

# ***Shridhar & Associates***

## ***Chartered Accountants***

### **INDEPENDENT AUDITORS' REPORT**

**To the Members of SAMALKOT POWER LIMITED**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the financial statements of **SAMALKOT POWER LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2024, and the Statement of Profit and Loss (including other comprehensive income), Statement of Cash Flows and Statement of Changes in Equity for the year then ended, and Notes to the Financial Statements, including a summary of the significant accounting policies and other explanatory information ("hereinafter referred to as 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 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and profit/loss and other comprehensive income, cash flows and its changes in equity for the year ended on that date.

##### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. Following are the brief summary of Key Audit Matter.

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### Description of Key Audit Matter

Sr. No.	The key audit matter	How the matter was addressed in our audit
1	<p><b><u>Impairment of Assets.</u></b></p> <p>Reference Note No 3.2 and 4. The Company has made an impairment assessment for the two modules and based on valuation report by an independent valuer, the company has recorded an impairment provision of Rs 107,072 Lakh.</p> <p>The same impairment assessment involved significant judgement with regards to negotiation discount to the quoted price, time it would take to identify the customer and the discount rate as management is still in process of finalise customer/alternative.</p> <p>The management intends to periodically review the assessment based on the updated facts. As the amount of impairment provision is significant to the financial statements, the same has been disclosed as "Exceptional item" in the Statement of Profit and Loss.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area among others to obtain sufficient appropriate evidence.</p> <ul style="list-style-type: none"><li>• Discussions with the management on the determination of the value of capital work in progress of Module 2 &amp; 3, its generation of power, terminal value and exchange rate which requires significant management judgement.</li><li>• Involved independent valuation specialist to assist in evaluating the appropriateness of the valuation model used.</li><li>• Based on the power industry review, technology used by the existing plant of the company, its location, market conditions and the various options considered by the valuer, the assumptions is the fair value method for valuation.</li></ul>
2	<p>Reference Note No:3.9. The Company has incurred a net loss of Rs.111,598 lakhs during the year ended March 31, 2024 and accumulated loss of Rs.512,249 Lakhs.</p> <p>We also draw attention to note 4 to the financial statements regarding project status. We draw attention to the fact that after impairment of Module 2 &amp; 3 to match the market value the realization proceeds from sale of same as and when it happens in future.</p> <p>This indicates that the Company may not meet future installments and other obligations through its own cash flows.</p>	<p>Our audit procedures included the following: -</p> <ul style="list-style-type: none"><li>• The holding company Reliance Power Ltd has given a letter of comfort that they will provide financial support to enable the company to meet its liabilities as and when they fall due to meet its obligations.</li></ul>

3	<p><b>Project Status Reference Note 4</b></p> <p>The management had planned to set up a gas-based power plant consisting of 3 modules of 754 MW each at Samalkot (Andhra Pradesh), with gas being sourced from KG-D6 basin. After making significant progress in the construction of the said plant, the Company stopped further construction of the plant due to severe domestic gas shortage and non-availability of long-term domestic gas linkage.</p> <p>Out of the three modules, one module has been moved to Bangladesh. Reliance Power Limited, the ultimate holding company, had entered into a Memorandum of Understanding (MOU) with Bangladesh Power Development Board (BPDB) in June 2015 for developing a gas-based project of 3000 MW capacity in a phased manner. Pursuant to the above, Reliance Bangladesh LNG and Power Limited (RBLPL), has concluded a long-term power purchase agreement (PPA) for supply of 718 MW (net) power from a combined cycle gas-based power plant to be set up at Meghnaghat near Dhaka in Bangladesh as Phase-1 project. RBLPL has signed all the project agreements (Power Purchase Agreement, Implementation Agreement, Land Lease Agreement and Gas Supply Agreement) with Government of Bangladesh authorities on 1 September 2019, and also inducted a strategic partner JERA Power International (Netherlands) - a subsidiary of JERA Co. Inc. (Japan) to invest 49% equity in RBLPL on 2 Sept., 2019. Samsung C&amp;T (South Korea) has been appointed as the EPC contractor for the Bangladesh project. Samalkot Power Ltd. has signed an Equipment Supply Contract (ESC) with Samsung C&amp;T (South Korea) on 11 March, 2020 to sell one module of equipment for the Phase-1 project in Bangladesh and the same was amended between the Parties and approved by US Exim Bank vide a Side Letter dated 3 December, 2020. All the project lenders including ADB, JBIC and NEXI have approved the financing of the project and financing agreements were signed in July 2020. All the conditions for achieving financial closure were satisfied and Financial Closure achieved and NTP issued by Samsung on 2 Feb., 2021.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>• Financial closure for sale of Module 1 achieved and NTP issued by Samsung on 2<sup>nd</sup> February 2021</li><li>• All the equipment to be supplied by Samalkot Power under the ESC was shipped by November 2021.</li><li>• Ensured proper disclosure as per Note 4 in the Financial Statements.</li><li>• Module 2 and Module 3 under sale process</li><li>• Refer to Note 3.2 (CWIP) and Note 4 (Project status) Impairment of Rs 1,07,072 lakhs done to Module 2 &amp; 3 held as Capital work in progress in the financial year 2023-24 as per valuation report dated 11<sup>th</sup> April 2024 from M/S Kakode Associates consortium Pvt Ltd.</li></ul>
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	<p>Customs authorities have approved the export of equipment by Samalkot Power and first consignment was exported on 3 March, 2021. All the equipment to be supplied by Samalkot Power under the ESC was shipped by November 2021.</p> <p>The Company has already realized the proceeds from sale of one Module and these have been used to repay a major portion of the outstanding US Exim loan.</p> <p>For balance two modules, the Company is evaluating various alternatives including setting up next phase of the project in Bangladesh based on the MOU referred above or selling it to other third parties.</p> <p>Considering the above facts, including the active discussions with the lenders to revise terms of the agreement and financial assistance from the parent company, Reliance Power Limited, the Company's financial statements have been prepared on a going concern assumption.</p>	
4	<p><b><u>Default in repayment of outstanding dues to Lenders</u></b></p> <p>Reference Note No:3.11.2 and 5 The Company has availed long term financing facility from Exports-Import Bank of The United States (US Exim). During the period ended March 31, 2024, the Company was liable to pay Rs. 10,655 Lakhs towards the interest and the said amount has remained unpaid as overdue as at the period end. As per the terms of agreement with the lenders, the Company is liable to pay penal interest till the balances overdue are paid.</p> <p>As per the revised term sheet signed on June 28 2019, between US Exim and Samalkot Power Limited (SPL) in which it is mentioned that 50% of the surplus from the sale of unit 2 &amp; 3 of SPL after meeting its Exim Bank Loan dues will be utilised to meet the mandatory prepayment of the lenders of the Dhursar Solar Power Private Limited and Rajasthan Sun Technique Energy Private Limited.</p> <p>Thereafter US Exim rescheduled the instalments due vide three subsequent amendments on June 18,2021,May31,2022 and June 1,2023 resulting in USD 231.31 mill to be paid</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>• Amended and restated credit agreement dated June 28,2019</li><li>• "Amendment No 1" dated June 18,2021 of the amended and restated credit agreement dated June 28,2019</li><li>• "Amendment No 2" dated May 31,2022 and restated credit agreement dated June28,2019</li><li>• "Amendment No 3" dated June 1,2023 of the amended and restated agreement dated June 28,2019</li><li>• Interest working as per Ind As 109</li><li>• Ensured proper disclosure in the Financial Statements.</li></ul>

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	on June 30,2024.	
5	<p><b><u>Contingent Liabilities</u></b></p> <p>We refer to Note No 7 and Note No 21 regards dispute with the Income tax authorities for AY 2014-15 and 2015-16.</p> <p>There is a CERC claim of Rs 1170 Lakhs vide order dated 6<sup>th</sup> April 2015 appeal against which is pending before the Appellate Tribunal of Electricity (APTEL).</p> <p>Note 21 Custom duty has notice has been received on import of plant and equipment and the company has filed an appeal before the Honorable supreme court claiming the benefit of mega Power project.</p>	<p>Our Audit procedure includes</p> <ul style="list-style-type: none"><li>• The company has shared the documents and the appeal result is awaited</li><li>• CERC status final is awaited.</li><li>• Disclosure made in financial under contingent liability.</li><li>• The matter is before the Honorable Supreme court and company has filed interim application on 10<sup>th</sup> March 2019.Hearing awaited.</li></ul>

### Information Other than the Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' 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 in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

### Responsibility of Management and those charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these Interim Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with IAS 34 as issued by the IASB. The respective Boards of Directors/Trustees of the entities included in the Group are responsible for maintenance of the adequate accounting records for safeguarding assets of the Group 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

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respective interim financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the Interim Consolidated Financial Statements by the Directors of the Company, as aforesaid.

