



RAJKUMAR RATHI & CO.
CHARTERED ACCOUNTANTS

A-34 Mira CHS, Srishti Sector 3, Mira Road (East), Mumbai - 401107

Independent Auditors' Report

To The Members of
Coastal Andhra Power Limited

Opinion

We have audited the accompanying financial statements of **Coastal Andhra Power Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) as specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Material Uncertainty relating to Going Concern

We draw attention to Note 16 in the financial statements regarding accumulated loss exceeding Net Worth of the Company and financial statements are prepared on a going concern basis for the reasons stated therein. Our opinion is not modified in this respect

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of financial position, financial performance, changes in equity and cash flows of the Company in accordance with Ind AS and other accounting principles generally accepted in India. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Director's report and shareholders' information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.



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If, based on the work we have performed, we conclude that there is material misstatement therein; we are required to report that fact. We have nothing to report in this regard.

Report on Other Legal and Regulatory Requirements

1. The Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure 1" a statement on the matters specified in paragraph 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act;
 - e) The going concern matter described in Material Uncertainty Related to Going Concern section above, in our opinion, may have an adverse effect on the functioning of the Company
 - f) On the basis of the written representations received from the Directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a Director in terms of Section 164(2) of the Act;
 - g) 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 2";
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any managerial remuneration to directors during the year.
 - i) 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) There were no pending litigations which would impact financial position of the Company.
 - (ii) The Company did not have any long term contracts including derivative contracts for which there were any 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, 2021.

For Rajkumar Rathi & Co.
Chartered Accountants
Regn.No.006342C

Vikas Rathi
Partner
Membership No.135597

Place: Mumbai
Date: April 30, 2021
UDIN: 21135597AAAAAM5904

HO: 3/C, Sar Corporate Center, Above Vivek Hospital, Nr. Krishna Petrol Pump, Udhana Main Road, Surat-394210

Branches: Ahmedabad, Kishangarh, Ajmer, Indore, Mandya (Karnataka)



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ANNEXURE “1” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of **Coastal Andhra Power Limited** of even date)

- i)
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The fixed assets have been physically verified by the management during the year and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of its assets.
 - c) According to information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
 - ii) As explained to us, there is no inventory during the year hence clause 3(ii) of the Order is not applicable.
 - iii) According to the information and explanations given, during the year the Company has not granted any loans to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained pursuant to section 189 of the Act. Hence clause 3(iii) of the Order is not applicable.
 - iv) According to the information and explanations given to us, the Company has no loans or investments made hence clause 3(iv) of the Order is not applicable.
 - v) According to information and explanations given to us, the Company has not accepted any deposits from the public.
 - vi) According to the information and explanations given to us, no cost records have been prescribed by the Central Government of India under section 148(1) of the Act.
 - vii)
 - (a) Based on our examination of the books and records, the Company has generally been regular in depositing with appropriate authority undisputed statutory dues including provident fund, income-tax, duty of customs, Goods and service tax, cess and other statutory dues, wherever applicable, during the year. Further no undisputed amounts payable in respect of provident fund, income tax, duty of customs, Goods and service tax, cess and other statutory dues were in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.
 - (b) As per the information and explanations given to us, there are no disputed statutory dues pending to be deposited with the respective authorities by the Company.
 - viii) The Company has not raised any funds from financial institutions or banks or by issue of debentures during the year, hence, question of repayment of dues to them does not arise.
 - ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
 - x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
 - xi) The Company has not paid any managerial remuneration. Hence paragraph 3(xi) of the Order is not applicable.
 - xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
 - xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.
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- xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Rajkumar Rathi & Co.

Chartered Accountants
Regn.No.006342C

Vikas Rathi

Partner
Membership No.135597

Place: Mumbai
Date: April 30, 2021



ANNEXURE 2 TO THE AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **Coastal Andhra Power Limited** ("the Company") of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Coastal Andhra Power Limited** as of March 31, 2021 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

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. 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 Companies Act, 2013.

Auditor's Responsibility

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 and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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. 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's 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 authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of 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



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inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, 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 issued by ICAI.

For Rajkumar Rathi & Co.

