

Independent Auditors' Report

To The Members of
Jharkhand Integrated Power Limited

We have audited the accompanying financial statements of **Jharkhand Integrated Power Limited** (the Company) which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its Loss, its Cash Flows and the Statement of Changes in Equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1 As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) Section 143 of Act, we give in the "Annexure A", a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
- 2 As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the aforesaid Ind AS financial statements comply with the applicable Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. On the basis of written representations received from the Directors and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2017 from being appointed as Director in terms of section 164(2) of the Act;
 - f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) There are no ongoing litigations as at the reporting date that would have a material impact on its financial position;
 - ii) Based upon the assessment made by the Company, there are no long-term contracts resulting in any material foreseeable losses;
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
 - iv) The Company did not have any cash on hand during the year hence disclosure requirement regarding specified bank notes pursuant to MCA notification G.S.R. 308(E) dated March 30, 2017 is not applicable.

For M. S. Sethi & Associates
Chartered Accountants
Regn.No.109407W

Manoj Sethi
Proprietor
Membership No. 39784

Place: Mumbai
Date: April 11, 2017

15) Segment reporting

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

16) 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.

17) 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 30, 2017 and there were no transaction during the period from November 8, 2016 to December 30, 2016.

As per our Report of even date.

For M.S. Sethi & Associates
Chartered Accountants
Regn. No. 109407W

For and on behalf of the Board of Directors

Manoj Sethi
Proprietor
Membership No. 39784

Manoj Pongde
Director
DIN: 07726913

Sameer Kumar Gupta
Director
DIN: 03486281

Place: Mun
Date: 11.04____

Place: Mumbai
Date: 11.04.2017

Jharkhand Integrated Power Limited
Balance Sheet as at March 31, 2017

Particulars		Note No.	As at March 31, 2017	As at March 31, 2016	Rupees in thousands As at April 01, 2015
ASSETS					
Non-current assets					
Property, plant and equipment	4.1	87,004	87,004	94,218	
Capital work-in-progress	4.2	729,442	729,848	2,050,869	
Intangible assets	4.3	-	-	1,725	
Financial assets					
Other financial assets	4.4	-	-	246	
Other non-current assets	4.5	655,047	655,047	658,341	
Current assets					
Financial assets					
Cash and cash equivalents	4.6 (a)	-	1,141	2,442	
Loans	4.6 (b)	-	-	270,499	
Other financial assets	4.6 (c)	12,188	12,166	32,903	
Other current assets	4.7	-	-	6,785	
Total		1,483,661	1,485,328	3,118,038	
EQUITY AND LIABILITIES					
Equity					
Equity share capital	4.8	1,499	1,489	1,459	
Other equity	4.9	-	167	2,443,050	
Liabilities					
Non-current liabilities					
Financial liabilities					
Borrowings	4.10	-	-	628,165	
Provisions	4.11	-	-	5,209	
Current liabilities					
Financial liabilities					
Other financial liabilities	4.12	1,482,182	1,483,642	39,666	
Provisions	4.13	-	-	429	
Total		1,483,661	1,485,328	3,118,038	

Significant Accounting Policies
Notes on financial statements

2
1 to 17

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

As per our Report of even date,

For M.S. Sethi & Associates
Chartered Accountants
Regn. No. 109407W

Manoj Sethi
Proprietor
Membership No. 30784

For and on behalf of the Board of Directors:

Manoj Pringde
Director
DIN: 07728913

Sameer Kumar Gupta
Director
DIN: 03486281

Place: Mumbai
Date: 11.04.2017

Place: Mumbai
Date: 11.04.2017

Jharkhand Integrated Power Limited
Statement of Profit and Loss for the Year ended March 31, 2017

Particulars	Note No.	Rupees in thousands	
		Year ended March 31, 2017	Year ended March 31, 2016
Revenue			
Other Income	4.14	-	435
Total Income		<u>-</u>	<u>435</u>
Expenses			
Employee benefits expense	4.15	-	3,783
Finance costs	4.16	1	2,424,591
Depreciation and amortization expense		-	2,738
Generation, administration and other expenses	4.17	186	12,186
Total expenses		<u>187</u>	<u>2,443,298</u>
Profit/(Loss) before tax		<u>(187)</u>	<u>(2,442,863)</u>
Income tax expense			
Current tax		-	-
Profit/(Loss) for the year (A)		<u>(187)</u>	<u>(2,442,863)</u>
Other Comprehensive Income			
Items that will not be reclassified to profit or loss		-	-
Items that will be reclassified to profit or loss		-	-
Other Comprehensive Income for the year (B)		<u>-</u>	<u>-</u>
Total Comprehensive Income for the year (A+B)		<u>(187)</u>	<u>(2,442,863)</u>
Earnings per equity share: (Face value of Rs. 10 each)			
Basic and Diluted (Rupees)	10	(1.25)	(16,298.62)
Significant Accounting Policies	2		
Notes on financial statements	1 to 17		

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

As per our Report of even date.

