directly attributable to construction of project, borrowing cost, are disclosed as Capital Work-in-Progress.

Deposit, payments/ liabilities made provisionally towards compensation, rehabilitation and other expenses relatable to land in possession are treated as cost of land.

- (ii) Construction stores have been valued at weighted average cost.

##### **d) Intangible Assets:**

- (i) Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization /depletion and impairment loss, if any. The cost comprises of purchase price, borrowing costs and any cost directly attributable to bringing the asset to its working condition for the intended use and adjustment arising from exchange rate variation attributable to the intangible assets.

- (ii) Expenditure incurred on acquisition of intangible assets which are not ready to use at the reporting date is disclosed under Capital Work-in-Progress.

**e) Impairment of Assets:**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss.

**f) Depreciation / Amortization:**

(i) Tangible Assets:

Depreciation on Tangible Assets is provided to the extent of depreciable amount on Straight Line Method (SLM) based on useful life of the assets as prescribed in Part C of Schedule II to the Companies Act, 2013 except in case of motor vehicles where the estimated useful life has been considered as five year based on technical evaluation by the management.

(ii) Intangible Assets:

Software expenses are amortised on a straight line basis over a period of three years.

**g) Investments:**

Long term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined of value of long-term investments and made for each investment individually. Current investments are valued at lower of cost and fair value.

**h) Provisions, Contingent Liabilities and Contingent Assets**

(i) Provisions:

Provisions are recognised when there is present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which reliable estimate can be made of the amount of the obligation.

(ii) Contingent Liabilities:

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

Where there is a possible obligation or a present obligation but the likelihood of outflow of resources is remote, no provision or disclosure is made as specified in Accounting standard 29 – “Provisions, Contingent Liability and Contingent Assets”.

(iii) Contingent Assets:

A contingent asset is neither recognised nor disclosed in the Financial Statements.

**i) Borrowing Costs:**

Borrowing cost that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

**j) Foreign currency transactions:**

- (i) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
- (ii) All exchange differences arising on reporting of short term foreign currency monetary items at rates different from those at which they were initially recorded are recognised in the Statement of Profit and Loss.
- (iii) In respect of foreign exchange differences arising on revaluation or settlement of long term foreign currency monetary items, the Company has availed the option available in the Companies (Accounting Standards) (Second Amendment) Rules 2011, wherein
  - Foreign exchange differences on account of depreciable asset, is adjusted in the cost of depreciable asset and would be depreciated over the balance life of asset.
  - In other cases, foreign exchange difference is accumulated in “foreign currency monetary item translation difference account” and amortised over the balance period of such long term asset/liabilities.
  - An asset or liability is designated as a long term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of twelve months or more at the date of origination of the asset or the liability, which is determined taking into consideration the terms of the payment/settlement as defined under the respective agreement/memorandum of understanding.

**k) Revenue recognition:**

Profit on sale/redemption of investment is accounted on sale/redemption of such investments. Dividend on investment is accounted when the right to receive payment is established in the entity's favour. Interest on deposits is accounted for on an accrual basis.

**l) Employee benefits:**

Employee benefits consist of Provident Fund, Superannuation Fund, Gratuity Scheme and Leave Encashment.

- (i) Defined contribution plans:  
Contributions to defined contribution schemes such as provident fund and superannuation are charged off to the Statement of Profit and Loss/ Capital Work-In-Progress, as applicable, during the year in which the employee renders the related service.
- (ii) Defined Benefit Plans:  
The Company also provides employee benefits in the form of gratuity and leave encashment, the liability for which as at the year-end is determined by independent actuaries based on actuarial valuation using the projected unit credit method. Such defined benefits are charged off to the Statement of Profit and Loss / capital work-in-progress, as applicable. Actuarial gain / losses are recognised in the year in which they arise.

**(iii) Short term/ long term employee benefits:**

All employee benefits payable wholly within twelve months of rendering the service including performance incentives and compensated absences are classified as short term employee benefits. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are charged off to the Statement of Profit and Loss / capital work-in-progress, as applicable. The employee benefits which are not expected to occur within twelve months are classified as long term benefits and are recognised as liability at the net present value.

