

*Annual Report*  
2016 – 2017

*of*

*Coastal Andhra Power Infrastructure*  
*Limited*

**Independent Auditors' Report**

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 2017, 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 2017, 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 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 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2017 from being appointed as a director in terms of sub-section (2) of Section 164 of the Act;
  - (f) We have no observations / comments on the financial transactions / matters which have adverse effect on the functioning of the Company, nor do we have

any qualified/adverse remarks related to the maintenance of the accounts or other matters connected therewith, in respect of the Company;

- (g) 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".
- (h) 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.
  - iv) The company had provided requisite disclosures in its financial statements as to holdings as well as dealings in specified bank notes during the period from 8th November, 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the company.

For SMMP & Associates  
Chartered Accountants  
Firm Registration No. 120438W

Chintan Shah  
Partner  
Membership No. 166729

Mumbai, 10<sup>th</sup> April 2017

**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 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 Provident Fund, Employees' State Insurance, 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.

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 SMMP & Associates  
Chartered Accountants  
Firm Registration No. 120438W

Chintan Shah  
Partner  
Membership No. 166729

Mumbai, 10<sup>th</sup> April 2017

**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, 2017 in conjunction with our audit of the financial statements of the Company comprising of the Balance Sheet as at March 31<sup>st</sup>, 2017, 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.



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>, 2017, 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 SMMP & Associates  
Chartered Accountants  
Firm Registration No. 120438W

Chintan Shah  
Partner  
Membership No. 166729

Mumbai, 10<sup>th</sup> April 2017

Coastal Andhra Power Infrastructure Limited  
Balance Sheet as at March 31, 2017

Particulars	Note No.	As at March 31, 2017 Rupees in '000	As at March 31, 2016 Rupees in '000	As at April 01, 2015 Rupees in '000
<b>ASSETS</b>				
<b>Current assets</b>				
Inventories	4.1	33,933	33,933	33,933
<b>Financial assets</b>				
Cash and cash equivalents	4.2(a)	612	1,187	1,427
Other financial assets	4.2(b)	58,864	56,131	56,818
<b>Total assets</b>		<b>93,409</b>	<b>91,251</b>	<b>92,178</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	4.3	1,452	500	500
Other equity	4.4			
Convertible non-participating preference share capital		132	132	132
Reserve and surplus		40,550	(26,470)	3,207
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Provisions	4.5	2,441	1,870	1,602
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
Borrowings	4.6(a)	-	74,100	45,600
Other financial liabilities	4.6(b)	47,381	40,109	40,354
Provisions	4.7	700	600	443
Other current liabilities	4.8	753	410	340
<b>Total Equity and liabilities</b>		<b>93,409</b>	<b>91,251</b>	<b>92,178</b>
Significant accounting policies	2			
Notes on financial statements	3 to 16			

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

As per our report of even date attached

For S M M P & Associates  
Chartered Accountants  
Firm Registration No: 120438W

For and on behalf of the Board of Directors

Chintan Shah  
Partner  
Membership No. 168729

Priyadarshini Mahapatra  
Director  
(DIN: 07237573)

Suresh Nagarajan  
Director  
(DIN: 01851432)

Place: Mumbai  
Date: 10/04/2017

Place:  
Date:

Coastal Andhra Power Infrastructure Limited  
Statement of Profit and Loss for the Period ended March 31, 2017

Particulars	Note No.	Year ended March 31, 2017 Rupees in '000	Year ended March 31, 2016 Rupees in '000
Revenue from Operations		-	-
<b>Total Income</b>		-	-
<b>Expenses</b>			
Employee benefits expense	4.9	21,782	20,532
Finance costs	4.10	2	-
Generation, administration and other expenses	4.11	5,444	9,146
<b>Total expenses</b>		<b>27,228</b>	<b>29,678</b>
<b>Profit / (loss) before tax</b>		<b>(27,228)</b>	<b>(29,678)</b>
<b>Income tax expense</b>			
Current tax		-	-
<b>Profit / (loss) for the year</b>		<b>(27,228)</b>	<b>(29,678)</b>
<b>Earnings per equity share: (Face value of Rs. 10 each)</b>			
Basic and Diluted (Rupees)	9	(188)	(594)
Significant accounting policies	2		
Notes on financial statements	3 to 16		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

