

**Independent Auditors' Report**

**To the Members of Vidarbha Industries Power Limited**

**Report on the Ind AS Financial Statements**

1. We have audited the accompanying financial statements of **Vidarbha Industries Power Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").

**Management's Responsibility for the Ind AS Financial Statements**

2. 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 Ind AS financial statements that give a true and fair view of state of affairs (financial position), profit (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the

circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

#### **Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2018, and its profits (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. 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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;
  - e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act;
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";
  - 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. The Company has disclosed the impact of pending litigations as at March 31, 2018 on its financial position in its Ind AS financial statements. Refer Note No. 20
- ii. The Company has long-term contracts but no derivative contracts as at March 31, 2018 for which there were no material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018:

For Pathak H.D. & Associates  
Firm Registration Number: 107783W  
Chartered Accountants

Vishal D. Shah  
Partner  
Membership Number: 119303

Place: Mumbai  
Date: April 18, 2018

#### **Annexure A to Independent Auditors' Report**

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Vidarbha Industries Power Limited on the financial statements for the year ended March 31, 2018

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls over financial reporting of Vidarbha Industries Power Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 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**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 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 internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. 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 internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. 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.

**Annexure A to Independent Auditors' Report**

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Vidarbha Industries Power Limited on the financial statements for the year ended March 31, 2018

**Meaning of Internal Financial Controls Over Financial Reporting**

6. A company's internal financial control over financial reporting 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 internal financial control over financial reporting includes those policies and procedures that (1) pertain to the 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**

7. Because of the inherent limitations of internal financial controls over financial reporting, 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 internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting 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 the Institute of Chartered Accountants of India.

For Pathak H.D. & Associates  
Firm Registration Number: 107783W  
Chartered Accountants

Vishal D. Shah  
Partner  
Membership Number: 119303

Place: Mumbai  
Date: April 18, 2018

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Vidarbha Industries Power Limited on the Ind AS financial statements as of and for the year ended March 31, 2018

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.  
  
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regards to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of fixed assets have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.  
  
(c) The title deeds of immovable properties classified under Finance lease receivable as disclosed in Note 3.3 (b) and 3.6 (e) to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory has been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material. In our opinion, the frequency of verification is reasonable.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186(1) of the Act. Further, as the Company is engaged in the business of providing infrastructural facilities, the provisions of Section 186 [except for sub-section(1)] are not applicable to it.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. During the year under audit, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any other Tribunal.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, except for dues in respect of income tax, the Company is generally regular in depositing the undisputed statutory dues in respect of excise duty though there has been a slight delay in one case, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, Goods and Service tax, duty of customs, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. There are no undisputed amounts payable in respect of such applicable statutory dues as at March 31, 2018 for a period of more than six months from the date the become payable.  
  
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service-tax, Goods and Service tax, duty of customs, and duty of excise or value added tax which have not been deposited on account of any dispute.

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Vidarbha Industries Power Limited on the Ind AS financial statements as of and for the year ended March 31, 2018

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments). Term loans were applied for the purpose for which those were obtained.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has not paid managerial remuneration. Therefore, provisions of clause 3 (xi) of the Order is not applicable to the Company.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Pathak H.D. & Associates  
Firm Registration Number: 107783W  
Chartered Accountants

Vishal D. Shah  
Partner  
Membership Number: 119303

Place: Mumbai  
Date: April 18, 2018

**Vidarbha Industries Power Limited**  
**Balance Sheet as at March 31, 2018**

Balance Sheet as at March 31, 2018		Rupees in Lakhs	
Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3.1	631	-
Intangible assets	3.2	1,065	1,143
Financial assets:			
Investments	3.3(a)	4,449	4,425
Finance lease receivables	3.3(b)	358,552	374,925
Other financial assets	3.3(c)	1,421	1,160
Other non-current assets	3.4	1,054	5,312
<b>Current assets</b>			
Inventories	3.5	5,523	8,832
Financial assets:			
Trade receivables	3.6(a)	122,572	62,795
Cash and cash equivalents	3.6(b)	4,862	4,801
Bank balances other than cash and cash equivalents	3.6(c)	-	4,572
Loans	3.6(d)	21,287	56,096
Finance lease receivables	3.6(e)	18,192	17,458
Other financial assets	3.6(f)	6,617	8,211
Other current assets	3.7	3,617	1,452
<b>Total Assets</b>		<b>549,842</b>	<b>551,182</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	3.8	149	149
Other equity			
Instrument entirely equity in nature	3.9	1,342	1,342
Reserves and surplus	3.10	188,722	164,414
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	3.11	211,439	239,148
Provisions	3.12	512	469
Deferred tax liabilities (net)	3.13	51,533	51,433
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	3.14(a)	50,025	50,331
Trade payables	3.14(b)	3,844	57
Other financial liabilities	3.14(c)	36,468	38,523
Other current liabilities	3.15	366	100
Provisions	3.16	79	17
Current tax Liabilities	3.17	5,363	5,199
<b>Total Equity and Liabilities</b>		<b>549,842</b>	<b>551,182</b>
Significant accounting policies	2		
Notes to financial statements	1 to 23		

The accompanying notes are an integral part of these financial statements



**Vidarbha Industries Power Limited**

As per our attached Report of even date

**For Pathak H.D. & Associates**  
Chartered Accountants  
Firm Registration No. 107783 W

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

**Vishal D. Shah**  
Partner  
Membership No. 119303

**Shrikant D Kulkarni**  
Director  
DIN 05136399

Place: Mumbai  
Date: April 18, 2018

**Rashna Hoshang Khan**  
Director  
DIN 06928148

**Suresh Haribhau Joshi**  
Director  
DIN 07143407

**Mantu Kumar Ghosh**  
Chief Finance Officer

**Sayli K. Dabholkar**  
Company Secretary and Manager  
Membership No. A43638

Place: Mumbai  
Date: April 18, 2018

Vidarbha Industries Power Limited  
Statement of Profit and Loss for the year ended March 31 2018

Particulars	Note No.	Rupees in Lakhs	
		Year ended March 31 , 2018	Year ended March 31, 2017
Revenue from Operations	3.18	162,555	170,672
Other Income	3.19	3,036	776
<b>Total revenue</b>		<b>165,591</b>	<b>171,448</b>
<b>Expenses</b>			
Cost of fuel consumed (Refer note 18)		88,478	91,235
Employee benefit expense	3.20	3,113	3,055
Finance costs	3.21	33,600	34,809
Depreciation and Amortisation expense	3.1 & 3.2	89	78
Generation, administration and other expenses	3.22	10,458	10,079
<b>Total expenses</b>		<b>135,738</b>	<b>139,256</b>
<b>Profit before tax</b>		<b>29,853</b>	<b>32,192</b>
<b>Income tax expenses</b>			
Current tax	10	6,390	6,866
Deferred tax	10	100	4,170
<b>Profit for the year (A)</b>		<b>23,363</b>	<b>21,156</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations (net) (Refer note 6)		(74)	(23)
<b>Other Comprehensive Income for the year (B)</b>		<b>(74)</b>	<b>(23)</b>
<b>Total Comprehensive Income for the year (A+B)</b>		<b>23,289</b>	<b>21,133</b>
<b>Earnings per equity share: (Face value of Rs. 10 each)</b>			
-Basic (Rupees)	9	1566.26	1,418.27
-Diluted (Rupees)	9	156.63	141.82
Significant accounting policies	2		
Notes to financial statements	1 to 23		

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

**Vidarbha Industries Power Limited**

Notes to the financial statements as of and for the year ended March 31, 2018

As per our attached Report of even date

**For Pathak H.D. & Associates**

Chartered Accountants

Firm Registration No. 107783 W

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

**Vishal D.Shah**

Partner

Membership No. 119303

**Shrikant D Kulkarni**

Director

DIN 05136399

Place: Mumbai

Date: April 18, 2018

**Rashna Hoshang Khan**

Director

DIN 06928148

**Suresh Haribhau Joshi**

Director

DIN 07143407

**Mantu Kumar Ghosh**

Chief Finance Officer

**Sayli K. Dabholkar**

Company Secretary and Manager

Membership No. A43638

Place: Mumbai

Date: April 18, 2018

Vidarbha Industries Power Limited  
Statement of changes in equity as at March 31, 2018

A. Equity Share Capital (Refer Note 3.8)	Rupees in lakhs
Balance as at March 31, 2017	149
Changes in equity share capital	-
Balance as at March 31, 2018	149

B. Other equity

Particulars	Instrument entirely equity in nature	Reserves and surplus (Refer Note 3.10)					Total equity
		Preference Shares (Refer Note 3.9.2)	Securities Premium Account	Retained Earnings	Capital reserve (Arised pursuant to the scheme of amalgamation)	Foreign currency monetary item translation difference account	
Balance as at April 1, 2017	1,342	147,176	7,374	11,940	(2,075)	164,415	165,757
Profit for the year	-	-	23,363	-	-	23,363	23,363
Remeasurement of Post employment benefit obligation	-	-	(74)	-	-	(74)	(74)
Total Comprehensive Income for the year	-	-	23,289	-	-	23,289	23,289
Additions during the year	-	-	-	-	(40)	(40)	(40)
Amortisation during the year	-	-	-	-	1,058	1,058	1,058
Balance as at March 31, 2018	1,342	147,176	30,663	11,940	(1,057)	188,722	190,064

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

**Vidarbha Industries Power Limited**

Notes to the financial statements as of and for the year ended March 31, 2018

As per our attached Report of even date

**For Pathak H.D. & Associates**  
Chartered Accountants  
Firm Registration No. 107783 W

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

**Vishal D.Shah**  
Partner  
Membership No. 119303

**Shrikant D Kulkarni**  
Director  
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Chief Finance Officer

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Company Secretary and Manager  
Membership No. A43638

Place: Mumbai  
Date: April 18, 2018

Vidarbha Industries Power Limited  
Cash Flow Statement for the year ended March 31, 2018