In preparing the Interim Consolidated Financial Statements, the respective Boards of Directors/Trustees of the entities included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intend to liquidate their respective entities or to cease operations, or have no realistic alternative but to do so.

The Company's 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 control 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 with reference to financial statements 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 Company's ability 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.

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- 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 standalone financial statements may be influenced. We consider quantitative materiality and qualitative 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) 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 (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

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- e) The matter described in the material uncertainty related to going concern section above, in our opinion, may have an adverse impact on the functioning of the company
  - f) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' 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 vide its Note No 7 and Note No 21 disclosed the impact of pending litigations as at March 31, 2024 on its financial position in its financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no amount, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. (a) The management has represented to us that, to the best of it's knowledge and belief no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the ultimate beneficiaries,
  - (b) The management has represented to us that, to the best of it's knowledge and belief no funds have been received by the company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise that the company shall whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf, of the Ultimate Beneficiaries, and



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(c) Based on our audit procedure that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement,

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

The remuneration paid to any director is nil hence any excess of the limit laid down under Section 197 of the Act is not applicable. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

v. The company has not declared or paid any dividend during the year.

vi. Based on our examination which included test checks, the Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

**For Shridhar & Associates**

Chartered Accountants

(Firm's Registration No.134427W)

— Jitendra Sawjany

Partner

(Membership No.050980)

Date: 23rd April 2024

Place: Mumbai

UDIN: 24050980BKFRVM5782

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

**Referred to in our Auditors' Report of even date to the members of SAMALKOT POWER LIMITED on the financial statements for the year ended March 31, 2024**

- (i) In respect of the company's property, plant and equipment, right of use of assets and intangible assets
- (a) A. based on the records examined by us and information and explanation given to us, the company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant & Equipment
- B. The company does not have any intangible assets.
- (b) The Property, Plant & Equipment of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) The title deeds of immovable properties, as disclosed in Note 3.1 on Property, plant and Equipment to the financial statements, are held in the name of the Company except as given below:-

#### **Title deeds of Immovable property not held in the name of the company**

Sr. No.	Description of property	Area in Acres	Gross carrying value (Rs.in lakh)	Title deeds in the name of	Whether title deeds is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since date (Financial Year)	Reason for not being held in the name of the Company
1	Freehold land	49.75	2,208.65	Andhra Pradesh Industrial Infrastructure Corporation Ltd	No	2011-12	Sale of Agreement entered with APIIC on 2.05.2011. Registration shall be done upon commercial generation of the plant.

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2	Freehold land	1.22	54.15	Manyam Suryanarayana Murthy	No	2016-17	Sale deed executed with seller, The registrar objected for registration stating that the lands are belongs to APIIC. The Seller went to High Court and the matter is pending
3	Freehold land	1	44.39	Manyam Krishna Chaitanya	No	2016-17	Sale deed executed with seller, the registrar objected for registration stating that the lands are belongs to APIIC. The Seller went to High Court and the matter is pending
		51.97	2,307.19				

- (d) Based on the records examined by us and information and explanation given to us ,the company has revalued its capital work in progress and done impairment as per the valuation report and not property plant and equipment (including right of use of assets) during the year.
- (e) According to the information and explanation and representation given to us , the company does not have any proceedings initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act1988(as amended in 2016) and rules made thereunder,
- (ii) (a)Based on the information and explanation given to us 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.
- (b)Based on the information and explanation given to us the company does not have any working capital limits in excess of Rs 5 Crores, in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause (ii)(b) of the order is not applicable.

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- (iii) (a)Based on the records examined by us and the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to any company, firm, limited liability partnerships or other party covered in the register maintained under Section 189 of the Act.

(A)In our opinion no loans have been granted during the year hence clause (iii)(A) is not applicable

(B) In our opinion there is no outstanding at the Balance sheet date hence clause(iii)(B) is not applicable.

(b)There are no investments made or guarantees provided hence the clause (iii)(b) is not applicable.

(c)There is no loan and advances given hence the clause (iii) (c) is not applicable.

(d) There is no loans or advances given hence clause (iii) (d) is not applicable.

(e) There is no loans or advances given hence clause (iii) (e) is not applicable

(f) There is no loans or advances given hence clause (iii) (f) is not applicable

- (iv) Based on the information and explanations given to us, since no loans, investments, guarantees and securities have been given the clause relating to provisions of Section 185 and 186 of the Act, to the extent applicable are not applicable.

- (v) Based on the information and explanations given to us the Company has not accepted any deposits from the public within the meaning the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder. hence reporting under clause 3(v) of the order is not applicable. According to the information and explanation.no order has been passed by the company law Board or the National Company law Tribunal or the Reserve bank of India or any court or any other tribunal

- (vi) According to the information and explanations given to us, provisions relating to maintenance of cost records as prescribed under sub section (1) of section 148 of the act, are not applicable to the company.

- (vii) (a)According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, duty of customs, cess and other material statutory dues as applicable.

(b) According to the information and explanations given to us, there are no undisputed dues in respect of provident fund, employees' state insurance, income tax, except duty of customs as mentioned in Note No 7(b)and Note No 21 for which Company has filed an interim application before Honorable supreme court on 10<sup>th</sup> March 2019 , goods and services tax and cess as at March 31, 2024 which were outstanding for a period of more than six months from the date they became payable, except for the following dues:

- (c) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, as at March 31, 2024 which have not been deposited on account of a dispute, are as follows:

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Name of the statute	Nature of dues	Amount (Rs. Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income tax dues	292.67	2015-16	Commissioner of Income Tax, Mumbai

- (viii) According to the information and explanations given to us and based on examination of the records of the Company, no income has been surrendered or disclosed as income during the year.
- (ix) (a) According to the information and explanations given to us and based on examination of the records of the Company, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or dues to debenture holders except for the following instances of defaults in repayment of principal and interest amount. The Company did not have any loans or borrowings from government during the year.

Name of the lenders	Amount of defaults as at March 31, 2024 (USD)	Amount of USD Interest	Amount in INR Lakh	Due Date
US Exim* principal amount due to restructuring of the loan ref Note No 5.	NIL	127,80,132	10,655	30.09.2021

- (b) The Company is not declared a willful defaulter by any Bank or Financial Institution or other lender.
- (c) The Company did not raise any money by way of initial public offer or further public Offer (including debt instruments) and in our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were raised.
- (d) As explained to us no funds were raised on short term basis have been utilized for long term purposes.
- (e) As explained to us the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) As explained to us the company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- (x) (a) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and hence reporting under clause x (a) of paragraph 3 of the order is not applicable to the company.

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(b) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence the provisions of clause 3(xiv) of the Order are not applicable to the Company

- (xi) (a) Based on the audit procedures performed by us and according to the information and explanations given to us, in respect of whom we are unable to comment on any potential implications for the reasons described therein, no fraud by the Company or fraud on the Company by its officers and employees has been noticed or reported during the course of our audit.

(b) According to the information given to us no report under sub section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

(c) As represented to us by the management there are no complains as per the Whistle blower policy during the year (and up to the date of this report while determining the nature, timing and extent of our audit procedures.

- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and accordingly the provisions of clause 3(xii) of the Order are not applicable.

- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and the details of related party transactions as required by the applicable accounting standards have been disclosed in the financial statements.

- (xiv) (a) based on the information and explanation provided to us and our audit procedures in our opinion, the Company has an adequate internal audit system commensurate with the size and nature of business.

(b) We have considered the internal audit reports for the year under audit, shared by the company during the year and till date, in determining the nature, timing and extent of our audit procedures.

- (xv) According to the information and explanations given to us and based on our examination of the records of the Company in respect of which we are unable to comment on any potential implications for the reasons described therein, the Company has not entered into non-cash transactions with directors or persons connected with them Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.

- (xvi) (a) 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. Accordingly, the provisions of clause 3(xvi) 9 (b) and (c) of the Order are not applicable to the Company.

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- (b) According to the information and explanations given to us there is no core investment company within the group (as defined in the Core Investment Companies (Reserve bank Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the order is not applicable.
- (xvii) According to the information and explanations given to us, the company has incurred cash losses of Rs 4521 Lakhs during the financial year covered by our audit and Rs 5051 lakhs in the immediately preceding financial year 2022-23.
- (xviii) There has not been any resignation of the statutory auditors of the company during the year and accordingly this clause is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, and based on the letter of comfort received from the ultimate holding company Reliance Power Ltd, that they will provide financial support to enable the company to meet its liabilities as and when they fall due to meet its obligations nothing has come to our attention, which causes us to believe that a material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The company is not required to constitute a CSR committee as section 135 is not applicable.
- (xxi) The company is not a holding company and hence reporting under this clause 3(xxi) is not applicable.