For S M M P & Associates  
Chartered Accountants  
Firm Registration No: 120438W

For and on behalf of the Board of Directors

Chintan Shah  
Partner  
Membership No. 166729

Priyadarshini Mahapatra  
Director  
(DIN: 07237573)

Suresh Nagarajan  
Director  
(DIN: 01851432)

Place: Mumbai  
Date: 12/04/2017

Place:  
Date:

Coastal Andhra Power Infrastructure Limited  
Statement of changes in equity

A. Equity Share Capital

	Rupees in '000
Balance as at April 01, 2015	500
Changes in equity/preference share capital	-
Balance as at March 31, 2016	500
Changes in equity share capital	952
Balance as at March 31, 2017	1,452

B. Other Equity

	Rupees in '000			
	Securities Premium Account	Reserves and Surplus		Other reserves
	General Reserve	Retained Earnings	Preference share capital (Refer note 4.4.1)	Total
Balance as at April 01, 2015				
Profit for the year	1,31,883	(1,31,719)	132	3,339
Other Comprehensive Income for the year	3,043	(29,678)	-	(29,678)
Total Comprehensive Income for the year	-	(29,678)	-	(29,678)
Addition during the year				
Balance as at March 31, 2016	1,31,883	(1,61,397)	132	(26,339)
Profit for the year	3,043	(27,228)	-	(27,228)
Other Comprehensive Income for the year	-	(27,228)	-	(27,228)
Total Comprehensive Income for the year	-	(27,228)	-	(27,228)
Addition during the year	94,248			94,248
Balance as at March 31, 2017	2,26,131	(1,88,625)	132	40,681

As per our report of even date attached.

For S M M P & Associates  
Chartered Accountants  
Firm Registration No: 120438W

For and on behalf of the Board of Directors

Chintan Shah  
Partner  
Membership No. 156729

Priyadarshini Mahapatra  
Director  
(DIN: 07237573)

Suresh Nagarajan  
Director  
(DIN: 01851432)

Place: Mumbai  
Date: 10/04/2017

Place:  
Date:

**Coastal Andhra Power Infrastructure Limited**

**Cash Flow Statement for the year ended March 31, 2017**

Particulars	Year ended March 31, 2017 Rupees in '000	Year ended March 31, 2016 Rupees in '000
<b>A Cash flow from/(used in) operating activities</b>		
Net Profit/(loss) before taxation	(27,228)	(29,678)
Operating loss before working capital changes	<u>(27,228)</u>	<u>(29,678)</u>
Change in operating assets and liabilities:		
Increase / (decrease) loans and advances	(2,733)	687
(Increase) / decrease trade payables, other current liabilities and provisions	8,286	251
	<u>5,553</u>	<u>938</u>
<b>Net cash generated / (used in) operating activities</b>	<u>(21,875)</u>	<u>(28,740)</u>
<b>B Cash flow from/(used in) financing Activities</b>		
Proceeds from equity share capital	95,200	-
Proceeds/(Refund) of short borrowing (Net)	(74,100)	28,500
<b>Net cash flow used in financing activities</b>	<u>21,100</u>	<u>28,500</u>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	(575)	(240)
<b>Opening balance in cash and cash equivalents</b>		
Balance in current account	1,187	1,427
<b>Closing balance in cash and cash equivalents</b>		
Balance in current account	612	1,187

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

As per our report of even date attached.

For S M M P & Associates  
Chartered Accountants  
Firm Registration No: 120438W

For and on behalf of the Board of Directors

Partner  
Membership No. 166729

Priyadarshini Mahapatra  
Director  
(DIN: 07237573)

Suresh Nagarajan  
Director  
(DIN: 01851432)

Place: Mumbai  
Date: 10/06/2017

Place:  
Date:

**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.

These financial statements were authorised for issue by the board of directors on April 08, 2017.

**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 and relevant provisions of the Companies Act, 2013 ("the Act"). These are the Company's first Ind AS financial statements and Ind AS 101, 'First-time Adoption of Indian Accounting Standards' has been applied. The policies set out below have been consistently applied during the year presented.

For all periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act ("Previous GAAP").