	Year ended March 31, 2018	Rupees in lakhs Year ended March 31, 2017
<b>(A) Cash flow from/(used in) Operating Activities</b>		
Net Profit before tax	29,853	32,192
Adjusted for :		
Interest and other finance cost	33,600	34,809
Depreciation	89	78
Unrealised loss on foreign exchange fluctuation (net)	1,175	1,538
Interest income	(342)	(464)
<b>Operating Profit before working capital changes</b>	<b>64,375</b>	<b>68,153</b>
Changes in Working Capital:		
(Increase)/Decrease in non current financial lease receivables	15,415	15,972
(Increase)/Decrease in other non current financial assets	(261)	(14)
(Increase)/Decrease in other non current assets	4,258	(1,140)
(Increase)/Decrease in trade receivables	(59,777)	(19,104)
(Increase)/Decrease in current financial lease receivables	(733)	(537)
(Increase)/Decrease in other current financial assets	1,594	2,045
(Increase)/Decrease in other current assets	(2,165)	12,431
Provision for gratuity and leave encashment	32	152
(Increase)/Decrease in inventories	3,310	4,093
Increase/ (Decrease) in current loan	277	1,208
Increase/ (Decrease) in trade payables	3,742	(6,903)
Increase/ (Decrease) in other non current financial liabilities	265	54
Increase/ (Decrease) in other current financial liabilities	685	1,427
	(33,358)	9,684
Taxes paid (net of refunds)	(6,226)	(1,899)
<b>Net cash generated from operating activities</b>	<b>24,791</b>	<b>75,938</b>
<b>(B) Cash flow from/(used in) Investing Activities</b>		
Payment towards Purchase of property, plant and equipments	(455)	2,565
Purchase of investments	(24)	-
Interest on bank and other deposits	(1,481)	281
Inter corporate deposits refunded by the Holding Company	48,288	68,225
Inter corporate deposits given to the Holding Company	(7,643)	(79,620)
Inter corporate deposits given to Fellow Subsidiary	(4,000)	(15,000)
Margin Money / Deposits for a period of more than three months	4,282	31
<b>Net cash used in investing activities</b>	<b>38,967</b>	<b>(23,499)</b>
<b>(C) Cash flow from/(used in) financing Activities</b>		
Proceeds from long term borrowings	-	19,080
Repayment of long term borrowings	(30,443)	(30,819)
Proceeds from short term borrowings	-	1,510
Repayment of short term borrowings	(306)	(3,567)
Interest and other finance cost paid	(32,947)	(34,541)
<b>Net cash used in financing activities</b>	<b>(63,697)</b>	<b>(48,337)</b>
<b>Net Increase/(decrease) in Cash and Cash equivalents (A+B+C)</b>	<b>61</b>	<b>4,103</b>
<b>Cash and Cash equivalents at the beginning of the year:</b>		
Bank Balance - Current Account	4,801	696
<b>Cash and Cash equivalents at the end of the year:</b>		
Bank Balance - Current Account	597	4,801
Deposit accounts	4,265	-

**Vidarbha Industries Power Limited**

As per our attached Report of even date

**For Pathak H.D. & Associates**  
Chartered Accountants  
Firm Registration No. 107783 W

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

**Vishal D. Shah**  
Partner  
Membership No. 119303

**Shrikant D Kulkarni**  
Director  
DIN 05136399

Place: Mumbai  
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**Rashna Hoshang Khan**  
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**Sayli K. Dabholkar**  
Company Secretary and Manager  
Membership No. A43638

Place: Mumbai  
Date: April 18, 2018

**Vidarbha Industries Power Limited**

**Notes to the financial statements for the year ended March 31, 2018**

**1) General information**

Vidarbha Industries Power Limited ("the Company") is a subsidiary of Reliance Power Limited. The Company has been set up as a special purpose vehicle to develop and operate 600 (300X2) mega watt coal based power project at Butibori Industrial area near Nagpur, Maharashtra.

The registered office of the Company is located at H Block, 1<sup>st</sup> Floor, Dhirubhai Ambani Knowledge City, Thane Belapur Road, Koparkhaima, Navi Mumbai, Maharashtra – 400710.

These financial statements were authorised for issue by the board of directors on April 18, 2018.

**2) Significant accounting policies and critical accounting estimates and judgements:**

**2.1 Basis of preparation, measurement and significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Basis of preparation**

**Compliance with Ind AS**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant provisions of the Companies Act, 2013 ("the Act"). The policies set out below have been consistently applied during the year presented.

**Functional and presentation currency**

The financial statements are presented in 'Indian Rupees', which is the Company's functional currency. All amounts are rounded to the nearest lakhs, unless otherwise stated.

**Historical cost convention**

The financial statements have been prepared under the historical cost convention, as modified by the following:

- Certain financial assets and financial liabilities at fair value;
- Defined benefit plans – plan assets that are measured at fair value;

**Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

**Current vis-à-vis non-current classification**

The assets and liabilities reported in the balance sheet are classified on a "current/non-current basis". Current assets, which include cash and cash equivalents, are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Company or in the 12 months following the balance sheet date; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Company or within the 12 months following the close of the financial year. The deferred tax assets and liabilities are classified as non-current assets and liabilities.



**(b) Recent accounting pronouncements**

**Standards issued but not yet effective**

**Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:**

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Company is evaluating the requirements of the amendment and the impact on the financial statements is being evaluated.

**Ind AS 115- Revenue from Contract with Customers:**

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Company is evaluating the requirements of the amendment and the impact on the financial statements is being evaluated.

**(c) Property, plant and equipment (PPE):**

Items of property, plant and equipment are stated at cost which includes capitalised borrowing cost, less depreciation and impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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

**Depreciation methods, estimated useful lives and residual value:**

Depreciation on PPE is provided to the extent of depreciable amount on Straight Line Method (SLM) based on useful lives of the following assets as prescribed in Part C of Schedule II to the Companies Act, 2013.

Particulars	Estimated useful lives
Buildings	60 years
Motor vehicles	8 years
Office Equipment	5 Years
Computers	3 Years
Furniture & Fixtures	10 Years
Plant & Equipment	15 Years

Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

**(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.

Expenditure incurred on acquisition of intangible assets which are not ready to use at the reporting date is disclosed under "intangible assets under development".

**Amortisation**

Amortisation is charged on a straight-line basis over estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted on a prospective basis.

Computer software is amortised over an estimated useful life of 3 years. Intangible assets include expenditure incurred for laying pipeline towards additional water supply. As the pipeline is estimated to be used over the life of the project, the cost incurred towards right is amortised over the term of the power purchase agreement.

**(e) Impairment of non-financial assets**

Assets which are subject to depreciation or amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**(f) Trade Receivable**

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**(g) Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instruments of another entity.

**i. Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss) and
- those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

**ii. Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss

**Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

**Amortised cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through other comprehensive income (FVOCI)**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from other equity to profit or loss and recognised in other gains / (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss (FVTPL)**

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises. Interest income from these financial assets is included in other income.

**iii. Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**iv. Derecognition of financial assets**

A financial asset is derecognised only when:

- The Company has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**v. Income recognition**

**Interest income**

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

**Dividend**

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

**vi. Offsetting Financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**(h) Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(i) Financial liabilities**

**i. Classification as debt or equity**

Debt and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

**ii. Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

**iii. Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Borrowings:** Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit and loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

**Trade and other payable:** These amounts represents obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These payable are classified as current liabilities if payment is due within one year or less otherwise they are presented as non-current liabilities. Trade and other payables are subsequently measured at amortised cost using the effective interest method.

**iv. Derecognition**

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

**(j) Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

**(k) Provisions, Contingent Liabilities and Contingent Assets**

**Provisions:**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**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.

**Contingent Assets:**

A contingent asset is disclosed, where an inflow of economic benefits is probable.

**(l) Foreign currency translations**

**i. Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Indian Rupees' (Rs.), which is the Company's functional and the Company's presentation currency.

**ii. Transactions and balances**

- (i) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.
- (ii) All exchange differences arising on reporting of 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 restatement or settlement of long term foreign currency monetary items, the Company has availed the option available in Ind AS 101 to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items outstanding as on March 31, 2016, 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.
- (iv) Non-monetary items denominated in foreign currency are stated at the rates prevailing on the date of the transactions / exchange rate at which transaction is actually effected.

**(m) Revenue recognition**

The Company recognises revenue when the amount of revenue can be reliably measured at fair value of consideration received or receivable, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities, as described below. The Company bases its estimate on historical results, taking into consideration the type of transactions and specifics of each arrangement.

**i. Sale of energy**

Revenue from sale of energy is recognized on an accrual basis as per the tariff rates approved by Maharashtra Electricity Regulatory Commission (MERC) in accordance with the provisions of Power Purchase Agreement (PPA) with Reliance Infrastructure Limited (Rinfra). Further, revenue is also recognised towards truing up of fixed charges and fuel adjustment charges as per the applicable MERC (Multi year tariff) Regulations.

**ii. Lease income**

Revenue from sale of energy referred to above includes fixed charges considered as minimum lease payments in accordance with appendix "C" to Ind AS-17 'Determining whether an arrangement contains a lease', which is apportioned between finance income and reduction of finance lease receivables and finance income is disclosed as 'Finance Income' under "Other Operating Revenue" (Refer note 2.1 (n) below). Revenue towards truing up of fixed charges is recognized as operating income in the Statement of Profit and Loss in the year of truing up. In case of difference between the revenue recognized based on provisional tariff order/petitions filed and final tariff order, minimum lease payments is adjusted to the extent of difference for balance period of lease to arrive at revised internal rate of return based on which minimum lease payments is apportioned between finance income and reduction of finance lease receivables.

**iii. Late payment surcharge**

The surcharge on late payment/overdue trade receivables for sale of energy is recognised when no significant uncertainty as to measurement or collectability exists.

**(n) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is (or contains) a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

These leases are analysed based on the situations and indicators set out in Ind AS-17 in order to determine whether they constitute operating leases or finance leases.

A finance lease is defined as a lease which transfers substantially all the risks and rewards incidental to the ownership of the related asset to the lessee. All leases which do not comply with the definition of a finance lease are classified as operating leases.