Chartered Accountants
Regn.No.006342C

Vikas Rathi

Partner
Membership No.135597

Place: Mumbai
Date: April 30, 2021

Coastal Andhra Power Limited
Balance Sheet as at March 31, 2021

Particulars	Note No.	Rupees In thousands	
		As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	25,22,073	25,35,768
Financial assets			
Loans and Advances	3.2	5,554	5,554
Current assets			
Financial assets:			
Cash and cash equivalents	3.3 (a)	20	168
Other financial assets	3.3 (b)	13,232	12,435
Current tax assets (net)	3.4	54	54
Total		25,40,933	25,53,979
EQUITY AND LIABILITIES			
Equity			
Equity share capital	3.5	60,30,700	60,30,700
Other equity	3.6	(69,43,271)	(65,02,387)
Current liabilities			
Financial liabilities			
Borrowings	3.7 (a)	25,18,186	25,17,976
Other financial liabilities	3.7 (b)	9,35,318	5,07,690
Total		25,40,933	25,53,979
Significant Accounting Policies	2		
Notes to financial statements	1 to 19		

The accompanying notes are an integral part of these financial statements

As per our Report of even date.

For Rajkumar Rathi & Co
Chartered Accountants
Regn. No. 006342C

For and on behalf of the Board of Directors

Vikas Rathi
Partner
Membership No. 135597

Manoj Pongde
Director
DIN: 07728913

Ajit Verma
Director
DIN: 07422834

Phanindra Kumar Nemani
Chief Financial Officer

Place: Mumbai
Date: April 30, 2021

Place: Mumbai
Date: April 30, 2021

Coastal Andhra Power Limited
Statement of Profit and Loss for the year ended March 31, 2021

Particulars	Note No.	Rupees in thousands	
		Year ended March 31, 2021	Year ended March 31, 2020
Revenue			
Other Income	3.8	1,215	1,540
Total Income		1,215	1,540
Expenses			
Finance costs	3.9	4,20,411	3,66,497
Depreciation and amortization expense	3.1	13,695	14,530
Other expenses	3.10	7,711	11,534
Total Expenses		4,41,817	3,92,561
Profit/(Loss) before tax		(4,40,602)	(3,91,021)
Income tax expense			
Current tax		-	-
Income tax for earlier years		282	-
Profit/(Loss) for the year (A)		(4,40,884)	(3,91,021)
Other Comprehensive Income for the year		-	-
Total Comprehensive Income for the year (A+B)		(4,40,884)	(3,91,021)
Earnings per equity share: (Face value of Rs. 10 each)			
Basic and Diluted (Rupees)	9	(0.73)	(0.64)
Significant Accounting Policies	2		
Notes to financial statements	1 to 19		

The accompanying notes are an integral part of these financial statements

As per our Report of even date.

For Rajkumar Rathi & Co
Chartered Accountants
Regn. No. 006342C

For and on behalf of the Board of Directors

Vikas Rathi
Partner
Membership No. 135597

Manoj Pongde
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DIN: 07728913

Ajit Verma
Director
DIN: 07422834

Phanindra Kumar Nemani
Chief Financial Officer

Place: Mumbai
Date: April 30, 2021

Place: Mumbai
Date: April 30, 2021

Coastal Andhra Power Limited
Cash Flow Statement for the year ended March 31, 2021

Rupees in thousands

Particulars	Rupees in thousands	
	Year ended March 31, 2021	Year ended March 31, 2020
(A) Cash flow from / (used in) operating activities		
Profit/(Loss) before tax	(4,40,602)	(3,91,021)
Adjusted for :		
Depreciation and amortisation	13,695	14,530
Finance costs	4,20,411	3,66,497
Provision for doubtful debts	-	4,660
(Gain) / Loss on sale of assets/ Scrap	(1,215)	(1,540)
Operating loss before working capital changes	(7,711)	(6,874)
Change in operating assets and liabilities		
Current liabilities and provisions	4,27,628	3,67,784
Loans and advances & other current assets	(797)	107
	4,26,831	3,67,891
Taxes (Paid)/ refund (net)	(282)	-
Net Cash flow from / (used in) operating activities	4,18,838	3,61,017
(B) Cash flow from / (used in) investing activities		
Sale of Fixed Assets / scrap	1,215	2,206
Net cash from / (used in) investing activities	1,215	2,206
(C) Cash flow from / (used in) financing activities		
Proceeds from Inter-corporate Deposits	210	2,089
Interest and finance charges	(4,20,411)	(3,66,497)
Net cash generated from / (used in) financing activities	(4,20,201)	(3,64,408)
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	(148)	(1,185)
Opening Balance of cash and cash equivalents		
- Balance in current account	168	1,353
Closing balance of cash and cash equivalents		
- Balance in current account	20	168

Note:

The accompanying notes are an integral part of these financial statements

The Cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) "Statement of Cash Flows"

As per our Report of even date.

