Mahendra & Co.
Chartered Accountants

102 Neel Kamal, Plot No. 102
Sector 22, Kamothe Dist: Raigad
Maharashtra – 410 210

Independent Auditors' Report

To The Members of
Coastal Andhra Power Limited

We have audited the accompanying financial statements of **Coastal Andhra Power Limited** ('the Company') which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

Management's Responsibility for the Financial Statements
The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind As) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

Opinion
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018; its Loss, its Cash Flows and the Statement of Changes in Equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) Section 143 of Act, we give in the "Annexure A", a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books;

   c. The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

   d. In our opinion, the aforesaid Ind AS financial statements comply with the applicable Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e. On the basis of written representations received from the Directors and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2018 from being appointed as Director in terms of section 164(2) of the Act;

   f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

   g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i) There are no ongoing litigations as at the reporting date that would have a material impact on its financial position;

      ii) Based upon the assessment made by the Company, there are no long-term contracts resulting in any material foreseeable losses;

      iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Mahendra & Co.
Chartered Accountants
Regn.No.509293C

Swati Garg
Partner
Membership No. 424192

Place: Mumbai
Date: April 18, 2018

ANNEXURE A TO THE AUDITORS' REPORT

Referred to in our Report of even date on the Accounts of **Coastal Andhra Power Limited** for the year ended March 31, 2018

i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) The fixed assets have been physically verified by the management at reasonable interval and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of its assets.

c) According to the information and explanations given to us and on the basis of our examinations of the records of the company provided to us, the title deed of Immovable property as at the balance sheet date is pending registration in favour of the Company as detailed below:

Particulars	Total number of cases	Gross Block as on March 31, 2018 (Rs in '000)	Net Block as on March 31, 2018 (Rs in '000)	Remarks
Freehold Land	1	290,925	290,925	The registration of title deed in favour of the Company is pending.

ii) As explained to us, there is no inventory during the year hence clause 3(ii) of the Order is not applicable.

iii) According to the information and explanations given, the Company has not granted any loan to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained pursuant to section 189 of the Act. Hence clause 3(iii) of the Order is not applicable.

iv) According to the information and explanations given to us, the Company has no loans and investments made during the year hence clause 3(iv) of the Order is not applicable.

v) According to the information and explanations given to us, the Company has not accepted any deposits from the public.

vi) According to the information and explanations given to us, no cost records have been prescribed by the Central Government of India under section 148(1) of the Act.

vii) (a) Based on our examination of the books and records, the Company has generally been regular in depositing with appropriate authority undisputed statutory dues including provident fund, Income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues wherever applicable during the year. Further no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

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

viii) The Company has not raised any funds from financial institutions or banks or by issue of debentures during the year, hence, question of repayment of dues to them does not arise.

ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi) The Company has not paid any managerial remuneration. Hence paragraph 3(xi) of the Order is not applicable.

xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.

xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

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

For Mahendra & Co.
Chartered Accountants
Regn.No.509293C

Swati Garg
Partner
Membership No. 424192

Place: Mumbai
Date: April 18, 2018

ANNEXURE B TO THE AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting ('Financial Controls') of **Coastal Andhra Power Limited** ("the Company") in conjunction with our audit of the Company for the year ended March 31, 2018.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate Financial Controls system and such Financial Controls are operating effectively as at March 31, 2018, based on the Financial Controls criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by ICAI.

