M. S. Sethi & Associates
Chartered Accountants

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

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Independent Auditors' Report

To The Members of
Jharkhand Integrated Power Limited

We have audited the accompanying financial statements of **Jharkhand Integrated 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.

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 there are no ongoing litigations as at the reporting date;

      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: May 20, 2016

ANNEXURE A TO THE AUDITORS' REPORT

Referred to in our Report of even date on the Accounts of **Jharkhand Integrated 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 paragraph 3(ii) 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), (c) of paragraph 3(iii) of the Order are not applicable.

iv) The Company has not made any loans, investments, guarantees and security therefore paragraph 3(iv) of the Order is not applicable.

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 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 information and explanations given to us, there are no disputed statutory dues pending to be deposited with the respective authorities by the Company.

viii) 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 has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Hence, 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) The Company has not paid any managerial remuneration. Hence paragraph 3(xi) of the Order is not applicable.

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) The Company has not made any preferential allotment or private placement of shares or debentures during the year.

xv) According to the information and explanations given to us, 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: May 20, 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 **Jharkhand Integrated 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: May 20, 2016

Jharkhand Integrated Power Limited
Balance Sheet as at March 31, 2016

Particulars	Note	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
Equity and Liabilities			
Shareholders' funds			
Share capital	3.1	1,499,000	4,499,000
Reserves and surplus	3.2	129,188,079	3,197,216,724
Non-current liabilities			
Long term provisions	3.3	-	5,208,579
Current liabilities			
Other current liabilities	3.4	1,483,642,264	39,686,256
Short-term provisions	3.5	-	429,404
Total		**1,614,329,343**	**3,247,039,963**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	3.6	87,004,451	94,218,242
Intangible assets	3.7	-	1,724,665
Capital work-in-progress	3.8	855,735,222	2,179,870,865
Long-term loans and advances	3.9	658,260,550	658,586,469
Current assets			
Cash and bank balances	3.10	1,140,869	2,442,336
Short term loans and advances	3.11	12,188,251	310,197,386
Total		**1,614,329,343**	**3,247,039,963**

Significant Accounting Policies 2
The notes are an integral part of these financial statements.

As per our Report of even date.

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

Manoj Sethi
Proprietor
Membership No. 39784

Place: Mumbai
Date: May 20, 2016

For and on behalf of the Board of Directors

N Venugopala Rao
Director
DIN: 03143364

Balasubramanian Natarajan
Director
DIN: 01949031

Place: Mumbai
Date: May 20, 2016

Jharkhand Integrated 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
Revenue:			
Other Income	3.12	434,700	-
Total Revenue		434,700	-
Expenses:			
Employee benefits expense	3.13	3,783,206	-
Finance cost	3.14	52,756,189	-
Deprecitaion		2,737,841	-
Other expenses	3.15	12,186,109	18,525,138
Total Expenses		**71,463,345**	**18,525,138**
Profit / (Loss) before tax		**(71,028,645)**	**(18,525,138)**
Tax expense:			
Current Tax		-	-
Income tax for earlier year		-	(164,575)
Profit / (Loss) for the Year		**(71,028,645)**	**(18,360,563)**
Earnings per equity share: (Face value of Rs. 10 each)	11		
-Basic & Diluted		(473.84)	(122.49)

Significant Accounting Policies 2
The notes are an integral part of these financial statements.

As per our Report of even date.

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

Manoj Sethi
Proprietor
Membership No. 39784

Place: Mumbai
Date: May 20, 2016

For and on behalf of the Board of Directors

N Venugopala Rao
Director
DIN: 03143364

Balasubramanian Natarajan
Director
DIN: 01949031

Place: Mumbai
Date: May 20, 2016

Jharkhand Integrated Power Limited
Cash Flow Statement for the year ended March 31, 2016