For Rajkumar Rathi & Co
Chartered Accountants
Regn. No. 006342C

For and on behalf of the Board of Directors

Vikas Rathi
Partner
Membership No. 135597

Manoj Pongde
Director
DIN: 07728913

Ajit Verma
Director
DIN: 07422834

Phanindra Kumar Nemani
Chief Financial Officer

Place: Mumbai
Date: April 30, 2021

Place: Mumbai
Date: April 30, 2021

Coastal Andhra Power Limited
Statement of changes in Equity for the year ended March 31, 2021

Particulars	Rupees in Thousands	
	Amount	
Balance as at April 1, 2019	60,30,700	
Changes in equity share capital	-	
Balance as at March 31, 2020	60,30,700	
Changes in equity share capital	-	
Balance as at March 31, 2021	60,30,700	

Particulars	Rupees in Thousands		
	Instruments entirely equity in nature		Total
	Securities Premium Account	Retained Earnings	
Balance as at April 1, 2019	20,49,300	(81,60,666)	(61,11,366)
Profit/(Loss) for the year	-	(3,91,021)	(3,91,021)
Other Comprehensive Income for the year	-	-	-
Total Comprehensive Income for the year	-	(3,91,021)	(3,91,021)
Balance as at March 31, 2020	20,49,300	(85,51,687)	(65,02,387)
Profit/(Loss) for the year	-	(4,40,884)	(4,40,884)
Other Comprehensive Income for the year	-	-	-
Total Comprehensive Income for the year	-	(4,40,884)	(4,40,884)
Balance as at March 31, 2021	20,49,300	(89,92,571)	(69,43,271)

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

As per our Report of even date

For Rajkumar Rathi & Co
Chartered Accountants
Regn. No. 006342C

For and on behalf of the Board of Directors

Vikas Rathi
Partner
Membership No. 135597

Manoj Pongde
Director
DIN: 07728913

Ajit Verma
Director
DIN: 07422834

Phanindra Kumar Nemani
Chief Financial Officer

Place: Mumbai
Date: April 30, 2021

Place: Mumbai
Date: April 30, 2021

Coastal Andhra Power Limited
Notes to the financial statements for the year ended March 31, 2021

1) General information

Coastal Andhra Power Limited is a wholly owned subsidiary of Reliance Power Limited. The Company has been set up as a special purpose vehicle for executing the 3,960 MW (6 Units x 660 MW) imported coal-based Krishnapatnam power project in Nellore District of Andhra Pradesh. After commissioning, the power generated by the Company will be sold to procurers from the states of Andhra Pradesh, Maharashtra, Karnataka and Tamil Nadu. Refer note 4 of the financial statements. The registered address of the company is Reliance Centre, Ground Floor, 19, Walchand Hirachand Marg, Ballard Estate Mumbai Mumbai City MH 400001.

These financial statements are authorised for issue by the Board of Directors on April 30, 2021.

2) Significant Accounting Policies:

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 Indian Accounting Standards

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 (as amended) and relevant provisions of the Companies Act, 2013 ("the Act"). The policies set out below have been consistently applied during the year presented.

Historical cost convention

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

- i. 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", with separate reporting of assets held for sale and liabilities. 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.

(b) Foreign currency translation:

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 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 on 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) 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.

(c) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost which includes capitalised borrowing cost, less depreciation and impairment loss, if any. Historical 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 is provided to the extent of depreciable amount on Straight Line Method (SLM) based on useful life of the assets as prescribed in Part C of Schedule II to the Companies Act, 2013.

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".

Amortization method and periods

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

Computer software is amortized over an estimated useful life of 3 years.

(e) 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.

