

To the Members  
Coastal Andhra Power Infrastructure Limited

I. Report on the Financial Statements

We have audited the attached financial statements of Coastal Andhra Power Infrastructure Limited (hereinafter referred to as the Company), comprising of the Balance Sheet as at 31<sup>st</sup> March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended along with the Significant Accounting Policies and other explanatory information forming an integral part thereof.

II. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 133 of the Companies Act, 2013 (hereinafter referred to as the Act), read with Rule 7 of the Companies (Accounts) Rules, 2014 and in accordance with the accounting principles generally accepted in India. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

III. Auditors' 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 matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give 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 Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

#### IV. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2016 and its Loss and its cash flows for the year ended on that date.

#### V. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we enclose in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable to the Company during the year under review.
2. Further to our comments in the Annexure A referred to in 1. above as per the requirements of Section 143(3) of the Act, we report as follows:
  - (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in 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 respective directors as on 31<sup>st</sup> March 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2016 from being appointed as a director in terms of sub-section (2) of Section 164 of the Act;

# Shyam Malpani & Associates

- (f) With respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
  - i) The Company does not have any pending litigations which would impact its financial position;
  - ii) The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Shyam Malpani & Associates  
Chartered Accountants  
Firm Registration No. 120438 W

Shyam Malpani  
Proprietor  
Membership No. F- 34171

Place: Camp Chicago, USA  
Date: 20<sup>th</sup> May 2016

## Annexure A to the Auditors' Report (Referred to in paragraph V(1) of our report of even date)

In terms of the information and explanations given to us and the books and records examined by us and on the basis of such checks as we considered appropriate, we further report as under:

1. Fixed Assets

There were no fixed assets with the Company at any time during the year.

2. Inventory

The Inventory as reflected in the books of the Company comprises of its share of Inventory as per the statement of account of consortium representing a Joint Venture and lying with the co-venturer. As explained to us, physical verification of inventories has been carried out at reasonable intervals by the said co-venturer and the same has been relied upon by the Company in this regard. As explained to us, the discrepancies noticed between the physical stock and records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of accounts.

3. Loans to parties of Directors' interest

During the year, the Company has not granted any loans, secured or unsecured to the parties covered in the register maintained under Section 189 of the Act.

4. Loans/Guarantees/Investments in / Provision of Security to certain parties

Based on the information and explanations given to us and on the basis of records verified by us the company has complied with the provisions of Sections 185 and 186 of the Act to the extent applicable

5. Acceptance of Deposits

According to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under.

6. Maintenance of Cost Records

As explained to us, maintenance of cost records has not been prescribed by the Central Government for the Company under Section 148(1) of the Act.

7. Undisputed & Disputed Statutory Dues

(a) According to the information and explanations given to us and as per the records verified by us, the Company has been regular in depositing undisputed statutory dues involving Income Tax, Provident Fund, Employee State Insurance and Service Tax with the appropriate authorities and there were no arrears under the above heads which were due for more than six months from the date they become payable

as at the close of the year. Keeping in view the present operations of the Company, statutes relating to Sales Tax, Custom Duty, Excise Duty and Cess are not applicable to the Company during the year under review.

- b) As per the records, no disputed statutory dues have been lying pending with the Company as at the close of the year under review.

8. Loans from Banks/Financial Institutions/ Government/Debentures

As per the records verified by us, the Company has not availed any loan/facility from banks/financial institutions/Government and hence the question of default in repayment of the same does not arise. Further, no amounts were borrowed by the Company through debentures.

9. Proceeds of Public issue (including debt instruments) /Term Loans

The Company has not raised any money during the year through initial / further public offer (including debt instruments). Also, the Company has not availed any term loans during the current or earlier years and hence the matter of application of the same does not arise.

10. Frauds on or by the Company

During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company or its officers, noticed or reported during the year, nor have we been informed of such case by the management.

11. Managerial Remuneration

According to the information and explanations given to us and as per the records verified by us, the Company has not paid any managerial remuneration, which falls within the provisions of Section 197 of the Act read with Schedule V to the Act.

12. Nidhi Companies

The Company is not a Nidhi company during the year under review and hence, the criteria as stipulated under Nidhi Rules 2014 is not applicable to the Company.

13. Related Party Transactions

As per the information and explanations given during the course of our verification, in our opinion, all transactions with the related parties made by the Company were in compliance with Sections 188 of the Act, to the extent applicable to the Company during the year. The relevant details in respect of the same have been appropriately disclosed as per the requirements of the Accounting Standard- 18. Further provision of Section 177 is not applicable to the Company.

# Shyam Malpani & Associates

14. Preferential Issue

During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures and hence the requirements of Section 42 of the Act are not applicable.

15. Non-cash Transactions with Directors, etc.

As per the information and explanations provided to us, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with the directors within the purview of Section 192 of the Act.

16. Provisions of 45-IA of the Reserve Bank of India Act, 1934

As per the information and explanations provided to us and based on the overall operations of the Company, the Company does not carry on NBFC activities and hence the question of registration under Section 45-IA of the Reserve Bank of India Act 1934 does not arise.

For Shyam Malpani & Associates  
Chartered Accountants  
Firm Registration No. 120438 W

Shyam Malpani  
Proprietor  
Membership No. F-34171

Place: Camp Chicago, USA  
Date: 20<sup>th</sup> May 2016

Annexure B to the Independent Auditor's Report of even date on the financial statement of Coastal Andhra Power Infrastructure Limited

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 of Coastal Andhra Power Infrastructure Limited ("the Company") as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company comprising of the Balance Sheet as at March 31<sup>st</sup>, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the period then ended.

Management's Responsibility for Internal Financial Controls :

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the 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.

Auditors' Responsibility :

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by the ICAI deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those standards and the Guidance Note that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

# Shyam Malpani & Associates

Chartered Accountants

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

## Meaning of Internal Financial Controls over Financial Reporting :

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls over Financial Reporting :

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

## Opinion :

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31<sup>st</sup>, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Shyam Malpani & Associates  
Chartered Accountants  
Firm Registration No. 120438W

Shyam Malpani  
Proprietor  
Membership No. F-34171

Place: Camp Chicago, USA  
Date: 20<sup>th</sup> May 2016



**Coastal Andhra Power Infrastructure Limited**  
**Balance Sheet as at March 31, 2016**

Particulars	Note	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
<b>Equity and liabilities</b>			
<b>Shareholders' Funds</b>			
Share capital	3.1	632,015	632,015
Reserves and surplus	3.2	197,838,225	197,838,225
<b>Non-current liabilities</b>			
Long-term borrowings	3.3	74,100,000	45,600,000
Long-term provisions	3.4	1,870,378	1,602,240
<b>Current liabilities</b>			
Other current liabilities	3.5	40,520,101	40,693,817
Short-term provisions	3.6	599,646	443,048
<b>Total</b>		<b><u>315,560,365</u></b>	<b><u>286,809,345</u></b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible Assets - Capital work-in-progress	3.7	224,308,712	194,631,037
<b>Current assets</b>			
Inventories	3.8	33,933,362	33,933,362
Cash and bank balances	3.9	1,187,378	1,427,051
Short term loans and advances	3.10	56,130,913	56,817,895
<b>Total</b>		<b><u>315,560,365</u></b>	<b><u>286,809,345</u></b>

The notes are an integral part of these financial statements.

Significant accounting policies	2
Notes on financial statements	3 to 13

**As per our attached report of even date.**

**For Shyam Malpani & Associates**  
Chartered Accountants  
Firm Registration No: 120438W

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

**Shyam Malpani**  
Proprietor  
Membership No. 34171

**N Venugopala Rao**  
Director  
(DIN: 03143364)

**Suresh Nagarajan**  
Director  
(DIN: 01851432)

Place: Camp Chicago, USA  
Date: 20.05.2016

Place: Mumbai  
Date: 20.05.2016

**Coastal Andhra Power Infrastructure Limited**  
**Statement of Profit and Loss for the year ended March 31, 2016**

Particulars	Note	Year Ended March 31, 2016 Rupees	Year Ended March 31, 2015 Rupees
Income		-	-
<b>Total Revenue</b>		<u>-</u>	<u>-</u>
Expenses:			
Other expenses	3.11	-	20,486
<b>Total Expenses</b>		<u>-</u>	<u>20,486</u>
<b>Profit/(Loss) before taxation</b>		<u>-</u>	<u>20,486</u>
Provision for taxation			
Current tax		-	-
<b>Profit/(Loss) for the year</b>		<u>-</u>	<u>(20,486)</u>
Earnings/(loss) per equity share:(Face value of Rs. 10 each)			
-Basic and Diluted (Refer Note 7)		-	(0.41)

The notes are an integral part of these financial statements

Significant accounting policies	2
Notes on financial statements	3 to13

As per our attached report of even date

**For Shyam Malpani & Associates**  
Chartered Accountants  
Firm Registration No: 120438W

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

**Shyam Malpani**  
Proprietor  
Membership No. 34171

**N Venugopala Rao**  
Director  
(DIN: 03143364)

**Suresh Nagarajan**  
Director  
(DIN: 01851432)

Place: Camp Chicago, USA  
Date: 20.05.2016

Place: Mumbai  
Date: 20.05.2016

**Coastal Andhra Power Infrastructure Limited**  
**Cash Flow Statement for the year ended March 31, 2016**

	Year ended March 31, 2016 Rupees	Year ended March 31, 2015 Rupees
<b>A Cash flow from/(used in) operating activities</b>		
Net Profit/(Loss) before taxation	-	(20,486)
<b>Operating loss before working capital changes</b>	<u>-</u>	<u>(20,486)</u>
Adjustments for:		
Inventories	-	42,948
Loans and advances	686,983	(6,423,774)
Trade payables, other current liabilities and provisions	251,020	(4,987,594)
	<u><b>938,003</b></u>	<u><b>(11,388,906)</b></u>
Tax refunds / (paid)	-	-
<b>Net cash flow used in operating activities</b>	<u><b>938,003</b></u>	<u><b>(11,388,906)</b></u>
<b>B Cash flow from/(used in) investing activities</b>		
Purchase of Fixed Assets (including Capital Work-in-progress)	(29,677,676)	(34,772,282)
<b>Net cash flow from investing activities</b>	<u><b>(29,677,676)</b></u>	<u><b>(34,772,282)</b></u>
<b>C Cash flow used in financing Activities</b>		
Proceeds/(Refund) of short borrowing (Net)	28,500,000	45,600,000
<b>Net cash flow used in financing activities</b>	<u><b>28,500,000</b></u>	<u><b>45,600,000</b></u>
Net Increase/(Decrease) in cash and cash	(239,673)	(561,188)
<b>Opening balance in cash and cash equivalents</b>		
Balance in current account	1,427,051	1,988,240
<b>Closing balance in cash and cash equivalents</b>		
Balance in current account	1,187,378	1,427,051

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

As per our report of even date attached.

**For Shyam Malpani & Associates**

Chartered Accountants

Firm Registration No: 120438W

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

**Shyam Malpani**

Proprietor

Membership No. 34171

**N Venugopala Rao**

Director

(DIN: 03143364)

**Suresh Nagarajan**

Director

(DIN: 01851432)

Place: Camp Chicago, USA

Date: 20.05.2016

Place: Mumbai

Date: 20.05.2016

**Coastal Andhra Power Infrastructure Limited**  
**Notes to the financial statements as of and for the year ended March 31, 2016**

**1 General Information**

Coastal Andhra Power Infrastructure Limited, a wholly owned subsidiary of Reliance Power Limited, was incorporated on December 27, 2005. It is engaged in the business of exploration and prospecting activities on Coal Bed Methane (CBM) and has 45% share on the Coal Bed Methane CBM SP (N) CBM-2005/III, located at Sohagpur, Madhya Pradesh.

**2 Significant accounting policies**

**a) Basis of preparation:**

The Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the relevant provisions of the Companies Act, 2013 (The "Act") and the Accounting Standards notified under the Act. The Financial Statements are prepared on accrual basis under the historical cost convention and are presented in Indian Rupees round off to the nearest rupee.

**b) Use of estimates:**

The preparation and presentation of Financial Statements requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities as on the date of the Financial Statements and reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates is recognised in the period in which the results are known / materialised.

**c) Tangible Assets and Capital Work-in-Progress:**

Tangible assets are stated at cost net of recoverable taxes, duties, trade discounts and rebates, less accumulated depreciation and impairment of loss, if any. The cost of Tangible Assets comprises of its purchase price, borrowing costs and adjustment arising for exchange rate variations attributable to the assets, including any cost directly attributable to bringing the assets to their working condition for their intended use. Subsequent expenditure related to an item of Tangible assets are added to its book value only if they increase the future benefits from the existing assets beyond its previously assessed standards of performance.

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

**d) Intangible assets:**

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

Expenditure incurred on acquisition of intangible assets which are not ready to use at the reporting date is disclosed under capital work-in-progress.

**e) Impairment of assets:**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to

**Coastal Andhra Power Infrastructure Limited**  
**Notes to the financial statements as of and for the year ended March 31, 2016 (Continued)**

its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss.

**f) Inventories:**

Inventories of tools, stores, spares 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 realizable value after providing for obsolescence and other losses.

**g) Depreciation / Amortization:**

(i) Tangible assets:

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

(ii) Intangible assets:

Software expenses are amortised on a straight line basis over a period of three years.

**h) Investments:**

Long term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined of value of long-term investments and made for each investment individually. Current investments are valued at lower of cost and fair value.

**i) Provisions, Contingent Liabilities and Contingent Assets**

Provisions:

Provisions are recognised when there is present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which reliable estimate can be made of the amount of the obligation.

Contingent Liabilities:

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

Where there is a possible obligation or a present obligation but the likelihood of outflow of resources is remote, no provision or disclosure is made as specified in Accounting standard 29 – “Provisions, Contingent Liability and Contingent Assets”.

Contingent Assets:

A contingent asset is neither recognised nor disclosed in the Financial Statements.

**j) Borrowing Costs:**

Borrowing costs include cost that are ancillary and requires as per the terms of agreement. Borrowing cost that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the capital work-in-progress account in the period in which they are incurred.

**Coastal Andhra Power Infrastructure Limited**  
**Notes to the financial statements as of and for the year ended March 31, 2016 (Continued)**

**k) Revenue recognition:**

Revenue from operations is recognized on accrual basis.

**l) Employee benefits:**

Employee benefits consist of Provident Fund, Superannuation Fund, Gratuity Scheme and Leave Encashment.

(i) Defined contribution plans:

Contributions to defined contribution schemes such as provident fund and superannuation are charged off to the Statement of Profit and Loss/ Capital Work-In-Progress, as applicable, during the year in which the employee renders the related service.

(ii) Defined Benefit Plans:

The Company also provides employee benefits in the form of gratuity and leave encashment, the liability for which as at the year-end is determined by independent actuaries based on actuarial valuation using the projected unit credit method. Such defined benefits are charged off to the Statement of Profit and Loss / capital work-in-progress, as applicable. Actuarial gain / losses are recognised in the year in which they arise.

(iii) Short term/ long term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service including performance incentives and compensated absences are classified as short term employee benefits. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are charged off to the Statement of Profit and Loss / capital work-in-progress, as applicable. The employee benefits which are not expected to occur within twelve months are classified as long term benefits and are recognised as liability at the net present value.

**m) Accounting for taxes on income:**

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred income tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/period. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future income will be available except that deferred tax assets, in case there are unabsorbed depreciation or losses, are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same. Deferred tax assets and liabilities are measured using the tax rates and tax law that have been enacted or substantively enacted by the Balance Sheet date.

**n) Cash and cash equivalents:**

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

**o) Cash Flow Statement:**

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

**Coastal Andhra Power Infrastructure Limited**  
**Notes to the financial statements as of and for the year ended March 31, 2016 (Continued)**

**p) Earnings per share:**

Basic earnings per share are computed by dividing the net profit or loss by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share are the net profit for the year after deducting preference share dividend and attributable tax for the year. The weighted average number of equity shares outstanding during the year and for all years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

**q) Accounting for oil and gas activity:**

The company follows "Successful Efforts Method" for accounting for gas acquisition, exploration and development activities as set out by the Guidance Note issued by the Institute of Chartered Accountants of India on Oil and Gas producing activities. Under the successful efforts method, generally, acquisition, exploration and development costs that lead directly to the discovery, acquisition, or development of specific, discrete gas reserve are capitalised and become part of the capitalised costs of the completed Wells. When the outcome of such costs is unknown at the time they are incurred, they are recorded as capital work-in-progress. If the costs relates to a well that is determined to have no proved reserves, then such costs net of any salvage value are transferred from Capital work-in-progress and are charged to expenses as and when its status is decided as dry or of no further use.

Oil and Gas Joint Ventures are in the nature of Joint Controlled Assets. Accordingly assets and liabilities are accounted on the basis of statement of accounts of Joint Ventures on line by line basis according to the participating interest of the Company.

**Coastal Andhra Power Infrastructure Limited**  
**Notes to the financial statements as of and for the year ended March 31, 2016**

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
<b>3.1 Share Capital</b>		
<b>Authorised Share Capital</b>		
60,000 (Previous Year: 60,000) equity shares of Rs. 10 each	600,000	600,000
400,000 (Previous Year: 400,000) preference shares of Re. 1 each	400,000	400,000
	<u>1,000,000</u>	<u>1,000,000</u>
<b>Issued, Subscribed and Fully paid up capital</b>		
50,000 (Previous Year : 50,000) equity shares of Rs. 10 each fully paid up	500,000	500,000
132,015 (Previous Year : 132,015) preference shares of Re. 1 each fully paid up [Refer Note 3.1.2 (b)]	132,015	132,015
	<u>632,015</u>	<u>632,015</u>
<b>3.1.1 Reconciliation of number of shares</b>		
<b>Equity shares</b>		
Balance at the beginning of the year	500,000	500,000
50,000 (Previous Year : 50,000) shares of Rs. 10 each		
	<u>500,000</u>	<u>500,000</u>
Balance at the end of the year		
50,000 (Previous Year : 50,000) shares of Rs. 10 each		
<b>Preference shares [Refer Note 3.1.2 (b)]</b>		
Balance at the beginning of the year	132,015	132,015
132,015 (Previous year : 132,015) shaes of Re. 1 each		
	<u>132,015</u>	<u>132,015</u>
Balance at the end of the year		
132,015 (Previous year : 132,015) shaes of Re. 1 each		

**3.1.2 Terms/ rights attached to shares**

**a) Equity shares**

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



**Coastal Andhra Power Infrastructure Limited**  
**Notes to the financial statements as of and for the year ended March 31, 2016**

**b) 7.5% Compulsorily Convertible Redeemable Non-Cumulative Preference Shares (CCRPS)**

Pursuant to the special resolutions passed by the Preference Share Holders and the equity share holders on March 31, 2015, the Company has made modifications in the terms and conditions of NCRPS issued which are summarized below. Consequent to the modification/variations, NCRPS were renamed as 7.5% Compulsory Convertible Redeemable Non-Cumulative Preference Shares (CCRPS).

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 per 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.

	<b>As at March 31, 2016 Rupees</b>	<b>As at March 31, 2015 Rupees</b>	
<b>3.1.3 Shares held by Holding Company</b>			
<b>Equity Shares</b>			
Reliance Power Limited 50,000 (Previous Year : 50,000) shares of Rs. 10 each fully paid	500,000	500,000	
(Of the above 49,994 (Previous year: 49,994) Equity Shares were held by Reliance Power Limited, the Holding Company and 6 Equity Shares were jointly held by Reliance Power Limited and its Nominees)			
	<u>500,000</u>	<u>500,000</u>	
<b>Preference Shares [Refer Note 3.1.2 (b)]</b>			
Reliance Power Limited 1,32,015 (Previous year : 132,015) preference shares of Re. 1 each fully paid	132,015	132,015	
	<u>132,015</u>	<u>132,015</u>	
<b>3.1.4 Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company</b>			
	<b>Percentage of share holding</b>	<b>As at March 31, 2016 No. of Shares</b>	<b>As At March 31, 2015 No. of Shares</b>
<b>Equity Shares of Rs. 10 each fully paid up</b>			
Reliance Power Limited	100%	50,000	50,000
		<u>50,000</u>	<u>50,000</u>
<b>Preference Shares of Re. 1 each fully paid up</b>			
Reliance Power Limited [Refer Note 3.1.2 (b)]	100%	132,015	132,015
		<u>132,015</u>	<u>132,015</u>

**Coastal Andhra Power Infrastructure Limited**  
**Notes to the financial statements as of and for the year ended March 31, 2016**

	<b>As at March 31, 2016 Rupees</b>	<b>As At March 31, 2015 Rupees</b>
<b>3.2 Reserves and surplus</b>		
<b>General reserve - pursuant to the composite scheme of arrangement</b>		
Balance at the beginning of the year	3,043,419	3,043,419
Balance at the end of the year	<u><b>3,043,419</b></u>	<u><b>3,043,419</b></u>
<b>Securities premium account</b>		
Balance at the beginning of the year	131,882,985	131,882,985
Balance at the end of the year	<u><b>131,882,985</b></u>	<u><b>131,882,985</b></u>
<b>Surplus/(Deficit) in the Statement of Profit and Loss</b>		
Balance at the beginning of the year	62,911,821	62,932,307
Profit/(Loss) for the year	-	(20,486)
Balance at the end of the year	<u><b>62,911,821</b></u>	<u><b>62,911,821</b></u>
	<u><b>197,838,225</b></u>	<u><b>197,838,225</b></u>
<b>3.3 Long-term borrowings</b>		
Inter-corporate deposit from Holding Company (Refer Note 7)	74,100,000	45,600,000
	<u><b>74,100,000</b></u>	<u><b>45,600,000</b></u>
<b>3.4 Long-term provisions</b>		
Provision for leave encashment (Refer Note 6)	1,870,378	1,602,240
	<u><b>1,870,378</b></u>	<u><b>1,602,240</b></u>
<b>3.5 Other current liabilities</b>		
Payable to Related parties (Refer Note 7)	35,826,974	35,826,974
Other Payables (Includes Rs. 79,309 (Previous Year Rs. 215,647) representing share in Joint Operations) (Refer Note 2(q) and 10)	4,281,935	4,527,084
Statutory dues (including Provident Fund and Tax deducted at source)	411,192	339,759
	<u><b>40,520,101</b></u>	<u><b>40,693,817</b></u>
<b>3.6 Short-term provisions</b>		
Provision for leave encashment (Refer Note 6)	599,646	443,048
	<u><b>599,646</b></u>	<u><b>443,048</b></u>

**Coastal Andhra Power Infrastructure Limited**  
**Notes to the financial statements as of and for the year ended March 31, 2016**

**3.7 Capital Work-in-Progress as at March 31, 2016**

				Rupees
Particulars	As at April 1, 2015	Incurred during the period	Capitalised/ Adjusted	As At March 31, 2016
<b>A. Assets under Construction</b>	-	-		-
<b>B. Expenditure pending allocation</b>				
Interest and Finance Charges	83,902	-	-	83,902
Rent	6,928,979	1,916,910	-	8,845,889
Repairs and Maintenance - Others	495,109	417,524	-	912,633
Employee Benefit Expenses				
- Salaries and other costs	74,823,460	19,333,794	-	94,157,254
- Contribution to Provident and Other Funds (Refer Note 6)	2,496,574	772,755	-	3,269,329
- Gratuity and Leave Encashment (Refer Note 6)	1,751,500	424,736	-	2,176,236
Insurance Charges	454,897	107,567	-	562,464
Rates and Taxes	211,222	1,600	-	212,822
Legal and Professional Charges	5,611,041	908,784	-	6,519,825
Communication Expenses	601,006	169,178	-	770,185
Travelling and Conveyance	7,854,104	2,506,989	-	10,361,093
Administration Expenses	2,669,968	350,834	-	3,020,803
Miscellaneous Expenses	880,446	6,728	-	887,174
Exploration Studies	4,513,493	-	-	4,513,493
Licenses Fees	3,791,940	2,245,594	-	6,037,534
Core hole drilling	1,932,388	-	-	1,932,388
Test well expenses	79,531,006	514,674	-	80,045,688
	194,631,037	29,677,668	-	224,308,712
<b>Total Capital Work in Progress (A+B)</b>	<b>194,631,037</b>	<b>29,677,668</b>	<b>-</b>	<b>224,308,712</b>

**Coastal Andhra Power Infrastructure Limited****Notes to the financial statements as of and for the year ended March 31, 2016**

	<b>As at March 31, 2016 Rupees</b>	<b>As At March 31, 2015 Rupees</b>
<b>3.8 Inventories</b>		
Inventories (representing share in Joint Operations)	33,933,362	33,933,362
	<u><b>33,933,362</b></u>	<u><b>33,933,362</b></u>
<b>Mode of valuation of inventories:</b>		
Inventories are stated at lower of cost and net realisable value. In case of fuel, stores and spares "cost" means weighted average cost.		
<b>3.9 Cash and bank balances</b>		
<b>Cash and Cash equivalents</b>		
Cash and cash equivalents		
Balance with banks in current account (Includes Rs. 242,141 (Previous Year Rs. 1,111,692) representing share in Joint Operations) (Refer Note 2 (q) and 10)	1,187,378	1,427,051
	<u><b>1,187,378</b></u>	<u><b>1,427,051</b></u>
<b>3.10 Short-term loans and advances</b>		
Advance recoverable in cash or kind (Includes Rs. 307,958 (Previous Year : Rs. 855,754) representing share in joint operations)	56,130,913	56,817,896
	<u><b>56,130,913</b></u>	<u><b>56,817,896</b></u>
	<b>Year ended March 31, 2016 Rupees</b>	<b>Year ended March 31, 2015 Rupees</b>
<b>3.11 Other expenses</b>		
Miscellaneous expenses	-	20,486
	<u><b>-</b></u>	<u><b>20,486</b></u>

**Coastal Andhra Power Infrastructure Limited**  
**Notes to the financial statements as of and for the year ended March 31, 2016**

**4 Project Status**

In term of the composite Scheme of Arrangement between Reliance Natural Resources Limited (RNRL) and Reliance Power Limited (R Power) and others, as sanctioned by the Honorable High Court of Judicature at Bombay vide order dated October 15, 2010, inter alia 45% non-operating participating interest in each of CBM blocks SP(N)-CBM-2005/III, was vested into the Company. The Consortium led by RNRL with Geopetrol International Inc. (Operator) and Reliance Infrastructure Limited was awarded the CBM block under 3rd round of CBM bidding in 2006 by Ministry of Petroleum and Natural Gas (MoPNG), Government of India. The Block SP(N) covers an area of 609 square kilometers and is situated in the State of Madhya Pradesh.

Exploration drilling work in SP(N)-CBM-2005/III CBM block commenced in Feb. 2011 and consortium has completed more than the committed work program in respect of drilling & completion of Core Holes and Test Wells. The International Accreditation Agency, NSAI, has certified 1061 BCF of Gas-In-Place and 480 BCF of contingent Resources in 3C category. Preliminary gas production potential is established from dewatering and testing of two Test Wells. Phase-I activities have been completed in March 2015. Assignment of 10% Participating Interest (PI) and transfer of operatorship from Geopetrol International Inc. to Reliance Infrastructure Limited is under the approval process of Government of india (Gol). The Company does not anticipate any liability in this block.

**5 Details of remuneration to auditors**

As statutory auditor (excluding service tax)  
(Included in Legal and Professional Expenses)

	Year Ended March 31, 2016 Rupees	Year Ended March 31, 2015 Rupees
	25,000	25,000
	<b>25,000</b>	<b>25,000</b>

**6 Disclosure under Accounting Standard 15 (revised 2005) "Employee Benefits" (AS - 15)**

The Company has classified various employee benefits as under:

**Defined contribution plans**

- (a) Provident fund
- (b) Superannuation fund
- (c) State defined contribution plans  
- Employees' Pension Scheme 1995

The provident fund and the state defined contribution plan are operated by the regional provident fund commissioner and the superannuation fund is administered by the trust. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.

The Company has recognised the following amounts in the Capital Work-in-progress :

	Year Ended March 31, 2016	Rupees Year Ended March 31, 2015
(a) Contribution to provident fund	562,704	543,818
(b) Contribution to employees' superannuation fund	100,000	100,000
(c) Contribution to employees' pension scheme 1995	103,974	95,983

**Defined Benefit Plans**

- (a) Gratuity
- (b) Leave encashment

Leave encashment is payable to eligible employees who have earned leave, during the employment and/or on separation as per the Company's policy.

**Coastal Andhra Power Infrastructure Limited****Notes to the financial statements as of and for the year March 31, 2016 (Continued)**

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

	<b>Leave Encashment 2015-16</b>	Leave Encashment 2014-15
Discount Rate (per annum)	8.90%	8.90%
Rate of increase in compensation levels	7.50%	7.50%
Rate of return on plan assets	0.00%	0.00%

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.

	<b>Leave Encashment 2015-16</b>	<b>Rupees Leave Encashment 2014-15</b>
<b>(i) Changes in present value of obligation</b>		
Opening balance of present value of obligation	2,045,288	1,701,136
Liability assumed on acquisition	-	-
Interest Cost	183,227	178,312
Current Service Cost	510,335	482,991
Actuarial (gains)/loss	(268,826)	96,742
Benefits paid	-	(413,893)
Closing balance of present value of obligation	2,470,024	2,045,288
<b>(ii) Reconciliation of present value of defined benefit obligations and the fair value of assets</b>		
Closing balance of present value of obligation	2,470,024	2,045,288
Unfunded (asset)/liability recognised in the Balance Sheet	2,470,024	2,045,288
<b>(iii) Amount recognised in the Balance Sheet</b>		
Closing balance of present value of obligation	2,470,024	2,045,288
Unfunded (asset)/liability recognised in the Balance Sheet	2,470,024	2,045,288
<b>(iv) Expenses recognised in Statement of Profit and Loss/Capital work-in-progress</b>		
Current service cost	510,335	482,991
Interest Cost	183,227	178,312
Net actuarial (gain)/loss	(268,826)	96,742
Total expenses recognised during the year	424,736	758,045
<b>(v) Expected Employers' Contribution for the next year</b>	599,646	443,048

**Coastal Andhra Power Infrastructure Limited****Notes to the financial statements as of and for the year March 31, 2016 (Continued)****(vi) Disclosure as required under para 120(n) of AS-15**

	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>
	<b>Leave</b>	<b>Leave</b>	<b>Leave</b>	<b>Leave</b>	<b>Leave</b>
	<b>Encashment</b>	<b>Encashment</b>	<b>Encashment</b>	<b>Encashment</b>	<b>Encashment</b>
(a) Present value of the defined benefit obligation	2,470,024	2,045,288	1,701,136	1,856,376	954,988
Fair value of the plan assets	-	-	-	-	-
Surplus/(Deficit) in the plan	2,470,024	(2,045,288)	(1,701,136)	(1,856,376)	(954,988)
(b) Experience Adjustments					
On plan liabilities	(277,624)	(62,786)	(858,589)	330,560	-
On plan assets				-	-
Total experience adjustments	(277,624)	(62,786)	(858,589)	330,560	-

As the company has adopted AS-15 for the first time during the financial year ended March 31, 2012, disclosure for gratuity and leave encashment for the previous year and as required under para 120(n) of AS-15 have not been presented.

No actuarial valuation of gratuity liability has been carried out as the liability of seconded employees will be paid by the respective company which has seconded the employees as per the terms of Secondment.

The actuarial valuation of gratuity liability does not include liability of seconded employees, as the gratuity will be paid by the respective company which has seconded the employees as per the terms of secondment.

**Coastal Andhra Power Infrastructure Limited****Notes to the financial statements as of and for the year ended March 31, 2016 (Continued)****7 Related Party Disclosures**

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

**A Parties where Control exists:****Holding Company**

Reliance Power Limited (R Power)

**B. (I) Investing parties/promoters having significant influence on the Company directly or indirectly****Companies**

Reliance Infrastructure Limited (R Infra)

**Individual**

Shri Anil D Ambani

**B. (II) Other related parties with whom transactions have taken place during the year:****(i) Fellow subsidiary**

Atos Trading Private Limited (ATPL)

Rosa Power Supply Company Limited (RPSL)

**(ii) Joint Ventures**

SP (N) CBM-2005/III

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

Particulars	Rupees	
	2015-2016	2014-2015
<b>(i) Transactions during the year :</b>		
<b>Reimbursement of expenses on behalf of</b>		
R Power	9,644,652	20,290,260
RPSL	32,456	48,336
<b>Inter-corporate deposits received</b>		
R Power	28,500,000	45,600,000
<b>(ii) Balance as at the year end :</b>		
<b>Equity share capital (excluding premium)</b>		
R Power	500,000	500,000
<b>Preference share capital (excluding premium)</b>		
R Power	132,015	132,015
<b>Advance payable</b>		
ATPL	35,826,974	35,826,974
<b>Inter corporate deposits payable</b>		
R Power	74,100,000	45,600,000
<b>Guarantees issued</b>		
R Power	1,150,000	1,150,000

**(iii)** The above disclosure does not include transactions with public utility service providers, viz. electricity, telecommunications in the normal course of business.



**Coastal Andhra Power Infrastructure Limited****Notes to the financial statements as of and for the year ended March 31, 2016 (Continued)****8 Earnings per share**

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Profit/(loss) for the Year (Rupees) (A)	-	20,486
Number of equity shares (B)	50,000	50,000
Earnings/(loss) per share - Basic and Diluted (A/B) (Rs.)	-	0.41
Nominal Value of an Equity Share (Rs.)	10	10

**9 Segment reporting**

Since the commercial operations of the company have not commenced, there are no separate reportable segments as defined under Accounting Standard - 17 'Segment Reporting' as prescribed by Companies (Accounting Standard) Rules, 2006.

**10 Interest in Joint operations**

During the period, the company has accounted for Rs.9,555,554 (Previous Year: Rs 9,526,524) towards its share of expenditure on exploration and development expenses on the Coal Bed Methane (CBM) SP(N) CBM-2005/III, transferred to the company pursuant to the composite scheme of arrangement.

**Disclosure of the Company share in Joint operations:-**

Name of the field	Location	Participating Interest %
SP (N) CBM-2005/III	Sohagpur , Madhya Pradesh	45

The above joint venture is an unincorporated joint venture carrying out controlled operations. Based on the statement of accounts of consortium, the Company accounts for its share of assets, liabilities, income and expenditure of Joint operations in which it holds a participating interest. The Company's share of assets and liabilities of Joint operations is given below:

	As at March 31, 2016	Rupees As at March 31,2015
<b>Assets</b>		
Current Assets		
Inventories	33,933,362	33,933,362
Short term loans and advances	307,958	855,754
Cash and bank balance	242,141	1,111,692
Liabilities		
Other current liabilities	79,309	252,647

**11 Micro and small scale business entities**

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

**12 In the opinion of the Board, Current as well as Non-current Assets have a value on realization in the ordinary course of business, at least equal to the amount at which they are stated.**

**Coastal Andhra Power Infrastructure Limited**

**Notes to the financial statements as of and for the year ended March 31, 2016 (Continued)**

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

As per our attached report of even date.

**For Shyam Malpani & Associates**

Chartered Accountants

Firm Registration No: 120438W

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

**Shyam Malpani**

Proprietor

Membership No. 34171

Place: Camp Chicago, USA

Date: 20.05.2016

**N Venugopala Rao**

Director

(DIN: 03143364)

Place: Mumbai

Date: 20.05.2016

**Suresh Nagarajan**

Director

(DIN: 01851432)