**m) Accounting for taxes on income:**

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred income tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/period. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future income will be available except that deferred tax assets, in case there are unabsorbed depreciation or losses, are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same. Deferred tax assets and liabilities are measured using the tax rates and tax law that have been enacted or substantively enacted by the Balance Sheet date.

**n) Cash and cash equivalents:**

Cash comprises cash on hand and demand deposits with banks. Cash Equivalents are short-term balances (with an original maturity of three months or less from date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**o) Cash Flow Statement:**

Cash Flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the company are segregated based on the available information.

**p) Earnings per share:**

Basic earnings per share are computed by dividing the net profit or loss by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share are the net profit for the year after deducting preference share dividend and attributable tax for the year. The weighted average number of equity shares outstanding during the year and for all years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

	As At March 31, 2016 Rupees	As At March 31, 2015 Rupees
<b>3.1 Share Capital</b>		
<b>Authorised</b>		
5,000,000,000 (Previous year : 5,000,000,000) equity shares of Rs. 10 each	50,000,000,000	50,000,000,000
10,000,000,000 (Previous year : 10,000,000,000) preference shares of Re. 1 each	10,000,000,000	10,000,000,000
	<b>60,000,000,000</b>	<b>60,000,000,000</b>
<b>Issued, subscribed and paid up</b>		
601,000,000 (Previous year : 51,000,000) equity shares of Rs. 10 each fully paid up	6,010,000,000	510,000,000
	<b>6,010,000,000</b>	<b>510,000,000</b>

**3.1.1 Reconciliation of number of shares - at the beginning and at the end of the year****Equity Shares**

Balance at the beginning of the year	510,000,000	510,000,000
51,000,000 (Previous year : 51,000,000) equity shares of Rs. 10 each		
Add: Shares issued during the year	5,500,000,000	-
Balance at the end of the year - 601,000,000 (Previous year : 51,000,000) shares of Rs. 10 each	<b>6,010,000,000</b>	<b>510,000,000</b>

**3.1.2 Terms / rights attached to Shares****Equity shares**

The Company has only one class of equity shares having face value of Rs.10 per share. Each holder of the equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

**3.1.3 Shares held by Holding Company****Equity shares**

Reliance Power Limited - 601,000,000 (Previous year : 51,000,000) equity shares of Rs. 10 each	6,010,000,000	510,000,000
(Of the above 601,000,000 (Previous year 50,999,993) Equity shares are held by Reliance Power Limited, the Holding Company and 7 (Previous year : 7) shares are jointly held by Reliance Power Limited and its nominees)		
	<b>6,010,000,000</b>	<b>510,000,000</b>

**3.1.4 Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

	Percentage of share holding	No. of Shares	No. of Shares
<b>Equity shares</b>			

Reliance Power Limited (equity  
shares of Rs. 10 each fully paid-up)

100%

6,010,000,000

51,000,000

---

**6,010,000,000**

---

---

**51,000,000**

---

**Coastal Andhra Power Limited****Notes to the financial statements for the year ended March 31, 2016 (Continued)**

	As At March 31, 2016 Rupees	As At March 31, 2015 Rupees
<b>3.2 Reserves and surplus</b>		
<b>Surplus / (Deficit) in the Statement of Profit and Loss</b>		
Balance at the beginning of the year	(204,796,030)	(101,726,060)
Add : Loss for the year	(5,309,581,563)	(103,069,970)
Balance at the end of the year	<u>(5,514,377,593)</u>	<u>(204,796,030)</u>
	<b><u>(5,514,377,593)</u></b>	<b><u>(204,796,030)</u></b>

**3.3 Long Term Borrowings**

Nil (Previous Year : 10,000 ) Zero% Non-Convertible Redeemable Secured Debentures of Rs. 10,00,000 each (refer note 11)	-	10,000,000,000
	<u>-</u>	<u>10,000,000,000</u>

**Security clause / Maturity profile in respect of Secured Debentures allotted to Reliance Power Limited :**

3.3.1 Redemption terms : The Debentures are redeemable on or before 5 years from the date of allotment (i.e. 3,370 debentures allotted on 26th December 2012, 5,010 debentures on 27th December 2012 and 1,620 debentures on 28th December 2012 respectively).

3.3.2 Security terms : The Debentures are secured by exclusive mortgage over the land (2,097.56 acres) of the issuer at the Company's project site at Krishnapatnam District and first and exclusive charge over the other assets, civil structures raised over the land at the project site on the outstanding amount of Debentures.

3.3.3 Rate of Interest : The Debentures do not carry any interest.

**3.4 Long term provisions**

Provision for leave encashment (refer note 7)	-	333,020
	<u>-</u>	<u>333,020</u>

**3.5 Short-term borrowings**

ICD from Holding Company (refer note 8) (Unsecured, Interest free and repayable on demand)	4,593,325,000	9,600,000
	<u>4,593,325,000</u>	<u>9,600,000</u>

**3.6 Other current liabilities**

Creditors for capital expenditure	78,909,687	79,021,211
Advance from Holding Company (refer note 8)	-	27,859,636
Retention money payable	2,191,829	2,191,829
Statutory dues including Provident Fund and TDS	-	72,698
Other Payables (refer note 8)	252,125	6,039,318
	<u>81,353,641</u>	<u>115,184,692</u>

**3.7 Short term provisions**

Provision for leave encashment (refer note 7)	-	15,201
	<u>-</u>	<u>15,201</u>



Coastal Andhra Power Limited  
Notes to the financial statements for the year ended March 31, 2016 (Continued)

3.8 Tangible & Intangible Assets

Particulars	Gross Block ( At Cost)				Depreciation				Net Block	
	As at April 1, 2015	Addition during the year	Deletions during the year	As at March 31, 2016	As at April 1, 2015	For the year	Deletions during the year	Up to March 31, 2016	As at March 31, 2016	As at March 31, 2015
<b>Tangible Assets</b>										
Freehold land (Refer Note below)	2,342,480,074	-	-	2,342,480,074	-	-	-	-	2,342,480,074	2,342,480,074
Buildings	157,048,292	-	-	157,048,292	18,415,575	2,357,452	-	20,773,027	136,275,265	138,632,717
Plant and equipment	225,805,992	8,359,770	7,045,560	227,120,202	61,669,176	15,937,534	2,430,190	75,176,520	151,943,682	164,136,816
Furniture & fixtures	31,650,749	-	1,938,382	29,712,367	14,737,220	3,764,438	1,091,901	17,409,757	12,302,610	16,913,529
Office equipment	1,219,410	-	-	1,219,410	972,759	90,033	-	1,062,792	156,618	246,651
Vehicles	4,829,011	-	-	4,829,011	3,541,744	818,179	-	4,359,923	469,088	1,287,267
Computers	4,031,488	-	20,620	4,010,868	3,443,039	105,336	19,589	3,528,786	482,082	588,449
<b>Total</b>	<b>2,767,065,016</b>	<b>8,359,770</b>	<b>9,004,562</b>	<b>2,766,420,224</b>	<b>102,779,513</b>	<b>23,072,972</b>	<b>3,541,680</b>	<b>122,310,805</b>	<b>2,644,109,419</b>	<b>2,664,285,503</b>
Previous Year	2,777,293,844	-	10,228,828	2,767,065,016	78,057,409	29,967,713	5,245,609	102,779,513	2,664,285,503	

**Note**

Freehold land includes Land of 490.66 (Previous year : 490.66) acres amounting Rs. 290,925,283 (Previous year : Rs. 290,925,283) which has been capitalised on the basis of advance possession received from the regulatory authorities. However, this is pending registration of title deed in favour of the Company.

Particulars	Gross Block ( At Cost)				Amortisation				Net Block	
	As at April 1, 2015	Addition during the year	Deletions during the year	As at March 31, 2016	As at April 1, 2015	For the year	Deletions during the year	Up to March 31, 2016	As at March 31, 2016	As at March 31, 2015
<b>Intangible Assets</b>										
Computer software	2,147,988	-	-	2,147,988	1,746,891	401,097	-	2,147,988	-	401,097
<b>Total</b>	<b>2,147,988</b>	<b>-</b>	<b>-</b>	<b>2,147,988</b>	<b>1,746,891</b>	<b>401,097</b>	<b>-</b>	<b>2,147,988</b>	<b>-</b>	<b>401,097</b>
Previous Year	2,147,988	-	-	2,147,988	1,323,480	423,411	-	1,746,891	401,097	

Coastal Andhra Power Limited  
Notes to the financial statements for the year ended March 31, 2016 (Continued)