(f) Impairment of non-financial assets

Assets which are subject to depreciation or amortization 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 that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(g) 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.

(h) 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.

Investments and other financial assets

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 amortized cost.

The classification depends on the entity'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. For investments in debt instruments, this will depend on the business model in which the investment is held.

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:

Amortized 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 amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

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.

iv. Derecognition of financial assets

A financial asset is derecognised only when:

- i. the rights to receive cash flows from the asset have expired, or
- ii. the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows to one or more recipient

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.

(i) Contributed equity:

Equity 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.

(j) 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 borrowings, dues to holding company and creditors for capital expenditure.

iii. **Subsequent measurement**

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

Borrowings: Borrowings are subsequently carried at amortized 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.

iv. **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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.

(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. 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) **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 and 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 INR 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

Provident fund

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.

(m) 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. 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, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 substantially 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. 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.

(n) 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.

(o) Cash flow statement

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

2.2 Critical accounting estimates and judgements

Preparing the consolidated 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) 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 employments 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.

(b) Provisions

Estimates of the amounts of provisions recognised are based on current legal and constructive requirements, technology and price levels. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

(c) Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID 19):

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues, goodwill and intangible assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company financial statements may differ from that estimated as at the date of approval of these financial statements.

3.1 Property, Plant and Equipment

Particulars	Freehold land ¹	Buildings	Plant & equipment	Furniture & fixtures	Motor Vehicles	Office equipment	Computers	Rupees in thousands	
									Total
Gross carrying amount									
Balance as at April 1, 2019	23,42,480	1,38,633	1,24,277	10,888	1,033	130	472		26,17,913
Additions during the year	-	-	-	-	-	-	-	-	-
Deduction during the year	-	-	1,010	-	372	-	-	-	1,382
Balance as at March 31, 2020	23,42,480	1,38,633	1,23,267	10,888	661	130	472		26,16,531
Accumulated depreciation									
Balance as at April 1, 2019	-	9,428	51,027	5,263	875	82	273		66,948
For the year	-	2,357	12,078	91	-	4	-		14,530
Deduction during the year	-	-	383	-	332	-	-		715
Balance as at March 31, 2020	-	11,785	62,722	5,354	543	86	273		80,763
Gross carrying amount									
Balance as at April 1, 2020	23,42,480	1,38,633	1,23,267	10,888	661	130	472		26,16,531
Additions during the year	-	-	-	-	-	-	-		-
Deduction during the year	-	-	-	-	-	-	-		-
Balance as at March 31, 2021	23,42,480	1,38,633	1,23,267	10,888	661	130	472		26,16,531
Accumulated depreciation									
Balance as at April 1, 2020	-	11,785	62,722	5,354	543	86	273		80,763
For the year	-	2,358	11,293	40	-	4	-		13,695
Deduction during the year	-	-	-	-	-	-	-		-
Balance as at March 31, 2021	-	14,143	74,015	5,394	543	90	273		94,458
Net carrying amount									
Balance as at March 31, 2020	23,42,480	1,26,848	60,545	5,534	118	44	199		25,35,768
Balance as at March 31, 2021	23,42,480	1,24,490	49,252	5,494	118	40	199		25,22,073

Note:

1) Freehold land includes Land of 490.66 (March 31, 2020: 490.66) acres amounting Rs. 290,925 thousands (March 31, 2020: Rs. 290,925 thousands) which has been capitalised on the basis of advance possession received from the regulatory authorities. However, this is pending registration of title deed in favour of the Company.

Coastal Andhra Power Limited

Notes to the financial statements for the year ended March 31, 2021 (Continued)

	Rupees in thousands	
	As at March 31, 2021	As at March 31, 2020
3.2 Loans		
(Unsecured and considered good)		
Security deposits	5,554	5,554
	<u>5,554</u>	<u>5,554</u>
3.3 Current financial assets		
3.3 (a) Cash and cash equivalents		
Balance with banks: in current account	20	168
	<u>20</u>	<u>168</u>
3.3 (b) Other current financial assets		
(Unsecured and considered good)		
Advance recoverable in cash or in kind	13,232	12,435
Others	-	4,661
Less : Provision for doubtful debts	-	(4,661)
	<u>13,232</u>	<u>12,435</u>
3.4 Current tax assets (net)		
Current tax assets	54	54
	<u>54</u>	<u>54</u>