These financial statements for the year ended March 31, 2017 are the first the Company has prepared in accordance with Ind AS. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows including reconciliations and descriptions of the effect of the transition are provided in notes.

The financial statements are presented in 'Indian Rupees', which is also the Company's functional currency.

**(b) 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 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:

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

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.

**(c) Recent accounting pronouncements**

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The amendments do not have any material impact on the financial statements of the Company.

**(d) Foreign currency translation:**

**Functional and presentation currency**

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

**(e) Property, plant and equipment**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. 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.

**Transition to Ind AS:**

On transition to Ind AS, the company has elected to avail fair value of all of its property, plant and equipment recognised as at April 1, 2015 as deemed cost.

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

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

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.

**(f) 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 "intangible assets under development".

**Amortisation 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 amortised over an estimated useful life of 3 years.

**(g) Borrowing costs**

Borrowing costs include costs that are ancillary and required 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 Statement of Profit and Loss in the period in which they are incurred.

**(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) Investments and other financial assets**

**I. Classification**

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

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

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

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

**Amortised cost**

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

**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) Offsetting Financial Instruments**

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

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

**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:**

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 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 an actuarial valuation using the projected unit credit method. Such defined benefits are charged off to the Statement of Profit and Loss.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

**(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.

**(n) Income tax**

Income tax expense comprises current and deferred taxes. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

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 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. 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.

**(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.

### 3) Transition to Ind AS:

These are the Company's first financial statements prepared in accordance with Ind AS. The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from April 01, 2016, with a transition date of April 01, 2015. These financial statements for the year ended March 31, 2017 are the first the Company has prepared under Ind AS. For all periods upto and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with the previously applicable Indian GAAP (previous GAAP).

The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements be applied retrospectively and consistently for all financial years presented. Accordingly, the Company has prepared financial statements which comply with Ind AS for year ended March 31, 2017, together with the comparative information as at and for the year ended March 31, 2016. The Company's opening Ind AS Balance Sheet has been prepared as at April 01, 2015, the date of transition to Ind AS.

#### 3.1 Exemptions and exceptions availed

In preparing these Ind AS financial statements, the Company has availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). This note explains the adjustments made by the Company in restating its previous GAAP financial statements, including the Balance Sheet as at April 01, 2015 and the financial statements as at and for the year ended March 31, 2016.

##### (a) Ind AS optional exemptions

###### i. Deemed cost

Ind AS 101 permits a first-time adopter to measure all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS at fair value or previous GAAP carrying value and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 "Intangible Assets". Accordingly, the company has elected to measure all of its property, plant and equipment (PPE) at their fair values. The company has elected to use previous GAAP carrying value as deemed cost for Intangible Assets covered by Ind AS 38 "Intangible Assets".

##### (b) Ind AS mandatory exemptions

The company has applied the following exceptions from full retrospective application of Ind AS as mandatorily required under Ind AS 101:

###### i. Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 01, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Impairment of financial assets based on expected credit loss model

###### ii. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Consequently, the Company has applied the above assessment based on facts and circumstances exist at the transition date.

#### 3.2 Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The presentation requirements under previous GAAP differ from Ind AS and hence the previous GAAP information has been regrouped for ease of reconciliation with Ind AS. The regrouped previous GAAP information is derived based on the audited financial statements of the Company for the year ended March 31, 2015 and March 31, 2016.

Coastal Andhra Power Infrastructure Limited  
Notes to the financial statements as of and for the period ended March 31, 2017

Particulars	As at March 31, 2017 Rupees in '000	As at March 31, 2016 Rupees in '000	As at April 01, 2015 Rupees in '000
<b>4.1 Inventories</b>			
Inventories (Represents In Joint Operations)	33,933	33,933	33,933
	<b>33,933</b>	<b>33,933</b>	<b>33,933</b>
<b>4.2(a) Cash and cash equivalents</b>			
Balance with banks in current account (Includes Rs. 311 thousands (March 31, 2016:Rs. 242 thousands; April 01, 2015: 1,112 thousands) represents share in Joint Operations) (Refer Notes 14)	612	1,187	1,427
	<b>612</b>	<b>1,187</b>	<b>1,427</b>
<b>4.2(b) Other current financial assets</b> (Unsecured and considered good unless stated otherwise)			
Advance recoverable in cash or in kind (Includes Rs. 80 thousands (March 31, 2016:Rs. 306 thousands; April 01, 2015: 858 thousands) represents share in Joint Operations) (Refer Notes 13)	58,864	56,131	56,818
	<b>58,864</b>	<b>56,131</b>	<b>56,818</b>