3.9 Capital Work-in-progress

Rupees

Particulars	As at April 1, 2015	Incurred during the year	Capitalised/ Adjusted	As at March 31, 2016
<b>A. Assets under construction</b>	5,755,117,856		5,250,000,000	505,117,856
<b>B. Expenditure pending allocation</b>				
<b>(i) Expenses</b>				
Interest and finance charges	834,177,876	-	-	834,177,876
Corporate / Bank guarantee charges	102,530,984	-	-	102,530,984
Electricity expenses	3,575,743	-	-	3,575,743
Rent	10,846,724	-	-	10,846,724
Repairs and maintainance - others	18,576,270	-	-	18,576,270
Employee cost				
- Salaries, bonus and other allowance	232,408,299	-	-	232,408,299
- Contribution to provident and other funds	10,206,011	-	-	10,206,011
- Leave encashment and gratuity	4,186,304	-	-	4,186,304
Staff welfare	2,051,283	-	-	2,051,283
Depreciation / amortisation	61,992,753	-	-	61,992,753
Insurance charges	4,068,981	-	-	4,068,981
Rates and taxes	1,292,103	-	-	1,292,103
Advertisement	8,673,234	-	-	8,673,234
Printing and stationary	3,486,880	-	-	3,486,880
Legal and professional charges (including shared service charges)	528,390,038	-	-	528,390,038
Site expenses	2,518,692	-	-	2,518,692
Security charges	14,601,537	-	-	14,601,537
Survey charges	3,998,642	-	-	3,998,642
Social welfare expenses	6,260,908	-	-	6,260,908
Communication expenses	5,237,703	-	-	5,237,703
Administration expenses	61,946,846	-	-	61,946,846
Travelling and conveyance	44,253,230	-	-	44,253,230
Miscellaneous expenses	9,442,839	-	-	9,442,839
<b>Sub Total (i)</b>	<b>1,974,723,880</b>	<b>-</b>	<b>-</b>	<b>1,974,723,880</b>
<b>(ii) Income</b>				
Other income	3,074,933	-	-	3,074,933
Excess provisions written back	10,475,641	-	-	10,475,641
<b>Sub Total (ii)</b>	<b>13,550,574</b>	<b>-</b>	<b>-</b>	<b>13,550,574</b>
Net expenditure pending allocation (i) - (ii)	1,961,173,306	-	-	1,961,173,306
<b>C. Construction stores</b>	3,941,383	-	-	3,941,383
<b>Total capital work-in-progress (A+B+C)</b>	<b>7,720,232,545</b>	<b>-</b>	<b>5,250,000,000</b>	<b>2,470,232,545</b>
Previous year	7,679,616,202	41,312,233	695,890	7,720,232,545

**Coastal Andhra Power Limited**
**Notes to the financial statements for the year ended March 31, 2016 (Continued)**

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
<b>3.10 Long-term loans and advances</b>		
(Unsecured and considered good unless stated otherwise)		
Capital advances	5,894,237	5,894,237
Security deposits	2,211,056	2,211,056
Prepaid gratuity	-	1,829,360
Advance income tax	55,460	2,404
[Net of provision]		
	<b>8,160,753</b>	<b>9,937,057</b>
<b>3.11 Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Balance with banks in current account	6,705,436	1,685,855
	<b>6,705,436</b>	<b>1,685,855</b>
<b>3.12 Short term loans and advances</b>		
(Unsecured considered good unless stated otherwise)		
Advance recoverable in cash or in kind	24,446,277	24,421,276
Prepaid expenses (refer note 7)	8,074,115	967,996
Loans / advances to employees	-	64,650
	<b>32,520,392</b>	<b>25,453,922</b>
<b>3.13 Other Current assets</b>		
(Unsecured, considered good)		
Other receivables	7,091,364	1,108,357
Receivable from related parties	1,481,139	7,232,547
(Refer Note No.8)		
	<b>8,572,503</b>	<b>8,340,904</b>

**Coastal Andhra Power Limited****Notes to the financial statements for the year ended March 31, 2016 (Continued)**

	<b>Year ended March 31, 2016 Rupees</b>	<b>Year ended March 31, 2015 Rupees</b>
<b>3.14 Other income</b>		
Excess provision written back	-	470,870
	<u>-</u>	<u>470,870</u>
<b>3.15 Employee benefit expenses</b>		
Salaries, Bonus and Other Allowances (Including contractual employees)	2,154,920	5,206,209
Contribution to Provident Fund and other Funds	135,839	245,843
Gratuity and Leave Encashment	-	113,321
Welfare Expenses	15,631	127,229
	<u>2,306,390</u>	<u>5,692,602</u>
<b>3.16 Finance Cost</b>		
Bank and Other Finance Charges	25,612,802	55,300,853
	<u>25,612,802</u>	<u>55,300,853</u>
<b>3.17 Other expenses</b>		
Rent Expenses	-	179,500
Repairs and Maintainances	578,822	445,158
Printing and Stationery	600	6,063
Legal and Professional Charges	1,353,937	3,375,209
Postage and Courier	1,275	1,598
Travelling and Conveyance	188,693	185,261
Rates and Taxes	1,360,891	80,217
Insurance	444,151	580,946
Electricity expenses	-	587,891
Security exp.	3,162,035	2,567,921
Social welfare expenses	99,000	2,635,882
Directors Sitting Fees	181,945	-
Loss on sale / disposal of Fixed Assets (net)	400,518	1,301,123
Miscellaneous Expenses	416,435	173,222
	<u>8,188,302</u>	<u>12,119,991</u>

**4. Project status:**

The Engineering, Procurement and Construction (EPC) contract on a turnkey basis has been awarded to Reliance Infrastructure Limited. No debt has been drawn-down till date. The primary construction activity had commenced, however, currently, the same has been temporarily stopped due to Force Majeure event. Refer Note 5(b) for details..

**5. Contingent liabilities and Commitments:**

a. Government of Andhra Pradesh has levied a penalty of Rs. 1,36,94,770 (Previous year: Rs. 1,36,94,770) at the rate of 50% on account of non payment of conversion fee of Rs. 2,73,89,540 (Previous year: Rs. 2,73,89,540) towards conversion of agriculture land to non-agricultural land. The Company has filed an appeal with the Government of Andhra Pradesh (Revenue Department) for waiver of the above amount.

b. The power plant is based on imported coal, which would be sourced from Indonesia.

The Company had entered into a firm price fuel supply agreement which envisaged supply of coal from Indonesia with Reliance Coal Resources Private Limited (RCRPL), a wholly owned subsidiary of Reliance Power Limited (Holding Company). In view of below mentioned new regulation, RCRPL cannot supply coal at the already agreed price, because of which there is a risk of inability to pass through market linked prices of imported coal for the project, whereas the power needs to be supplied at a pre-agreed tariff as per the terms of Power Purchase Agreement (PPA) dated March 23, 2007. The Government of Indonesia introduced a new regulation in September 2010 which prohibits sale of coal, including sale to affiliate companies, at below Benchmark Price which is linked to international coal prices and requires adjustment of sale price every 12 months. This regulation also mandates to align all existing long-term coal supply contracts with the new regulations within one year i.e. by September 2011. The said issue has been communicated to the power procurers and also to the Government of India through the Association of Power Producers to arrive at a suitable solution to the satisfaction of all the stakeholders.

Since no resolution could be arrived at, the Company invoked the dispute resolution provision of PPA. The procurers have also issued a notice for termination of PPA and have raised a demand for liquidated damages of Rs.400,00,00,000 (including bank guarantee of Rs. 300,00,00,000, which has been issued by the holding company on behalf of the Company).

The Company has filed a petition before the Hon'ble High Court at Delhi inter alia for interim relief under Section 9 of the Arbitration and Conciliation Act, 1996. The Court vide its order dated March 20, 2012 has prohibited the Procurers from taking any coercive steps against the Company. The single judge of the Delhi High Court vide order dated July 2, 2012 dismissed the petition and the appeal filed by the Company against the said order is pending before the Division Bench of the Delhi High Court. The interim protection against encashing bank guarantees continues to be available.

The Company has also filed a petition before the Central Electricity Regulatory Commission without prejudice to the proceedings pending before the Delhi High Court and the arbitration process has already initiated. During the course of the CERC proceedings, the power procurers contended that the petition could not be taken up for hearing by CERC since the matter was pending at High Court. The Company, in response contended that both proceedings are different and independent. The CERC petition did not raise issue of notice of termination. Considering appeal is pending before the Delhi High Court, the Commission has disposed off the petition vide its order dated 06.08.2015 with a liberty to the Petitioner to approach the Commission at appropriate stage in accordance with law

Based on the impairment assessment, considering the current status of the project, nature of expenditure incurred and estimated timeline for settlement of this matter, the Company has made a provision for impairment of Rs. 5,250,000,000 as an exceptional item in the Statement of Profit and Loss Account.

**Coastal Andhra Power Limited****Notes to the financial statements as of and for the year ended March 31, 2016 (Continued)**

- c. Estimated amount of contracts (net of Capital Advances) remaining to be executed on capital account and not provided for Rs. 158,937,534,330 (March 31, 2015 Rs. 153,137,279,330).
- d. Redemption premium payable upon maturity on Zero % Non-Convertible Redeemable Secured Debentures (ZNCRSD): Rs. Nil (March 31, 2015 Rs. 2,938,979,452).

**6. Details of remuneration to auditors:**

<b>Particulars</b>	<b>Year ended March 31, 2016</b>	<b>Rupees Year ended March 31, 2015</b>
As auditors		
For Statutory audit fees	1,00,000	1,00,000

**7. Disclosure under Accounting Standard 15 (revised 2005) "Employee Benefits":**

The Company has classified various employee benefits as under:

**A. Defined contribution plans**

- a) Provident fund
- b) Superannuation fund
- c) State defined contribution plans
  - Employees' Pension Scheme 1995

The provident fund and the state defined contribution plan are operated by the regional provident fund commissioner and the superannuation fund is administered by the trust. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.

The Company has recognized the following amounts in the Statement of Profit and Loss / Capital Work-in-Progress for the year:

	<b>Year ended March 31, 2016</b>	<b>Rupees Year ended March 31, 2015</b>
Contribution to Provident Fund	73,499	1,38,360
Contribution to Employees' Superannuation Fund	35,500	71,000
Contribution to Employees' Pension Scheme 1995	22,500	34,365
Employees Deposit Insurance Scheme	4,340	2,118

**B. Defined benefit plans**

- a) Gratuity
- b) Leave encashment

Leave encashment is payable to eligible employees who have earned leave, during the employment and / or on separation as per the Company's policy.

**Coastal Andhra Power Limited**
**Notes to the financial statements as of and for the year ended March 31, 2016 (Continued)**

Valuations in respect of gratuity and leave encashment have been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

	<b>Year ended March 31, 2016</b>		<b>Year ended March 31, 2015</b>	
	<b>Gratuity</b>	<b>Leave encashment</b>	<b>Gratuity</b>	<b>Leave encashment</b>
Discount rate (Per annum)	-	-	7.85%	7.85%
Rate of increase in compensation levels	-	-	7.50%	7.50%
Rate of return on plan assets	-	-	8.25%	-
Expected average remaining working lives of employees in number of years	-	-	9.69	-

	<b>Year ended March 31, 2016</b>		<b>Year ended March 31, 2015</b>	
	<b>Gratuity</b>	<b>Leave encashment</b>	<b>Gratuity</b>	<b>Leave encashment</b>
<b>(i) Changes in present value of obligation</b>				
Opening balance of present value of obligation	5,94,913	3,48,221	7,39,688	2,34,900
Interest cost	-	-	59,492	26,638
Current service cost	-	-	85,782	70,363
Benefits paid	-	-	(57,029)	-
Liabilities Settled on Divestiture	(5,94,913)	(3,48,221)	-	-
Actuarial (gain) / loss	-	-	(2,33,020)	16,320
Closing balance of present value of obligation	-	-	5,94,913	3,48,221
<b>(ii) Changes in Fair value of plan assets</b>				
Opening balance of present value of plan assets	-	-	27,97,695	-
Expected return on plan assets	-	-	2,30,810	-
Actuarial gain / (loss)	-	-	3,94,776	-
Employers' contributions	-	-	-	-
Benefits paid	-	-	(57,029)	-
Closing balance of fair value of plan assets	-	-	33,66,252	-
<b>(iii) Percentage of each category of plan assets to total fair value of plan assets</b>				
Administered by Reliance Life Insurance Company Limited	-	-	100%	-
(Plan assets are invested in balanced fund instruments)				