Coastal Andhra Power Limited

Notes to the financial statements for the year ended March 31, 2021 (Continued)

	Rupees In thousands	
	As at March 31, 2021	As at March 31, 2020
3.5 Share capital		
Authorised		
5,000,000,000 (March 31, 2020 5,000,000,000) equity shares of Rs. 10 each	500,00,000	500,00,000
10,000,000,000 (March 31, 2020 10,000,000,000) preference shares of Re. 1 each	100,00,000	100,00,000
	600,00,000	600,00,000
Issued, subscribed and paid up		
603,070,000 (March 31, 2020: 603,070,000) equity shares of Rs. 10 each fully paid up	60,30,700	60,30,700
	60,30,700	60,30,700
3.5.1 Reconciliation of number of equity shares at the beginning and end of the year		
Equity shares		
Balance at the beginning of the year	60,30,700	60,30,700
603,070,000 (March 31, 2020: 603,070,000) equity shares of Rs. 10 each fully paid up		
Add: Shares issued during the year	-	-
Nil (March 31, 2020: Nil) equity shares of Rs. 10 each fully paid up		
Balance at the end of the year	60,30,700	60,30,700
603,070,000 (March 31, 2020: 603,070,000) equity shares of Rs. 10 each fully paid up		

3.5.2 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.

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

	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	Percentage of share holding	No. of Shares	Percentage of share holding
Equity shares				
Reliance Power Limited*	6030,70,000	100%	6030,70,000	100%
(* Out of shares held, 7 shares (March 31, 2020: 7 shares) are jointly held by Reliance Power Limited and its nominees)				
	6030,70,000	100%	6030,70,000	100%

3.5.4 Shares held by Holding Company

	As at March 31, 2021	As at March 31, 2020
Equity Shares		
Reliance Power Limited - 603,070,000 (March 31, 2020: 603,070,000) equity shares of Rs. 10 each fully paid up	603,07,000	603,07,000
(Out of the above, 7 shares (March 31, 2020: 7 shares) are jointly held by Reliance Power Limited and its nominees)		
	603,07,000	603,07,000

Coastal Andhra Power Limited

Notes to the financial statements for the year ended March 31, 2021 (Continued)

	Rupees in thousands	
	As at March 31, 2021	As at March 31, 2020
3.6 Other equity		
Balance at the end of the year		
3.6.1 Securities premium account	20,49,300	20,49,300
3.6.2 Retained earnings	(89,92,571)	(85,51,687)
	<u>(69,43,271)</u>	<u>(65,02,387)</u>
3.6.1 Securities premium account		
Balance at the beginning of the year	20,49,300	20,49,300
Add: Premium on conversion of ICD	-	-
Balance at the end of the year	<u>20,49,300</u>	<u>20,49,300</u>
3.6.2 Retained earnings		
Balance at the beginning of the year	(85,51,687)	(81,60,666)
Profit/(Loss) for the year	(4,40,884)	(3,91,021)
Balance at the end of the year	<u>(89,92,571)</u>	<u>(85,51,687)</u>
	<u>(69,43,271)</u>	<u>(65,02,387)</u>

Nature and purpose of other reserves:

Securities premium account

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

3.7 Current financial liabilities

3.7 (a) Current borrowings

(Interest free and repayable on demand)

Inter-corporate deposits from holding company
(refer note 7)

25,17,896 25,17,976

Inter-corporate deposits from related party

290 -

25,18,186 25,17,976

3.7 (b) Other current financial liabilities

Creditors for capital expenditure

65,268 65,267

Retention money payable

1,870 1,870

Other payables (Including statutory dues)

8,68,180 4,40,553

9,35,318 5,07,690

Coastal Andhra Power Limited

Notes to the financial statements for the year ended March 31, 2021 (Continued)

	Year ended March 31, 2021	Rupees in thousands Year ended March 31, 2020
3.8 Other income		
Profit on sale of scrap	1,215	918
Profit on sale of assets	-	622
	<u>1,215</u>	<u>1,540</u>
3.9 Finance cost		
Other finance charges	4,20,411	3,66,497
	<u>4,20,411</u>	<u>3,66,497</u>
3.10 General, administration and other expenses		
Repairs and maintenance		
- Others	-	76
Legal and professional charges	973	397
Rates and taxes	4	39
Provision for doubtful debts	-	4,661
Security Expense	6,734	6,265
Advertisement Expens	-	96
	<u>7,711</u>	<u>11,534</u>

4) Project Status:

CAPL was incorporated to develop an imported coal-based Ultra Mega Power Project (UMPP) of 3,960 MW capacity located in Krishnapatnam, District Nellore, in the State of Andhra Pradesh.