Coastal Andhra Power Infrastructure Limited  
Notes to the financial statements as of and for the period ended March 31, 2017

Particulars	As at	As at	As at
	March 31, 2017	March 31, 2016	April 01, 2015

4.3 Share capital

Authorised share capital

1,500,000 (March 31, 2016: 60,000; April 01, 2015: 60,000) equity shares of Rs. 10 each  
400,000 (March 31, 2016: 400,000; April 01, 2015: 400,000) preference shares of Rs. 1 each

	1,500	600	600
	400	400	400
	<u>1,900</u>	<u>1,000</u>	<u>1,000</u>

Issued, subscribed and fully paid up capital

145,200 (March 31, 2016: 50,000; April 01, 2015: 50,000) equity shares of Rs. 10 each fully paid-up  
132,015 (Previous Year: 132,015) preference shares [refer note no. 3.1.2(b) below for terms]

	1,452	500	500
	132	132	132
	<u>1,584</u>	<u>632</u>	<u>632</u>

4.3.1 Reconciliation of number of equity shares

Equity shares

Balance at the beginning of the year - 50,000 (March 31, 2016: 50,000; April 01, 2015: 50,000) shares of Rs. 10 each  
Add: Issued during the year - 95,200 (March 31, 2016: Nil; April 01, 2015: Nil) shares of Rs. 10 each

	600	500	500
	952	-	-
	<u>1,452</u>	<u>500</u>	<u>500</u>

Balance at the end of the year - 145,200 (March 31, 2016: 60,000; April 01, 2015: 50,000) shares of Rs. 10 each

4.3.2 Terms/ rights attached to equity shares

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 the remaining assets of the Company, after distribution of all preferential amounts.

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

Equity shares	As at March 31, 2017		As at April 01, 2015	
	No. of Shares	Percentage of share holding	No. of Shares	Percentage of share holding
Reliance Power Limited*	145,200	100%	50,000	100%
(Out of the above 145,200 (March 31, 2016: 49,994; April 01, 2015: 49,994) equity shares are held by Reliance Power Limited, the holding company and the balance 8 share is jointly held by Reliance Power Limited and its nominee)	<u>145,200</u>	<u>100%</u>	<u>50,000</u>	<u>100%</u>

4.3.4 Shares held by Holding Company / Subsidiaries of Holding Company

Equity Shares

Reliance Power Limited - 145,200 (Previous year: 50,000) shares of Rs. 10 each fully paid-up

(Out of the above 145,200 (March 31, 2016: 49,994; April 01, 2015: 49,994) equity shares are held by Reliance Power Limited, the holding company, and the balance 8 share is jointly held by Reliance Power Limited and its nominee)

Particulars	As at	As at	As at
	March 31, 2017	March 31, 2016	April 01, 2015
	1,452	500	500
	<u>1,452</u>	<u>500</u>	<u>500</u>

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Notes to the financial statements as of and for the period ended March 31, 2017