For Mahendra & Co.
Chartered Accountants
Regn.No.509293C

Swati Garg
Partner
Membership No. 424192

Place: Mumbai
Date: April 18, 2018

Coastal Andhra Power Limited
Balance Sheet as at March 31, 2018

Rupees In thousands

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	2,568,392	2,587,310
Financial assets	3.2	5,558	6,466
Current assets			
Financial assets:			
Cash and cash equivalents	3.3 (a)	38	525
Other financial assets	3.3 (b)	23,268	27,383
Current tax assets (net)	3.4	54	54
Other current assets	3.5	-	548
Total		2,597,310	2,622,286
EQUITY AND LIABILITIES			
Equity			
Equity share capital	3.6	6,030,700	6,030,700
Other equity	3.7	(6,015,795)	(5,985,630)
Current liabilities			
Financial liabilities			
Borrowings	3.8 (a)	2,513,525	2,503,825
Other financial liabilities	3.8 (b)	68,880	73,391
Total		2,597,310	2,622,286
Significant Accounting Policies	2		
Notes to financial statements	1 to 16		

The accompanying notes are an Integral part of these financial statements

As per our Report of even date.

For Mahendra & Co.
Chartered Accountants
Regn. No. 509293C

For and on behalf of the Board of Directors

Swati Garg
Partner
Membership No. 424192

Manoj Pongde
Director
DIN: 07728913

Suman Kumar Day
Director
DIN: 07349128

Virendra Sonawat
Chief Financial Officer

Murli Manohar Purohit
Company Secretary & Manager
FCS : 9040

Place: Mumbai
Date: April 18, 2018

Place: Mumbai
Date: April 18, 2018

Coastal Andhra Power Limited
Statement of Profit and Loss for the Year ended March 31, 2018

Rupees in thousands

Particulars	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
Revenue			
Other Income	3.9	2,784	-
Total Income		2,784	-
Expenses			
Finance costs	3.10	366	7,568
Depreciation and amortization expense	3.1	18,917	17,667
Other expenses	3.11	13,608	26,886
Total Expenses		32,891	52,121
Profit/(Loss) before tax		(30,107)	(52,121)
Income tax expense			
Current tax		-	-
Income tax for earlier years		58	-
Profit/(Loss) for the year (A)		(30,165)	(52,121)
Other Comprehensive Income for the year		-	-
Total Comprehensive Income for the year (A+B)		(30,165)	(52,121)
Earnings per equity share: (Face value of Rs. 10 each)			
Basic and Diluted (Rupees)	9	(0.05)	(0.09)
Significant Accounting Policies	2		
Notes to financial statements	1 to 16		

The accompanying notes are an integral part of these financial statements

As per our Report of even date.

For Mahendra & Co.
Chartered Accountants
Regn. No. 509293C

For and on behalf of the Board of Directors

Swati Garg
Partner
Membership No. 424192

Manoj Pongde
Director
DIN: 07728913

Suman Kumar Day
Director
DIN: 07349128

Virendra Sonawat
Chief Financial Officer

Murli Manohar Purohit
Company Secretary & Manager
FCS : 9040

Place: Mumbai
Date: April 18, 2018

Place: Mumbai
Date: April 18, 2018

Coastal Andhra Power Limited
Cash Flow Statement for the year ended March 31, 2018

Rupees in thousands

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(A) Cash flow from / (used in) operating activities		
Profit/(Loss) before tax	(30,107)	(52,121)
Adjusted for :		
Depreciation and amortisation	18,917	17,667
Finance costs	366	7,568
Operating loss before working capital changes	(10,824)	(26,886)
Change in operating assets and liabilities		
Current liabilities and provisions	(4,511)	20,396
Loans and advances & other current assets	5,572	(15,045)
	1,061	5,351
Taxes (Paid)/ refund (net)	(58)	5
Net Cash flow used in operating activities	(9,821)	(21,530)
(B) Cash flow from / (used in) investing activities		
Repayment of loans to related party	-	1,481
Sale of Fixed Assets (including capital work-in-progress)	-	40,936
Net cash from / (used in) investing activities	-	42,417
(C) Cash flow from / (used in) financing activities		
Proceeds from Inter-corporate Deposits	9,700	-
Refund of Inter-corporate Deposits	-	(19,500)
Interest and finance charges	(366)	(7,568)
Net cash generated from / (used in) financing activities	9,334	(27,068)
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	(487)	(6,180)
Opening Balance of cash and cash equivalents		
- Balance in current account	525	6,705
Closing balance of cash and cash equivalents		
- Balance in current account	38	525

Note:
The accompanying notes are an integral part of these financial statements
The Cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) "Statement of Cash Flows"

As per our Report of even date.