**For Shridhar & Associates**  
Chartered Accountants  
(Firm's Registration No.134427W)

Jitendra Satyjiyani  
Partner  
(Membership No.050980)  
UDIN: 24050980BKFRVM5782  
Date: 23<sup>rd</sup> May 2024  
Place: Mumbai

# ***Shridhar & Associates***

## ***Chartered Accountants***

### **Annexure B to the Independent Auditor's Report on the financial statements of SAMALKOT POWER LIMITED for year ended March 31, 2024**

#### **Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**(Referred to in paragraph 2(A)(h) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

We were engaged to audit the internal financial controls with reference to financial statements of SAMALKOT POWER LIMITED as of March 31, 2024 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 Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Controls over Financial Reporting ('Guidance Note') 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 Companies Act, 2013 (hereinafter referred to as "the Act").

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India.

Because of the matter described in the Disclaimer of Opinion section below, we were able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls system with reference to the financial statements of the Company.

#### **Meaning of Internal Financial controls with Reference to Financial Statements**

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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.



# ***Shridhar & Associates***

## ***Chartered Accountants***

### **Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2024, based on the internal control with reference to financial statements 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 ICAI.

**For Shridhar & Associates**  
Chartered Accountants  
(Firm's Registration No.134427W)

Jitendra Sawjany  
Partner  
(Membership No.050980)  
Date: 23<sup>rd</sup> April 2024  
Place: Mumbai  
UDIN: 24050980BKFRVM5782

**Samalkot Power Limited**  
**Balance Sheet as at March 31, 2024**

Particulars	Note No.	Rupees in lakhs	
		As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3.1	4,680	4,686
Capital work-in-progress	3.2	1,25,400	2,28,392
Financial assets			
Other financial assets	3.3	267	267
Non-current tax assets	3.4	507	447
		<u>1,30,854</u>	<u>2,33,792</u>
<b>Current assets</b>			
Financial assets			
Cash and cash equivalents	3.5(a)	766	1,721
Bank balances other than cash and cash equivalents	3.5 (b)	26,098	25,575
Other financial assets	3.5 (c)	1,403	986
Other current assets	3.6	267	444
		<u>28,534</u>	<u>28,727</u>
<b>Total assets</b>		<u><u>1,59,388</u></u>	<u><u>2,62,519</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	3.7	2,561	2,561
Instruments entirely equity in nature	3.8	1,501	1,501
Other equity	3.9	(3,80,618)	(2,69,020)
		<u>(3,76,556)</u>	<u>(2,64,958)</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions	3.10	140	122
		<u>140</u>	<u>122</u>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	3.11(a)	3,25,530	2,32,251
Trade Payables			
(i) Total outstanding due of micro and small enterprises		-	-
(ii) Total outstanding due of other than (i) above		-	-
Other financial liabilities	3.11(b)	2,09,957	2,94,769
Provisions	3.13	74	91
Other current liabilities	3.12	18	19
Current tax liabilities (net)	3.14	225	225
		<u>5,35,804</u>	<u>5,27,355</u>
<b>Total equity and liabilities</b>		<u><u>1,59,388</u></u>	<u><u>2,62,519</u></u>
Significant accounting policies	2		
Notes to financial statements	3 to 25		

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

**Samalkot Power Limited**

As per our attached Report of even date

**For Shridhar & Associates**  
Firm Registration No: 0134427W  
Chartered Accountants

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

**Jitendra Sawjany**  
Partner  
Membership No. 050980

Place: Mumbai  
Date: April 23, 2024

**Sameer Kumar Gupta**  
Director  
DIN 03486281

**Umesh Kumar Agrawal**  
Director  
DIN 02908684

**Tarinicharan Sahu**  
Chief Financial Officer

Place: Mumbai  
Date: April 23, 2024

**Samalkot Power Limited**  
**Statement of Profit and Loss for the year ended March 31, 2024**

Particulars	Note No.	Rupees in lakhs	
		Year ended March 31, 2024	Year ended March 31, 2023
Other Income	3.15	1,903	1,444
<b>Total Income</b>		<b>1,903</b>	<b>1,444</b>
<b>Expenses</b>			
Employee benefits expense	3.16	392	403
Depreciation	3.1	6	6
Finance costs	3.17	4,509	4,454
Other expenses	3.18	1,522	1,638
<b>Total Expenses</b>		<b>6,429</b>	<b>6,501</b>
<b>Profit/ (loss) before provision for exceptional items and tax</b>		<b>(4,527)</b>	<b>(5,057)</b>
Exceptional Items - Impairment of assets		1,07,072	-
<b>Profit/ (loss) before tax</b>		<b>(1,11,598)</b>	<b>(5,057)</b>
<b>Income tax expense</b>			
Current tax	10	-	-
<b>Profit/ (loss) for the year (A)</b>		<b>(1,11,598)</b>	<b>(5,057)</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of net defined benefit plan	9	-	(37)
<b>Total Other Comprehensive income/ (loss) for the period (B)</b>		<b>-</b>	<b>(37)</b>
<b>Total Comprehensive income/ (loss) for the period (A+B)</b>		<b>(1,11,598)</b>	<b>(5,094)</b>
<b>Profit/ (loss) per equity share: (Face value of Rs. 10 each)</b>			
Basic	16	(435.77)	(19.89)
Diluted	16	(435.77)	(19.89)
Significant accounting policies	2		
Notes to financial statements	3 to 25		

The accompanying notes are an integral part of these financial statements

**Samalkot Power Limited**

As per our attached Report of even date

**For Shridhar & Associates**

Firm Registration No: 0134427W

Chartered Accountants

**Jitendra Sawjany**

Partner

Membership No. 050980

Place: Mumbai

Date: April 23, 2024

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

**Sameer Kumar Gupta**

Director

DIN 03486281

**Umesh Kumar Agrawal**

Director

DIN 02908684

**Tarinicharan Sahu**

Chief Financial Officer

Place: Mumbai

Date: April 23, 2024

**Samalkot Power Limited**
**Statement of Cash Flow for the year ended March 31, 2024**

Particulars	Rupees in lakhs	
	Year ended March 31, 2024	Year ended March 31, 2023
<b>(A) Cash flow from/ (used in) Operating activities</b>		
Profit/ (loss) before tax	(1,11,598)	(5,056)
Adjusted for:		
Depreciation	6	5
Interest expenses and other finance charges	4,509	4,454
Interest income	(1,903)	(1,439)
Loss on impairment of CWIP	1,07,072	-
Loss due to theft	-	33
Operating Profit/ (loss) before working capital changes	(1,914)	(2,003)
Adjustment for:		
Increase/ (Decrease) in other current financial liabilities	(123)	4
Increase/ (Decrease) in other current liabilities	(1)	5
Decrease/ (Increase) in other non-current financial assets	-	41
(Increase)/Decrease in other current financial assets	(112)	30
Decrease/ (Increase) in other current assets	178	23
Increase/ (Decrease) in provisions	2	32
Taxes paid	(60)	(152)
<b>Net cash used in Operating activities (A)</b>	<b>(2,030)</b>	<b>(2,020)</b>
<b>(B) Cash flow from/ (used in) Investing activities</b>		
(Increase) / decrease in other bank balances	(522)	1,541
Interest received	1,598	1,240
Insurance claim received		39
<b>Net cash from/ (used in) investing activities (B)</b>	<b>1,076</b>	<b>2,820</b>
<b>(C) Cash flow from/ (used in) Financing activities</b>		
Interest and finance charges paid	(1)	(1)
<b>Net cash generated from financing activities (C)</b>	<b>(1)</b>	<b>(1)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(955)</b>	<b>798</b>
<b>Cash and cash equivalents at the beginning of the period</b>		
Bank balances - current account	313	323
Bank balances - deposits account	1,408	600
<b>Cash and cash equivalents at the end of the period</b>		
Bank balances - current account	254	313
Bank balances - deposits account	512	1,408

**Samalkot Power Limited**

As per our attached Report of even date

**For Shridhar & Associates**  
Firm Registration No: 0134427W  
Chartered Accountants

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

**Jitendra Sawjany**  
Partner  
Membership No. 050980

Place: Mumbai  
Date: April 23, 2024

**Sameer Kumar Gupta**  
Director  
DIN 03486281

**Umesh Kumar Agrawal**  
Director  
DIN 02908684

**Tarini Charan Sahu**  
Chief Financial Officer

Place: Mumbai  
Date: April 23, 2024

**1) General information**

Samalkot Power Limited ("the Company") is a subsidiary of Reliance CleanGen Limited which in turn is a wholly owned subsidiary of Reliance Power Limited. The Company had planed to set up a 2,262 (3x754) mega watt (MW) gas based combined cycle power plant at Industrial Development Area, Peddapuram, East Godavari District, Andhra Pradesh.