For M.S. Sethi & Associates
Chartered Accountants
Regn. No. 109407W

Manoj Sethi
Proprietor
Membership No. 39784

For and on behalf of the Board of Directors

Manoj Borge
Director
DIN: 07728913

Sameer Kumar Gupta
Director
DIN: 03486281

Place: Mumbai
Date: 11.04.2017

Place: Mumbai
Date: 11.04.2017

Jnarkhand Integrated Power Limited
Cash Flow Statement for the year ended March 31, 2017

Particulars	Rupees in thousands	
	Year ended March 31, 2017	Year ended March 31, 2016
(A) Cash flow from / (used in) operating activities		
Net Profit/(Loss) before tax	(187)	(2,442,863)
Adjusted for :		
Depreciation and amortisation	-	2,738
Finance costs	-	2,424,591
Interest income	-	(435)
Operating Profit/(Loss) before working capital changes	(187)	(15,989)
Adjustments for :		
Increase/(Decrease) in provisions	-	(5,638)
Increase/(Decrease) in other current liabilities	(1,460)	(39,575)
Increase/(Decrease) in loans and advances	-	27,299
	(1,460)	(17,914)
Taxes (paid) / refund (not)	-	-
Net Cash flow used in operating activities	(1,647)	(33,883)
(B) Cash flow from / (used in) investing activities		
Sale of fixed assets (including capital work in progress)	506	12,133
Refund of inter corporate deposit	-	270,305
Net cash from investing activities	506	282,438
(C) Cash flow from / (used in) financing activities		
Proceeds from short term borrowings	-	3,092,900
Repayment of short term borrowings	-	(290,000)
Finance cost	-	(2,424,591)
Redemption of Preference Share Capital	-	(620,165)
Net cash generated used in financing activities	-	(249,856)
Net Decrease in cash and cash equivalents (A+B+C)	(1,141)	(1,301)
Opening Balance of cash and cash equivalents		
- Balance in current account	1,141	2,442
Closing balance of cash and cash equivalents		
- Balance in current account	-	1,141

The accompanying notes are an integral part of these financial statements

Note:

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

As per our Report of even date,

For M.S. Sethi & Associates
Chartered Accountants
Regn. No. 109407W

Manoj Sethi
Proprietor
Membership No. 39784

For and on behalf of the Board of Directors

Manoj Pongde
Director
DIN: 07728913

Sameer Kumar Gupta
Director
DIN: 03486281

Place: Mumbai
Date: 11.04.2017

Place: Mumbai
Date: 11.04.2017

Jharkhand Integrated Power Limited
Statement of changes in equity

A. Equity Share Capital Rupees in thousands

Particulars	Amount
Balance as at April 01, 2016	1,499
Changes in equity share capital	-
Balance as at March 31, 2016	1,499
Changes in equity share capital	-
Balance as at March 31, 2017	1,499

B. Other Equity Rupees in thousands

	Reserves and Surplus			Total
	Securities Premium Account	Capital redemption reserve	Retained Earnings	
Balance as at April 01, 2015	96,901	-	2,344,149	2,443,050
Profit/(Loss) for the year	-	-	(2,442,863)	(2,442,863)
Other Comprehensive Income for the year	-	-	-	-
Total Comprehensive Income for the year	-	-	(2,442,863)	(2,442,863)
Transfer to capital redemption reserve	-	3,000	-	3,000
Less: Transfer to Capital Redemption Reserve	-	-	(3,000)	(3,000)
Balance as at March 31, 2016	96,901	3,000	(101,714)	187
Profit/(Loss) for the year	-	-	(187)	(187)
Other Comprehensive Income for the year	-	-	-	-
Total Comprehensive Income for the year	-	-	(187)	(187)
Balance as at March 31, 2017	96,901	3,000	(101,901)	-