For Mahendra & Co.
Chartered Accountants
Regn. No. 509293C

For and on behalf of the Board of Directors

Swati Garg
Partner
Membership No. 424192

Manoj Pongde
Director
DIN: 07728913

Suman Kumar Day
Director
DIN: 07349128

Virendra Sonawat
Chief Financial Officer

Murli Manohar Purohit
Company Secretary & Manager
FCS : 9040

Place: Mumbai
Date: April 18, 2018

Place: Mumbai
Date: April 18, 2018

Coastal Andhra Power Limited
Statement of changes In Equity

A. Equity Share Capital Rupees In Thousands

Particulars	Amount
Balance as at April 1, 2016	6,010,000
Changes In equity saher capital	20,700
Balance as at March 31, 2017	6,030,700
Changes in equity share capital	-
Balance as at March 31, 2018	6,030,700

B. Other Equity Rupees in Thousands

Particulars	Instruments entirely equity In nature		
	Securities Premium Account	Retained Earnings	Total
Balance as at April 1, 2016	-	(7,982,809)	(7,982,809)
Profit/(Loss) for the year	-	(52,121)	(52,121)
Other Comprehensive Income for the year	-	-	-
Total Comprehensive Income for the year	-	(52,121)	(52,121)
Transaction with owners In their capacity as owners :			
Premium on convirsion of ICD	2,049,300	-	2,049,300
Balance as at March 31, 2017	2,049,300	(8,034,930)	(5,985,630)
Balance as at April 1, 2017	2,049,300	(8,034,930)	(5,985,630)
Profit/(Loss) for the year	-	(30,165)	(30,165)
Other Comprehensive Income for the year	-	-	-
Total Comprehensive Income for the year	-	(30,165)	(30,165)
Balance as at March 31, 2018	2,049,300	(8,065,095)	(6,015,795)

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

As per our Report of even date

For Mahendra & Co.
Chartered Accountants
Regn. No. 509293C

For and on behalf of the Board of Directors

Swati Garg
Partner
Membership No. 424192

Manoj Pongde
Director
DIN: 07728913

Suman Kumar Day
Director
DIN: 07349128

Virendra Sonawat
Chief Financial Officer

Murli Manohar Purohit
Company Secretary & Manager
FCS : 9040

Place: Mumbai
Date: April 18, 2018

Place: Mumbai
Date: April 18, 2018

1) General information

Coastal Andhra Power Limited is a wholly owned subsidiary of Reliance Power Limited. The Company has been set up as a special purpose vehicle for executing the 3,960 MW (6 Units x 660 MW) imported coal-based Krishnapatnam power project in Nellore District of coastal Andhra Pradesh. After commissioning, the power generated by the Company will be sold to procurers from the states of Andhra Pradesh, Maharashtra, Karnataka and Tamil Nadu. Refer note 4 of the financial statements. The registered address of the company is H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai, Maharashtra 400710.

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

2) Significant Accounting Policies:

2.1 Basis of preparation, measurement and significant accounting policies

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

(a) Basis of preparation

Compliance with Indian Accounting Standards

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

Historical cost convention

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

i. Defined benefit plans – plan assets that are measured at fair value;

Fair value measurement

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

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

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

Current vis-à-vis non-current classification

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

(b) Recent accounting pronouncements

Standards issued but not yet effective

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

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies(Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.
The amendment will come into force from April 1, 2018, Since the Company does not have any foreign currency transactions and advance consideration there is no impact of this on the financial statements.