The Company is a public limited company and is incorporated and domiciled in India under the provisions of the Companies Act. The registered office of the Company is located at Ground Floor, Reliance Centre, 19, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001.

These financial statements were authorised for issue by the Board of Directors on April 23, 2024.

**2) Significant accounting policies and critical accounting estimate and judgments:**

**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 are in compliance, in all material aspects, with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) and other relevant provisions of the Act and rules made thereunder.

**Functional and presentation currency**

The financial statements are presented in 'Indian Rupees', which is also the Company 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;

The financial statements have been prepared under the historical cost convention except certain financial assets and financial liabilities which 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. The deferred tax assets and liabilities are classified as non-current assets and liabilities.



**(b) 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.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in profit or loss.

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.

Construction stores have been valued at weighted average cost.

**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. The useful lives considered for the purpose of depreciation are as follows:

Property, plant and equipment	Life (in years)
Building	60
Office equipment	5
Plant and equipment	15
Furniture and fixtures	10
Computers	3

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.

**(c) 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 that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**(d) Trade Receivable**

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

**(e) 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 amortised 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 equity instruments in subsidiaries, the Company has elected at the time of initial recognition to account for such equity investments at cost.

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 finance 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 profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from 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.

**Equity investments**

The Company has elected to measure all equity investments in subsidiaries at cost. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit and loss are recognised in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments are recognised in profit or loss.

**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.

**(f) 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.

**(g) 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.

**(h) 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 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.

**(i) 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.

Borrowing costs, incurred during an extended period of suspension of activities necessary to prepare an asset for its intended use or sale, are not capitalized.

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

**(j) 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.

**(k) 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' (INR), which is the Company's functional currency and all amounts are rounded to the nearest lakhs, unless otherwise stated.

**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 short term foreign currency monetary items at rates different from those at which they were initially recorded are recognised in the Statement of Profit and Loss.
- (iii) In respect of foreign exchange differences arising on revaluation or settlement of long term foreign currency monetary items, the Company has availed the option available in the Ind AS 101 to continue the policy adopted in previous GAAP 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.
- (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.

**(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 employment 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.

**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.

**(m) Revenue from Contracts with Customers and Other Income**

Revenue is measured at the fair value of the consideration received or receivable and represents amount receivable for goods supplied, stated net of discounts, returns and value added taxes

**(i) Service Income**

Service income represents income from support service recognised as per the terms of the service agreements entered into with the respective parties.

**(ii) Income from Generation Based Incentive**

Income from Generation Based Incentive is accounted on accrual basis considering eligibility of project for availing the income.

**(iii) For income recognition refer note 2.1 e (v)**

**(n) 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.

**(o) Non-current assets held-for-sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

The sale is considered highly probable when the appropriate level of management has committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan have been initiated. Further, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by paragraph 9, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

**(p) Income tax**

Income tax expense comprises current and deferred taxes. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. 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 liability method, 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 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 include 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 board that makes strategic decisions.

**(u) Recent accounting pronouncement**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company

**2.2 Critical accounting estimate and judgements**

Preparing 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.

**Provision**

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.



## 3.1 Property, plant and equipment

Particular	Buildings	Plant and equipment	Furniture and fixtures	Freehold land (Refer note 1 below)	Office equipment	Computers	Rupees in lakhs
<b>Gross carrying amount</b>							
Carrying cost as at March 31, 2022	635	48	10	4,582	9	6	5,289
Additions during the year	-	-	-	-	-	-	-
Deletion/Discarded during the year	-	-	-	-	-	-	-
<b>Carrying cost as at March 31, 2023</b>	<b>635</b>	<b>48</b>	<b>10</b>	<b>4,582</b>	<b>9*</b>	<b>6</b>	<b>5,289</b>
Additions during the year	-	-	-	-	-	-	-
Deletion/Discarded during the year	-	-	-	-	-	-	-
<b>Carrying cost as at March 31, 2024</b>	<b>635</b>	<b>48</b>	<b>10</b>	<b>4,582</b>	<b>9</b>	<b>6</b>	<b>5,289</b>
<b>Accumulated depreciation</b>							
Accumulated depreciation as at March 31, 2022	557*	24*	7	-	8	1	597
For the year	1	3	-	-	1	1	6
Deletion/Discarded during the year	-	-	-	-	-	-	-
<b>Accumulated depreciation as at March 31, 2023</b>	<b>558</b>	<b>27*</b>	<b>7</b>	<b>-</b>	<b>8*</b>	<b>2</b>	<b>603</b>
For the year	1	3	0	-	1	1	6
Deletion/Discarded during the year	-	-	-	-	-	-	-
<b>Accumulated depreciation as at March 31, 2024</b>	<b>559</b>	<b>30</b>	<b>7</b>	<b>-</b>	<b>9</b>	<b>3</b>	<b>608</b>
<b>Net carrying value</b>							
As at March 31, 2023	77	21	3	4,581	1	4	4,686
March 31, 2024	78	18	2	4,581	-	3	4,680

## Notes:

- (1) Freehold land includes land admeasuring 49.75 acres allotted by Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) for Rs. 2,209 lakhs, pending for transfer of legal title
- (2) Refer to note 11 for information on property, plant and equipment pledged as a security by the Company.

**Samalkot Power Limited**
**Notes to the financial statements as of and for the year ended March 31, 2024 (Continued)**
**3.2 Capital work-in-progress (Refer note 4)**
**Rupees in lakhs**

<b>A</b>	<b>Capital Work-in-Progress as at March 31, 2022</b>	<b>1,98,464</b>
<b>B</b>	<b>Additions/Deduction during the year</b>	
	Foreign exchange loss/ (gain) (net)	30,000
	Loss due to theft	(72)
<b>C</b>	<b>Capital Work-in-Progress as at March 31, 2023 (A+B)</b>	<b>2,28,392</b>
<b>D</b>	<b>Additions/Deduction during the year</b>	
	Foreign exchange loss/ (gain) (net)	4,080
	Less : Impairment of assets (Refer note 4)	(1,07,072)
	<b>Capital Work-in-Progress as at March 31, 2024 (C+D)</b> <b>(outstanding more than 3 years)</b>	<b>1,25,400</b>

**Ageing of Capital work-in-progress (CWIP)**
**Amount in WIP as on 31-03-2024**

<b>Particulars</b>	<b>Less than 1 year</b>	<b>1 - 2 Years</b>	<b>2 - 3 Years</b>	<b>More than 3 years</b>	<b>Total</b>
Project in Process	-	-	-	1,25,400	1,25,400
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,25,400</b>	<b>1,25,400</b>

**Amount in WIP as on 31-03-2023**

<b>Particulars</b>	<b>Less than 1 year</b>	<b>1 - 2 Years</b>	<b>2 - 3 Years</b>	<b>More than 3 years</b>	<b>Total</b>
Project in Process	-	-	-	2,28,392	2,28,392
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,28,392</b>	<b>2,28,392</b>

Samalkot Power Limited  
Notes to the financial statements as of and for the year ended March 31, 2024 (Continued)

Particulars	Rupees in lakhs	
	As at March 31, 2024	As at March 31, 2023
<b>3.3 Other non-current financial assets</b>		
Security deposits	267	267
Fixed deposit with banks		-
Fixed deposits with original maturity of more than twelve months held as margin money		-
	<u>267</u>	<u>267</u>
<b>3.4 Non-current tax assets</b>		
Advance income tax and tax deducted at source (Net of provision for tax) (Refer note 10)	507	447
	<u>507</u>	<u>447</u>
<b>3.5(a) Cash and cash equivalents</b>		
Balance with banks:		
In current accounts	254	313
Deposits with original maturity of less than three months	512	1,408
	<u>766</u>	<u>1,721</u>
<b>3.5 (b) Bank balances other than cash and cash equivalents</b>		
Deposits with original maturity of more than three months but less than twelve months	26,098	25,575
	<u>26,098</u>	<u>25,575</u>
<b>3.5 (c) Other financial assets</b> (Unsecured and considered good unless stated otherwise)		
Advances to vendor	117	4
Interest accrued on fixed deposit	1,286	982
	<u>1,403</u>	<u>986</u>
<b>3.6 Other current assets</b>		
Prepayments	267	444
	<u>267</u>	<u>444</u>