	Particulars	Year ended March 31, 2016 Rupees	Year ended March 31, 2015 Rupees
(A)	**Cash Flow from/(used in) Operating Activities**		
	Net Profit / (Loss) before tax	(71,028,645)	(18,525,138)
	Adjustments for:		
	Depreciation	2,737,841	-
	Interest income	(434,700)	-
	Interest receivable written off	-	18,520,548
	Finance cost	52,756,189	-
	Operating profit / (Loss) before working capital changes	(15,969,315)	(4,590)
	Changes in Working Capital:		
	Increase / (Decrease) in provisions	(5,637,983)	-
	Increase / (Decrease) in other current liabilities	(39,574,966)	-
	(Increase) / Decrease in loans and advances	27,298,600	-
	Net cash from /(used in) Operating Activities	**(33,883,664)**	**(4,590)**
(B)	**Cash flow from/(used in) Investing activities**		
	Sale of Fixed Assets (Including Capital work in progress)	12,133,026	(192,356,445)
	Taxes paid (net of refunds)	-	(14,789)
	Inter Corporate Deposit given	-	(800,000)
	Refund of Inter Corporate Deposit	270,305,360	195,494,640
	Net cash generated from/(used in) Investing Activities	**282,438,386**	**2,323,406**
(C)	**Cash flow from/(used in) Financing Activities**		
	Proceeds from short term borrowings	3,092,900,000	-
	Redemption of Preference share capital	(3,000,000,000)	-
	Finance cost	(52,756,189)	-
	Repayment of short term borrowings	(290,000,000)	-
	Net cash generated from/(used in) Financing Activities	**(249,856,189)**	**-**
	Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	**(1,301,467)**	**2,318,816**
	Cash and Cash equivalents at the beginning of the year		
	Bank Balance-current account	**2,442,336**	**123,520**
	Cash and Cash equivalents at the end of the year		
	Bank Balance-current account	**1,140,869**	**2,442,336**

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

As per our Report of even date.

For M. S. Sethi & Associates	**For and on behalf on Board of Directors**	
Firm Regn. No. 109407W		
Chartered Accountants		
Manoj Sethi	**N Venugopala Rao**	**Balasubramanian Natarajan**
Proprietor	Director	Director
Membership No. 39784	DIN: 03143364	DIN: 01949031
Place: Mumbai	Place: Mumbai	
Date: May 20, 2016	Date: May 20, 2016	

1 General Information

Jharkhand Integrated Power Limited is a wholly owned subsidiary of Reliance Power Limited. It has been set up as special purpose vehicle to develop ultra mega power project of 3,960 MW (6 units x 660 MW) with integrated coal mines at Hazaribagh district, Jharkhand. The Company has entered into a power purchase agreement with various state electricity boards and private procurers (Refer Note 4).

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:

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 in the 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.

d) Intangible assets:

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.

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:
Tangible assets are depreciated on pro rata basis as per useful life on the Straight Line Method (SLM) as prescribed in part C of Schedule II to the Companies Act, 2013.

(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:

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.

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".

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
3.1 Share capital		
Authorised share capital		
200,000 (Previous year : 200,000) equity shares of Rs.10 each	2,000,000	2,000,000
3,000,000 (Previous year: 3,000,000) preference shares of Re.1 each	3,000,000	3,000,000
	5,000,000	**5,000,000**
Issued capital		
149,900 (Previous year: 150,000) equity shares of Rs. 10 each	1,499,000	1,500,000
Nil (Previous year: 3,000,000) preference shares of Re.1 each	-	3,000,000
	1,499,000	**4,500,000**
Subscribed and paid up capital		
149,900 (Previous year: 149,900) equity shares of Rs. 10 each fully paid up.	1,499,000	1,499,000
Nil (Previous year: 3,000,000) preference shares of Re.1 each fully paid up	-	3,000,000
	1,499,000	**4,499,000**
3.1.1 Reconciliation of number of shares		
Equity shares		
Balance at the beginning of the year: 149,900 (Previous year 149,900) shares of Rs. 10 each	1,499,000	1,499,000
Add : Issued during the year - NIL (Previous year - Nil) Equity shares of Rs. 10 each	-	-
Balance at the end of the year: 149,900 (Previous year 149,900) shares of Rs. 10 each	**1,499,000**	**1,499,000**
Preference shares		
Balance at the beginning of the year: 3,000,000 (Previous year: 3,000,000) shares of Re. 1 each	3,000,000	3,000,000
Less : Redeemed during the year: 3,000,000 (Previous year: Nil) shares of Re. 1 each	3,000,000	-
Balance at the end of the year: Nil (Previous year: 3,000,000) shares of Re. 1 each	**-**	**3,000,000**