Ind AS 115- Revenue from Contract with Customers:

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

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

(c) Foreign currency translation:

i. Functional and presentation currency

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

ii. Transactions and balances

(i) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

(ii) All exchange differences arising on reporting on foreign currency monetary items at rates different from those at which they were initially recorded are recognised in the Statement of Profit and Loss.

(iii) Non-monetary items denominated in foreign currency are stated at the rates prevailing on the date of the transactions / exchange rate at which transaction is actually effected.

(d) Property, plant and equipment

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

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

Depreciation methods, estimated useful lives and residual value:

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

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

(e) Intangible assets:

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization / depletion and impairment loss, if any. The cost comprises of purchase price, borrowing costs and any cost directly attributable to bringing the asset to its working condition for the intended use.

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

Amortization method and periods

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

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

(f) Borrowing costs

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

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

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

(g) Impairment of non-financial assets

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

(h) Cash and cash equivalents

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

(i) Financial instruments:

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

Investments and other financial assets

i. Classification

The Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through Other Comprehensive Income, or through profit or loss), and
- those measured at amortized cost.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held.

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

ii. Measurement

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

Debt instruments

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

Amortized cost

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

iii. Impairment of financial assets

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

iv. Derecognition of financial assets

A financial asset is derecognised only when:

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

Where the entity has transferred an asset, the company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

v. Income recognition

Interest income

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

Dividend

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

(j) 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.

(k) Financial liabilities

i. Classification as debt or equity

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

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

ii. Initial recognition and measurement

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

The Company's financial liabilities include borrowings, dues to holding company and creditors for capital expenditure.

iii. Subsequent measurement

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

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

iv. Derecognition

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

(l) Provisions, Contingent Liabilities and Contingent Assets:

Provisions

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

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

Contingent liabilities

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

Contingent Assets:

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

(m) Employee benefits:

Short-term obligations

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

Other long-term employee benefit obligations

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

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

Post employee obligations

The Company operates the following post-employment schemes:
- defined benefit plans such as gratuity
- defined contribution plans such as provident fund and superannuation fund.

Gratuity obligations

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

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

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

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

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

Defined contribution plans

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

(n) Income tax

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

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

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

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

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

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

(o) 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.

(p) Cash flow statement

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

2.2 Critical accounting estimates and judgements

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

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

(a) Defined benefit obligations

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

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

(b) Provisions

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

3.1 Property, Plant and Equipment

Rupees in thousands

Particulars	Freehold land[1]	Buildings	Plant & equipment	Furniture & fixtures	Motor Vehicles	Office equipment	Computers	Total
Gross carrying amount								
Balance as at April 1, 2016	2,342,480	138,633	168,310	15,215	1,926	148	472	2,667,184
Additions during the year	-	-	-	-	-	-	-	-
Deduction during the year	-	-	41,040	4,101	656	18	-	45,815
Balance as at March 31, 2017	**2,342,480**	**138,633**	**127,270**	**11,114**	**1,270**	**130**	**472**	**2,621,369**
Accumulated depreciation								
Balance as at April 1, 2016	-	2,357	15,938	3,764	818	90	105	23,072
For the year	-	2,157	12,690	2,520	241	-	59	17,667
Deduction during the year	-	-	5,024	1,446	195	15	-	6,680
Balance as at March 31, 2017	-	**4,514**	**23,604**	**4,838**	**864**	**75**	**164**	**34,059**
Gross carrying amount								
Balance as at April 1, 2017	2,342,480	138,633	127,270	11,114	1,270	130	472	2,621,369
Additions during the year	-	-	-	-	-	-	-	-
Deduction during the year	-	-	-	-	-	-	-	-
Balance as at March 31, 2018	**2,342,480**	**138,633**	**127,270**	**11,114**	**1,270**	**130**	**472**	**2,621,369**
Accumulated depreciation								
Balance as at April 1, 2017	-	4,514	23,604	4,838	864	75	164	34,059
For the year	-	2,557	15,858	295	146	4	57	18,917
Deduction during the year	-	-	-	-	-	-	-	-
Balance as at March 31, 2018	-	**7,071**	**39,462**	**5,133**	**1,010**	**79**	**221**	**52,976**
Net carrying amount								
Balance as at March 31, 2017	2,342,480	134,119	103,666	6,276	406	55	308	2,587,310
Balance as at March 31, 2018	2,342,480	131,562	87,808	5,981	260	51	251	2,568,392