**Samalkot Power Limited**  
**Notes to the financial statements as of and for the year ended March 31, 2024 (Continued)**

Particulars	Rupees in lakhs	
	As at March 31, 2024	As at March 31, 2023
<b>3.7 Equity share capital</b>		
<b>Authorised share capital</b>		
26,025,000 (March 31, 2023 : 26,025,000) equity shares of Rs. 10 each	2,603	2,603
	<b>2,603</b>	<b>2,603</b>
<b>Issued, subscribed and fully paid up capital</b>		
25,609,400 (March 31, 2023 : 25,609,400) equity shares of Rs. 10 each fully paid up	2,561	2,561
	<b>2,561</b>	<b>2,561</b>
<b>3.7.1 Reconciliation of number of equity shares</b>		
Balance at the beginning of the year 25,609,400 shares of Rs.10 each	2,561	2,561
Add: Issued and allotted during the year Nil (March 31, 2023 : Nil) shares of Rs.10 each	-	-
Balance at the end of the year 25,609,400 (March 31, 2023 : 25,609,400) shares of Rs. 10 each	<b>2,561</b>	<b>2,561</b>

**3.7.2 Terms/ rights attached to equity shares**

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

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

	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	Percentage of share holding	No. of Shares	Percentage of share holding
<b>Equity shares</b>				
Reliance Power Limited - Ultimate Holding Company	60,00,000	23%	60,00,000	23%
Reliance CleanGen Limited - Holding Company	1,96,09,400	77%	1,96,09,400	77%
	<b>2,56,09,400</b>	<b>100%</b>	<b>2,56,09,400</b>	<b>100%</b>

**3.7.4 Shares held by Holding Company and Ultimate Holding Company**

	As at March 31, 2024	As at March 31, 2023
<b>Equity shares</b>		
Reliance CleanGen Limited - 19,609,400 (March 31, 2023 : 19,609,400) equity shares of Rs. 10 each. (Of the above,19,609,394 ((March 31, 2023 : 19,609,394 ) shares are held by Reliance CleanGen Limited, the Holding Company and 6 Shares are jointly held by Reliance CleanGen Limited and its nominee)	1,961	1,961
Reliance Power Limited - 6,000,0000 (March 31, 2023 : 6,000,000) equity shares of Rs. 10 each	600	600
	<b>2,561</b>	<b>2,561</b>

3.8 Instruments entirely equity in nature

Compulsory convertible redeemable non-cumulative preference shares

	As at March 31, 2024	Rupees in lakhs As at March 31, 2023
<b>Authorised share capital</b>		
15,025,000 (March 31, 2023 : 15,025,000) preference shares of Rs. 10 each	1,503	1,503
	<b>1,503</b>	<b>1,503</b>
<b>Issued, subscribed and fully paid up capital</b>		
15,009,400 (March 31, 2023 : 15,009,400) preference shares of Rs. 10 each fully paid up [Refer note 3.9.2]	1,501	1,501
	<b>1,501</b>	<b>1,501</b>

3.8.1 Reconciliation of number of preference shares

Balance at the beginning of the year 15,009,400 (April 01, 2023 : 15,009,400) shares of Rs.10 each	1,501	1,501
Balance at the end of the year 15,009,400 (March 31, 2023 : 15,009,400) shares of Rs.10 each	<b>1,501</b>	<b>1,501</b>

3.8.2 Terms/ rights attached to preference shares

**Preference 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 shareholder has 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.

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

	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	Percentage of share holding	No. of Shares	Percentage of share holding
<b>Preference shares [refer note 3.8.2]</b>				
Reliance CleanGen Limited - Holding Company	1,50,09,400	100%	1,50,09,400	100%
	<b>1,50,09,400</b>	<b>100%</b>	<b>1,50,09,400</b>	<b>100%</b>

3.8.4 Shares held by Holding Company

	As at March 31, 2024	As at March 31, 2023
<b>Preference shares [refer note 3.8.2]</b>		
Reliance CleanGen Limited - 15,009,400 (March 31, 2023 : 15,009,400) preference shares of Rs.10 each	1,501	1,501
	<b>1,501</b>	<b>1,501</b>

Samalkot Power Limited  
Notes to the financial statements as of and for the year ended March 31, 2024 (Continued)

Particulars	Rupees in lakhs	
	As at March 31, 2024	As at March 31, 2023
<b>3.9 Other equity</b>		
Balance at the end of the year		
3.9.1 Securities premium	1,31,631	1,31,631
3.9.2 Retained earnings	(5,12,249)	(4,00,651)
	<u>(3,80,618)</u>	<u>(2,69,020)</u>
3.9.1 Securities premium		
Balance at the beginning of the year	1,31,631	1,31,631
Balance at the end of the year	<u>1,31,631</u>	<u>1,31,631</u>
3.9.2 Retained earnings		
Balance at the beginning of the year	(4,00,651)	(3,95,558)
Profit/ (loss) for the year	(1,11,598)	(5,056)
Less: Other comprehensive income/(loss) arising out of remeasurement of net defined benefit obligation	-	(37)
Balance at the end of the year	<u>(5,12,249)</u>	<u>(4,00,651)</u>
	<u>(3,80,618)</u>	<u>(2,69,020)</u>
<b>3.10 Non-current provisions</b>		
Provision for gratuity (Refer note 9)	96	79
Provision for leave entitlement (Refer note 9)	44	43
	<u>140</u>	<u>122</u>

**Samalkot Power Limited**  
**Notes to the financial statements as of and for the year ended March 31, 2024 (Continued)**

Particulars	Rupees in lakhs	
	As at March 31, 2024	As at March 31, 2023
<b>3.11(a) Borrowing</b>		
Current maturities of long-term borrowings	1,54,182	1,52,006
Inter-corporate deposits (Holding Company)	80,245	80,245
Inter-corporate deposits (Ultimate Holding Company)	91,103	-
(Both the ICD are Interest free, repayable on demand) (Refer note 12)		
	<b>3,25,530</b>	<b>2,32,251</b>
<b>3.11(b) Other current financial liabilities</b>		
Interest accrued and due on borrowings	10,655	6,183
Creditors for capital expenditure (Refer note 12)	1,94,532	2,83,694
Payable to a ultimate holding company & fellow subsidiary (Refer note 12)	3,914	3,914
Others Payables	856	978
	<b>2,09,957</b>	<b>2,94,769</b>
<b>3.11.1 Nature of security for term loan</b>		
a) Term loan from a bank of Rs. 154,182 lakhs (March 31, 2023: Rs. 152,006 lakhs) is secured by first charge on all the immovable and movable assets and intangible asset of the Company and pledge of 100% of the total issued share capital of the Company held by the Holding Company and Ultimate Holding Company. The carrying amount of financial asset and non-financial assets pledged as security are disclosed in note 11.		
b) The Ultimate Holding Company, Reliance Power Limited has given financial commitments/ guarantees to the lender of the Company. [Refer note 12(iii),(iv)].		
c) Current maturities of long term borrowings have been classified as other current financial liabilities (Refer note 3.11(a))		
c) The amortised cost disclosed including for current maturities of long term borrowing, is after netting off incidental cost of borrowings aggregating of Rs. nil lakhs (March 31, 2023; Rs. 36 lakhs).		
<b>3.11.2 Term of repayment and interest</b>		
<p>In accordance with terms of financing agreement, the term loan from US Exim was originally repayable in 23 semi-annual instalments commencing from October 25, 2014 at a fixed interest of 2.65% per annum. Based on subsequent amendment to financing agreement dated September 24, 2016, the outstanding balance as on June 30, 2017 was payable in 16 equal quarterly instalments commencing from December 31, 2017. The rate of interest for the term loan continued to be 2.65 % per annum. The US Exim however, vide their letter dated April 3, 2018, has deferred the repayment of quarterly instalments (inclusive of Interest) due on January 31, 2018 and April 02, 2018 of USD 27,369,500 and USD 27,179,667, respectively, to April 25, 2018. Further based on the Amended and Restated Credit Agreement dated June 28, 2019 the outstanding balance as of date is to be payable in 3 equal yearly instalments commencing from June 30, 2020. The rate of interest for the term loan is to continued to be 2.65 % per annum payable quarterly beginning from June 30 2019.</p> <p>Thereafter, US Exim rescheduled the instalment due on June 30, 2021 to June 30, 2022 to June 30, 2023 and to June 30, 2024 vide 3 Subsequent amendments, "Amendment No 1" dated June 18,2021, "Amendment No 2" dated May 31, 2022, and "Amendment No 3" dated June 1, 2023 respectively, resulting in USD 231.31 million to be paid on June 30, 2024. However, the Company has paid US\$ 46.38 Million out of the said principal hence the outstanding principal as on March 31, 2024 is US\$ 184.93 Million. (refer note 5).</p>		
<b>3.12 Other current liabilities</b>		
Statutory dues	18	19
	<b>18</b>	<b>19</b>
<b>3.13 Current provisions</b>		
Provision for gratuity (Refer note 9)	50	47
Provision for leave entitlement (Refer note 9)	24	44
	<b>74</b>	<b>91</b>
<b>3.14 Current tax Liabilities (net)</b>		
Provision for income tax (net of advance tax) (Refer note 10)	225	225
	<b>225</b>	<b>225</b>