The following main factors are considered by the Company to assess if a lease transfers substantially all the risks and rewards incidental to ownership: whether

- (i) the lessor transfers ownership of the asset to the lessee by the end of the lease term;
- (ii) the lessee has an option to purchase the asset and if so, the conditions applicable to exercising that option;
- (iii) the lease term is for the major part of the economic life of the asset;
- (iv) the asset is of a highly specialized nature; and
- (v) the present value of minimum lease payments amounts to at least substantially all of the fair value of the leased asset.

**As a lessor (Finance lease)**

Appendix "C" of Ind AS 17 deals with the identification of services and take-or-pay sales or purchasing contracts that do not take the legal form of a lease but convey rights to customers / suppliers to use an asset or a group of assets in return for a payment or a series of fixed payments. Contracts meeting these criteria are identified as either operating leases or finance leases. In the later case, a finance lease receivable is recognized to reflect the financing deemed to be granted by the Group where it is considered as acting as lessor and its customers as lessees.

The Company has assessed finance lease with respect to the terms of PPA, where the agreement conveys to the purchaser of the energy an exclusive right to use generated energy.

In case of finance leases, where assets are leased out under a finance lease, the amount recognized under finance lease receivables is an amount equal to the net investment in the lease.

Minimum lease payment made under finance lease is apportioned between the finance income and the reduction of the outstanding receivables. The finance income is allocated to each period during the lease terms so as to produce a constant periodic rate of interest on the remaining balance of the lease receivable.

**(o) Employee benefits**

**Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**Other long-term employee benefit obligations**

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

**Post employee obligations**

The Company operates the following post-employment schemes:

- defined benefit plans such as gratuity
- defined contribution plans such as provident fund.
- Superannuation fund

#### **Gratuity obligations**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in (Rupees) is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

#### **Defined contribution plans**

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### **Superannuation fund**

Certain employees of the Company are participants in a defined contribution plan. The Company has no further obligations to the plan beyond its monthly contributions which are contributed to a trust fund, the corpus of which is invested with Reliance Life Insurance Company Limited.

#### **(p) Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.



**Vidarbha Industries Power Limited**

**Notes to the financial statements for the year ended March 31, 2018 (Continued)**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**(q) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, demand deposits with banks, 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.

**(r) Earnings per share**

**Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year

**Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**(s) 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.

**(t) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer and the Chief Financial Officer that makes strategic decisions.

**(u) Inventories**

Inventories of tools, stores, spare parts, consumable supplies and fuel are valued at lower of weighted average cost, which includes all non-refundable duties and charges incurred in bringing the goods to their present location and condition, and net realisable value after providing for obsolescence and other losses.

In case of coal stock, the measured stock is based on a verification process adopted and the variation between measured stock and book stock is charged to Statement of Profit and Loss.

## 2.2 Critical accounting estimates and judgements

Preparation of the Financial Statements under Ind AS requires management to take decisions and make estimates and assumptions that may impact the value of revenues, costs, assets and liabilities and the related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

### (a) Useful lives of assets and plants given on finance lease classified as finance lease receivables

The Company has independently estimated the useful life of property, plant and equipment given on finance lease based on the expected wear and tear, industry trends etc. In actual, the wear and tear can be different. It is possible that the estimates made based on existing experience are different to the actual outcomes within the next financial period and could cause a material adjustment to the unrealised residual value of finance lease receivables. (Refer note 3.3(b)).

### (b) Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its intangible assets and the unguaranteed residual value of assets given on lease to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset / residual value is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates.

### (c) Defined benefit obligations

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for post employment plans include the discount rate. Any changes in these assumptions will impact the carrying amount of such obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds of maturity approximating the terms of the related plan liability. (Refer Note 6)

### (d) Income taxes

There are transactions and calculations for which the ultimate tax determination is uncertain and would get finalized on completion of assessment by tax authorities. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. (Refer note 10)

### (e) Deferred tax

The Company has deferred tax assets and liabilities which are expected to be realised through the Statement of Profit and Loss over the extended periods of time in the future. In calculating the deferred tax items, the Company is required to make certain assumptions and estimates regarding the future tax consequences attributable to differences between the carrying amounts of assets and liabilities as recorded in the financial statements and their tax bases. Assumptions made include the expectation that future operating performance for subsidiaries will be consistent with historical levels of operating results, recoverability periods for tax loss carry forwards will not change, and that existing tax laws and rates will remain unchanged into foreseeable future. (Refer Note 10 and 3.13)

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the same can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

According to management's estimate, MAT credit balances will expire and may not be used to offset taxable income. The Company neither has any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of those MAT credit entitlement as deferred tax assets. On this basis, the Company has determined that it cannot recognise deferred tax assets on these balances.

**(f) Fair value measurement and valuation process**

The Company has measured certain assets and liabilities at fair value for financial reporting purposes. The management determines the appropriate valuation technique and inputs for fair value measurement. In estimating the fair value, the management engages third party qualified valuer to perform the valuations.

Estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. (Refer Note 11)

**(g) Application of lease accounting**

Significant judgement is required to apply lease accounting rules under Appendix "C" of Ind AS 17 "Determining whether an Arrangement contains a Lease". In assessing the applicability to arrangements entered into by the Company, management has exercised judgement to evaluate customer's right to use the underlying assets, substance of the transaction including legally enforced arrangements and other significant terms and conditions of the arrangement to conclude whether the arrangements meet the criteria under Appendix "C".

**Classification of lease**

Significant judgement has been applied by the Company in determining whether substantially all the significant risks and rewards of ownership of the lease assets are transferred to the other entities.

Vidarbha Industries Power Limited

Notes to the financial statements as of and for the year ended March 31, 2018 (Continued)

3.1 Property, plant and equipment

Particulars	Buildings	Furniture & fixtures	Motor Vehicles	Office equipment	Plant & Equipments	Computers	Total
Gross carrying amount							
Carrying amount as at March 31, 2017	-	-	-	-	-	-	-
Additions during the year	256	15	21	14	308	28	642
Carrying amount as at March 31, 2018	256	15	21	14	308	28	642
Accumulated Amortisation as at March 31, 2017	-	-	-	-	-	-	-
For the year	@	2	1	@	7	1	11
Balance as at March 31, 2018	-	2	1	-	7	1	11
Net Carrying Amount							
Balance as at March 31, 2017	-	-	-	-	-	-	-
Balance as at March 31, 2018	256	13	20	14	301	27	631

Notes:

1) @ Amount is below the rounding off norm adopted by the company.

2) Out of above Property, Plant and Equipment of Rs. 631 lakhs (March 31, 2017: Nil) has been pledged as security (Refer note 7).

Vidarbha Industries Power Limited

Notes to the financial statements as of and for the year ended March 31, 2018 (continued)

3.2 Intangible assets

Particulars	Rupees in lakhs		
	Water Supply Rights	Computer Software	Total
Gross carrying amount			
Carrying amount as at March 31, 2017	1,264	35	1,299
Additions during the period	-	-	-
Carrying amount as at March 31, 2018	1,264	35	1,299
Accumulated amortisation as at March 31, 2017	150	6	156
Add : for the period	75	3	78
Balance as at March 31, 2018	225	9	234
Net Carrying Amount			
Balance as at March 31, 2017	1,115	29	1,143
Balance as at March 31, 2018	1,039	26	1,065

Note:

1) Intangible assets are other than internally generated.

**Vidarbha Industries Power Limited**
**Notes to the financial statements as of and for the year ended March 31, 2018 (continued)**

	As at March 31, 2018	Rupees in lakhs As at March 31, 2017
<b>Non-current Financial assets</b>		
<b>3.3(a) Investments</b>		
<b>A Equity share ( unquoted, fully paid-up)</b>		
In joint venture (Refer note 8 G) (valued at amortised cost)		
2,500 (March 31, 2017: 2,500) equity shares of Reliance Geothermal Power Private Limited (Face value of Rs.10)	@	@
<b>B Preference shares (Unquoted, fully paid up, )<sup>1</sup></b>		
In fellow subsidiaries (Refer note 8 G) (valued at amortised cost)		
1,082,000 (March 31, 2017: 1,062,000) preference shares in Siyom Hydro Power Private Limited* (Face value of Rs. 1 each)	5,548	5,548
Less: Provision for diminution in the value of investment in Siyom Hydro Power Private Limited	(1,123)	(1,123)
<b>C Government Bond (Quoted) (Fair value through Profit &amp; Loss account)</b>		
14,000 (March 31, 2017: Nil) 9.33% Government Bond of Rajasthan Government (Face value of Rs. 100 each)	16	-
7,000 (March 31, 2017: Nil) 8.22% Government Bond of Tamilnadu Government (Face value of Rs. 100 each)	0	-
	<b>4,449</b>	<b>4,425</b>
@ Amount is below the rounding off norm adopted by the company		
Aggregate book value of unquoted investments	4,426	4,425
Aggregate amount of quoted investments	23	-
Market value of quoted investments	22	-
<b><sup>1</sup>7.5% Compulsory Convertible Redeemable Non-Cumulative Preference Shares (CCRPS)</b>		
As per terms and conditions of the investment made in preference shares, the issuer companies shall have a call option on the CCRPS which can be exercised by them in one or more tranches and in part or in full before the end of agreed tenure (20 years) of the said shares. In case the call option is exercised, the CCRPS shall be redeemed at an issue price (i.e. face value and premium). The Company, however, shall have an option to convert the CCRPS into equity shares at any time during the tenure of such CCRPS. At the end of tenure and to the extent the issuer Companies or the share holders thereof have not exercised their options, the CCRPS shall be compulsorily converted into equity shares. On conversion, in either case, each preference share shall be converted into equity shares of corresponding value (including the premium applicable thereon). In case the issuer companies declare dividend on their equity shares, the CCRPS will also be entitled to the equity dividend in addition to the coupon rate of dividend		
# The shares in these companies are carried at cost arrived in accordance with the terms specified in Scheme of Amalgamation and Arrangement sanctioned by the High Court of Bombay on March 15, 2013. (Refer note 16 )		
<b>3.3(b) Finance lease receivables</b>		
Finance lease receivables (Refer Note 19)	358,552	374,925
	<b>358,552</b>	<b>374,925</b>
<b>3.3(c) Other financial assets</b>		
Advance recoverable in cash	750	750
Security deposits	671	410
	<b>1,421</b>	<b>1,160</b>
<b>3.4 Other non-current assets</b>		
(Unsecured, considered good)		
Capital advances	596	596
Balance with statutory authorities (including VAT recoverable)	458	4,718
	<b>1,054</b>	<b>5,312</b>