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

As per our Report of even date,

For M.S. Sethi & Associates
Chartered Accountants
Rogn. No. 109407W

For and on behalf of the Board of Directors

Manoj Sethi
Proprietor
Membership No. 39704

Manoj Pongde
Director
DIN: 07728913

Samer Kumar Gupta
Director
DIN: 03486281

Place: Mumbai
Date: 11.04.2017

Place: Mumbai
Date: 11.04.2017

1) General information

Jharkhand Integrated Power Limited is a wholly owned subsidiary of Reliance Power Limited. It has been set up as special purpose vehicle to develop ultra mega power project of 3,960 MW (8 units x 680 MW) with integrated coal mines at Hazaribagh district, Jharkhand. The Company has entered into a power purchase agreement with various state electricity boards and private procurers (Refer Note 6). Registered address of the company is 7th Floor, Raheja Point - I, Jawaharlal Nehru Marg Vakola Market, Santa Cruz (East) Mumbai.

These financial statements were authorised for issue by the board of directors on April 11, 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 note 3 below.

Historical cost convention

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

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

Fair value measurement

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

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

- 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

Current vis-à-vis non-current classification

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

(b) Recent accounting pronouncements

Standards issued but not yet effective

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

(c) Foreign currency translation:

i. Functional and presentation currency

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

ii. Transactions and balances

- (i) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.
- (ii) All exchange differences arising on reporting on foreign currency monetary items at rates different from those at which they were initially recorded are recognised in the Statement of Profit and Loss.
- (iii) In respect of foreign exchange differences arising on restatement or settlement of long term foreign currency monetary items, the Company has availed the option available in Ind AS 101 to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items outstanding as on March 31, 2016, wherein:
 - Foreign exchange differences on account of depreciable asset, is adjusted in the cost of depreciable asset and would be depreciated over the balance life of asset.
 - In other cases, foreign exchange difference is accumulated in "foreign currency monetary item translation difference account" and amortised over the balance period of such long term asset / liabilities.
- (iv) Non-monetary items denominated in foreign currency are stated at the rates prevailing on the date of the transactions / exchange rate at which transaction is actually effected.

(d) Property, plant and equipment

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

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

Transition to Ind AS:

On transition to Ind AS, the Company has elected to adopt the fair value of all of its property, plant and equipment as at April 01, 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.

(e) Intangible assets:

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

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

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.

Transition to Ind AS:

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at April 1, 2015 measured as per the Previous GAAP and use that carrying value as the deemed cost of intangible assets.

(f) Borrowing costs

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

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

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

(g) Impairment of non-financial assets

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

(h) Cash and cash equivalents

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

(i) Financial Instruments

Investments and other financial assets

1. 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) Contributed equity:

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(k) Financial liabilities

i. Classification as debt or equity

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

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

ii. Initial recognition and measurement

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

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

iii. Subsequent measurement

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

Borrowings: Borrowings are subsequently carried at 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.

Short-term obligations

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

Other long-term employee benefit obligations

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

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

Post employee obligations

The Company operates the following post-employment schemes:

- defined benefit plans such as gratuity
- defined contribution plans such as provident fund and superannuation fund.

Gratuity obligations

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

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

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the balance sheet.

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

(n) Income tax

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

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

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

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

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

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

(o) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(p) Cash flow statement

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

2.2 Critical accounting estimates and judgements

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

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

(a) Defined benefit obligations

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

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

(b) Provision

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

3) 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, 2016. 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, 2016, the date of transition to Ind AS.

A. 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, 2016 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".

ii. Long term foreign currency monetary items

Ind AS 101 permits a first time adopter to continue the accounting policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognized in the financial statements for the year ending March 31, 2016. The Company has opted to follow this exemption.

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, 2016 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.

B. 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 following tables represent the reconciliations from previous GAAP to Ind AS.

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.