**Samalkot Power Limited****Notes to the financial statements as of and for the year ended March 31, 2024 (Continued)**

Particulars	Rupees in lakhs	
	Year ended March 31, 2024	Year ended March 31, 2023
<b>3.15 Other income</b>		
Interest income from financial assets measured at amortised cost:		
Bank deposits	1,902	1,438
Other Interest	1	1
Balance written back	-	5
	<b>1,903</b>	<b>1,444</b>
<b>3.16 Employee benefits expense</b>		
Salaries, bonus and other allowances	346	306
Contribution to provident and other funds (Refer note 9)	26	22
Gratuity (Refer note 9)	20	43
Leave compensation (Refer note 9)	-	32
	<b>392</b>	<b>403</b>
<b>3.17 Finance costs</b>		
Interest on financial liabilities measured at amortised cost		
Foreign currency loans	4,509	4,446
Other finance charges	-	8
	<b>4,509</b>	<b>4,454</b>
<b>3.18 Other expenses</b>		
Port charges	50	34
Rent expenses	534	510
Repairs and maintenance		
- Plant and equipment	20	103
- Others	5	4
Printing and stationery	2	0
Legal and professional charges (Refer note 8)	107	124
Travelling and conveyance	19	8
Rates and taxes	6	21
Insurance	519	544
Security expenses	100	99
Loss due to theft ( Net of claim received )	-	33
Miscellaneous expenses	160	158
	<b>1,522</b>	<b>1,638</b>





SN	Name of Lender	Borrowings				Interest			
		Delay in repayment during the year ended March 31, 2023		Default as at March 31, 2023		Delay in repayment during the year ended March 31, 2023		Default as at March 31, 2023	
		Amount (in lakhs)	Period (Maximum days)	Amount (in lakhs)	Period (Maximum days)	Amount (in lakhs)	Period (Maximum days)	Amount (in lakhs)	Period (Maximum days)
1	US Exim	-	-	-	-	-	-	6,183	547

## 6) Net debt reconciliation

Rupees in lakhs

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
<b>Long term Borrowings</b>		
Opening Balance		
- Non Current	-	-
- Current	1,52,006	1,40,026
<b>Changes in Fair Value</b>		
- Impact of effective rate of interest	36	128
Effect of foreign exchange fluctuation	2,140	11,852
Repaid during the year/period	-	-
<b>Closing Balance</b>		
- Non Current	-	-
- Current	154,182	152,006
<b>Inter corporate deposit</b>		
Opening Balance	80,245	80,245
Availed during the year	91,103	-
Transfer to vendor (Net off)	-	-
<b>Closing Balance</b>	171,348	80,245

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
<b>Interest expenses</b>		
Interest accrued but not due on borrowing (Opening)	-	-
Interest accrued and due on borrowing (Opening)	6,183	1,865
Interest Charge as per Statement Profit and Loss / Recoverable from other parties	4,472	4,318
<b>Changes in Fair Value</b>		
- Impact of effective rate of interest	-	-
Interest paid to Lenders	-	-
Interest accrued but not due on borrowing (closing)	-	-
Interest accrued and due on borrowing (closing)	10,655	6,183

**7) Contingent liabilities and Commitments****(i) Contingent liabilities**

(a) Claims against the Company not acknowledged as debt:

- i. Disputed income tax dues for Assessment Year 2014-15 is Rs. 41 lakhs and for Assessment Year 2015-16 is Rs. 411 lakhs.
- ii. Central Electricity Regulatory Commission (CERC) vide its order dated 06.04.2015 has directed Samalkot Power Limited (SMPL) and Spectrum Power Generation Limited (SPGL) to reimburse 80% of the acquisition price incurred by Power Grid Corporation India Limited (PGCIL) for acquiring Vemagiri Transmission System Limited (VTSL) in proportion to the LTA granted to them (SMPL and SPGL). It was further directed that the balance 20% and the expenditure incurred by VTSL from the date of acquisition till the liquidation of the said company shall be borne by PGCIL. The financial liability for Samalkot Power Limited (SMPL) in this matter amounts to a sum total of Rs 1,170 lakhs subject to the outcome of the Ld. Appellate Tribunal of Electricity (APTEL)

Both SMPL and SPGL have preferred appeals before the Appellate Tribunal for Electricity (APTEL) against the aforesaid order of the CERC dated 06.04.2015, on the ground that PGCIL has not complied with its obligation of setting up transmission system and other valid reasons. The matter is pending before the Ld. Appellate Tribunal of Electricity (APTEL).

(b) With respect to Company's liability towards Customs duty on equipment imported for Power Plant, (refer note 21).

**8) Payment to the auditors (excluding taxes):**

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
For audit	5	5
For other services	@	@
Out of pocket expenses	@	@

@ Amount is below the rounding off norm adopted by the Company

**9) Disclosure under Indian Accounting Standard 19 "Employee benefits" :**

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.

Provision for compensated absences	Rupees in lakhs	
	March 31, 2024	March 31, 2023
Current	24	44
Non-current	44	43

**(b) Defined contribution plans**

- (i) Provident fund
- (ii) Superannuation fund
- (iii) State defined contribution plans
  - Employer's contribution to National Pension Scheme
  - Employer's Contribution to 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, 2024	Year ended March 31, 2023
Contribution to provident fund and employees' pension scheme 1995	20	18
Contribution to employees' superannuation fund	1	1
Employer's contribution to National Pension Scheme	5	3

**(c) Post-employment obligations****Gratuity**

The Company provides for gratuity according to the provisions of Payment of Gratuity Act, 1972 or the Company's schemes whichever is higher. Employees who are in continuous service for a period of 5 years or more are eligible for gratuity. According to the Payment of Gratuity Act, 1972, the amount of gratuity payable on retirement/termination is the employees' last drawn basic salary including dearness allowance, if any, per month computed proportionately for 15 days salary multiplied by the number of years of service with a ceiling at Rs. 20 lakhs. According to the Company's Gratuity Scheme, the amount of gratuity payable varies based on the reasons (retirement, resignation and death) for the termination of employment and the number of continuous year of service with a prescribed ceiling.

**(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:

	March 31, 2024	March 31, 2023
Discount Rate (Per annum)	7.15%	7.30%
Rate of increase in compensation levels	7.50%	7.50%

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) Balance sheet amounts - Gratuity**

	Rupees in lakhs Present value of obligations
<b>April 1, 2022</b>	<b>83</b>
Current service cost	5
Interest cost	5
<b>Total amount recognized in profit and loss account</b>	<b>10</b>
Remeasurements	
loss from change in financial assumptions	(4)
Experience gains	37
<b>Total remeasurements recognized in other comprehensive income</b>	<b>33</b>
Benefit payments	-
<b>March 31, 2023</b>	<b>126</b>
	Rupees in lakhs Present value of obligations
<b>April 1, 2023</b>	<b>126</b>
Current service cost	8
Interest cost	7
<b>Total amount recognized in profit and loss account</b>	<b>15</b>
Remeasurements	
loss from change in financial assumptions	1
Experience gains	4
<b>Total remeasurements recognized in other comprehensive income</b>	<b>5</b>
Benefit payments	-
<b>March 31, 2024</b>	<b>146</b>

**(iii) The net liability disclosed above relates to unfunded plans are as follows:**

	March 31, 2024	Rupees in lakhs March 31, 2023
Present value of obligations ( unfunded )	146	126
Current portion	50	47
Non-current portion	96	79

**(iv) Sensitivity analysis**

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

	Change in assumptions		Impact on defined benefit obligation			
	March 31, 2024	March 31, 2023	Increase in assumption		Decrease in assumption	
			March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Discount rate	0.15%	0.50%	-1.98%	-2.00%	2.06	2.09
Salary growth rate	0.00%	0.50%	2.08%	2.08%	-1.98	-2.00

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.

- (v) The above defined benefit gratuity plan is unfunded and the Company has not invested in property or securities as at March 31, 2024 / March 31, 2023.
- (vi) The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

**(vii) Defined benefit liability and employer contributions**

The Company has no compulsion to pre fund the liability of the plan. The Company's policy is not to externally fund these liabilities but instead recognizes the provision and pay the gratuity to its employees directly from its own resources as and when the employee leaves the Company.