3.1.2 Rights, preference and restrictions attached to shares

a) Equity shares

The Company has only one class of equity shares having face value of Rs.10 per share. Each holder of the equity shares 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.

b) **Preference shares**

7.5% non-cumulative non-convertible redeemable preference shares (NCRPS)

Pursuant to the Special resolution passed by the Preference share holders and the equity share holders on March 30, 2015, the Company has made certain modification in the terms and conditions of NCRPS issued which are summarised below:

The holder (s) of the NCRPS shall have right to redeem either in full or in part, at any time during the tenor of the NCRPS, subject however to the condition that the holder(s) shall before excercising the right, serve on the company atleast 15 days prior notice in writing. The amount payable on redemption shall be equivalent to the issue price of the NCRPS (i.e. The face value + the premiun received at the time of issue) for the number of shares proposed to be redeemed.

	As At March 31, 2016	As At March 31, 2015
	Rupees	Rupees
3.1.3 Shares held by Holding Company		
Equity shares		
Reliance Power Limited - 149,900 (Previous year: 149,900) shares of Rs.10 each fully paid up. (Of the above, 149,893 (Previous year: 149,893) 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)	1,499,000	1,499,000
	1,499,000	**1,499,000**
Preference shares		
Reliance Power Limited - Nil (Previous year: 3,000,000) shares of Re.1 each	-	3,000,000
	-	**3,000,000**

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

	Percentage of share holding	As At March 31, 2016	As At March 31, 2015
		No. of Shares	No. of Shares
Equity shares			
Reliance Power Limited (Equity shares of Rs. 10 each fully paid up)	100%	149,900	149,900
		149,900	**149,900**
Preference shares			
Reliance Power Limited - Nil (Previous year: 3,000,000) 7.5% preference shares of Re.1 each	-	-	3,000,000
		-	**3,000,000**

	As At March 31, 2016 Rupees	As At March 31, 2015 Rupees
3.2 Reserves and surplus		
Securities premium account		
Balance at the beginning of the year	3,095,901,000	3,095,901,000
Less : Premium on redemption of preference shares	2,997,000,000	-
Balance at the end of the year	**98,901,000**	**3,095,901,000**
Capital Redemption Reserve		
Balance as per last Balance Sheet	-	-
Add: Transfer from statement of Profit and Loss	3,000,000	
Balance at the end of the year	**3,000,000**	**-**
Surplus/(Deficit) in the Statement of Profit and Loss		
Balance at the beginning of the year	101,315,724	119,676,287
Add: Profit / (Loss) for the year	(71,028,645)	(18,360,563)
Less: Transfer to Capital Redemption Reserve	(3,000,000)	-
Balance at the end of the year	**27,287,079**	**101,315,724**
	129,188,079	**3,197,216,724**
3.3 Long term provisions		
Provision for gratuity (refer note 9)	-	1,754,591
Provision for leave encashment (refer note 9)	-	3,453,988
	-	**5,208,579**
3.4 Other current liabilities		
Creditors for capital expenditure	111,290	28,876,401
Inter corporate deposit from holding company (unsecured, Interest free, repayable on demand)	1,483,530,974	-
Others*	-	10,809,855
*(Including Provident Fund, Tax deducted at source and other miscellaneous payables)		
	1,483,642,264	**39,686,256**
3.5 Short term provisions		
Provision for gratuity (Refer note 9)	-	68,932
Provision for leave encashment (Refer note 9)	-	360,472
	-	**429,404**