Note:
1) Freehold land includes Land of 490.66 (March 31, 2017: 490.66) acres amounting Rs. 290,925 thousands (March 31, 2017: Rs. 290,925 thousands) which has been capitalised on the basis of advance possession received from the regulatory authorities. However, this is pending registration of title deed in favour of the Company.

Coastal Andhra Power Limited

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

	Rupees in thousands	
	As at March 31, 2018	As at March 31, 2017
3.2 Non-current financial assets		
(Unsecured and considered good)		
Security deposits	5,558	6,466
	5,558	6,466
3.3 Current financial assets		
3.3 (a) Cash and cash equivalents		
Balance with banks:		
in current account	38	525
	38	525
3.3 (b) Other current financial assets		
(Unsecured and considered good)		
Advance recoverable in cash or in kind	12,772	13,270
Others	10,496	14,113
	23,268	27,383
3.4 Current tax assets (net)		
Current tax assets	54	54
	54	54
3.5 Other current assets		
(Unsecured and considered good)		
Prepaid expenses	-	548
	-	548

Rupees in thousands

	As at March 31, 2018	As at March 31, 2017
3.6 Share capital		
Authorised		
5,000,000,000 (March 31, 2017 5,000,000,000) equity shares of Rs. 10 each	50,000,000	50,000,000
10,000,000,000 (March 31, 2017 10,000,000,000) preference shares of Re. 1 each	10,000,000	10,000,000
	60,000,000	60,000,000
Issued, subscribed and paid up		
603,070,000 (March 31, 2017: 603,070,000) equity shares of Rs. 10 each fully paid up	6,030,700	6,030,700
	6,030,700	6,030,700

3.6.1 Reconciliation of number of equity shares at the begining and end of the year

Equity shares		
Balance at the beginning of the year 603,070,000 (March 31, 2017: 601,000,000) equity shares of Rs. 10 each fully paid up	6,030,700	6,010,000
Add: Shares issued during the year Nil (March 31, 2017: 2,070,000) equity shares of Rs. 10 each fully paid up	-	20,700
Balance at the end of the year 603,070,000 (March 31, 2017: 603,070,000) equity shares of Rs. 10 each fully paid up	6,030,700	6,030,700

3.6.2 Terms/ rights attached to equity shares

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

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

	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	Percentage of share holding	No. of Shares	Percentage of share holding
Equity shares				
Reliance Power Limited*	603,070,000	100%	603,070,000	100%
(* Out of shares held, 7 shares (March 31, 2017: 7 shares) are jointly held by Reliance Power Limited and its nominees)				
	603,070,000	100%	603,070,000	100%

3.6.4 Shares held by Holding Company

	As at March 31, 2018	As at March 31, 2017
Equity Shares		
Reliance Power Limited - 603,070,000 (March 31, 2017: 603,070,000) equity shares of Rs. 10 each fully paid up	60,307,000	60,307,000
(Out of the above, 7 shares (March 31, 2017: 7 shares) are jointly held by Reliance Power Limited and its nominees)		
	60,307,000	60,307,000

		Rupees in thousands	
		As at March 31, 2018	As at March 31, 2017
3.7	**Other equity**		
	Balance at the end of the year		
3.7.1	Securities premium account	2,049,300	2,049,300
3.7.2	Retained earnings	(8,065,095)	(8,034,930)
		(6,015,795)	(5,985,630)
3.7.1	**Securities premium account**		
	Balance at the beginning of the year	2,049,300	-
	Add: Premium on conversion of ICD	-	2,049,300
	Balance at the end of the year	**2,049,300**	**2,049,300**
3.7.2	**Retained earnings**		
	Balance at the beginning of the year	(8,034,930)	(7,982,809)
	Profit/(Loss) for the year	(30,165)	(52,121)
	Balance at the end of the year	**(8,065,095)**	**(8,034,930)**
		(6,015,795)	(5,985,630)