B.1 Reconciliation of total equity as at March 31, 2016 and April 01, 2015

Particulars	Note	Rupees in thousands	
		March 31, 2016	April 01, 2015
Total equity (shareholder's funds) as per previous GAAP		130,687	3,201,716
Adjustments:			
Preference shares treated as liability	3C(i)	-	(528,165)
Decapitalisation of pre-operative expenditures	3C(ii)	(129,001)	(129,001)
Total adjustments		(129,001)	(1757,166)
Total equity as per Ind AS		1,686	2,444,549

B.2 Reconciliation of total comprehensive income for the year ended March 31, 2016

Particulars	Note	Rupees in thousands	
		March 31, 2016	
Profit/(Loss) after tax as per previous GAAP		(71,029)	
Adjustments:			
Interest and loss on redemption of preference shares	3C(i)	(2,371,834)	
Total adjustments		(2,371,834)	
Profit/(Loss) after tax as per Ind AS (A)		(2,442,863)	
Other Comprehensive Income		-	
Other Comprehensive Income for the year (B)		-	
Total Comprehensive Income for the year (A+B)		(2,442,863)	

B.3 Impact of Ind AS adoption on the statements of cash flows for the year ended March 31, 2016

There is no material impact on the statements of cashflows on transition to Ind AS for the year ended March 31, 2016.

C: Notes to first-time adoption:

i. Redeemable preference shares classified as liability

As on transition date, the company has assessed the classification and measurement of 7.5% Compulsory Convertible Redeemable Non-Cumulative Preference Shares (CCRPS). Based on the terms, instrument has been classified as liability and initially recognized at fair value. Consequential impact as on 1 April 2015 has been taken to retained earnings.

ii. Fair value of PPE as deemed cost and decapitalisation of pre-operative expenditure

The Company has realigned the expenditures capitalised to capital work in progress under Ind AS and has charged the expenditures to statement of profit and loss which are not directly attributable to construction of fixed assets.

iii. Retained earnings

Retained earnings as at April 01, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

Jharkhand Integrated Power Limited

Notes to the financial statements as of and for the year ended March 31, 2017 (Continued)

4.1 Property, Plant and Equipment

	Freehold land ¹	Plant & equipment	Furniture & fixtures	Motor Vehicles	Office equipment	Computers	Total
Rupees in thousands							
Gross carrying amount							
Balance as at April 01, 2015	87,004	1,674	431	1,734	1,335	2,040	94,218
Additions during the year	-	-	-	-	-	-	-
Deductions during the year	-	1,674	431	1,734	1,335	2,040	7,214
Balance as at March 31, 2016	87,004	-	-	-	-	-	87,004
Additions during the year	-	-	-	-	-	-	-
Deductions during the year	-	-	-	-	-	-	-
Balance as at March 31, 2017	87,004	-	-	-	-	-	87,004
Depreciation / Amortisation							
Accumulated depreciation							
Balance as at April 01, 2015	-	-	-	-	-	-	-
For the year	-	102	35	470	384	451	1,442
Deductions during the year	-	102	35	470	384	451	1,442
Balance as at March 31, 2016	-	-	-	-	-	-	-
For the year	-	-	-	-	-	-	-
Deductions during the year	-	-	-	-	-	-	-
Balance as at March 31, 2017	-	-	-	-	-	-	-
Net carrying amount							
Balance as at April 01, 2015	87,004	1,674	431	1,734	1,335	2,040	94,218
Balance as at March 31, 2016	87,004	-	-	-	-	-	87,004
Balance as at March 31, 2017	87,004	-	-	-	-	-	87,004

Notes:

¹Freehold land as at March 31, 2017 includes Rs. 614 thousands (Previous year Rs. 614 thousands) capitalised, on the basis of advance possession received from authorities pending registration of title deed in favour of the company

4.2 Capital Work in Progress

Rupees in thousands

	Capital Work in progress
Deemed cost as at April 1, 2015	2,050,869
Incurred during the year	-
Capitalised/Adjusted during the year	(1,320,921)
Balance as at March 31, 2016	729,948
Incurred during the year	-
Capitalised/Adjusted during the year	(506)
Balance as at March 31, 2017	729,442

4.3 Other Intangible assets

Rupees in thousands

	Computer Software
Gross carrying amount	
Deemed cost as at April 01, 2015	1,725
Additions during the year	-
Deductions during the year	1,725
Balance as at March 31, 2016	-
Additions during the year	-
Deductions during the year	-
Balance as at March 31, 2017	-
	Computer Software
Accumulated depreciation	
Balance as at April 01, 2015	-
For the year	1,296
Deductions during the year	1,296
Balance as at March 31, 2016	-
For the year	-
Deductions during the year	-
Balance as at March 31, 2017	-
Net carrying amount	
Balance as at April 01, 2015	1,725
Balance as at March 31, 2016	-
Balance as at March 31, 2017	-

Jharkhand Integrated Power Limited
Notes to the financial statements as of and for the year ended March 31, 2017 (Continued)

	Rupees in thousands		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
4.4 Other non-current financial assets (Unsecured and considered good)			
Security deposits	-	-	246
	-	-	246
4.5 Other non-current assets (Unsecured and considered good)			
Capital advances	655,047	655,047	658,341
	655,047	655,047	658,341
4.6 Current financial assets			
4.6 (a) Cash and cash equivalents			
Balance with banks: In current account	-	1,141	2,442
	-	1,141	2,442
4.6 (b) Loans (Unsecured and considered good)			
Inter corporate deposits	-	-	270,305
Loans / advances to employees	-	-	194
	-	-	270,499
4.6 (c) Other current financial assets (Unsecured and considered good)			
Advance recoverable in cash or in kind	12,188	12,188	32,803
	12,188	12,188	32,803
4.7 Other current assets (Unsecured and considered good)			
Prepaid expenses	-	-	6,785
	-	-	6,785

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Notes to the financial statements as of and for the year ended March 31, 2017 (Continued)

	Rupees in thousands	
	As at March 31, 2017	As at March 31, 2016
	As at March 31, 2017	As at April 01, 2016

4.30 Share capital

Authorised share capital

200,000 (Previous year : 200,000) equity shares of Rs.10 each
 3,000,000 (Previous year: 3,000,000) preference shares of Rs.1 each

	2,000	2,000
	3,000	3,000
	5,000	5,000
	1,499	1,499
	1,499	1,499

Issued, subscribed and fully paid up capital

149,900 (Previous year: 149,900) equity shares of Rs. 10 each fully paid up.

4.8.1 Reconciliation of number of equity shares

Equity shares

Balance at the beginning of the year: 149,900 (Previous year: 149,900) shares of Rs. 10 each

Balance at the end of the year: 149,900 (Previous year: 149,900) shares of Rs. 10 each

4.8.2 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.

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

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2016	
	No. of Shares	Percentage of share holding	No. of Shares	Percentage of share holding	No. of Shares	Percentage of share holding
Equity shares	149,900	100%	149,900	100%	149,900	100%
Reliance Power Limited*						
(* Out of shares held, 7 shares are jointly held by Reliance Power Limited and its nominee)	149,900	100%	149,900	100%	149,900	100%

4.8.4 Shares held by Holding Company / Subsidiaries of Holding Company

Equity Shares

Reliance Power Limited - 149,900 (31 March 2016: 149,900, 1 April 2015: 149,900) shares of Rs. 10 each fully paid-up
 (Of the above 149,900 (31 March 2016: 149,900, 1 April 2015: 149,900) equity shares are held by Reliance Power Limited, the holding company and the balance 7 shares are jointly held by Reliance Power Limited and its nominee)

	1,499	1,499
	1,499	1,499

Jharkhand Integrated Power Limited
Notes to the financial statements as of and for the year ended March 31, 2017 (Continued)

	Rupees in thousands	
	As at March 31, 2017	As at March 31, 2016
4.90 Other equity		
4.9.1 Securities premium account		
Balance at the beginning of the year	98,901	98,901
Adjustment during the year	-	-
Balance at the end of the year	98,901	98,901
4.9.2 Capital Redemption Reserve		
Balance at the beginning of the year	3,000	-
Add: Transfer from Surplus in the Statement of Profit and Loss	-	3,000
Less: Transfer to Surplus in the Statement of Profit and Loss	-	-
Balance at the end of the year	3,000	3,000
4.9.3 Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	(101,714)	2,344,149
Opening adjustment under Ind AS		
Ind AS adjustment of 2015-16		
Profit/(Loss) for the year	(167)	(2,442,883)
Less: Transfer to Capital Redemption Reserve		(3,000)
Balance at the end of the year	(101,901)	(101,714)
	-	187

4.9.4 Nature and purpose of reserves
a) Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

b) Capital Redemption Reserve

The Company is required to create Capital Redemption Reserve out of the profits which is available for payment of dividend for the purpose of redemption of preference shares.