3.6 Tangible assets

Rupees

Particulars	Gross Block (At Cost)				Depreciation				Net Block	
	As at April 1, 2015	Additions during the year	Deductions during the year	As at March 31, 2016	As at April 1, 2015	For the year	Deductions during the year	Up to March 31, 2016	As at March 31, 2016	As at March 31, 2015
Freehold land[1]	87,004,451	-	-	87,004,451	-	-	-	-	87,004,451	87,004,451
Plant and machinery	2,522,021	-	2,522,021	-	847,701	101,979	949,680	-	-	1,674,320
Furniture and fixtures	1,328,796	-	1,328,796	-	897,890	34,795	932,685	-	-	430,906
Motor vehicle	3,671,314		3,671,314	-	1,937,399	470,239	2,407,638	-	-	1,733,915
Office equipments	3,052,186	-	3,052,186	-	1,717,373	383,652	2,101,025	-	-	1,334,813
Computers	3,813,676		3,813,676	-	1,773,839	451,040	2,224,879	-	-	2,039,837
Total tangible assets	**101,392,444**	**-**	**14,387,993**	**87,004,451**	**7,174,202**	**1,441,705**	**8,615,907**	**-**	**87,004,451**	**94,218,242**
Previous year	102,565,544	-	1,173,100	101,392,444	3,744,815	3,732,787	303,400	7,174,202	94,218,242	

Note

[1]Freehold land as at March 31, 2016 includes Rs. 6,14,121 (Previous year Rs. 6,14,121) capitalised, on the basis of advance possession received from authorities pending registration of title deed in favour of the Company

3.7 Intangible assets

Rupees

Particulars	Gross Block (At Cost)				Amortisation				Net Block	
	As at April 1, 2015	Additions during the year	Deductions during the year	As at March 31, 2016	As at April 1, 2015	For the year	Deductions during the year	Up to March 31, 2016	As at March 31,2016	As at March 31, 2015
Computer Software	5,176,863	-	5,176,863	-	3,452,198	1,296,136	4,748,334	-	-	1,724,665
Total intangible assets	**5,176,863**	**-**	**5,176,863**	**-**	**3,452,198**	**1,296,136**	**4,748,334**	**-**	**-**	**1,724,665**
Previous year	5,176,863	-	-	5,176,863	1,725,594	1,726,604	-	3,452,198	1,724,665	

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

3.8 Capital work-in -progress

Rupees

Particulars	As at April 1, 2015	Incurred during the year	Capitalised/ Adjusted / taken in P&L	As At March 31, 2016
A. Assets under construction	1,291,848	(1,234,377)	57,471	-
B. Expenditure pending allocation				
(i) Expenses				
Interest and finance charges	365,698,976		255,058,981	110,639,995
Rent	66,487,604		66,487,604	-
Repair and maintenance				
- Building	9,301,660		9,301,660	-
- Others	5,233,450		5,233,450	-
Employee benefits expense				
- Salary, bonus and other allowance	327,588,889		327,588,889	-
- Contribution to provident and other funds	10,896,923		10,896,923	-
- Gratuity and Leave Encashment	7,793,157		7,793,157	-
Staff welfare expenses	354,308		354,308	-
Depreciation	10,946,313		10,883,682	62,631
Rates, taxes and licence fees	807,335		807,335	-
Insurance	8,059,113		8,059,113	-
Advertisement expenses	8,827,178		95,321	8,731,857
Bank and corporate guarantee commission	383,807,082		383,780,572	26,510
Communication expenses	7,008,421		7,008,421	-
Administrative expenses	71,245,246		355,031	70,890,215
Legal and professional charges	436,688,659		96,906,784	339,781,875
Investigation, survey and studies	358,282,176		13,751,200	344,530,976
Cost of bid documents	9,717,739		-	9,717,739
Security expenses	3,679,737		3,679,737	-
Social welfare expenses	22,280,040		22,280,040	-
Printing and stationary	2,445,596		2,445,596	-
Travelling and conveyance	77,430,077		77,430,077	-
Miscellaneous expenses	12,791,292	1,234,377	14,025,669	-
Sub total	2,207,370,969	1,234,377	1,324,223,548	884,381,798
(ii) Income				
Tender fees	9,717,739	-	-	9,717,739
Interest received	19,074,213	-	145,377	18,928,836
Sub total	28,791,952	-	145,377	28,646,575
Net expenditure pending allocation (i) - (ii)	2,178,579,017	1,234,377	1,324,078,171	855,735,223
Total capital work-in-progress (A+B)	**2,179,870,865**	**-**	**1,324,135,642**	**855,735,223**
Previous year	2,004,874,444	182,599,981	7,603,560	2,179,870,865