**Coastal Andhra Power Limited**
**Notes to the financial statements as of and for the year ended March 31, 2016 (Continued)**
**(iv) Amounts recognised in the Balance Sheet**

	<b>Year ended March 31, 2016</b>		<b>Year ended March 31, 2015</b>	
	<b>Gratuity</b>	<b>Leave encashment</b>	<b>Gratuity</b>	<b>Leave encashment</b>
Present value of obligation			5,94,913	3,48,221
Fair value of plan assets	-	-	(33,66,252)	-
Amount not recognized as an asset	-	-	9,41,978	-
Funded (asset) / liability recognized in the Balance Sheet (Refer Note 3.10)		-	(18,29,361)	-
Unfunded net liability recognized in the Balance Sheet	-	-	-	348,221

**(v) Expenses recognised in the Statement of Profit and Loss/ Capital Work-in-Progress**

Current service cost	-	-	85,782	70,363
Interest cost	-	-	59,492	26,638
Expected return on plan asset	-	-	(2,30,810)	-
Net Actuarial (gain) / loss	-	-	(6,27,796)	16,320
Amount not recognized as an asset	-	-	2,42,462	-
Total expenses recognized in the Statement of Profit and loss / capital work in progress			(4,70,870)	1,13,421

**(vi) Expected employers' contribution / benefits paid for the next year**

-	-	-	15,201
---	---	---	--------

**(vii) Disclosure as required under Para 120 (n) of AS-15**

<b>Particulars</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>Rupees 2010-11</b>
<b>A. Leave Encashment</b>					
(i) Defined benefit obligation	3,48,221	2,34,900	2,75,537	25,51,341	33,98,454
Plan assets	-	-	-	-	-
Surplus / (deficit)	(3,48,221)	(2,34,900)	(2,75,537)	(25,51,341)	(33,98,454)
(ii) Experience adjustment on plan liabilities	(12,568)	(76,085)	(10,90,100)	(29,51,801)	(10,76,441)
<b>B. Gratuity</b>					
(i) Defined benefit obligation	5,94,913	7,39,688	2,14,779	14,81,841	23,61,297
Plan assets	33,66,252	27,97,695	26,64,794	24,35,741	23,33,379
Surplus / (deficit)	27,71,339	20,58,007	24,50,015	9,53,900	(27,918)
(ii) Experience adjustment on plan liabilities	(2,84,662)	4,91,898	(5,00,606)	(21,30,447)	79,119
Experience adjustment on plan assets	3,94,776	(79,752)	28,104	(90,142)	(35,316)

The actuarial valuation of gratuity liability does not include liability of seconded employees, as the gratuity will be paid by the Holding Company as per the terms of secondment.



**8. Related Party Disclosures**

As per accounting standard-18 'Related Party Disclosures' as prescribed under Companies (Accounting Standards) Rules, 2006, the Company's related parties and transactions are disclosed below:

**A. Parties where Control exists:****Holding Company**

Reliance Power Limited (RPower)

**B. Related parties with whom transactions have taken place during the year / closing balances existed at the year end:****(i) Key Management Personnel:**

Shri Potnuru Nagavenu (Chief Financial Officer - w.e.f. November 7, 2014)

**(ii) Fellow Subsidiaries**

Rajasthan Sun Technique Energy Private Limited (RSTEPL)

Samalkot Power Limited (SMPL)

Vidharbha Industries Power Limited (VIPL)

Sasan Power Limited (SAPL)

**C. Details of transactions during the year and closing balance at the end of the year**

Particulars	Rupees	
	2015-2016	2014-2015
<b>(i) Transactions during the year :</b>		
<b>Material / assets transferred</b>		
RSTEPL	909,244	-
VIPL	4,098,401	-
SAPL	-	2,277,070
<b>Receipts against materials / assets transferred</b>		
SAPL	-	43,068,980
<b>Reimbursement of expenses on behalf of</b>		
SAPL	911,388	-
VIPL	29,585	-
<b>Employee expenses transferred</b>		
R Power	9,600	-
SMPL	1,481,139	-
<b>Insurance charges</b>		
R Power	40,955	148,774
<b>Remuneration to Key Managerial Personnel</b>		
Shri Potnuru Nagavenu	1,192,495	839,431
<b>Inter-corporate deposits received</b>		
R Power	4,583,725,000	9,600,000
<b>Redemption of Debentures</b>		
R Power	10,000,000,000	-