	Rupees in thousands		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
4.10 Non-current borrowings			
Unsecured - at amortised cost			
7.5% Compulsory Convertible Redeemable Non-Cumulative Preference Shares (CCRPS) (Refer below for terms)	-	-	628,165
	-	-	628,165
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 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.			
4.11 Non-current provisions			
Provision for gratuity (Refer note 8)	-	-	1,756
Provision for leave encashment (Refer note 8)	-	-	3,454
	-	-	5,209
4.12 Other current financial liabilities			
Creditors for capital expenditure	-	111	28,876
Dues to Holding Company (Refer Note 9)	1,482,182	1,483,531	-
Others	-	-	10,610
	1,482,182	1,483,642	39,686
4.13 Current provisions			
Provision for gratuity (Refer note 8)	-	-	93
Provision for leave encashment (Refer note 8)	-	-	360
	-	-	429

Jharkhand Integrated Power Limited

Notes to the financial statements as of and for the year ended March 31, 2017 (Continued)

	Rupees in thousands	
	Year ended March 31, 2017	Year ended March 31, 2016
4.14 Other income		
Other non-operating income	-	435
	<u>-</u>	<u>435</u>
4.15 Employee benefits expense		
Salaries, bonus and other allowances	-	3,534
Contribution to provident fund and other funds (Refer note 8)	-	163
Staff welfare expenses	-	86
	<u>-</u>	<u>3,783</u>
4.16 Finance cost		
Interest on:		
Preference shares	-	5,687
Loss on redemption of preference shares	-	2,366,167
Other finance charges	1	52,757
	<u>1</u>	<u>2,424,691</u>
4.17 Generation, administration and other expenses		
Rent expenses	-	286
Repairs and maintenance	-	263
Legal and professional charges	173	1,625
Postage and telephone	-	66
Travelling and conveyance	-	669
Rates and taxes	3	102
Insurance	-	232
Loss on sale of assets	-	3,324
Miscellaneous expenses	10	5,429
	<u>186</u>	<u>12,186</u>

5) Project Status:

The Company, a wholly owned subsidiary of Reliance Power Limited (RPower), has been set up to develop Ultra Mega Power Project of 3960 MW capacity located at Tilaiya, Hazaribagh District, Jharkhand. Tilaiya Ultra Mega Power Project (UMPP) was awarded to Reliance Power Limited through International Competitive Bidding (ICB) under the UMPP policy. Consequently, the Company was handed over to Reliance Power Limited on August 7, 2009 by Power Finance Corporation (PFC). The Company has signed a Power Purchase Agreement (PPA) with 18 procurers in 10 states for 25 years. For fuel security, the Project was allocated Kerendari B&C captive coal mine block.

As per the Power Purchase Agreement (PPA) between the Company and Procurers, the Procurers were obligated to comply with provisions of the PPA which inter-alia required providing requisite land for the Project within 6 months of the Project Transfer. The Company has not been handed over the possession of the land as stipulated in the PPA even after the lapse of more than 5 years and persistent efforts of the Company since handing over of the Company to RPower. Considering the status of the Project and updates from the Procurers, the Company terminated the PPA on April 28, 2015 as per the option available therein. The Procurers have also agreed to the termination of the PPA by the Company and have agreed to pay certain expenditure incurred by the Company on the Project pursuant to minutes of the meeting held on November 03, 2015. It has also been agreed that the shares held by RPower in the Company would be transferred to the Procurers upon completion of the final settlement.

The settlement activities in relation to the termination of the PPA are in progress. As per the terms of Share Purchase Agreement (SPA) and discussion held between RPower and the Procurers, the Company has to be taken back by the Procurers at the buy back price equivalent to the amount paid by RPower as per SPA dated August 08, 2009 and subsequent expenditure incurred by the Company on Land (after adjustment for Bank balance and other assets). Consequently, the Company has transferred assets (including CWIP) of Rs. 1,318,637 thousands to RPower which was adjusted in the outstanding Inter Corporate Deposit from RPower. In addition to the CWIP and land assets / advances for land, the Procurers have agreed to retain the Geological Report (GR), which has been shown under CWIP.

6) Contingent liabilities and Capital commitment

Company does not have any contingent liability.

Estimated amount of contracts remaining unexecuted on capital account (net of advances paid) and not provided for Rs. Nil (March 31, 2016 Rs. Nil; April 01, 2015 Rs. 182,517,547 thousands).