Particulars	As at March 31, 2017 Rupees in '000	As at March 31, 2016 Rupees in '000	As at April 01, 2015 Rupees in '000
<b>4.4 Other equity</b>			
Balance at the end of the year			
4.4.1 Instrument entirely equity in nature	132,015	132,015	132,015
4.4.2 Securities premium account	226,131	131,883	131,883
4.4.3 General reserve	3,043	3,043	3,043
4.4.4 Surplus / (Deficit) in the Statement of Profit and Loss	(188,825)	(161,397)	(131,719)
	<b>172,565</b>	<b>105,545</b>	<b>135,222</b>
	<b>No. of Shares</b>	<b>No. of Shares</b>	<b>No. of Shares</b>
<b>4.4.1(a) Instrument entirely equity in nature</b>			
Preference Shares			
Reconciliation of number of shares			
Preference shares [Refer note no. 4.4.1(b)]			
Balance at the beginning of the year	132,015	132,015	132,015
132,015 (March 31, 2016; April 1, 2015: 132,015) shares of Rs. 1 each fully paid-up			
Balance at the end of the year: 132,015 (March 31, 2016: 132,015; April 1, 2015: 132,015) shares of Rs. 1 each fully paid-up	<b>132,015</b>	<b>132,015</b>	<b>132,015</b>
<b>4.4.1(b) Terms/ rights attached to preference shares</b>			
<b>7.5% Compulsory Convertible Redeemable Non-Cumulative Preference Shares (CCRPS)</b>			
The Company shall have a call option on CCRPS which can be exercised by the Company in one or more tranches and in part or in full before the end of agreed tenure (20 years) of the said shares. In case the call option is exercised, CCRPS shall be redeemed at an issue price (i.e. face value and premium). The holders of CCRPS however, shall have an option to convert CCRPS into equity shares at any time during the tenure of such shares. At the end of tenure and to the extent the Company or the shareholder has not exercised their options, CCRPS shall be compulsorily converted into equity shares. On conversion, in either case, each CCRPS shall be converted into one fully paid equity share of Rs. 10 each at a premium of Rs. 990 share. If during the tenure of CCRPS, the Company declares equity dividend, CCRPS holders shall also be entitled to dividend on their shares at the same rate as the equity dividend and this dividend will be over and above the coupon rate of 7.5%. These preference shares shall continue to be non cumulative.			
<b>4.4.1(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company</b>			
Preference shares [Refer note no. 4.4.1(b)]			
Reliance Power Limited - Holding company			
132,015 (March 31, 2016; April 1, 2015: 132,015) shares of Rs. 1 each fully paid-up	132,015	132,015	132,015
	<b>132,015</b>	<b>132,015</b>	<b>132,015</b>
<b>4.4.1(d) Movement of instruments entirely equity in nature</b>			
Balance at the beginning of the year			
132,015 (March 31, 2016; April 01, 2015: 132,015) shares of Rs. 1 each fully paid-up	132,015	132,015	132,015
132,015 (March 31, 2016: 132,015; April 01, 2015: 132,015) shares of Rs. 1 each fully paid-up	<b>132,015</b>	<b>132,015</b>	<b>132,015</b>
	<b>As at March 31, 2017 Rupees in '000</b>	<b>As at March 31, 2016 Rupees in '000</b>	
<b>4.4.2 Securities premium account</b>			
Balance at the beginning of the year	131,883	131,883	
Add: Premium on Equity Share Capital Issued	94,248	-	
Balance at the end of the year	<b>226,131</b>	<b>131,883</b>	
<b>4.4.3 General reserve</b>			
Balance at the beginning of the year	3,043	3,043	
Balance at the end of the year	<b>3,043</b>	<b>3,043</b>	
<b>4.4.4 Surplus / (Deficit) in the Statement of Profit and Loss</b>			
Balance at the beginning of the year	(161,397)	(131,719)	
Profit / (loss) for the year	(27,228)	(29,578)	
Balance at the end of the year	<b>(188,625)</b>	<b>(161,397)</b>	

Coastal Andhra Power Infrastructure Limited

Notes to the financial statements as of and for the period ended March 31, 2017

Particulars	As at March 31, 2017 Rupees in '000	As at March 31, 2016 Rupees in '000	As at April 01, 2015 Rupees in '000
<b>4.5 Non-current provisions</b>			
Provision for leave encashment (Refer note 7)	2,441	1,870	1,602
	<u>2,441</u>	<u>1,870</u>	<u>1,602</u>
<b>4.6(a) Current borrowings</b>			
Unsecured - at amortised cost			
Loans from related parties (Refer note 6)	-	74,100	45,600
	<u>-</u>	<u>74,100</u>	<u>45,600</u>
<b>4.6(b) Other current financial liabilities</b>			
Dues to Related Party (Refer note 8)	43,365	35,827	35,827
Creditors for supplies and services (includes Rs. 62 thousands (March 31, 2016; Rs. 79 thousands; April 01, 2015: 253 thousands) represents share in Joint Operations) refer Notes 14)	65	112	159
Other payables	3,931	4,170	4,368
	<u>47,381</u>	<u>40,109</u>	<u>40,354</u>
<b>4.7 Current provisions</b>			
Provision for leave encashment (Refer note 7)	700	600	443
	<u>700</u>	<u>600</u>	<u>443</u>
<b>4.8 Other current liabilities</b>			
Other payables	753	410	340
	<u>753</u>	<u>410</u>	<u>340</u>