Nature and purpose of other reserves:

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

3.8 Current financial liabilities

		As at March 31, 2018	As at March 31, 2017
3.8 (a)	**Current borrowings**		
	Inter-corporate deposits (Refer Note 7) (Unsecured, Interest free and repayable on demand)	2,513,525	2,503,825
		2,513,525	**2,503,825**
3.8 (b)	**Other current financial liabilities**		
	Security deposits received	-	2,300
	Creditors for capital expenditure	65,572	67,120
	Retention money payable	1,926	2,247
	Other payables	1,382	1,724
		68,880	**73,391**

Rupees in thousands

	Year ended March 31, 2018	Year ended March 31, 2017
3.9 Other Income		
Amount Written back	2,784	-
	2,784	-
3.10 Finance cost		
Other finance charges	366	7,568
	366	7,568
3.11 General, administration and other expenses		
Repairs and maintenance		
- Others	701	313
Legal and professional charges (Including shared service charges)	3,273	2,596
Travelling and conveyance	484	86
Rent expenses	2,092	-
Directors sitting fees	92	253
Rates and taxes	-	4
Insurance	262	310
Loss on sale of assets	-	23,162
Miscellaneous expenses (Including Security Expenses Rs. 5169 Thousand)	6,704	162
	13,608	26,886

4) Project Status:

The Company has been set up to develop an Ultra Mega Power Project (UMPP) of 3,960 MW capacity located in Krishnapatnam, District Nellore, based on imported coal. The Company had entered into a firm price fuel supply agreement which envisaged supply of coal from Indonesia with Reliance Coal Resources Private Limited (RCRPL), a wholly owned subsidiary of the Parent Company. In view of below mentioned new regulation, RCRPL cannot supply coal at the already agreed price, because of which there is a risk of inability to pass through market linked prices of imported coal for the project, whereas the power needs to be supplied at a pre-agreed tariff as per the terms of Power Purchase Agreement (PPA) dated March 23, 2007. The Government of Indonesia introduced a new regulation in September 2010 which prohibits sale of coal, including sale to affiliate companies, at below Benchmark Price which is linked to international coal prices and requires adjustment of sale price every 12 months. This regulation also mandates to align all existing long-term coal supply contracts with the new regulations within one year i.e. by September 2011. The said issue has been communicated to the power procurers and also to the Government of India through the Association of Power Producers to arrive at a suitable solution to the satisfaction of all the stakeholders.

Since no resolution could be arrived, CAPL invoked the dispute resolution provision of PPA. The procurers have also issued a notice for termination of PPA and have raised a demand for liquidated damages of Rs. 4,000,000 thousands (including bank guarantee of Rs. 3,000,000 thousands, which has been issued by the Parent Company on behalf of the Company).

The Company has filed a petition before the Hon'ble High Court at Delhi inter-alia, for interim relief under Section 9 of the Arbitration and Conciliation Act, 1996. The Court vide its Order dated March 20, 2012 has prohibited the Procurers from taking any coercive steps against the Company. The single judge of the Delhi High Court vide Order dated July 02, 2012 dismissed the petition and the appeal filed by the Company against the said Order is pending before the Division Bench of the Delhi High Court. The arbitration process, pursuant to dispute resolution process as laid down in the PPA, has already been initiated. The Company had also filed a petition before the Central Electricity Regulatory Commission (CERC) without prejudice to the proceedings pending before the Delhi High Court, seeking compensatory tariff to mitigate impact of change in Indonesian regulation. During the course of the CERC proceedings, the power procurers contended that the petition could not be taken up for hearing by CERC since the matter was pending at High Court. The Company, in response contended that both proceedings are different and independent. The CERC petition did not raise issue of notice of termination. Considering appeal is pending before the Delhi High Court, CERC has disposed off the petition vide its Order dated August 06, 2015 with a liberty to the Petitioner to approach the Commission at appropriate stage in accordance with law.