The project was awarded to Reliance Power Limited (RPL) through international tariff-based competitive bidding process managed by Power Finance Corporation (PFC), the nodal agency appointed by Ministry of Power. PFC was required to set up special purpose vehicles for each UMPP and to undertake initial development of UMPPs in terms of land acquisition and key clearances and thereafter select a developer for development, financing, construction and operation of the UMPP. On emerging successful, 100% ownership of CAPL was transferred by PFC to RPL pursuant to execution of a Share Purchase Agreement (SPA); thereafter RPL became the Parent Company of CAPL.

CAPL had entered into a firm price fuel supply agreement which envisaged supply of coal from Indonesia with RCRPL, a wholly owned subsidiary of the Parent Company. The Government of Indonesia introduced a new regulation in September, 2010 which prohibited sale of coal, including sale to affiliate companies, at below Benchmark Price which is linked to international coal prices and required adjustment of sale price every 12 months. This regulation also mandated to align all existing long-term coal supply contracts with the new regulations within one year i.e. by September, 2011. The new Indonesian regulations led to steep increase in price of coal imported from Indonesia, making the UMPP unviable and as a result CAPL could not draw down already tied-up debt for the project. The said issue was communicated to the power procurers of the UMPP with a view to enter into mutual discussions to arrive at a suitable solution to the satisfaction of all the stakeholders. The impact of new Indonesian regulation, being an industry-wide issue which impacted all imported coal-based projects in the Country, was also taken up with Govt through the Association of Power Producers.

Since no resolution could be arrived, CAPL invoked the dispute resolution provision of the PPA. The procurers also issued a notice for termination of the PPA and raised a demand for liquidated damages of Rs. 40,000 lakhs.

CAPL filed a petition before the Hon'ble High Court at Delhi inter-alia for interim relief under Section 9 of the Arbitration and Conciliation Act, 1996. The single judge of the High Court at Delhi vide order dated July 02, 2012 dismissed the petition and CAPL filed an appeal against the said order before the Division Bench of the High Court at Delhi. The Division Bench dismissed the appeal on January 15, 2019 and consequently the PPA between procurers and CAPL stood terminated. Thereafter, the procurers have encashed the Performance Bank Guarantees of Rs. 30,000 lakhs towards recovery of their liquidated damages claim.

CAPL has now filed a petition before the Central Electricity Regulatory Commission (CERC) for referring the dispute to arbitration and the petition is currently pending adjudication before CERC.

As per the terms of SPA among PFC, RPL and CAPL, on termination of PPA under Article 3.3.3 of PPA, PFC has a right to seek transfer of ownership of CAPL to PFC / entity designated by PFC. Accordingly, RPL has requested PFC to initiate process of transfer of ownership of CAPL and invite a procurers' meeting in that regard to decide on modalities of transfer. As PFC/Procurers are yet to take action on the request of CAPL, R-Power has filed a Writ Petition in DHC for direction to PFC/Procurers to buyback the SPV. Next date of hearing is awaited.

GoAP, citing that the project has not been developed for last 10 years; has issued two land resumption orders dated February 25, 2021 and February 27, 2021. Aggrieved by this, CAPL and RPL have filed a Writ Petition (5058 of 2021) in High Court of Andhra Pradesh at Amaravati praying for setting aside the relevant land resumption orders. The High court vide order dated March 02, 2021 directed both the parties to maintain a "Status Quo". Next date of hearing is awaited.

5) Contingent liabilities and Capital commitment

- (a) Government of Andhra Pradesh has levied a penalty of Rs. 13,695 thousands (March 31, 2020 Rs. 13,695 thousands) at the rate of 50% on account of non-payment of conversion fees of Rs. 27,390 thousands (March 31, 2020 Rs. 27,390 thousands) towards the conversion of agricultural land to non agricultural land. The Company has filed an appeal with the Government of Andhra Pradesh (Revenue Department) for waiver of the above amount.