**Vidarbha Industries Power Limited**

**Notes to the financial statements as of and for the year ended March 31, 2018 (continued)**

	Rupees in lakhs	
	As at March 31, 2018	As at March 31, 2017
<b>Current Financial assets</b>		
<b>3.5 Inventories</b>		
Fuel (including Material in transit of Rs. 73 lakhs (March 31, 2017: Rs. 637 lakhs))	673	3,863
Stores and spares	4,650	4,959
	<b>5,323</b>	<b>8,822</b>
<b>3.6(a) Trade receivables</b> (Unsecured, considered good)		
Trade receivables (includes amount receivables from related party (Refer Note 8G (i)) [including Rs. 10,812 Lakhs (March 31, 2017: Rs. 16,269 Lakhs) billed in the subsequent month] (Refer Note 8G (i))	122,572	62,795
	<b>122,572</b>	<b>62,795</b>
<b>3.6(b) Cash and cash equivalents</b>		
Balance with banks:		
In current account	597	4,801
in deposit account with original maturity of less than three months	4,218	-
Interest accrued on Fixed Deposits	52	-
	<b>4,862</b>	<b>4,801</b>
<b>3.6(c) Bank balances other than cash and cash equivalents</b>		
Deposits with original maturity of more than three months but not less than twelve months	-	4,282
Interest accrued on Fixed Deposits	-	290
	<b>-</b>	<b>4,572</b>
<b>3.6(d) Loans</b> (Unsecured, considered good)		
Security deposits	30	308
Inter corporate deposits given to related parties (Refer note 8G ii)	19,000	15,000
Interest on Inter corporate deposits given to related parties (Refer note 8G ii)	2,113	-
Inter corporate deposit given to Holding Company (Refer note 8G ii)	136	40,781
Loans / advances to employees	8	6
	<b>21,287</b>	<b>55,096</b>
<b>3.6(e) Current finance lease receivables</b>		
Finance lease receivables (Refer note 19)	18,192	17,458
	<b>18,192</b>	<b>17,458</b>
<b>3.6(f) Other financial assets</b> (Unsecured, considered good)		
Unbilled revenue (Refer Note 8G ii)	6,617	8,211
	<b>6,617</b>	<b>8,211</b>
<b>3.7 Other current assets</b> (Unsecured, considered good)		
Prepaid expenses	455	510
Advance recoverable in kind	3,162	942
	<b>3,617</b>	<b>1,452</b>

	As at March 31, 2018	Ruppes in lakhs As at March 31, 2017
<b>3.8 Equity Share capital</b>		
<b>Authorised share capital</b>		
150,000,000 (March 31, 2017: 150,000,000) equity shares of Rs.10 each	15,000	15,000
	<b>15,000</b>	<b>15,000</b>
<b>Issued, subscribed and fully paid up share capital</b>		
1,491,626 (March 31, 2017: 1,491,626) equity shares of Rs. 10 each	149	149
	<b>149</b>	<b>149</b>

**3.8.1 Reconciliation of number of equity shares**

Balance at the beginning of the year - 1,491,626 (March 31, 2017: 1,491,626) equity shares of Rs. 10 each	149	149
Add: Issued and subscribed during the year - Nil (March 31, 2017: Nil) equity shares of Rs. 10 each	-	
Balance at the end of the year - 1,491,626 (March 31, 2017: 1,491,626) equity shares of Rs. 10 each	<b>149</b>	<b>149</b>

**3.8.2 Terms / rights attached to 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.

**3.8.3 Details of shares held by holding company and subs**

	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	Percentage of shareholding	No. of Shares	Percentage of shareholding
<b>Equity Shares</b>				
Reliance Power Limited - 1,126,656 (March 31, 2017: 1,126,656) shares of Rs. 10 each	1,126,656	75.53%	1,126,656	75.53%
(Of the above, 1,126,650 (March 31, 2017: 1,126,650) shares are held by Reliance Power Limited, the holding company and 6 (March 31, 2017: 6) shares are jointly held by Reliance Power Limited and its nominees)				
 Rosa Power Supply Company Limited (subsidiary of Reliance Power Limited) - 364,970 (March 31, 2017: 364,970) equity shares of Rs. 10 each	364,970	24.47%	364,970	24.47%
	<b>1,491,626</b>	<b>100%</b>	<b>1,491,626</b>	<b>100%</b>



Other Equity		Rupees in lakhs	
		As at March 31, 2018	As at March 31, 2017
<b>3.9 Instrument entirely equity in nature</b>			
Authorised share capital			
650,000,000 (March 31, 2017: 650,000,000) preference shares of Rs. 10 each		85,000	85,000
		<b>05,000</b>	<b>85,000</b>
Preference Share Capital			
Issued, subscribed and fully paid up			
13,424,634 (March 31, 2017: 13,424,634) preference shares of Rs. 10 each		1,342	1,342
[Refer note 3.9.2 below for terms]		<b>1,342</b>	<b>1,342</b>
<b>3.9.1 Reconciliation of number of shares - subscribed and fully paid up</b>			
		As at March 31, 2018	As at March 31, 2017
Preference shares			
Balance at the beginning of the year - 13,424,634 (March 31, 2017: 13,424,634) preference shares of Rs. 10 each		1,342	1,342
Add: Issued and subscribed during the year - Nil (March 31, 2017: Nil) preference shares of Rs. 10 each		-	-
Balance at the end of the year - 13,424,634 (March 31, 2017: 13,424,634) preference shares of Rs. 10 each		<b>1,342</b>	<b>1,342</b>

**3.9.2 Terms / rights attached to shares****7.5% Compulsory Convertible Redeemable Non-Cumulative Preference Shares (CCRPS)**

Pursuant to the terms of issue, the Company shall have a call option on CCRPS which can be exercised by the Company in one or more tranches and in part or in full before the end of agreed tenure (20 years) of the said shares. In case the call option is exercised, CCRPS shall be redeemed at an issue price (i.e. face value and premium). The holders of CCRPS however, shall have an option to convert CCRPS into equity shares at any time during the tenure of such shares. At the end of tenure and to the extent the Company or the CCRPS holders have not exercised their options, CCRPS shall be compulsorily converted into equity shares. On conversion, in either case, each CCRPS shall be converted into one fully paid equity share of Rs. 10 each at a premium of Rs. 990 share. If during the tenure of CCRPS, the Company declares equity dividend, CCRPS holders shall also be entitled to dividend on their shares at the same rate as the equity dividend and this dividend will be over and above the coupon rate of 7.5%. These preference shares shall continue to be non cumulative.

**3.9.3 Details of shares held by holding company and subsidiary of holding company**

	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	Percentage of shareholding	No. of Shares	Percentage of shareholding
<b>Preference Shares</b>				
Reliance Power Limited - 9,404,432 (March 31, 2017: 9,404,432) shares of Rs. 10 each	9,404,432	70.05%	9,404,432	70.05%
Rosa Power Supply Company Limited (subsidiary of Reliance Power Limited) - 4,020,202 (March 31, 2017: 4,020,202) preference shares of Rs. 10 each.	4,020,202	29.95%	4,020,202	29.95%
	<b>13,424,634</b>	<b>100%</b>	<b>13,424,634</b>	<b>100%</b>

**Vidarbha Industries Power Limited**
**Notes to the financial statements as of and for the year ended March 31, 2018 (continued)**

	<b>Rupees in lakhs</b>	
	<b>As at</b>	<b>As at</b>
	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>3.10 Reserves and surplus</b>		
<b>Balance at the end of the year</b>		
3.10.1 Capital reserve	11,940	11,940
3.10.2 Securities premium account	147,176	147,176
3.10.3 Foreign currency monetary item translation difference account	(1,057)	(2,075)
3.10.4 Retained earnings	30,663	7,374
Total	<b>188,722</b>	<b>164,414</b>
<b>3.10.1 Capital reserve (arisen pursuant to scheme of amalgamation) (Refer note 17)</b>	11,940	11,940
<b>3.10.2 Securities premium account</b>	147,176	147,176
<b>3.10.3 Foreign currency monetary item translation difference account</b>		
Balance at the beginning of the year	(2,075)	(4,340)
Add: Addition during the year	(40)	882
Less: Amortisation during the year	1,058	1,883
Balance at the end of the year	<b>(1,057)</b>	<b>(2,075)</b>
<b>3.10.4 Retained earnings</b>		
Balance at the beginning of the year	7,374	(13,780)
Profit for the year	23,363	21,156
Less: Remeasurement of Post employment benefit obligation	(74)	(23)
Balance at the end of the year	<b>30,663</b>	<b>7,374</b>
	<b>188,722</b>	<b>164,414</b>

**Nature and purpose of other reserves:**
**a) Capital reserve**

Capital reserve has arisen pursuant to the scheme of amalgamation on account of net assets taken over from Reliance Fuel Resources Limited. (Refer note 16)

**b) Securities premium account**

Securities premium account is created to record premium received on issue of shares. The Reserve is utilised in accordance with the provision of the Companies Act, 2013.