7) Details of remuneration to auditors:

	Rupees in thousands	
	Year ended March 31, 2017	Year ended March 31, 2016
(a) As auditors		
For statutory audit	150	150
For others	-	-
	<u>150</u>	<u>150</u>

8) Employee Benefit Obligations

The Company has classified various employee benefits as under:

a) Leave obligations

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

	Rupees in thousands		
	Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 01, 2015
Provision for leave encashment			
Current*	-	-	360
Non-current	-	-	3,454

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

b) Defined contribution plans

- (i) Provident fund
- (ii) Superannuation fund
- (iii) 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 following amounts in the Statement of Profit and Loss for the year:

	Rupees in thousands	
	Year ended March 31, 2017	Year ended March 31, 2016
(i) Contribution to provident fund	-	127
(ii) Contribution to employees' superannuation fund	-	8
(iii) Contribution to employees' deposit linked insurance scheme	-	3
(iv) Contribution to employees' pension scheme 1995	-	25

c) Post employment obligation

Gratuity:

The Company has a defined benefit plan, governed by the Payment of Gratuity Act, 1972. The plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days basic salary for every completed years of services or part thereof in excess of six months, based on the rate of basic salary last drawn by the employee concerned.

(i) Significant estimates: actuarial assumptions

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

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Discount rate (per annum)	-	-	7.85%
Rate of increase in compensation levels	-	-	7.50%
Rate of return on plan assets	-	-	8.25%
Expected average remaining working lives of employees in number of years	-	-	8.68

The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

(ii) Gratuity Plan

	Rupees in thousands		
Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 01, 2015	1,824	-	1,824
Current service cost	-	-	-
Interest on net defined benefit liability / assets	-	-	-
Total amount recognised in Statement of Profit and Loss	-	-	-
Remeasurements during the year			
Return on plan assets, excluding amount included in interest expense/(income)	-	-	-
(Gain) / loss from change in demographic assumptions	-	-	-
(Gain) / loss from change in financial assumptions	-	-	-
Experience (gains) / losses	-	-	-
Total amount recognised in Other Comprehensive Income	-	-	-
Liabilities assumed/(transferred)	1,824	-	1,824
Benefit payments	-	-	-
March 31, 2016	-	-	-

Particulars	Present value of obligation	Rupees in thousands	
		Fair value of plan assets	Net amount
April 01, 2016	-	-	-
Current service cost	-	-	-
Interest on net defined benefit liability / assets	-	-	-
Total amount recognised in Statement of Profit and Loss	-	-	-
Remeasurements during the year			
Return on plan assets, excluding amount included in interest expense/(income)	-	-	-
(Gain) / loss from change in demographic assumptions	-	-	-
(Gain) / loss from change in financial assumptions	-	-	-
Experience (gains) / losses	-	-	-
Total amount recognised in Other Comprehensive Income	-	-	-
Employer contributions	-	-	-
Benefit payments	-	-	-
March 31, 2017	-	-	-

The net liability disclosed above relates to unfunded plans are as follows:

Particulars	Rupees in thousands		
	March 31, 2017	March 31, 2016	April 01, 2015
Present value of funded obligations	-	-	1,824
Fair value of plan assets	-	-	-
Surplus of funded plan	-	-	1,824
Current Portion	-	-	69
Non current portion	-	-	1,755

(iii) Sensitivity analysis:

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

Particulars	Impact on closing balance of provision for defined benefit obligation					
	Change in assumptions		Increase in assumptions		decrease in assumptions	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Discount rate	50 bps	50 bps	-	-	-	-
Rate of increase in compensation levels	50 bps	50 bps	-	-	-	-

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

9) Related party transactions:

A. Parties where control exists:

Holding Company:
Reliance Power Limited (R Power)

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

Fellow subsidiaries:
Reliance Coal Resources Private Limited (RCRPL)
Rajasthan Sun Technique Energy Private Limited (RSTEPL)
Rosa Power Supply Company Limited (RPSCL)
Sasan Power Limited (SPL)
Vidarbha Industries Power Limited (VIPL)

Jharkhand Integrated Power Limited

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

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

Particulars	Rupees in thousands	
	March 31, 2017	March 31, 2016
Transactions during the year:		
Commission paid		
R Power	-	46,161
Reimbursement of expenses		
R Power	3	228
SPL	-	2,917
RPSCL	-	970
VIPL	-	12,919
Sale of fixed assets		
RSTEPL	-	1,052
RPSCL	-	302
SPL	-	541
Refund of Inter-corporate deposits given		
R Power	1,510	269,505
VIPL	-	800
Inter-corporate deposits taken		
R Power	100	3,092,900
Assets transferred (including CWIP)		
R Power	508	1,310,630
Redemption of preference share capital (including securities premium)		
R Power	-	3,000,000