6) Details of remuneration to auditors:

	Year ended March 31, 2021	Rupees in thousands Year ended March 31, 2020
(a) As auditors		
For statutory audit (excluding taxes)	20	20
For others	-	-
	20	20

Coastal Andhra Power Limited
Notes to the financial statements for the year ended March 31, 2021 (Continued)

7) Related party transactions:

A. Parties where control exists:

Holding Company:
Reliance Power Limited (R Power)

B. Related parties with whom transactions have taken place during the year or previous year:

Fellow subsidiaries:
Reliance Cleangen Limited (RCGL)

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

Particulars	March 31, 2021	Rupees in thousands
		March 31, 2020
Reimbursement of expenses by		
R Power	420,413	366,868
Inter-corporate deposit received		
R Power	-	2,589
RCGL	290	
Inter-corporate deposit refunded		
R Power	80	500

Particulars	March 31, 2021	Rupees in thousands
		March 31, 2020
Closing balance		
Equity share capital (excluding premium)		
R Power	6,030,700	6,030,700
Inter corporate deposits taken		
R Power	2,517,896	2,517,976
RCGL	290	-
Other Payables		
R Power	853,905	433,491

The above disclosures do not include transactions with public utility service providers, viz, electricity, telecommunications in the normal course of business.

8) Disclosure pursuant to para 44 A to 44 E of Ind AS 7 - Statement of cash flows

Particulars	Year ended March 31, 2021	Rupees in thousands
		Year ended March 31, 2020
Short term Borrowings		
Opening Balance	2,517,976	2,515,887
Availed during the year	290	2,589
Repaid During the year	80	500
Closing Balance	2,518,186	2,517,976
Interest Expenses		
Interest/ Finance Charge as per Statement Profit & Loss	420,411	366,497
Total	420,411	366,497

Coastal Andhra Power Limited
Notes to the financial statements for the year ended March 31, 2021 (Continued)

9) Earnings per share:

Particulars	Rupees in thousands	
	Year ended March 31, 2021	Year ended March 31, 2020
Profit/(Loss) available to equity shareholders		
Profit/(Loss) after tax (A)	(440,884)	(391,021)
Number of equity shares		
Weighted average number of equity shares outstanding (Basic) (B)	603,070,000	603,070,000
Basic and diluted earnings per share (A / B) (Rs.)	(0.73)	(0.65)
Nominal value of an equity share (Rs.)	10.00	10.00

10) Income taxes

Particulars	Rupees in thousands	
	March 31, 2021	March 31, 2020
a) Income tax recognised in Statement of Profit and Loss :		
Current Tax	-	-
Income Tax for earlier year	282	-
Total	282	-

Particulars	Rupees in thousands	
	March 31, 2021	March 31, 2020
b) The reconciliation of tax expense and the accounting profit multiplied by tax rate :		
Profit/(Loss) before tax	(440,602)	(391,021)
Tax at the Indian tax rate of 26% (2019-20: 26%)	(114,557)	(101,665)
Tax losses for which no deferred tax was recognised	114,557	101,665

Particulars	Rupees in thousands	
	March 31, 2021	March 31, 2020
c) The reconciliation of tax expense and the accounting profit multiplied by tax rate :		
Opening Balance	54	54
Add: Current tax payable for the year	-	-
Income Tax for earlier year	-	-
Less: Tax Paid	-	-
Closing balance	54	54

11) Fair value measurements

(a) Financial instruments by category

The Company does not have any financial assets or liabilities which are measured at FVTPL or FVOCI. Financial assets and liabilities which are measured at amortized cost are as follows:

	Rupees in thousands	
	March 31, 2021	March 31, 2020
Financial assets		
Security deposits	5,554	5,554
Cash and cash equivalents	20	168
Advances recoverable in cash or kind	13,232	12,435
Total financial assets	18,806	18,157
Financial liabilities		
Borrowings	2,518,186	2,517,976
Creditors for capital expenditure	65,268	65,267
Retention money payable	1,870	1,870
Other payables	868,179	440,553
Total financial liabilities	3,453,503	3,025,666

(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 amortized 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. The Company does not have any financial assets and financial liabilities which are measured at fair value on each reporting date.