	As At March 31, 2016 Rupees	As At March 31, 2015 Rupees
3.9 Long-term loans and advances		
(Unsecured and considered good unless stated otherwise)		
Capital advances	658,260,550	658,340,550
Security deposit	-	245,919
	658,260,550	**658,586,469**
3.10 Cash and bank balances		
Cash and cash equivalents:		
Bank balance in current accounts	1,140,869	2,442,336
	1,140,869	**2,442,336**
3.11 Short-term loans and advances		
(Unsecured and considered good unless stated otherwise)		
Advance recoverable in cash or kind	12,188,251	32,901,957
Inter corporate deposits	-	270,305,360
Prepaid expenses	-	6,795,638
Loans/advances to employees	-	194,431
	12,188,251	**310,197,386**

		Year Ended March 31,2016 Rupees	Year Ended March 31, 2015 Rupees
3.12	**Other income**		
	Other non-operating income	434,700	-
		434,700	**-**
3.13	**Employee benefit expenses**		
	Salaries, Bonus and Other Allowances	3,534,336	-
	Contribution to Provident Fund and other Funds	163,352	-
	Welfare Expenses	85,518	-
		3,783,206	**-**
3.14	**Finance Cost**		
	BG commission	52,756,189	
		52,756,189	**-**
3.15	**Other expenses**		
	Rent Expenses	285,892	-
	Repairs and Maintainances - Others	262,739	-
	Legal and Professional Charges	1,674,255	-
	Statutory Audit	150,669	-
	Postage and Courier	55,970	-
	Travelling and Conveyance	669,383	-
	Insurance	231,747	-
	Loss on sale/discarding of assets	3,323,536	-
	Rates and taxes	101,853	-
	Interest recievable written off	-	18,520,548
	Miscellaneous expenses	5,430,065	4,590
		12,186,109	**18,525,138**

4. Project Status:

The Company, a wholly owned subsidiary of Reliance Power Limited (RPower), has been set up to develop Ultra Mega Power Project of 3960 MW capacity located at Tilaiya, Hazaribagh District, Jharkhand. Tilaiya Ultra Mega Power Project (UMPP) was awarded to Reliance Power Limited through International Competitive Bidding (ICB) under the UMPP policy. Consequently, the Company was handed over to Reliance Power Limited on August 7, 2009 by Power Finance Corporation (PFC). The Company has signed a Power Purchase Agreement (PPA) with 18 procurers in 10 states for 25 years. For fuel security, the Project was allocated Kerendari B&C captive coal mine block.

As per the Power Purchase Agreement (PPA) between the Company and Procurers, the Procurers were obligated to comply with provisions of the PPA which inter-alia required providing requisite land for the Project within 6 months of the Project Transfer. The Company has not been handed over the possession of the land as stipulated in the PPA even after the lapse of more than 5 years and persistent efforts of the Company since handing over of the Company to RPower. Considering the status of the Project and updates from the Procurers, the Company terminated the PPA on April 28, 2015 as per the option available therein. The Procurers have also agreed to the termination of the PPA by the Company and have agreed to pay certain expenditure incurred by the Company on the Project pursuant to minutes of the meeting held on November 03, 2015. It has also been agreed that the shares held by RPower in the Company would be transferred to the Procurers upon completion of the final settlement.

The settlement activities in relation to the termination of the PPA are in progress. As per the terms of Share Purchase Agreement (SPA) and discussion held between RPower and the Procurers, the Company has to be taken back by the Procurers at the buy back price equivalent to the amount paid by RPower as per SPA dated 7.08.2009 and subsequent expenditure incurred by the Company on Land (after adjustment for Bank balance and other assets). Consequently, the Company has transferred assets (Including CWIP) of Rs. 1,318,637,932 to RPower which was adjusted in the outstanding Inter Corporate Deposit from RPower. In addition to the CWIP and land assets / advances for land, the Procurers have agreed to retain the Geological Report (GR), which has been shown under CWIP.