**b) Foreign currency monetary item translation difference account**

The Company has opted to continue the Previous GAAP policy for accounting of foreign exchange differences on long term monetary items. This Reserve represents foreign exchange accumulated on long term monetary items which are for other than depreciable assets. The same is amortized over the balance period of such long term monetary assets (Refer note 15)

	As at March 31, 2018	Rupees in lakhs As at March 31, 2017
<b>Non-current financial liabilities</b>		
<b>3.11 Non-current borrowings</b>		
<b>At amortised cost</b>		
<b>Secured</b>		
Term loans:		
Rupee loans from banks	197,521	211,403
Foreign currency loans from banks	13,918	27,745
	<b>211,439</b>	<b>239,148</b>
<b>3.11(a)(i) Nature of security for term loans</b>		
Rupee loans from banks of Rs. 188,416 lakhs (March 31, 2017: 196,981) is secured / to be secured by first charge on all the immovable and movable assets and intangible asset of the Company on a pari passu basis and pledge of 51% of the equity share capital of the Company.		
a) capital of the Company		
b) Rupee loans from bank of Rs. 4,000 lakhs (March 31, 2017: 12,000) is secured by a residual charge on all the moveable fixed assets and current assets of the Company.		
c) Rupee loans from bank of Rs 20,000 lakhs (March 31, 2017: 20,000) is secured by first charges on all movable and immovable assets on pari passu basis		
d) Foreign Currency Loans from banks of Rs. 27,876 lakhs (March 31, 2017: 41,682) is secured / to be secured by first charge on all the immovable and movable assets of the Company on pari passu basis and pledge of 51% of the equity share capital of the Company.		
e) The Holding Company has given financial commitments / guarantee to the lenders of the Company (refer note 8G (ii)).		
f) Current maturities of long term borrowings have been classified as other current financial liabilities (refer note 3.14 (c) )		
<b>3.11(a)(II) Terms of repayment and interest</b>		
a) The rupee loans from banks of Rs 188,416 lakhs (March 31, 2017: 196,981) is repayable in 56 structured quarterly instalments commencing from June 30, 2015 and carry an average interest rate of 11.42% per annum.		
b) Foreign currency term loan is repayable in 20 equal quarterly instalments commencing from June 30, 2013 and carries an interest rate of USD three month LIBOR plus 4.80% per annum, payable on a quarterly basis.		
c) Rupee loan from bank Rs 4,000 lakhs (March 31, 2017: 12,000 lakhs) is repayable in 10 quarterly instalments commencing from June 30, 2016 and carry an interest rate of 10.57 % p.a		
d) Rupee loans from banks of Rs 20,000 lakhs (March 31, 2017: 20,000 lakhs) is repayable in 48 structured quarterly instalments commencing from June 30, 2018 and carry an interest rate of 10.25 % p.a.		
3.11(e)(iii) The amortised cost disclosed above is net of incidental cost of borrowings aggregating of Rs. 1,462 lakhs (March 31, 2017: Rs.1,058 lakhs)		
<b>3.12 Non-current provisions</b>		
Provision for gratuity (Refer note 6)	192	196
Provision for leave encashment (Refer note 6)	320	273
	<b>512</b>	<b>469</b>
<b>3.13 Deferred tax liabilities</b>		
Gross deferred tax liability on depreciation due to timing difference	75,038	73,035
Less: Recoverable from beneficiaries	(23,505)	(21,602)
	<b>51,533</b>	<b>51,433</b>

**Vidarbha Industries Power Limited**
**Notes to the financial statements as of and for the year ended March 31, 2018 (continued)**

		Rupees in lakhs	
		As at	As at
		March 31, 2018	March 31, 2017
<b>Current financial liabilities</b>			
<b>3.14(a) Borrowings</b>			
Secured			
Working Capital Loans			
		50,025	50,331
		<b>50,025</b>	<b>50,331</b>
<b>3.14(a)(i) Nature of Security for Short term borrowings</b>			
Cash credit facilities which are repayable on demand is secured <i>pari passu</i> along with term loan lenders by first charge on all the immovable and movable assets and intangible asset of the Company on a <i>pari passu</i> basis and pledge of 51% of the equity share capital of the Company			
<b>3.14(a)(ii) Interest</b>			
Cash Credit Facility carry an average rate of interest of 11.33% per annum.			
<b>3.14(b) Trade payables</b>			
Total Outstanding dues of micro enterprises and small enterprises			
Total Outstanding dues of creditors other than micro enterprises and small enterprises			
		3,844	57
		<b>3,844</b>	<b>57</b>
<b>3.14(c) Other financial liabilities</b>			
Current maturities of long-term borrowings (Refer note 3.11 (a) (iii))		27,375	30,458
Interest accrued and due on borrowings		257	-
Interest accrued but not due on borrowings		317	417
Security deposits received		44	26
Creditors for capital expenditure (Refer note 8G (ii) and note 17)		2,987	2,811
Retention money payable		1,017	492
Creditors for supplies and services (Refer note 8G (ii) and note 17)		3,485	3,223
Others*		976	1,096
*(Includes Gram panchayat tax, water charges and other miscellaneous payables)			
		<b>36,468</b>	<b>38,523</b>
<b>3.15 Other current liabilities</b>			
Other Liabilities			
		366	100
		<b>366</b>	<b>100</b>
<b>3.16 Provisions</b>			
Provision for leave encashment (Refer note 6)			
		79	17
		<b>79</b>	<b>17</b>
<b>3.17 Current tax liabilities</b>			
Provision for income tax (Net of advance tax Rs.Nil lakhs (March 31, 2017: Rs.13.191 lakhs)) (Refer Note 10)			
		5,363	5,199
		<b>5,363</b>	<b>5,199</b>

Vidarbha Industries Power Limited

Notes to the financial statements as of and for the year ended March 31, 2018 (continued)

	Year ended March 31, 2018	Rupees in lakhs Year ended March 31, 2017
<b>3.18 Revenue from operations</b>		
Sale of energy (including sale to related party (Refer Note 8G (i)) and 20)	113,100	115,413
Other operating revenues:		
- Finance Income	45,359	53,409
- Interest from customer on delayed payment (Refer Note 8G (i))	4,096	1,650
	<b>162,555</b>	<b>170,672</b>
<b>3.19 Other Income</b>		
Interest Income:		
Bank deposits	177	335
Inter-corporate deposits (Refer Note 8G (i))	2,348	-
Others	165	128
Other Non operating income	346	312
	<b>3,036</b>	<b>776</b>
<b>3.20 Employee benefit expense</b>		
Salaries, bonus and other allowances	2,896	2,727
Contribution to provident fund and other funds (Refer note 6)	114	112
Gratuity and leave encashment (Refer note 8)	38	164
Staff welfare expenses	55	52
	<b>3,113</b>	<b>3,055</b>
<b>3.21 Finance cost</b>		
Interest on:		
Rupee term loans	24,974	26,135
Foreign currency loans	2,159	2,617
Working capital loans	5,429	5,346
Amortisation of borrowing cost	-	-
Other finance charges	1,038	408
	<b>33,600</b>	<b>34,809</b>
<b>3.22 Generation, administration and other expenses</b>		
Stores and spares consumed	2,017	1,792
Rent expenses (including rent to related party (refer note 8G (i))	217	143
Repairs and maintenance:		
Plant and Machinery	1,446	1,309
Others	442	212
Legal and professional charges (including shared service charges) (Refer Note 8G (i))	1,024	1,910
Director's sitting fees	6	5
Travelling and conveyance	240	197
Rates and taxes	222	350
Insurance (including insurance charges to related party (refer note 8G (i))	604	456
Water charges	1,587	1,586
Loss on sale of fixed assets	21	-
Loss on foreign exchange fluctuations (net)	77	166
Expenditure towards corporate social responsibility (Refer note 21)	555	264
Amortisation of Foreign currency monetary item translation difference reserve	1,068	1,383
Miscellaneous expenses	940	185
	<b>10,458</b>	<b>10,078</b>

**4) Contingent Liabilities And Commitments**

The Company has committed / guaranteed financial support for payment in respect of non-fund based facilities of Rs. 20,000 lakhs (March 31, 2017 Rs. 20,000 lakhs) granted to its holding company. Future cash flows in respect of the above matter can only be determined based on various uncertain factors.

Estimated amount of contracts (net of capital advance) remaining to be executed on capital account and not provided for is Rs. 22 lakhs (March 31, 2017: Rs. 1,628 lakhs).

**5) Details of Remuneration to Auditors:**

		Rupees in lakhs	
Payment to Auditors		Year ended March 31, 2018	Year ended March 31, 2017
a) As Auditors			
Audit Fees		45	76
b) In other Capacities			
Certification Fees	@		1
Out-of-pocket expenses	@		1
Total Payment to Auditors		45	78

@ Amount is below the rounding off norm adopted by the company.

**6) Employees benefit obligation:**

The Company has classified various employee benefits as under:

**a) Leave obligations**

The leave obligations cover the company's liability for sick and privileged leave.

		Rupees in lakhs	
Provision for leave encashment		As at March 31, 2018	As at March 31, 2017
Current*		79	17
Non-current		320	273

\* The Company does not have an unconditional right to defer the settlements.

**b) Defined contribution plans**

- (i) Provident fund
- (ii) Superannuation fund
- (iii) 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 recognised the following amounts in the Statement of Profit and Loss for the year:

		Rupees in lakhs	
		Year ended March 31, 2018	Year ended March 31, 2017
(i) Contribution to provident fund		79	71
(ii) Contribution to employees' superannuation fund		3	4
(iii) Contribution to employees' pension scheme 1995		32	37
Total		114	112

## c) Post employment obligation

## Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

## (i) Significant estimates: actuarial assumptions

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

Particulars	March 31, 2018	March 31, 2017
Discount rate (per annum)	7.65%	7.05%
Rate of increase in compensation levels	7.50%	7.50%
Rate of return on plan assets	7.65%	7.05%
Expected average remaining working lives of employees in number of years	5.25	10.22

The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

## (ii) Gratuity Plan

Particulars	Present value of obligation	Fair value of plan assets	Net amount
Rupees in lakhs			
<b>As at April 01, 2017</b>	<b>370</b>	<b>174</b>	<b>196</b>
Current service cost	57	-	57
Interest cost	26	12	14
<b>Total amount recognised in profit and loss</b>	<b>83</b>	<b>12</b>	<b>71</b>
<b>Remeasurements</b>			
Return on plan assets, excluding amount included in interest expense/(income)	-	(2)	2
(Gain) / loss from change in demographic assumptions	(57)	-	(56)
(Gain) / loss from change in financial assumptions	(14)	-	(14)
Experience (gains) / losses	(6)	-	(6)
<b>Total amount recognised in other comprehensive income</b>	<b>(77)</b>	<b>(2)</b>	<b>(74)</b>
Employer contributions	-	-	-
Benefit payments	(12)	(12)	-
<b>As at March 31, 2018</b>	<b>364</b>	<b>172</b>	<b>192</b>