5) Contingent liabilities and Capital commitment

(a) Government of Andhra Pradesh has levied a penalty of Rs. 13,695 thousands (March 31, 2017 Rs. 13,695 thousands) at the rate of 50% on account of non-payment of conversion fees of Rs. 27,390 thousands (March 31, 2017 Rs. 27,390 thousands) towards the conversion of agricultural land to non agricultural land. The Company has filed an appeal with the Government of Andhra Pradesh (Revenue Department) for waiver of the above amount.

6) Details of remuneration to auditors:

	Rupees in thousands Year ended March 31, 2018	Year ended March 31, 2017
(a) As auditors		
For statutory audit	20	100
	20	100

7) Related party transactions:

A. Parties where control exists:

Holding Company:
Reliance Power Limited (R Power)

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

Fellow subsidiaries:
Rajasthan Sun Techique Energy Private Limited (RSTEPL)
Samalkot Power Limited (SMPL)
Sasan Power Limited (SPL)
Vidarbha Industries Power Limited (VIPL)
Chitrangi Power Private Limited (CPPL)

Investing entity having significant influence directly or Indirectly:
Reliance General Insurance Company Limited (RGIL)

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

Particulars	**March 31, 2018**	**March 31, 2017**
	Rupees In thousands	
Transactions during the year:		
Material/assets transferred		
SPL	-	544
Reimbursement of expenses on behalf of		
VIPL	-	18
CPPL	3	-
Reimbursement of expenses by		
R Power	136	-
SMPL	2	-
Employee expenses transferred		
R Power	-	450
Insurance charges		
RGIL	-	82
Inter-corporate deposit received (Net)		
R Power	9,564	6,235
Inter-corporate deposit refunded		
R Power	-	30,518

Particulars	**March 31, 2018**	**March 31, 2017**
	Rupees in thousands	
Closing balance		
Equity share capital (excluding premium)		
R Power	6,030,700	6,030,700
Inter corporate deposits taken		
R Power	2,513,525	2,503,825
Guarantees given on behalf of Company*		
R Power	3,000,000	3,000,000

* Bank guarantee issued on behalf of the Company for import of capital goods and for performance towards construction of power plant as per the terms of the power purchase agreement.
The above disclosures do not include transactions with public utility service providers, viz, electricity, telecommunications in the normal course of business.

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

Particulars	**Year ended March 31,2018**	**Year ended March 31,2017**
Short term Borrowings		
Opening Balance	2,503,825	2,523,325
Availed during the year	9,700	-
Repaid During the year	-	19,500
Closing Balance	**2,513,525**	**2,503,825**
Interest Expenses		
Interest/ Finance Charge as per Statement Profit & Loss	366	7,568
Total	**366**	**7568**

9) **Earnings per share:**

Rupees in thousands

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Profit/(Loss) available to equity shareholders		
Profit/(Loss) after tax (A)	(30,165)	(52,121)
Number of equity shares		
Weighted average number of equity shares outstanding (Basic) (B)	603,070,000	601,000,000
Basic and diluted earnings per share (A / B) (Rs.)	(0.05)	(0.09)
Nominal value of an equity share (Rs.)	10.00	10.00

10) **Income taxes**

Rupees in thousands

a) **Income tax recognised in Statement of Profit and Loss :**

Particulars	**March 31, 2018**	**March 31, 2017**
Current Tax	-	-
Income Tax for earlier year	58	-
Total	**58**	-