Particulars	Rupees in thousands		
	March 31, 2017	March 31, 2016	April 01, 2015
Closing balance			
Equity share capital (excluding premium)			
R Power	1,499	1,499	1,499
Preference share capital			
R Power	-	-	628,165
Inter corporate deposits given			
R Power	-	-	269,505
VIPL	-	-	800
Inter corporate deposits taken			
R Power	1,482,182	1,483,531	-
Guarantees			
R Power	8,081,000	8,081,000	8,081,000

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

10) Earnings per share:

Particulars	Rupees in thousands	
	Year ended March 31, 2017	Year ended March 31, 2016
Profit/(Loss) available to equity shareholders		
Profit/(Loss) after tax (A) (Rupees in thousands)	(187)	(2,442,863)
Number of equity shares		
Weighted average number of equity shares outstanding (Basic) (B)	149,900	149,900
Basic and diluted earnings per share (A / B) (Rupees)	(1.25)	(16,296.62)
Nominal value of an equity share (Rupees)	10.00	10.00

11) Income taxes

Rupees in thousands		
The reconciliation of tax expense and the accounting profit multiplied by tax rate :		
Particulars	March 31, 2017	March 31, 2016
Profit/(Loss) before tax	(187)	(2,442,863)
Tax at the Indian tax rate of 29.87% (2015-16: 30.90%)	(56)	(754,845)
Tax losses for which no deferred income tax was recognised	56	24,143
Other items on which no deferred income tax was recognised	-	730,702
Income tax expense	-	-

12) Fair value measurements

(a) Financial instruments by category

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

	Rupees in thousands		
	March 31, 2017	March 31, 2016	April 01, 2015
Financial assets			
Security deposits	-	-	246
Cash and cash equivalents	-	1,141	2,442
Inter-corporate deposits			270,305
Loans and advances to employees			194
Advance recoverable in cash or in kind	12,188	12,188	32,003
Total financial assets	12,188	13,329	306,090
Financial liabilities			
Borrowings	-	-	628,165
Creditors for capital expenditure	-	111	28,876
Dues to Holding Company	1,482,182	1,483,631	-
Others	-	-	10,810
Total financial liabilities	1,482,182	1,483,642	667,851

(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 April 01, 2015.

Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at April 01, 2015	Rupees in thousands			
	Level 1	Level 2	Level 3	Total
Financial assets				
Security deposits	-	246	-	246
Total financial assets	-	246	-	246
Financial Liabilities				
Borrowings	-	628,165	-	628,165
Total financial liabilities	-	628,165	-	628,165

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

	Rupees in thousands April 01, 2015	
	Carrying amount	Fair Value
Financial assets		
Security deposits	246	246
Total financial assets	246	246
Financial Liabilities		
Borrowings	628,165	628,165
Total financial liabilities	628,165	628,165

(d) Valuation technique used to determine fair values

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

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

Note

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

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

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

There were no transfers between any levels during the year.

13) 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.

Maturities of financial liabilities

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

March 31, 2017	Less than 1 years	Between 1 year and 5 years	More than 5 years	Rupees in thousands Total
Financial liabilities				
Borrowings	-	-	-	-
Dues to holding company	1,482,182	-	-	1,482,182
Others	-	-	-	-
Total financial liabilities	1,482,182	-	-	1,482,182

March 31, 2016	Less than 1 years	Between 1 year and 5 years	More than 5 years	Rupees in thousands Total
Financial liabilities				
Borrowings	-	-	-	-
Dues to holding company	1,483,531	-	-	1,483,531
Others	111	-	-	111
Total financial liabilities	1,483,642	-	-	1,483,642

April 01, 2015	Less than 1 years	Between 1 year and 5 years	More than 5 years	Rupees in thousands Total
Financial liabilities				
Borrowings	-	-	3,000,000	3,000,000
Dues to holding company	-	-	-	-
Others	39,686	-	-	39,686
Total financial liabilities	39,686	-	-	3,039,686

14) Capital Management

• Risk Management

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

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

	March 31, 2017	March 31, 2016	April 1, 2015
Equity	1,499	1,685	2,444,549
Debt	-	-	628,185
Total	1,499	1,685	3,072,714