5. Capital commitment

Estimated amount of contracts (net of capital advance) remaining unexecuted on capital account and not provided for Rs. Nil (Previous Year: Rs. 162,517,546,575). The Company has terminated all outstanding capital contracts including Engineering Procurement Construction Contract.

6 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.

7 In accordance with Accounting Standard 17 "Segment Reporting" as prescribed under Companies (Accounting Standards) Rules, 2006, the company has determined its segment as power generation. Since there is no other business segment in which the company operates and the power generated will be sold within India, there is no other primary reportable segment. 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.

8 Details of remuneration to auditors:

		Rupees
	Year ended March 31, 2016	Year ended March 31, 2015
As statutory auditors		
- For Statutory Audit (excluding Service Tax)	1,50,000	1,50,000
- Others (excluding Service Tax)	-	60,000

9. Disclosure under Accounting Standard 15 (revised 2005) "Employee Benefits" (AS-15)

The Company has classified various employee benefits as under:

(A) Defined contribution plans

(a) Provident fund
(b) Superannuation fund
(c) State defined contribution plans
- Employer's Contribution to Employees' Pension Scheme 1995
- Employers Contribution to Employees' Deposit Linked Insurance 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 recognised the following amounts in the Capital work-in-progress :

		Rupees
	Year ended March 31, 2016	Year ended March 31, 2015
Contribution to provident fund	126,572	1,769,981
Contribution to employees' superannuation fund	8,333	199,992
Contribution to employees' pension scheme 1995	25,136	298,924
Employer's Contribution to Employees' Deposit Linked Insurance Scheme 1995	3,311	12,415

(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.

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

		Year ended March 31, 2016		Year ended March 31, 2015	**Rupees**
		Gratuity	**Leave Encashment**	Gratuity	Leave Encashment
	Discount Rate (per annum)	-	-	7.85%	7.85%
	Rate of increase in compensation levels	-	-	7.50%	7.50%
	Expected average remaining working lives of employees in years	-	-	9.69	-
(i)	**Changes in present value of obligation**				
	Opening balance of present value of obligation	1,823,523	3,814,460	1,764,915	4,486,377
	Liability transferred on transfer of Employees	(1,823,523)	(3,814,460)	-	-
	Interest Cost	-	-	206,936	540,984
	Current Service Cost	-	-	579,687	1,877,023
	Actuarial (gains)/loss	-	-	(728,015)	(1,536,784)
	Benefits paid	-	-	-	(1,553,140)
	Closing balance of present value of obligation	-	-	1,823,523	3,814,460
(ii)	**Reconciliation of present value of defined benefit obligations and the fair value of assets**				
	Closing balance of present value of obligation	-	-	1,823,523	3,814,460
	Unfunded liability recognised in the Balance Sheet	-	-	1,823,523	3,814,460
(iii)	**Amount recognised in the Balance Sheet**				
	Closing balance of present value of obligation	-	-	1,823,523	3,814,460
	Unfunded liability recognised in the Balance Sheet	-	-	1,823,523	3,814,460

		Year ended March 31, 2016		Year ended March 31, 2015	Rupees
		Gratuity	**Leave Encashment**	Gratuity	Leave Encashment
(iv)	**Expenses recognised in the Capital work-in-**				
	Current service cost	-	-	579,687	1,877,023
	Interest Cost	-	-	206,936	540,984
	Net actuarial (gain)/loss	-	-	(728,015)	(1,536,784)
	Total expenses recognised during the year	-	-	58,608	881,223
(v)	**Expected Employers' Contribution for the next**	-	-	68,932	360,472

(vi) Disclosure as required under Para 120(n) of AS-15:

		2015-2016	**2014-2015**	**2013-2014**	**2012-2013**	**Rupees 2011-2012**
	A. Gratuity					
(i)	Present value of the defined benefit obligation	-	1,823,523	1,764,915	1,195,047	544,288
	Fair value of the plan assets	-	-	-	-	-
	(Surplus)/Deficit in the plan	-	1,823,523	1,764,915	1,195,047	544,288
(ii)	Experience Adjustments					
	On plan liabilities	-	(875,975)	246,003	(75,843)	94,112
	On plan assets	-	-	-	-	-
	Total experience adjustments	-	(875,975)	246,003	(75,843)	94,112
	B. Leave Encashment					
(i)	Present value of the defined benefit obligation	-	3,814,460	4,486,377	4,008,682	4,946,169
	Fair value of the plan assets	-	-	-	-	-
	(Surplus)/Deficit in the plan	-	3,814,460	4,486,377	4,008,682	4,946,169
(ii)	Experience Adjustments					
	On plan liabilities	-	(1,862,588)	(1,101,812)	(4,350,291)	4,308,597
	On plan assets	-	-	-	-	-
	Total experience adjustments	-	(1,862,588)	(1,101,812)	(4,350,291)	4,308,597

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.

10 Related Party Disclosures

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

(A) Parties where Control exists

<u>Holding Company :</u>
Reliance Power Limited (R Power)

(B) Related parties with whom transactions have taken place during the year:
<u>Fellow Subsidiaries:</u>

Reliance Coal Resources Private Limited (RCRPL)
Rajasthan Sun Technique Energy Private Limited (RSTEPL)
Rosa Power Supply Company Limited (RPSCL)
Sasan Power Limited (SPL)
Vidarbha Industries Power Limited (VIPL)

(C) Details of transactions during the year and closing balance at the end of the year

Particulars	Year ended March 31, 2016	**Rupees** Year ended March 31, 2015
(i) Transactions during the year :		
Legal and professional fees		
R Power	-	11,236,000
Commission paid on behalf of		
R Power	46,161,313	84,915,765
Reimbursement of expenses on behalf of		
R Power	227,815	2,360,931
SPL	2,916,948	-
RPSCL	970,000	-
VIPL	12,919,224	-
Sale of fixed assets		
RSTEPL	1,051,544	-
RPSCL	302,310	-
SPL	541,063	-
Inter-corporate deposits given		
VIPL	-	800,000
Refund of Inter-corporate deposits given		
R Power	269,505,360	195,494,640
VIPL	800,000	-
Inter-corporate deposits taken		
R Power	3,092,900,000	-
Refund of Inter-corporate deposits taken		
R Power	290,000,000	-
Assets transferred (Including CWIP)		
R Power	1,318,637,932	-
Redumption of Preference Share capital (Including Securities Premium)		
R Power	3,000,000,000	-

	Particulars	Year ended March 31, 2016	Rupees Year ended March 31, 2015
(ii)	**Closing Balance**		
	Equity share capital (excluding premium)		
	R Power	1,499,000	1,499,000
	Preference share capital (excluding premium)		
	R Power	-	3,000,000
	Inter corporate deposits given		
	R Power	-	269,505,360
	VIPL	-	800,000
	Inter corporate deposits taken		
	R Power	1,483,530,974	-
	Guarantees		
	R Power	8,081,600,000	8,081,600,000

11 Earnings per share

Particulars	Year ended March 31, 2016	Rupees Year ended March 31, 2015
Profit available for Equity Shareholders		
Profit /(Loss) for the year (Rupees) (A)	(71,028,645)	(18,360,563)
Weighted average number of equity shares (B)	149,900	149,900
Basic and Diluted Earning per share (A/B)	(473.84)	(122.49)*
Nominal Value of an Equity Share (Rupees)	10	10

*7.5% Compulsory Convertible Non-Cumulative Redeemable Preference Shares had an anti-dilutive effect on earnings per share and hence have not been considered for the purpose of computing dilutive earnings per share.

12 Other disclosures
Foreign currency transactions : Rs. NIL (Previous Year Rs. NIL)

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

As per our Report of even date.

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

Manoj Sethi
Proprietor
Membership No. 39784

Place: Mumbai
Date: May 20, 2016

For and on behalf on Board of Directors

N Venugopala Rao
Director
DIN: 03143364

Balasubramanian Natarajan
Director
DIN: 01949031

Place: Mumbai
Date: May 20, 2016