Assets and liabilities which are measured at amortized cost for which fair values are disclosed as at March 31, 2021	Level 1	Level 2	Rupees in thousands	
			Level 3	Total
Financial assets				
Security deposits	-	-	5,554	5,554
Total financial assets	-	-	5,554	5,554

Assets and liabilities which are measured at amortized cost for which fair values are disclosed as at March 31, 2020	Level 1	Level 2	Rupees in thousands	
			Level 3	Total
Financial assets				
Security deposits	-	-	5,554	5,554
Total financial assets	-	-	5,554	5,554

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

	March 31, 2021		Rupees in thousands March 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Security deposits	5,554	5,554	5,554	5,554
Total financial assets	5,554	5,554	5,554	5,554

(d) Valuation technique used to determine fair values

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 security deposits and borrowings has been considered same as carrying value since there have not been any material changes in the prevailing interest rates. Impact on account of changes in interest rates, if any has been considered immaterial.

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.

12) Financial risk management

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

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, financial assets measured at amortized cost.	Aging analysis	Diversification of bank deposits, letters of credit
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

(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 and financial assets carried at amortised cost

Credit risk management

Credit risk is managed at company level depending on the policy surrounding credit risk management. For banks and financial institutions, only high rated banks/institutions are accepted. Generally all policies surrounding credit risk have been managed at company level.

(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.

Management monitors rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

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, 2021	Rupees in thousands			Total
	Less than 1 year	Between 1 year and 5 years	More than 5 years	
Financial liabilities				
Borrowings	2,518,186	-	-	2,518,186
Creditors for capital expenditure	65,268	-	-	65,268
Retention money payable	1,870	-	-	1,870
Other payables	868,179	-	-	868,179
Total financial liabilities	3,453,503	-	-	3,453,503

March 31, 2020	Rupees in thousands			Total
	Less than 1 year	Between 1 year and 5 years	More than 5 years	
Financial liabilities				
Borrowings	2,517,976	-	-	2,517,976
Creditors for capital expenditure	65,267	-	-	65,267
Retention money payable	1,870	-	-	1,870
Other payables	440,553	-	-	440,553
Total financial liabilities	3,025,666	-	-	3,025,666

13) Capital Management

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 and gross debt on a periodic basis. Equity comprises all components of equity. Debt includes term loan and short term loans. The following table summarizes the capital of the Company:

	Rupees in thousands	
	March 31, 2021	March 31, 2020
Equity	(912,571)	(471,687)
Debt	2,518,186	2,517,976
Total	1,605,615	2,046,289

14) Segment reporting

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.

15) Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

Disclosure of amounts 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.

16) The Company has accumulated loss which has resulted into erosion of the Company's net worth. The management feels that this erosion is temporary in nature and the Company's future business plans and prospects will help the Company to turn around in future. The promoter of the Company has assured to infuse the funds as and when required, hence the Company has prepared its Financial Statements on going concern basis.

17) "The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. The Indian Government has taken various measures to contain the spread of virus including a strict lockdown, which was further extended across the country. 'Power generation and transmission units' is on the list of essential services. The COVID-19 outbreak has contributed to a decrease in global and local economic activities including power consumption. The extent to which the COVID-19 pandemic will impact the Company's results will depend on future developments, which are uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by the Company."

18) There are no loans given, investments made, guarantee given and security provided by the Company covered U/s 186(4) of the Companies Act, 2013.

Coastal Andhra Power Limited
Notes to the financial statements for the year ended March 31, 2021 (Continued)

19) Previous year figures have been regrouped/ rearranged wherever necessary to confirm to the current year classification.

As per our Report of even date.

For Rajkumar Rathi & Co
Chartered Accountants
Regn. No. 006342C

Vikas Rathi
Partner
Membership No. 135597

Place: Mumbai
Date: April 30, 2021

For and on behalf of Board of Directors

Manoj Pongde
Director
DIN: 07728913

Ajit Verma
Director
DIN: 07422834

Phanindra Kumar Nemani
Chief Financial Officer

Place: Mumbai
Date: April 30, 2021