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>As at April 01, 2016</b>	<b>290</b>	<b>171</b>	<b>119</b>
Current service cost	45	-	45
Interest cost	22	13	9
<b>Total amount recognised in profit and loss</b>	<b>67</b>	<b>13</b>	<b>54</b>
<b>Remeasurements</b>			
Return on plan assets, excluding amount included in interest expense/(income)	-	8	(8)
(Gain) / loss from change in demographic assumptions	-	-	-
(Gain) / loss from change in financial assumptions	31	-	31
Experience (gains) / losses	@	-	@
<b>Total amount recognised in other comprehensive income</b>	<b>31</b>	<b>8</b>	<b>23</b>
Employer contributions	-	-	-
Benefit payments	(18)	(18)	-
<b>As at March 31, 2017</b>	<b>370</b>	<b>174</b>	<b>196</b>

The net liability disclosed above relates to funded and unfunded plans are as follows:

Particulars	Rupees in lakhs	
	March 31, 2018	March 31, 2017
Present value of funded obligations	364	370
Fair value of plan assets	172	174
<b>Deficit of funded plan</b>	<b>192</b>	<b>196</b>
Current Portion	-	-
Non-Current portion	192	196

**(iii) Sensitivity analysis:**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Change in assumptions		Increase in assumptions		Decrease in assumptions	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Discount rate	0.50%	0.50 %	-3.03%	- 5.63%	3.22%	+ 6.15%
Salary escalation rate	0.50%	0.50%	3.20%	+ 6.10%	-3.05%	- 5.63%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(iv) The above defined benefit gratuity plan was administrated 100% by Reliance Nippon Life Insurance Company Limited (Formerly known as Reliance Life Insurance Company Limited) as at March 31, 2018 and as at March 31, 2017.

**(v) Defined benefit liability and employer contributions:**

The Company will pay demand raised by RLIC towards gratuity liability on time to basis to eliminate the deficit in defined benefit plan.

The weighted average duration of the defined benefit obligation is 6.25 years (2016-17 - 11.77 years).

(vi) 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 term of secondment

**7) Assets pledged as security**

Particulars	Note no	Rupees in lakhs	
		March 31, 2018	March 31, 2017
<b>Non –Current First Charge</b>			
<b>Financial Assets</b>			
Non-current investments	3.3(a)	4,449	4,425
Finance lease receivables	3.3(b)	358,552	374,925
Other financial assets	3.3(c)	1,421	1,160
<b>Non-financial assets</b>			
Property, Plant & Equipment	3.1	631	-
Intangible Assets	3.2	1,065	1,143
Other Non-Current Assets	3.4	1,054	5,312
<b>Total Non- current assets pledged as security ( A)</b>		<b>367,172</b>	<b>386,965</b>



**Vidarbha Industries Power Limited**

**Notes to the financial statements for the year ended March 31, 2018 (Continued)**

Particulars	Note no	March 31, 2018	Rupees in lakhs March 31, 2017
Current			
First Charge			
Financial assets			
Trade receivables	3.6(a)	1,22,572	62,795
Cash and Bank balances	3.6(b) & 3.6(c)	4,862	9,373
Loan	3.6(d)	21,287	56,096
Finance lease receivables	3.6(e)	18,192	17,458
Other current financial Assets	3.6(f)	6,617	8,211
Non-financial assets			
Inventories	3.5	5,523	8,832
Other current assets	3.7	3,617	1,452
<b>Total current assets pledged as security (B)</b>		<b>182,670</b>	<b>164,217</b>
<b>Total assets pledged as security (A+B)</b>		<b>549,842</b>	<b>551,182</b>

**8) Related party transactions:**

**A. Parties where Control exists:**

**Holding Company:**

1. Reliance Power Limited (R Power)

**B. Fellow Subsidiaries**

1. Sasan Power Limited (SPL)
2. Siyom Hydro Power Projects Limited (SHPPL)
3. Samalkot Power Limited (SMPL)
4. Dhursar Solar Power Private Limited (DSPL)

**C. Joint venture**

Reliance Geothermal Power Private Limited (RGPPL)

**D. Investing parties/ promoters having significant influence on the holding company directly or indirectly:**

**Companies**

Reliance Infrastructure Limited (R Infra)

**Individual**

Shri Anil D. Ambani

**Major Investing Party**

Rosa Power Supply Company Limited (RPSL)

**E. Enterprises over which, individual mentioned in clause D above, have control**

Reliance General Insurance Company Ltd. (RGICL)

**F. Key Management Personnel**

1. Jay Shah- Manager and Company Secretary (till January, 2017)
2. Sayli Kiran Dabholkar - Manager and Company Secretary (w.e.f February 1, 2018)
3. Karunesh Mishra- Chief Financial Officer (till December 24, 2017)
4. Mantu Kumar Ghosh - Chief Financial Officer (w.e.f December 25, 2017)

**Directors**

Smt Rashna Khan

Shri Suresh H Joshi

Shri Shrikant D Kulkarni

Shri Vibhav Agarwal

Shri Ashish Padhy

## G. Details of transactions and closing balances:

		Rupees in lakhs	
	Particulars	2017-18	2016-17
(i)	Transactions during the year :		
	Remuneration to key management personnel		
	Short term employee benefits	8	19
	Post employment defined benefits	1	@
	Leave Encashment	@	@
	Directors Sitting Fees	8	5
	Guarantee issued on behalf of the company by		
	R Power	4,645	3,404
	Professional Fees/Service Charges/Rent (Including Shared Services Charges)		
	R Power	755	1,438
	R Infra	164	105
	Insurance Premium		
	RGICL	499	430
	Reimbursement of expenses / salary - paid on the Company's behalf		
	RPSL	@	@
	SPL	535	-
	R Power	761	91
	Reimbursement of expenses - paid by the company on behalf of		
	SMPL	144	242
	SPL	3	-
	R Power	-	9
	Material/Services received other than EPC Contract		
	RSTL	55	-
	Material/Services given other than EPC Contract		
	SPL	21	-
	RSTL	26	-
	Inter- corporate deposits Refunded by		
	R Power	48,288	68,225
	RPSL	6,540	-
	Inter- corporate deposits Given to the company		
	R Power	7,643	78,620
	R Infra	4,000	15,000
	RPSL	6,540	-
	Sale of Energy		
	R Infra (including unbilled revenue of Rs. Nil lacs (March 31, 2017 Rs. 426 Lacs)	173,280	185,043
	Interest from customer on delayed payments		
	R Infra	4,096	1,850

@ Amount is below the rounding off norm adopted by the company.

Vidarbha Industries Power Limited  
Notes to the financial statements for the year ended March 31, 2018 (Continued)

		Rupees in lakhs	
(ii)	Closing balances:	March 31, 2018	March 31, 2017
	Investment in equity shares		
	RGPPPL	@	@
	Investment in preference shares		
	SHPPL	5,548	5,548
	Other Receivables		
	SMPL	108	101
	Trade Receivables/Unbilled Revenue		
	R Infra	1,22,485	70,773
	Creditors for capital expenditure		
	R Infra	1,729	1,433
	Creditors for Supply and Services		
	R Power	973	1,380
	RPSL	-	2
	R Infra	-88	96
	Inter-corporate deposits given by the Company		
	R Power	136	40,781
	R Infra	19,000	15,000
	Interest on Inter-corporate deposits given by the Company		
	R Infra	2,113	-
	Equity share capital (excluding premium)		
	R Power	113	113
	RPSL	36	36
	Preference share capital (excluding premium)		
	R Power	940	940
	RPSL	402	402
	Guarantee issued on behalf of the Company		
	R Power	47,25	3,404
	Guarantee issued by Company on behalf of		
	R Power	20,000	20,000

@ Amount is below the rounding off norm adopted by the company.

H Notes:

- The Holding company has entered into agreements with the lenders of the Company wherein it has committed/guaranteed to extend financial support in the form of equity or debt as per agreed means of finance, in respect of the project being undertaken/outstanding borrowings.
- The above disclosure does not include transactions with public utility service providers, viz. electricity and telecommunication in the normal course of business.

Vidarbha Industries Power Limited  
Notes to the financial statements for the year ended March 31, 2018 (Continued)

9) Earnings per share:

Particulars	Rupees in lakhs	
	Year ended March 31, 2018	Year ended March 31, 2017
Profit available to equity shareholders (A)	23,363	21,156
Weighted average number of equity shares (B)	1,491,626	1,491,626
Add: adjustment on account of Compulsorily Convertible Redeemable Non Cumulative Preference Shares	13,424,634	13,424,634
Weighted average number of equity shares - Diluted (C)	14,916,260	14,916,260
Earnings per share – Basic (Rupees) (A/B)	1566.26	1418.27
Earnings per share – Diluted (Rupees) (A/C)	156.63	141.82
Nominal value of an equity share (Rupees)	10	10

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

10) Income Taxes:

The major components of income tax expense for the years ended 31 March 2018 and 31 March 2017 are:

(a) Statement of profit and loss:

Particulars	Rupees in lakhs	
	March 31, 2018	March 31, 2017
<b>(a) Income tax expense</b>		
<i>Current tax</i>		
Current tax on profits for the year	6,390	6,866
Adjustments for current tax of prior periods	-	-
<b>Total current tax expense</b>	<b>6,390</b>	<b>6,866</b>
<i>Deferred tax</i>		
Decrease (increase) in deferred tax assets	-	-
(Decrease) increase in deferred tax liabilities	100	4,170
<b>Total deferred tax expense/(benefit)</b>	<b>100</b>	<b>4,170</b>
<b>Income tax expense</b>	<b>6,490</b>	<b>11,036</b>

(b) The reconciliation of tax expense and the accounting profit multiplied by tax rate :

Particulars	Rupees in lakhs	
	March 31, 2018	March 31, 2017
Profit before income tax expense	29,779	32,169
<b>Tax at the Indian tax rate of 34.608%</b>	<b>10,306</b>	<b>11,133</b>
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Expenses (admissible) / inadmissible under income tax act (net)	270	125
Effect of finance lease reduction from lease receivable	(8,541)	(5,793)
Minimum alternate tax on which no deferred tax recognised	6,391	6,866
Effect of tax on account of available tax holiday under section 80IA of the Income tax Act/ Recoverable from beneficiary	(1,936)	(1,295)
<b>Income tax expense</b>	<b>6,490</b>	<b>11,036</b>

**Vidarbha Industries Power Limited**

**Notes to the financial statements for the year ended March 31, 2018 (Continued)**

(c) Tax liabilities (net of assets)		Rupees in lakhs
	March 31, 2018	March 31, 2017
Provision for income tax (advance tax) – Opening balances	5,199	233
Add: Current tax payable for the year	6,390	6,865
Less: Taxes paid (net of refund)	(6,226)	(1,899)
<b>Provision for income tax (advance tax) – Closing balances</b>	<b>5,363</b>	<b>5,199</b>

(d) Unutilised MAT credit		Rupees in lakhs
	March 31, 2018	March 31, 2017
Unutilised MAT credit for which no deferred tax assets has been recognised	24,595	18,205

The Company does not expect income tax liability under normal provision in the foreseeable future, hence the Company has not recognised deferred tax assets on MAT credit.