**Coastal Andhra Power Limited**
**Notes to the financial statements as of and for the year ended March 31, 2016 (Continued)**

<b>Particulars</b>	<b>2015-2016</b>	<b>2014-2015</b>
<b>Inter-corporate deposits received back</b>		
R Power	-	23,511,734
<b>Guarantee Commission</b>		
R Power	60,467,739	55,557,902

**(ii) Closing Balance**

<b>Equity share capital</b>		
R Power	6010,000,000	510,000,000
<b>Secured Debentures</b>		
R Power	-	10,000,000,000
<b>Inter-corporate deposits received</b>		
R Power	4,593,325,000	9,600,000
<b>Outstanding payable</b>		
R Power	-	27,859,636
<b>Balance outstanding receivable</b>		
SMPL	1,481,139	-
SAPL	-	2,277,070
<b>Guarantees</b>		
R Power [Refer Note (iv) below]	3,000,000,000	3,000,000,000

(iii) Bank guarantee issued on behalf of the Company for import of capital goods and for performance towards construction of power plant as per the terms of the power purchase agreement.

**9. Earnings per share**

<b>Particulars</b>	<b>Year ended March 31, 2016</b>	<b>Year ended March 31, 2015</b>
Profit after tax for the year (Rupees) (A)	(5309,581,563)	(10,30,69,970)
Weighted average number of equity shares (B)	61,068,493	5,10,00,000
Earnings / (Loss) per share – basic and diluted (Rupees) (A/B)	(86.94)	(2.02)
Nominal value of an equity share (Rupees)	10	10

**10. Micro and Small Scale Business Entities**

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the information available with the Company. There are no overdue principal amounts / interest payable amounts for delayed payments to such vendors at the balance sheet date. There are no delays in payment made to such suppliers during the year or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payments made during the year or brought forward from previous years.

- 11.** The Company has issued 10,000 Zero % Non-Convertible Redeemable Secured Debentures (Debentures) of Rs. 10,00,000 each at par to Reliance Power Limited (RPower) aggregating to Rs. 10,000,000,000 on private placement basis. The redemption premium on these debentures is payable only if these are held till maturity by Rpower. During the year, the terms and conditions of these debentures have been modified/ amended wherein the Company has been granted option to redeem these Debentures either in full or in part till the maturity. Additionally, Rpower has been given the option to convert these Debentures either in entirety or in tranches into fully paid up equity shares of face value of Rs. 10 each at par subject to compulsory conversion of outstanding debentures into equity shares on maturity.

During the year, Rpower has exercised the option to convert Debentures amounting to Rs. 5,500,000,000 into 550,000,000 Nos. of equity shares of face value of Rs. 10 each and the Company has extinguished the liability of the balance Debentures amounting to Rs. 4,500,000,000 through unsecured loans. As on March 31, 2016 the outstanding Debentures were Rs. Nil (previous year Rs. 10,000,000,000) and the Company is taking the steps for release of the security. Considering that the Debentures have been redeemed / settled before the maturity date, the Company has not made any provision towards the premium payable.

**12. Segment Reporting**

In accordance with Accounting Standard 17 "Segment Reporting" as prescribed under Companies (Accounting Standards) Rules, 2006, the Company has determined its business segment as power generation. Since, there are no other business segments in which the Company operates and the power generated is sold within India, there are no other primary reportable segments. Therefore the segment revenue, segment results, segment assets, segment liabilities, total cost incurred to acquire segment assets, depreciation charge are all as is reflected in the financial statement.

- 13.** Previous year figures have been regrouped and recast wherever necessary to the current year classification.

**Coastal Andhra Power Limited**

As per our Report of even date.

**For M S Sethi and Associates**

Firm Registration No.109407W

Chartered Accountants

**Manoj Sethi**

Proprietor

Membership No.39784

**For and on behalf of the Board of Directors**

**Satyendra Sarupria**

Director

DIN 00270718

**Suresh H Joshi**

Director

DIN 07143407

**Potnuru Nagavenu**

Chief Financial Officer

**Viplavi Sonalkar**

Company Secretary & Manager

ACS 43187

Date : May 25, 2016

Place : Mumbai

Date : May 25, 2016

Place : Mumbai