The weighted average duration of the defined benefit obligation is 4.06 years (March 31, 2023: 4.09 years).

**10) Income taxes**

**(i) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate**

	Year ended March 31, 2024	Rupees in lakhs Year ended March 31, 2023
Profit / (loss) before income tax expense	(4,527)	(5,057)
Tax at the Indian tax rate of 26% (2022-23 – 26%)	(1,170)	(1,315)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Expenses disallowed for tax purpose	6,429	6,500
Not taxable income	(1,170)	(1,444)
Income considered as capital receipt	-	-
Other items	-	-
Income tax expense	-	-

**(ii) Net tax liabilities/ (Net assets):**

Particulars	March 31, 2024	Rupees in lakhs March 31, 2023
Provision / (Advance) for income tax – Opening balances	(222)	(70)
Taxes paid (net of refund)	(60)	(152)
Current tax payable for the year	-	-
Income tax for earlier years	-	-
Provision / (Advance) for income tax – Closing balances	(282)	(222)

**11) Assets pledged as security**

Particulars	Notes	March 31, 2024	Rupees in lakhs March 31, 2023
<b>Non-current</b>			
<b>Financial assets</b>			
<b>First charge</b>			
Security deposit	3.3	267	267
Other financial assets	3.3	-	-
<b>Non-financial assets</b>			

**Samalkot Power Limited**

Notes to the financial statements as of and for the year ended March 31, 2024 (Continued)

<b>First charge</b>			
Property, plant and equipment	3.1	4,680	4,686
Capital work in progress	3.2	1,25,400	2,28,392
Non-current tax assets (net)	3.4	507	447
<b>Total non-current assets pledged as security</b>		<b>130,854</b>	<b>233,792</b>
<b>Current</b>			
<b>Financial assets</b>			
Cash and bank balances	3.5(a)	766	1,721
Bank balances other than cash and cash equivalents	3.5(b)	26,098	25,575
Other financial assets	3.5(b)	1,403	986
<b>Non-financial assets</b>			
Other current assets	3.6	267	444
<b>Total current assets pledged as security</b>		<b>28,534</b>	<b>28,726</b>
<b>Total assets pledged as security</b>		<b>159,388</b>	<b>262,519</b>

**12) Related party disclosures:**

**A. Parties where Control exists:**

Ultimate Holding Company  
Reliance Power Limited (R Power)  
Holding Company  
Reliance CleanGen Limited (RCGL)

**B. Investing parties/promoters having significant influence on the Company directly or indirectly\*:**

Companies  
Reliance Infrastructure Limited (R infra)  
Reliance General Insurance Company Limited (RGCL) (upto November 29, 2021)

\* With whom transactions have been done

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

		Rupees in lakhs	
		March 31, 2024	March 31, 2023
(i)	Particulars		
	Transactions during the year :		
	Purchase of materials/ services and related costs		
	RGCL	-	@
	Reimbursement of expenses paid by		
	R Power	-	15
	ICD Received		
	R Power	91,103	-
(ii)	Closing Balance	March 31, 2024	March 31, 2023
	Equity share capital (excluding premium)		
	R Power	600	600
	RCGL	1961	1961
	Preference share capital		
	RCGL	1501	1501
	Creditors for capital expenditure		
	R Infra	194,532	283,694
	Payable to fellow subsidiary		
	RCL	@	@
	R Power	682	682
	RCGL	3232	3232
	Other Payables		
	R Infra	678	678
	Short term borrowings – inter-corporate deposits received		
	RCGL	80,245	80,245
	R Power	91,103	-

@ Amount is below the rounding off norm adopted by the Company

- (iii) The Ultimate Holding Company has entered into agreement/ arrangement towards outstanding borrowings/ other payables of the Company wherein it has committed/ guaranteed to extend financial support to the Company in the form of equity or debt as per the agreed means of finance, in respect of the project being undertaken, including that for mandatory pre-payments and permitted investments and to meet shortfall in the forex hedging, based on the future outcome of various uncertainties.
- (iv) R Power has given financial guarantee to lender of the Company towards outstanding obligation {(Refer note 3.11.1(b), and 3.11(a) for outstanding amount of borrowing)
- (v) The above disclosures do not include transactions with public utility service providers, viz, electricity, telecommunications in the normal course of business.

### 13) Fair value measurements

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements.

#### (i) Financial instruments by category

	March 31, 2024 Amortised cost	Rupees in lakhs March 31, 2023 Amortised cost
<b>Financial assets</b>		
<b>Other non-current financial assets</b>		
Security deposit	267	267
Balances held with banks as margin money against the bank guarantee	-	-
Cash and cash equivalents	766	1,721
Bank balances other than cash and cash equivalents	26,098	25,575
Other financial assets	1,403	986
<b>Total financial assets</b>	<b>28,533</b>	<b>28,549</b>

	March 31, 2024 Amortised cost	Rupees in lakhs March 31, 2023 Amortised cost
<b>Financial liabilities</b>		
Foreign currency loan from a bank	154,182	152,006
<b>Current borrowings</b>		
Intercompany deposits	171,349	80,245
<b>Other current financial liabilities</b>		
Creditors for capital expenditure	-	283,694
Payable to fellow subsidiary	198,477	3,914
Interest accrued and due on borrowings	10,655	6,183
Other Payables	856	978
<b>Total financial liabilities</b>	<b>535,488</b>	<b>527,020</b>

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

	March 31, 2024		March 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Security deposits	267	267	267	267

**Samalkot Power Limited**
**Notes to the financial statements as of and for the year ended March 31, 2024 (Continued)**

Balances held with banks as margin money against the bank guarantee	-	-	-	-
<b>Total financial assets</b>	<b>267</b>	<b>267</b>	<b>267</b>	<b>267</b>
<b>Financial liabilities</b>				
Borrowings	164,837	164,837	158,189	158,189
<b>Total financial liabilities</b>	<b>164,837</b>	<b>164,837</b>	<b>158,189</b>	<b>158,189</b>

**Notes:**

- The fair values of current financial assets and financial liabilities are considered to be the same as their carrying amounts, mainly due to their short term maturities.
- The fair value for borrowings and retention money was calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy. The fair value of fixed deposits was calculated based on the interest rate prevailing as on the date of reporting for same tenure.
- The Company's policy is to recognise transfer into and transfer out of fair value hierarchy levels as at the end of the reporting period.

**(iii) 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.

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	Level 1	Level 2	Rupees in lakhs	
			Level 3	Total
As at March 31, 2024				
Security deposits	-	-	267	267
Balances held with banks as margin money against the bank guarantee	-	-		
<b>Total financial assets</b>	<b>-</b>	<b>-</b>	<b>267</b>	<b>267</b>
<b>Financial liabilities</b>				
Foreign currency loan from a bank	-	-	164,837	164,837
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>164,837</b>	<b>164,837</b>
As at March 31, 2023				
Security deposits	-	-	267	267
Balances held with banks as margin money against the bank guarantee	-	-		
<b>Total financial assets</b>	<b>-</b>	<b>-</b>	<b>267</b>	<b>267</b>
<b>Financial liabilities</b>				
Foreign currency loan from a bank	-	-	158,189	158,189
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>158,189</b>	<b>158,189</b>

@ Amount is below the rounding off norm adopted by the Company

**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, traded bonds, over the counter derivatives) is determined using valuation techniques which maximize 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

There are no transfers between any levels during the year.

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

#### 14) Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the Company is exposed to and how the Company manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, financial assets measured at amortised cost	Credit ratings	Diversification of deposits
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Financial support from the ultimate holding company
Currency risk	Recognised financial assets and liabilities not denominated in Indian Rupee (INR)	Sensitivity analysis	Treasury department monitors foreign exchange fluctuation on a periodical basis for determination of foreign currency requirements.

The Company's risk management is carried out by a central treasury department (group treasury) under policies approved by the board of directors. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of non-derivative financial instruments and investment of excess liquidity.

##### 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.

For banks and financial institutions, only high rated banks/institutions are accepted.

##### Liquidity risk

Management monitors the rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. As the Company does not have any operational cash inflows the Company is largely dependent now upon the parent company's support.

##### (i) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

With the continuing financial support from the ultimate holding company, management believes that the Company would be able to meet its financial and other obligations in the foreseeable future.

The amounts disclosed in the table are the contractual undiscounted cash flows. The tables include both interest and principal cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities March 31, 2024	Rupees in lakhs			
	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
<b>Non-derivatives</b>				
Borrowings	164,837	-	-	164,837
Inter-corporate deposits	171,349	-	-	171,349
Creditors for capital expenditure	-	-	-	194,532
Payable to fellow subsidiary	198,477	-	-	3,914
Other Payables	856	-	-	856
<b>Total non-derivative liabilities</b>	<b>535,488</b>		-	<b>535,487</b>

Contractual maturities of financial liabilities March 31, 2023	Rupees in lakhs			Total
	Less than 1 year	Between 1 and 5 years	More than 5 years	
<b>Non-derivatives</b>				
Borrowings	158,189	-	-	158,189
Inter-corporate deposits	80,245	-	-	80,245
Creditors for capital expenditure	283,694	-	-	283,694
Payable to fellow subsidiary	3,914	-	-	3,914
Other Payables	978	-	-	978
<b>Total non-derivative liabilities</b>	<b>527,020</b>	<b>-</b>	<b>-</b>	<b>527,020</b>

**B. 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 currency risk and b) Interest rate risk.

**(i) Foreign currency risk**

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises from recognized liabilities denominated in a currency that is not the Company's functional currency (INR).

**a) Foreign currency risk exposure:**

The Company's total exposure to foreign currency risk (all in USD) at the end of the reporting period expressed in INR, are as follows:

Financial liabilities	March 31, 2024	Rupees in lakhs March 31, 2023
Foreign currency borrowing	164,837	158,225
Capital creditors for expenditure		232,763
<b>Total foreign currency liability</b>	<b>164,837</b>	<b>390,988</b>

**b) Sensitivity**

The sensitivity of profit or loss and capital work-in-progress to changes in the exchange rates of foreign currency denominated financial instruments is as under:

USD sensitivity	Impact on profit before tax / capital work in progress	
	March 31, 2024	March 31, 2023
INR / USD - Increase by 6% (March 31, 2023 - 6%)*	(18,506)	(23,459)
INR / USD - Decrease by 6% (March 31, 2023 - 6%)*	18,506	23,459

\*Holding all other variables constant

Since the Company has adopted the exemption of capitalizing foreign currency translation differences to fixed assets on transition to Ind AS (Refer Note 20). Accordingly the sensitivity for foreign currency exposure also includes sensitivity on long term foreign currency monetary items attributable to property plant and equipment/ Capital work-in-progress.

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

**a) 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	
	March 31, 2024	March 31, 2023
Fixed rate borrowings	164,837	158,189
<b>Total borrowings</b>	<b>164,837</b>	<b>158,189</b>

The fixed rate borrowings mentioned above do not include interest free inter corporate deposits received from the holding company.

b) Sensitivity of interest

The Company has only fixed rate borrowings and hence its profit or loss is not sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

**15) Capital management**

a) Risk Management

The Company manages its capital structure in a manner to ensure that it will be able to continue as a going concern while optimising the return to stakeholders through the appropriate debt and equity balance.

The Company's capital structure is represented by equity (comprising issued capital and securities premium as detailed in notes 3.8, 3.9 and 3.10 respectively) and debt (borrowings as detailed in note 3.11, and 3.11(a)).

The Company's management reviews the capital structure of the Company on an annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

	Rupees in lakhs	
	March 31, 2024	March 31, 2023
Debt*	164,837	158,189
Equity	(376,556)	(264,959)

Debt / Equity ratio

\*External debt including interest accrued thereon

**16) Earnings per share:**

	Rupees in lakhs	
	Year ended March 31, 2023	Year ended March 31, 2023
Profit attributable to equity shareholders (Rupees in lakhs) (A)	(111,598)	(5,093)
Weighted average number of equity shares for basic earnings per share (B)	25,609,400	25,609,400
Weighted average number of equity shares for diluted earnings per share (C)	25,609,400	25,609,400
Earnings per share - basic (Rupees) (A/B)	(435.77)	(19.89)
Earnings per share - diluted (Rupees) (A/C)	(435.77)	(19.89)
Nominal value of an equity share (Rupees)	10	10

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

**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) The area in which the plant is under construction includes land admeasuring 61 acres, owned by R Infra which is under possession of the Company through Memorandum of Understanding. The Company has obtained an affirmation from R Infra that the assets on the land is the property of the Company.

**19) 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'. The Company does not have any revenue from external customers and non-current assets outside India.

**20) Exchange differences on foreign currency monetary items:**

In accordance with Para D13AA of Ind AS 101 "First time adoption of Indian Accounting Standards" and the option available in the Companies (Accounting Standards) (Second Amendment) Rules, 2011, vide notification dated December 29, 2011 issued by the Ministry of Corporate Affairs. Accordingly, during the year ended March 31, 2024 the Company has adjusted the value of Capital Work-in-Progress by Rs. 4,080 lakhs loss/(Gain) [March 31, 2023: 30,000 lakhs loss/(Gain)] towards the exchange difference arising on long term foreign currency monetary liabilities.

- 21) The Company had entered into an Erection, Procurement and Construction Contract with Rlnfra in the year 2010. As a part of Contract, Rlnfra was procuring and supplying certain offshore equipment by importing from out of India considering that, project has received provisional mega power status certificate from the Ministry of Power / Government of India which, inter alia, entails the project to avail the exemptions/ benefits of Mega power projects, including duty of customs. However, Customs authorities and Customs, Excise and Service Tax Appellate Tribunal have not considered the exemption of custom duty and the Company has filed an appeal before the Honorable Supreme Court of India claiming the benefits of Mega Power project. The Engineering Procurement and Construction (EPC) contract entered into with R Infra, is inclusive of all taxes and duties and hence such custom duty benefit, if granted under the aforesaid scheme will be passed on to R Infra.

On 10th March, 2019, the Company has filed an Interim Application before Honorable Supreme Court seeking direction to Customs to permit Rlnfra to continue to warehouse the goods on behalf of SPL and to permit SPL or Rlnfra on behalf of SPL to re-export the goods from out of India, as due to paucity of natural gas the Project cannot be setup in India. The date of hearing is awaited.

- 22) (a) The company has not advanced or loaned or invested funds to any other person(s) or equity(ies), including foreign (intermediaries) with the understanding that the intermediary shall directly or indirectly lend or invest in other person or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

(b) The companies have not received any fund from person(s) of equity(ies), including foreign entities (Funding Party) with the understanding (Whether recorded in writing or otherwise) that the companies shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (company ultimate beneficiaries) or provide by guarantee, security or the like to or on behalf of the ultimate beneficiaries.

- 23) As per the Section 248 of companies Act, 2013, there are no balance outstanding with stuck off companies.

- 24) During the year company is not declared willful defaulter by any bank or financial institution or other lender.

**25) Ratios**

Sr	Particulars	March 31, 2024	March 31, 2023
A	Current ratio	0.05	0.05
B	Debt Equity ratio	(0.86)	(0.88)
C	Debt Service Coverage ratio	(0.00)	(0.10)
D	Return on Equity ratio	NA*	NA*
E	Inventory turnover ratio	NA	NA
F	Trade Receivables turnover ratio	NA	NA
G	Trade Payables turnover ratio	NA	NA
H	Net Capital turnover ratio	NA	NA
I	Net Profit ratio	NA	NA
J	Return on capital employed	(0.30)	(0.02)
K	Return on Investment	(0.31)	(0.04)

Ratios have been computed as under:

- Current Ratio: Current Assets/Current Liabilities
- Debt Equity Ratio = Total Debt / Equity excluding Revaluation Reserve
- Debt Service Coverage Ratio = Earnings before Interest and Tax and exceptional items / (Interest on Long Term and Short Term Debt for the period/year + Principal Repayment of Long Term Debt for the period/ year).
- Return on Equity = Net profit / Shareholder's fund
- Inventory turnover ratio = Turnover / Average inventory
- Trade Receivables turnover ratio = Turnover / Average Receivables
- Trade Payables turnover ratio = Turnover / Average Payables
- Net Capital turnover ratio = Turnover / Capital Employed
- Net Profit ratio = Net Profit / Turnover
- Return on capital employed = Net Profit / (Debt +Equity)
- Return on Investment = Net profit before interest and dividend / Equity

\* Due to negative net- worth

**Samalkot Power Limited**

As per our attached Report of even date

**For Shridhar & Associates**  
Firm Registration No: 0134427W  
Chartered Accountants

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

**Jitendra Sawjany**  
Partner  
Membership No. 050980

Place: Mumbai  
Date: April 23, 2024

**Sameer Kumar Gupta**  
Director  
DIN 03486281

**Umesh Kumar Agrawal**  
Director  
DIN 02908684

**Tarinicharan Sahu**  
Chief Financial Officer

Place: Mumbai  
Date: April 23, 2024