Coastal Andhra Power Infrastructure Limited

Notes to the financial statements as of and for the period ended March 31, 2017

Particulars	Period ended March 31, 2017 Rupees in '000	Year ended March 31, 2016 Rupees in '000
<b>4.9 Employee benefits expense</b>		
Salaries, bonus and other allowances	20,234	19,334
Contribution to provident fund and other funds	885	773
Gratuity and leave encashment	673	425
	<b>21,782</b>	<b>20,532</b>
<b>4.10 Finance cost</b>		
Other finance charges	2	-
	<b>2</b>	<b>-</b>
<b>4.11 Generation, administration and other expenses</b>		
Rent expenses	-	1,917
- Others	-	418
Legal and professional charges	195	3,154
Postage and telephone	42	-
Travelling and conveyance	179	2,507
Rates and taxes	7	2
Insurance	91	108
Exploration expenses	4,930	515
Communication expenses	-	169
Miscellaneous expenses	-	356
	<b>5,444</b>	<b>9,146</b>

5) 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 - CBM block- SP(N)-CBM-2006/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 was approved by Government of India (GoI) in April 2016. The Company does not anticipate any liability in this block.

6) Details of remuneration to auditors:

	Rupees in '000	
	Year ended March 31, 2017	Year ended March 31, 2016
As auditors		
For statutory audit	25	25
For others	-	-
	25	25

7) Employee benefit obligations

The Company has classified various employee benefits as under:

**Leave obligations**

The leave obligations cover the Company liability for sick and privileged leave.

	Rupees in '000		
	March 31, 2017	March 31, 2016	April 01, 2015
Provision for leave encashment			
Current*	700	600	443
Non-current	2,441	1,870	1,602

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

8) Related party transactions:

A. Parties where control exists:

**Holding Company:**  
Reliance Power Limited (R Power)

**Fellow subsidiary:**  
Atos Trading Private Limited (ATPL)  
Rosa Power Supply Company Limited (RPSL)

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

**Joint Ventures**  
SP (N) CBM-2005/III

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

Particulars	March 31, 2017	March 31, 2016
	Rupees in '000	Rupees in '000
<b>Transactions during the year:</b>		
<b>Reimbursement of expenses</b>		
R Power	230	9,645
RPSL	3	32
<b>Inter-corporate deposits taken</b>		
R Power	35,638	28,500
<b>Inter-corporate deposits refunded</b>		
R Power	7,000	-

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
	Rupees in '000	Rupees in '000	Rupees in '000
<b>Closing balance</b>			
<b>Equity share capital (excluding premium)</b>			
R Power	1,452	500	500
<b>Preference share capital</b>			
R Power	132	132	132
<b>Advance payable</b>			
ATPL	35,827	35,827	35,827
<b>Inter corporate deposits taken</b>			
R Power	7,538	74,100	45,600
<b>Guarantees issued</b>			
R Power	1,150	1,150	1,150

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

9) Earnings per share:

Particulars	Rupees in '000	
	Year ended March 31, 2017	Year ended March 31, 2016
<b>Profit / (loss) available to equity shareholders</b>		
Profit / (loss) after tax (Rupees in '000)	(27,228)	(29,678)
<b>Number of equity shares</b>		
Weighted average number of equity shares outstanding (Basic) (B)	145,200	50,000
Basic and diluted earnings per share (A / B) (Rs.)	(188)	(594)
Nominal value of an equity share (Rs.)	10.00	10.00

10) Income taxes

Particulars	Rupees in '000	
	March 31, 2017	March 31, 2016
<b>The reconciliation of tax expense and the accounting profit multiplied by tax rate :</b>		
Profit / (loss) before tax	(27,228)	(29,678)
Tax at the Indian tax rate of 30.90%	(8,413)	(9,170)
Tax losses for which no deferred income tax was recognised	(8,413)	(9,170)
<b>Income tax expense</b>	-	-

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.