(e) Deferred tax assets and (liabilities)		Rupees in lakhs
Particulars	Finance lease receivables	
At April 01, 2017	(51,433)	
(Charged)/credited to profit and loss	(100)	
<b>At March 31, 2018</b>	<b>(51,533)</b>	

The above deferred tax is recognised on assets given on finance lease.

**11) Fair value measurements**

**(a) Financial instruments by category**

		Rupees in lakhs
Particulars	As at March 31, 2018	As at March 31, 2017
	Amortised cost	Amortised cost
Finance lease receivable	376,744	392,383
Non Current Investments	4,449	4,425
Trade receivables	122,572	62,795
Cash and cash equivalents	4,862	4,801
Other bank balances	-	4,572
Loans	21,287	56,096
Other financial assets	8,039	9,371
<b>Total financial assets</b>	<b>537,953</b>	<b>534,443</b>
<b>Financial liabilities</b>		
Borrowings	289,413	320,355
Trade payables	3,844	57
Other financial liabilities	8,519	7,647
<b>Total financial liabilities</b>	<b>301,776</b>	<b>328,059</b>

(b) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

	Rupees in lakhs			
Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2018	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Finance lease receivables	-	406,647	-	406,647
Government Bond	22	-	-	22
Other financial assets	-	-	1,421	1,421
<b>Total financial assets</b>	<b>22</b>	<b>406,647</b>	<b>1,421</b>	<b>408,090</b>
<b>Financial Liabilities</b>				
Borrowings	-	239,388	-	239,388
<b>Total financial liabilities</b>	<b>-</b>	<b>239,388</b>	<b>-</b>	<b>239,388</b>
<b>Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Finance lease receivables	-	423,274	-	423,274
Other financial assets	-	-	1,160	1,160
<b>Total financial assets and Financial Liabilities</b>	<b>-</b>	<b>423,274</b>	<b>5,585</b>	<b>424,434</b>
Borrowings	-	270,022	-	270,022
<b>Total financial liabilities</b>	<b>-</b>	<b>270,022</b>	<b>-</b>	<b>270,022</b>

(c) Fair value of financial assets and liabilities measured at amortised cost

	March 31, 2018		March 31, 2017	
Particulars	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial Assets</b>				
Finance lease receivables	376,744	406,647	392,383	423,274
Government Bond	24	22	-	-
Other financial assets	1,421	1,421	1,160	1,160
<b>Total Financial Assets</b>	<b>378,189</b>	<b>408,090</b>	<b>393,543</b>	<b>424,434</b>
<b>Financial Liabilities</b>				
Borrowings	239,388	239,388	270,022	270,022
Retention money payable	-	-	-	-
<b>Total Financial Liabilities</b>	<b>239,388</b>	<b>239,388</b>	<b>270,022</b>	<b>270,022</b>

**(d) Valuation technique used to determine fair values**

The main level 3 inputs used by the company are derived and evaluated as follows:

The fair value of financial instruments is determined using discounted cash flow analysis.

The carrying amount of current financial assets and liabilities are considered to be the same as their fair values, due to their short term nature.

The fair value of the long-term Borrowings with floating-rate of interest is not impacted due to interest rate changes, and will not be significantly different from their carrying amounts as there is no significant change in the under-lying credit risk of the Company borrowing (since the date of inception of the loans). Further, the Company has no long-term Borrowings with fixed-rate of interest.

**Note**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities which are included in level.

There were no transfers between any levels during the year.

The Company's policy is to recognize transfer into and transfer out of fair value hierarchy levels as at the end of the reporting period.

**12) Financial risk management**

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk.

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
Credit Risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging analysis	Diversification of bank deposits, letters of credit and Credit limits
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupees (Rs.)	Sensitivity analysis	Un hedged
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Un hedged
Market risk – price risk	Unquoted investment in equity shares of Associates – not exposed to price risk fluctuations	-	-

**(a) Credit risk**

The Company is exposed to credit risk, which is the risk that counterparty will default on its contractual obligation resulting in a financial loss to the company. Credit risk arises from cash and cash equivalents, financial assets carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to trade customers including outstanding receivables.

**Vidarbha Industries Power Limited**  
**Notes to the financial statements for the year ended March 31, 2018 (Continued)**

**Credit risk management**

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Company's credit risk arises from accounts receivable balances on sale of electricity and finance lease receivable are based on tariff rate approved by electricity regulator and inter-corporate deposits/loans are given to the holding company. The credit risk is very low as the sale of electricity based on terms of PPA which has been approved by the regulator and the inter-corporate deposits are within the same group.

For banks and financial institutions, only highly rated banks/institutions are accepted. Generally all policies surrounding credit risk have been managed at company level. The Company's policy to manage this risk is to invest in debt securities that have a good credit rating.

**(b) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

In respect of its existing operations, the Company funds its activities primarily through long-term loans secured against each power plant and long terms loans and advances. In addition, each of the operating plants has working capital loans available to it which are renewable annually, together with certain intra-group loans. The Company's objective in relation to its existing operating business is to maintain sufficient funding to allow the plants to operate at an optimal level.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating subsidiaries of the Company in accordance with practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

**(i) Maturities of financial liabilities**

The amounts disclosed in the below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

March 31, 2018	Rupees in lakhs			
	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
<b><u>Financial liabilities</u></b>				
Borrowings	50,986	150,272	191,350	329,608
Borrowings- Short term	50,025	-	-	50,025
Trade payables	3,844	-	-	3,844
Security and other deposits	44	-	-	44
Retention money payable	1,017	-	-	1,017
Creditors for capital expenditure	2,997	-	-	2,997
Creditors for supplies and services	3,485	-	-	3,485
Others	976	-	-	976
<b>Total financial liabilities</b>	<b>113,374</b>	<b>150,272</b>	<b>191,350</b>	<b>454,996</b>



**Vidarbha Industries Power Limited**
**Notes to the financial statements for the year ended March 31, 2018 (Continued)**

March 31, 2017	Rupees in lakhs			
	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
<b>Financial liabilities</b>				
Borrowings	56,154	175,885	225,614	457,653
Borrowings- Short term	50,331	-	-	50,331
Trade payables	57	-	-	57
Security and other deposits	26	-	-	26
Retention money payable	492	-	-	492
Creditors for capital expenditure	2,811	-	-	2,811
Creditors for supplies and services	3,223	-	-	3,223
Others	1,512	-	-	1,512
<b>Total financial liabilities</b>	<b>114,606</b>	<b>175,885</b>	<b>225,614</b>	<b>516,105</b>

**(c) Market risk**

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of volatility of prices in the financial markets. Market risk can be further segregated as: a) Foreign exchange risk and b) Interest rate risk.

**(i) Foreign currency risk**

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has long term monetary liabilities which are in US dollar other than its functional currency.

While the Company has direct exposure to foreign exchange rate changes on the price of non-Indian Rupee-denominated securities and borrowings, it may also be indirectly affected by the impact of foreign exchange rate changes on the earnings of companies in which the Company invests. For that reason, the below sensitivity analysis may not necessarily indicate the total effect on the Company's net assets attributable to holders of equity shares of future movements in foreign exchange rates.

**Foreign currency risk exposure:**

The company's exposure to foreign currency risk (all in USD \$) at the end of the reporting period expressed in Rupees, are as follows.

Particulars	Rupees in lakhs	
	March 31, 2018	March 31, 2017
Borrowings	28,187	42,094
Creditors and retention (Net of advance)	341	888
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>28,528</b>	<b>42,982</b>

**• Sensitivity of foreign currency exposure**

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts, foreign exchange option contracts designated as cash flow hedges.

	Rupees in lakhs			
	Impact on profit after tax		Impact on equity	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
<b>USD sensitivity</b>				
INR/USD -Increase by 6% (March 31, 2017-6%)*	(18.68)	(25)	(1.693)	(2,554)
INR/USD -Decrease by 6% (March 31, 2017-6%)*	18.68	25	1,693	2,554

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During March 31, 2016 and March 31, 2015 the Company's borrowings at variable rate were mainly denominated in Rupees.

• Interest rate risk exposure

The exposure of the company's borrowing to interest rate changes at the end of the reporting period are as follows:

Rupees in lakhs

Particulars	March 31, 2018	March 31, 2017
Variable rate borrowings*	24,000	32,000
<b>Total borrowings</b>	<b>24,000</b>	<b>32,000</b>

\*The above borrowing does not includes project loan of Rs.264,839 (March 31, 2017 Rs. 287,938) as interest on these loans are pass-thru, hence there is no interest rate risk involved.

• Sensitivity

Rupees in lakhs

Particulars	Impact on profit after tax	
	March 31, 2018	March 31, 2017
Interest rates – increase by 5% on existing interest cost*#	(108)	(94)
Interest rates – decrease by 5% on existing interest cost*#	108	94

\* Holding all other variables constant

# The above interest cost sensitivity does not include interest on project loans as interest on these loans are pass-thru, hence there is no interest rate risk involved. Sensitivity of project loans on 5% increase/decrease will be Rs. 1,072 (March 31, 2017 Rs. 1,191)

13) Capital Management

(a) Risk Management

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on basis of total equity on a periodic basis. Equity comprises all components of equity includes the fair value Impact. The following table summarizes the capital of the Company:

Rupees in lakhs

	March 31, 2018	March 31, 2017
Equity	190,214	165,906
Debt	288,839	319,936
<b>Total</b>	<b>479,053</b>	<b>485,842</b>

(b) The Company is generally regular in payment of its debt service obligation and the Group has not received any communication from lenders for non-compliance of any debt covenant.

(c) Final Dividends for the year ended March 31, 2018 is Rs. Nil (March 31, 2017: Rs. NIL)

**14) Segment Reporting**

The Company's committee of Chief Executive Officers and Chief Financial Officer examine the Company's performance.

Presently, the Company is engaged in only one segment viz 'Generation of Power' and as such there is no separate reportable segment as per Ind AS 108 'Operating Segments'. Presently, the Company's operations are predominantly confined in India.

**Information about major customers**

Revenue for the year ended March 31, 2018 and March 31, 2017 were from customers located in India. Customers include private distribution entities. Revenue to specific customers exceeding 10% of total revenue for the years ended March 31, 2018 and March 31, 2017 were as follows:

Customer Name	Rupees in lakhs			
	For the year ended			
	March 31, 2018		March 31, 2017	
	Revenue	Percent	Revenue	Percent
R infra	173,292	99.73%	185,043	99.61%

**15) Exchange differences on foreign currency monetary items**

The Company had availed the option available with respect to accounting for exchange difference arising on long term foreign currency monetary items in the Companies (Accounting Standards) (Second Amendment), Rules, 2011. Due to exercise of the said option the Company had adjusted the value of fixed assets towards the exchange difference arising on long term foreign currency monetary liabilities.

In transition to Ind AS 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.

The Company has accumulated the exchange rate gain in 'Foreign Currency Monetary Item Translation Difference Account' (FCMITDA) of Rs. 1,057 lakhs (March 31, 2017: Rs.2,075 lakhs) and shall amortize the same over the terms of the foreign currency monetary item.

**16) Capital Reserve (arisen pursuant to Scheme of Amalgamation)**

The capital reserve of Rs. 11,940 lakhs had arisen pursuant to the Scheme of Amalgamation (Scheme) sanctioned by the Hon'ble High Court of Bombay vide order dated March 15, 2013, Reliance Fuel Resources Limited (RFRL), a fellow subsidiary was amalgamated into the Company with the appointed being date January 1, 2013.

**17) 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. 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.

**18) Cost of fuel consumed (including coal, heavy furnace oil and light diesel oil)**

Particulars	Rupees in lakhs	
	Year ended March 31, 2018	Year ended March 31, 2017
Balance at the beginning of the year	3,863	8,295
Add: Purchases during the year	85,288	86,803
Less: Balance at the end of the year	673	3,863
Consumed during the year	88,478	91,235

**Vidarbha Industries Power Limited**
**Notes to the financial statements for the year ended March 31, 2018 (Continued)**
**19) Finance Lease Receivables**

Particulars	Rupees in lakhs	
	March 31, 2018	March 31, 2017
Current finance lease receivables	18,192	17,458
Non-current finance lease receivables	358,552	374,925
<b>Total</b>	<b>376,744</b>	<b>392,383</b>

**Minimum lease payments**

Particulars	Rupees in lakhs	
	As at March 31, 2018	As at March 31, 2017
Not later than one year	67,268	68,893
Between one year and five year	298,325	254,560
Later than five year	484,031	595,064
<b>Total</b>	<b>849,624</b>	<b>918,517</b>
Less: Unearned finance income	639,289	693,962
<b>Present value of minimum lease payments receivables</b>	<b>210,335</b>	<b>224,555</b>
Less: Expected cash outflows	3,238	-
Add: Unguaranteed residual value	167,828	167,823
<b>Net investment in lease</b>	<b>374,925</b>	<b>392,378</b>
Less: Allowance for uncollectible lease payments	-	-
Less: Unrecovered Finance lease income	1,819	-
<b>Total</b>	<b>376,744</b>	<b>392,378</b>

**Present value of minimum lease payments**

Particulars	Rupees in lakhs	
	As at March 31, 2018	As at March 31, 2017
Not later than one year	18,192	17,458
Between one year and five year	89,200	72,316
Later than five year	102,942	134,781
<b>Total</b>	<b>210,334</b>	<b>224,555</b>

The finance lease receivables, accounted for as finance lease in accordance with Appendix C of Ind AS 17 and Ind AS 17, relate to the 25-year power purchase agreement under which VIPL sells all of its electricity output of its coal based generation capacity at Butibori village in Nagpur, Maharashtra of 600 MW.

The effective interest rate implicit in the finance lease was approximately 13.42 % for both 2017 and 2018.

**20) Revenue Recognition**

In accordance with the terms of PPA and Maharashtra Electricity Regulatory Commission (MERC)'s Multi-Year Tariff (MYT) regulations, the Company had filed a petition with MERC for fuel surcharge adjustment (FSA) towards increase in cost of coal over the cost approved in provisional tariff order for the year FY 2014-15 and FY 2015-16. MERC, in its order dated June 20, 2016, disallowed the Company' claim of FSA for Rs. 43,470 lakhs for the FY 2014-15 and Rs. 30,491 lakhs for the FY 2015-16 and directed the Company to repay the amount to R Infra in six monthly installments from July 2016. In the said order, MERC followed the same basis for the purpose of determining allowable cost of coal for the Multi-Year Tariff period of FY 2016-17 to FY 2019-20.

Against the said order of MERC, the Company filed an appeal with APTEL. In its order dated November 03, 2016, APTEL directed MERC to rework the pass through fuel costs to be allowed to be recovered by the Company, as part of its tariff. Subsequently, the Company filed a revised petition on December 08, 2016 with MERC as directed in APTEL's order. On January 03, 2017, MERC filed an appeal against the APTEL order in Hon'ble Supreme Court of India. Pending disposal of the appeal, the Company has charged the pass through costs as per the terms of Power Purchase Agreement / advice received and no impact of the disallowance earlier directed by MERC of Rs. 43,470 lakhs for the FY 2014-15, Rs. 30,491 lakhs for the FY 2015-16, Rs. 17,300 lakhs for the FY 2016-17 and Rs.23,814 for FY 2017-18 or of the APTEL order has been considered in the financial statements.

## 21) Corporate Social Responsibility

The Company is required to incur an expenditure of Rs. 546 lakhs (March 31, 2017: Rs. 373 lakhs) being 2% of the average net profit during the three immediately preceding financial years, towards corporate social responsibility, calculated in the manner as stated in the Act. Against the said required amount, the Company has spent Rs.554 lakhs (March 31, 2017: Rs. 264 lakhs) for purpose other than acquisition/construction of asset during the financial year.

## 22) Changes in liabilities arising from financing activities:

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
<b>Long term Borrowings</b>		
Opening Balance		
- Non Current	239,148	249,939
- Current	30,459	30,780
Availed during the year/period	-	19,080
<b>Changes in Fair Value</b>		
- Impact of Effective Rate of Interest	(424)	627
-Unrealised and Realised Exchange gain / loss	74	-
Repaid During the year/period	(30,443)	(30,819)
<b>Closing Balance</b>	<b>238,814</b>	<b>269,607</b>
<b>Short term Borrowings</b>		
Opening Balance	50,331	52,388
Availed during the year/period	-	1,510
Repaid During the year/period	(306)	(3,567)
<b>Closing Balance</b>	<b>50,025</b>	<b>50,331</b>
<b>Interest Expenses</b>		
Opening Balance		
Interest accrued and due on borrowings	-	193
Interest accrued but not due on borrowings	417	583
Interest Charge as per Statement Profit & Loss	33,600	34,809
<b>Changes in Fair Value</b>		
- Impact of Effective Rate of Interest	(496)	(627)
Interest paid to Lenders	(32,947)	(34,541)
<b>Closing Balance</b>		
Interest accrued and due on borrowings	257	-
Interest accrued but not due on borrowings	317	417

Vidarbha Industries Power Limited

Notes to the financial statements for the year ended March 31, 2018 (Continued)

23) Fixed Assets under lease

Rupees in lakhs

Particulars	Gross Block (at cost)			As at March 31, 2018
	Previous GAAP carrying value as at March 31, 2017	Additions during the year	Deductions during the period	
Freehold land	6,056	-	-	6,056
Leasehold land	2,684	-	-	2,684
Transmission line land	130	-	-	130
Buildings	61,025	-	-	61,025
Plant and machinery	365,205	-	-	365,205
Railway siding	28,883	-	-	28,883
Transmission line	2,734	-	-	2,734
Furniture and fixtures	232	-	-	232
Motor vehicles	217	-	-	217
Office equipments	198	-	-	198
Computers	246	-	-	246
<b>Total</b>	<b>467,610</b>	<b>-</b>	<b>-</b>	<b>467,610</b>

Note: The above value of assets does not include exchange difference of Rs. 921 Lakhs (March 31, 2017; Rs.882 lakhs).

**Vidarbha Industries Power Limited**

Notes to the financial statements as of and for the year ended March 31, 2018

As per our attached Report of even date

**For Pathak H.D. & Associates**

Chartered Accountants

Firm Registration No. 107783 W

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

**Vishal D. Shah**

Partner

Membership No. 119303

**Shrikant D Kulkarni**

Director

DIN 05136399

Place: Mumbai

Date: April 18, 2018

**Rashna Hoshang Khan**

Director

DIN 06928148

**Suresh Haribhau Joshi**

Director

DIN 07143405

**Mantu Kumar Ghosh**

Chief Finance Officer

**Sayli K. Dabholkar**

Company Secretary and Manager

Membership No. A43638

Place: Mumbai

Date: April 18, 2018