Rupees in thousands

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

Particulars	**March 31, 2018**	**March 31, 2017**
Profit/(Loss) before tax	(30,165)	(52,121)
Tax at the Indian tax rate of 25.75% (2016-17: 29.87%)	(7,767)	(15,569)
Tax losses for which no deferred tax was recognised	7,767	15,569

Rupees in thousands

c) **The reconciliation of tax expense and the accounting profit multiplied by tax rate :**

Particulars	**March 31, 2018**	**March 31, 2017**
Opening Balance	54	55
Add: Current tax payable for the year	-	-
Less: Tax Paid	-	1
Closing balance	**54**	**54**

11) **Fair value measurements**

(a) **Financial instruments by category**

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

Rupees in thousands

	March 31, 2018	March 31, 2017
Financial assets		
Security deposits	5,558	6,466
Cash and cash equivalents	38	525
Advances recoverable in cash or kind	12,772	13,270
Others	10,496	14,113
Total financial assets	**28,864**	**34,374**
Financial liabilities		
Borrowings	2,513525	2,503,825
Security deposits received	-	2,300
Creditors for capital expenditure	65,572	67,120
Retention money payable	1,926	2,247
Other payables	1,382	1,720
Total financial liabilities	**2,582,405**	**2,577,212**

(b) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortized cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table. The Company does not have any financial assets and financial liabilities which are measured at fair value on each reporting date.

Rupees in thousands

Assets and liabilities which are measured at amortized cost for which fair values are disclosed as at March 31, 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Security deposits	-	5,558	-	5,558
Total financial assets	-	**5,558**	-	**5,558**

Rupees in thousands

Assets and liabilities which are measured at amortized cost for which fair values are disclosed as at March 31, 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Security deposits	-	6,466	-	6,466
Total financial assets	-	**6,466**	-	**6,466**

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

Rupees in thousands

	March 31, 2018		March 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Security deposits	5,558	5,558	6,466	6,466
Total financial assets	**5,558**	**5,558**	**6,466**	**6,466**

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

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

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

Note

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

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

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

There were no transfers between any levels during the year.

12) Financial risk management

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

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

(a) Credit risk

The company is exposed to credit risk, which is the risk that counterparty will default on its contractual obligation resulting in a financial loss to the company. Credit risk arises from cash and cash equivalents and financial assets carried at amortised cost

Credit risk management

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

(b) Liquidity risk

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

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

Maturities of financial liabilities

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

Rupees in thousands

March 31, 2018	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
Financial liabilities				
Borrowings	2,513,525	-	-	2,513,525
Creditors for capital expenditure	65,572	-	-	65,572
Retention money payable	1,926	-	-	1,926
Other payables	1,382	-	-	1,382
Total financial liabilities	**2,582,405**	-	-	**2,582,405**

Rupees in thousands

March 31, 2017	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
Financial liabilities				
Borrowings	2,503,825	-	-	2,503,825
Security deposits received	2,300	-	-	2,300
Creditors for capital expenditure	67,120	-	-	67,120
Retention money payable	2,247	-	-	2,247
Other payables	1,720	-	-	1,720
Total financial liabilities	**2,577,212**	-	-	**2,577,212**

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

13) Capital Management

Risk Management

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

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

		Rupees in thousands
	March 31, 2018	**March 31, 2017**
Equity	14,905	45,070
Debt	2,513,525	2,503,825
Total	**2,528,430**	**2,548,895**

14) Segment reporting

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

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

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

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

As per our Report of even date.

For Mahendra & Co.
Chartered Accountants
Regn. No. 509293C

Swati Garg
Partner
Membership No. 424192

For and on behalf of Board of Directors

Manoj Pongde
Director
DIN: 07728913

Suman Kumar Day
Director
DIN: 07349128

Virendra Sonawat
Chief Financial Officer

Murli Manohar Purohit
Company Secretary & Manager
FCS : 9040

Place : Mumbai
Date: April 18, 2018

Place: Mumbai
Date: April 18, 2018