	Rupees in '000		
	March 31, 2017	March 31, 2016	April 01, 2015
<b>Financial assets</b>			
Cash and cash equivalents	612	1,187	1,427
Advance recoverable in cash or in kind	58,864	56,131	56,818
<b>Total financial assets</b>	<b>59,476</b>	<b>57,318</b>	<b>58,245</b>
<b>Financial liabilities</b>			
Loans from related parties	-	74,100	45,600
Dues to Related Party	43,365	35,827	35,827
Creditors for supplies and services	86	112	169
Other payable	3,931	4,170	4,368
<b>Total financial liabilities</b>	<b>47,381</b>	<b>114,209</b>	<b>85,954</b>

(b) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table. The company does not have long term financial assets and financial liabilities as at 31 March 2016 and 31 March 2017. Therefore table is presented only for financial assets and financial liabilities as at 1 April 2015.

(c) 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, market risks and credit risk.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, financial assets measured at amortised 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. This is generally carried out at local level in the operating companies of the company in accordance with practice and limits set by the company.

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 '000				
March 31, 2017	Less than 1 years	Between 1 year and 5 years	More than 5 years	Total
<b>Financial liabilities</b>				
Loans from related parties	-	-	-	-
Dues to Related Party	43,365	-	-	43,365
Creditors for supplies and services	85	-	-	85
Other financial liabilities	3,931	-	-	3,931
<b>Total financial liabilities</b>	<b>47,381</b>	<b>-</b>	<b>-</b>	<b>47,381</b>

Rupees in '000				
March 31, 2016	Less than 1 years	Between 1 year and 5 years	More than 5 years	Total
<b>Financial liabilities</b>				
Loans from related parties	74,100	-	-	74,100
Dues to Related Party	35,827	-	-	35,827
Creditors for supplies and services	112	-	-	112
Other financial liabilities	4,170	-	-	4,170
<b>Total financial liabilities</b>	<b>114,209</b>	<b>-</b>	<b>-</b>	<b>114,209</b>

Rupees in '000				
April 01, 2015	Less than 1 years	Between 1 year and 5 years	More than 5 years	Total
<b>Financial liabilities</b>				
Loans from related parties	45,600	-	-	45,600
Dues to Related Party	35,827	-	-	35,827
Creditors for supplies and services	159	-	-	159
Other financial liabilities	4,368	-	-	4,368
<b>Total financial liabilities</b>	<b>85,954</b>	<b>-</b>	<b>-</b>	<b>85,954</b>

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 on a periodic basis. Equity comprises all components of equity includes the fair value impact. The following table summarizes the capital of the Group:

	Rupees in '000		
	March 31, 2017	March 31, 2016	April 1, 2015
Equity	42,134	(25,838)	3,839
<b>Total</b>	<b>42,134</b>	<b>(25,838)</b>	<b>3,839</b>

14) Interest in Joint Operations

During the year, the company has accounted for Rs. 4,930 thousands (Previous Year: Rs. 9,566 thousands) towards its share of expenditure on survey and prospecting activities on the Coal Bed Methane (CBM) blocks 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 ventures are unincorporated joint ventures carrying out controlled Operations. Based on the statement of accounts of consortium, the Company account 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:

	Rupees in '000		
	March 31, 2017	March 31, 2016	March 31, 2015
<b>Assets</b>			
Inventories	33,933	33,933	33,933
Short term loans and advances	90	308	856
Cash and bank balances	311	242	1,112
<b>Liabilities</b>			
Other current liabilities	52	79	253

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) During the year, the Company had no specified bank notes or no other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 and there were no transaction during the period from November 8, 2016 to December, 30 2016.

As per our report of even date attached

For S M M P & Associates  
Chartered Accountants  
Firm Registration No: 120438

For and on behalf of the Board of Directors

Chintan Shah  
Partner  
Membership No. 166729

Priyadarshini Mahapatra  
Director  
(DIN: 07237573)

Suresh Nagarajan  
Director  
(DIN: 01851432)

Place:  
Date:

Place:  
Date: