M. S. Sethi & Associates
Chartered Accountants

Manoj Sethi
B.Com., F.C.A.

191-R, Cavel Cross Lane No.9
2nd Floor, Dr. Viegas Street
Kalbadevi, Mumbai – 400 002
Tel. 9324517501

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 May 16, 2018, the Statement of Profit and Loss and the Cash Flow Statement for the period 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 preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including their comprehensive income and cash flows of the Company in accordance with the accounting principles generally accepted in India. 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 conducted our audit in accordance with the Standards on Auditing which 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 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 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 May 16, 2018, its Profit / Loss and its Cash Flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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 and the Cash Flow Statement dealt with by this report are in agreement with the books of account; and

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

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

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

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

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

Manoj Sethi
Proprietor
Membership No. 39784

Place: Mumbai
Date: May 16, 2018

Jharkhand Integrated Power Limited
Balance Sheet as at May 16, 2018

Rupees in thousands

Particulars	Note No.	As at May 16, 2018	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4.1	86,464	87,004
Capital work-in-progress	4.2	729,442	729,442
Financial assets			
Other non-current assets	4.3	655,047	655,047
Total		1,470,953	1,471,493
EQUITY AND LIABILITIES			
Equity			
Equity share capital	4.4	1,499	1,499
Other equity	4.5	-	-
Current liabilities			
Financial liabilities			
Other financial liabilities	4.6	1,469,454	1,469,994
Total		1,470,953	1,471,493
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

Place: Mumbai
Date: 16th May 2018

For and on behalf of the Board of Directors

Manoj Pongde
Director
DIN: 07728913

N. Venugopala Rao
Director
DIN: 03143364

Place: Mumbai
Date: 16th May 2018

Jharkhand Integrated Power Limited
Statement of Profit and Loss for the Period ended May 16, 2018

Rupees in thousands

Particulars	Note No.	Period ended May 16, 2018	Year ended March 31, 2018
Revenue			
Other Income		-	-
Total Income		-	-
Expenses			
General, administration and other expenses		-	-
Total expenses		-	-
Profit/(Loss) before tax		-	-
Income tax expense			
Current tax		-	-
Profit/(Loss) for the year (A)		-	-
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)		-	-
Total Comprehensive Income for the year (A+B)		-	-
Earnings per equity share: (Face value of Rs. 10 each)			
Basic and Diluted (Rupees)	9	-	-

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.

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Chartered Accountants
Regn. No. 109407W

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DIN: 07728913

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Director
DIN: 03143364

Place: Mumbai
Date: 16th May 2018

Jharkhand Integrated Power Limited
Statement of changes in equity

A. Equity Share Capital

Rupees in Thousands

Particulars	Amount
Balance as at April 1, 2018	1,499
Changes in equity share capital	-
Balance as at May 16, 2018	1,499

B. Other Equity

Rupees in Thousands

Particulars	Reserves and Surplus			Total
	Securities Premium Account	Capital Redemption Reserve	Retained Earnings	
Balance as at April 1, 2018	98,901	3,000	(101,901)	-
Profit/(Loss) for the year	-	-	-	-
Balance as at May 16, 2018	98,901	3,000	(101,901)	-

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

As per our Report of even date

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Director
DIN: 03143364

Place: Mumbai
Date: 16th May 2018

Jharkhand Integrated Power Limited
Cash Flow Statement for the Period ended May 16, 2018

Rupees in thousands

Particulars	Period ended May 16, 2018	Year ended March 31, 2018
(A) Cash flow from / (used in) operating activities		
Net Profit/(Loss) before tax	-	-
Adjusted for :		
Depreciation and amortisation	-	-
Finance costs	-	-
Interest income	-	-
Operating Profit /(Loss) before working capital changes	-	-
Adjustments for :		
Increase/(Decrease) in provisions	-	-
Increase/(Decrease) in Other financial liabilities	-	(12,188)
Increase/(Decrease) in Other financial assets	-	12,188
	-	-
Taxes (paid) / refund (net)	-	-
Net Cash flow used in operating activities	-	-
(B) Cash flow from / (used in) investing activities		
Sale of fixed assets	-	-
Refund of inter corporate deposit	-	-
Net cash from investing activities	-	-
(C) Cash flow from / (used in) financing activities		
Net cash generated used in financing activities	-	-
Net Decrease in cash and cash equivalents (A+B+C)	-	-
Opening Balance of cash and cash equivalents		
- Balance in current account	-	-
Closing balance of cash and cash equivalents		
- Balance in current account	-	-

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

Place: Mumbai
Date: 16th May 2018

For and on behalf of the Board of Directors

Manoj Pongde
Director
DIN: 07728913

N. Venugopala Rao
Director
DIN: 03143364

Place: Mumbai
Date: 16th May 2018

Jharkhand Integrated Power Limited
Notes to the financial statements as of and for the Period ended May 16, 2018

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 (6 units x 660 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 5). Registered address of the company is 7th Floor, Raheja Point - I, Jawaharlal Nehru Marg Vakola Market, Santa Cruz (East) Mumbai- 400055.

These financial statements were authorised for issue by the Board of Directors on 16th May 2018.

2) Significant Accounting Policies:

Basis of preparation, measurement and significant accounting policies

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

(a) Basis of preparation

Compliance with Indian Accounting Standards

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

Historical cost convention

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

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

Fair value measurement

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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

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

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies(Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018, Since the Company does not have any foreign currency transactions and advance consideration there is no impact of this on the financial statements.

Ind AS 115- Revenue from Contract with Customers:

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

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

(c) Foreign currency translation:

I. Functional and presentation currency

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

II. Transactions and balances

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

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

(iii) In respect of foreign exchange differences arising on restatement or settlement of long term foreign currency monetary items, the Company has adopted following policy:

- 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 amortized 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 recognized 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 derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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

Depreciation methods, estimated useful lives ad 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.

(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

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) 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 substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

(o) Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing:

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

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

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

(p) Cash flow statement

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

3) 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 employments plans include the discount rate. Any changes in these assumptions will impact the carrying amount of such obligations.

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

(b) 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.

4.1 Property, Plant and Equipment

Rupees in thousands

	Freehold land[1]	Total
Gross carrying amount		
Balance as at April 1, 2018	87,004	87,004
Additions during the year	-	-
Adjustment during the year	(540)	(540)
Balance as at May 16, 2018*	**86,464**	**86,464**

Depreciation / Amortisation	**Freehold land[1]**	**Total**
Accumulated depreciation		
Balance as at April 1, 2018	-	-
For the year	-	-
Deductions during the year	-	-
Balance as at May 16, 2018*	**-**	**-**
Net carrying amount		
Balance as at April 1, 2018	87,004	**87,004**
Balance as at May 16, 2018*	86,464	**86,464**

Notes:

[1]Freehold land capitalised, on the basis of advance possession received from authorities pending registration of title deed in favour of the Company.

*Land Cost incurred by Power Finance Corporation before the acqusition of Company by Rpower.

Jharkhand Integrated Power Limited
Notes to the financial statements for the year ended May 16, 2018 (Continued)

4.2 Capital work-in -progress

Rs. in thousand

Particulars	As At April 1, 2018	Incurred during the year	Capitalised/ Adjusted / taken in P&L	As At May 16, 2018
Expenditure pending allocation				
A. Expenditure other than Geological Report	384,911	-	-	384,911
B. Expenditure Incurred for Geological Report	344,531	-	-	344,531
Total Expenses Incurred (A+B)	729,442	-	-	729,442

	As at May 16, 2018	As at March 31, 2018
	Rupees in thousands	
4.3 Other non-current assets		
(Unsecured and considered good)		
Capital Advances		
Forest Division Officer, Hazaribagh *	**465,910**	465,910
Land Acquisition Officer, Hazaibagh #	**189,137**	189,137
	655,047	**655,047**

Details of Capital Advance		
* Paid by Rpower to Forest Division Officer, Hazaribagh dated 11th May 2010	**465,910**	465,910
#Paid for Land Acqusition by Power Finance corporation before acquring the company by Rpower	**189,137**	**189,137**
Total	**655,047**	655,047

Rupees in thousands

	As at May 16, 2018	As at March 31, 2018
4.4 Share capital		
Authorised		
200,000 (Previous year : 200,000) equity shares of Rs.10 each	2,000	2,000
3,000,000 (Previous year: 3,000,000) preference shares of Re.1 each	3,000	3,000
	5,000	5,000
Issued subscribed and paid up		
149,900 (Previous year: 149,900) equity shares of Rs. 10 each fully paid up.	1,499	1,499
	1,499	1,499

4.4.1 Reconciliation of number of equity shares

	As at May 16, 2018	As at March 31, 2018
Equity shares		
Balance at the beginning of the year: 149,900 (Previous year 149,900) shares of Rs. 10 each	1,499	1,499
Changes during the year	-	-
Balance at the end of the year: 149,900 (Previous year 149,900) shares of Rs. 10 each	1,499	1,499

4.4.2 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.

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

	As at May 16, 2018		As at March 31, 2018	
	No. of Shares	Percentage of share holding	No. of Shares	Percentage of share holding
Equity shares				
Reliance Power Limited*	149,900	100%	149,900	100%
[* Out of shares held 7 shares are jointly held by Reliance Power Limited and its nominee]				
	149,900	100%	149,900	100%

4.4.4 Shares held by Holding Company / Subsidiaries of Holding Company

	As at May 16, 2018	As at March 31, 2018
Equity Shares		
*Reliance Power Limited - 149,900 (31 March 2018: 149,900) shares of Rs. 10 each fully paid-up (Of the above 149,893 (31 March 2018: 149,893) equity shares are held by Reliance Power Limited, the holding company and the balance 7 equity shares are jointly held by Reliance Power Limited and its nominees)	1,499	1,499
	1,499	1,499

*The shares stand transferred to JUVNL & its nominees, after the said accounts were approved by Board in the same meeting held on between 5:30 PM to 6:00 PM on 16th May, 2018 on completion of transfer process. The Accounts are prepared till 5:30 PM until which the ownership was with RPL. On transfer of the shares on execution of share transfer agreement, the company ceases to be part of RPower.

Rupees in thousands

		As at May 16, 2018	As at March 31, 2018
4.5	**Other equity**		
4.5.1	**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 (A)	98,901	98,901
4.5.2	**Capital Redemption Reserve**		
	Balance at the beginning of the year	3,000	3,000
	Add: Transfer from Surplus in the Statement of Profit and Loss	-	-
	Less: Transfer to Surplus in the Statement of Profit and Loss	-	-
	Balance at the end of the year (B)	3,000	3,000
4.5.3	**Surplus in the Statement of Profit and Loss**		
	Balance at the beginning of the year	(101,901)	(101,901)
	Profit /(Loss) for the year	-	-
	Less: Transfer to Capital Redemption Reserve	-	-
	Balance at the end of the year (C)	(101,901)	(101,901)
	Total of Other Equity (A+B+C)	0	0

4.5.4 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 May 16, 2018	As at March 31, 2018
4.6 Other current financial liabilities		
Dues to JUVNL and procurers (Refer Note 5)	1,124,923	-
Dues to Rpower	344,531	1,469,994
	1,469,454	1,469,994

5) Project Status:

Tilaiya Ultra Mega Power Project (UMPP) was awarded to Reliance Power Limited (RPower) through International Competitive Bidding (ICB) under the UMPP policy. Jharkhand Integrated Power Limited, a special purpose vehicle, (the Company) was incorporated to develop Tilaiya UMPP of 3960 MW capacity located at Tilaiya, Hazaribagh District, Jharkhand, by Power Finance Corporation Ltd. (PFC), which managed the ICB. Consequent to award of Tilaiya UMPP to RPower, 100% ownership of the Company was transferred to RPower on August 7, 2009 by PFC. The Company has signed a 25-year Power Purchase Agreement (PPA) with 18 Procurers (Power Distribution Companies) in 10 States. For fuel security, the Project was allocated Kerandari B&C captive coal mine block.

Due to various reasons, RPower gave a notice for termination of PPA on 28th April 2015 as per the terms of the PPA and the option available therein. The Procurers have agreed to the termination of the PPA in the meeting dated 3rd November 2015 and have agreed to purchase the shares held by Reliance Power Ltd (RPower) in the Company.

As per the terms of Share Transfer Agreement (STA) dated 10th May 2018, the Company is being acquired by the Procurers as a going concern, at a price, which is sum of:

a. Share Price of Rs 1,499,000 (Rupees Fourteen Lakhs Ninety Nine Thousand only) towards the purchase of shares from RPower; and

b. Repayment Price of Rs. 1,124,922,806 (Rupees One Hundred and Twelve Crores Forty Nine Lakhs Twenty Two Thousand Eight Hundred and Six only) towards repayment of inter corporate deposits provided by RPower to the Company.

Simultaneous with acquisition of the Company by Procurers, pursuant to the terms of PPA, the Procurers have also discharged and released the Performance Bank Guarantees aggregating to Rs. 600 Crore, which were given by RPower to Procurers, on behalf of the Company. Consequent upon the discharge and release of the said Bank Guarantees, the same have been cancelled by the issuing bank and charge created over the assets of the Company has been released and there are no encumbrances / charge existing on the assets of the Company. The JUVNL has paid the above repayment amount of Rs. 1,124,922,806 (Rupees One Hundred and Twelve Crores Forty Nine Lakhs Twenty Two Thousand Eight Hundred and Six only) to RPower for discharge of its obligation of repayment amount.

As per the terms of STA, the Lead Procurer (Jharkhand Urja Vikas Nigam Limited) has also agreed to make payment towards acquisition of the Geological Report (GR) within six months from the Closing Date of STA on certain conditions. The payment of Rs. 344,530,976 (Rupee Thirty Four Crores Forty Five Lakhs Thirty Thousand Nine Hundred and Seventy Six only) shall be contributed by the Procurers in proportion to the allocated contracted capacity from Tilaiya UMPP. Therefore, such GR (Rs. 344,530,976) has been shown under CWIP and corresponding liability is included as the Inter Corporate Deposit (ICD) of RPower, as a contra item. As per the terms of STA, in case the Procurers do not make the aforesaid payment of Rs. 344,530,976 within 6 (six) months from the Closing Date, for any reason, whatsoever, RPower shall retain the GR and the contra entry towards Geological Report/ICD in the books of JIPL shall be removed forthwith.

6) Contingent liabilities and Capital commitment

Estimated amount of contracts remaining unexecuted on capital account (net of advances paid) and not provided for Rs. Nil (March 31, 2018 Rs. Nil).

7) Details of remuneration to auditors:

Audit Fees and other expenses are incurred and borne by RPower

8) 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:

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

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

Rupees in thousands

Particulars	May 16, 2018	March 31, 2018
Transactions during the year:		
Amount Written Back		
R Power	540	12,188
Inter corporate deposits paid		
R Power	1,124,922	-

Rupees in thousands

Particulars	May 16, 2018	March 31, 2018
Closing balance		
Equity share capital (excluding premium)		
R Power	1,499	1,499
Inter corporate deposits taken		
R Power	344,532	1,469,994
Guarantees issued on behalf of the Company		
R Power	-	8,081,600

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

9) Earnings per share:

Particulars	Year ended May 16, 2018	Year ended March 31, 2018
Profit/(Loss) available to equity shareholders		
Profit/(Loss) after tax (A) (Rupees in thousands)	-	-
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)	-	-
Nominal value of per equity share (Rupees)	10.00	10.00

10) Income taxes

Rupees in thousands

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

Particulars	May 16, 2018	March 31, 2018
Profit/(Loss) before tax	-	-
Tax at the Indian tax rate of 25.75% (2017-18:25.75%)	-	-
Tax losses for which no deferred income tax was recognised	-	-
Other items on which no deferred income tax was recognised	-	-

11) Fair value measurements

(a) Financial instruments by category

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

Rupees in thousands

	May 16, 2018	March 31, 2018
Financial assets		
Security deposits	-	-
Cash and cash equivalents	-	
Total financial assets	-	

Financial liabilities		
Borrowings	-	-
Dues to Holding Company	344,532	1,469,454
Other Payables	1,124,922	-
Total financial liabilities	**1,469,454**	**1,469994**

(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. The company does not have long term financial assets and financial liabilities as at 31st March 2018 and 16th May 2018.

(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 activities, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

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

Rupees in thousands

May 16, 2018	Less than 1 years	Between 1 year and 5 years	More than 5 years	Total
Financial liabilities				
Borrowings	-	-	-	-
Dues to holding company	344,532	-	-	344,532
Others	1,124,922	-	-	1,124,922
Total financial liabilities	**1,469,454**	-	-	**1,469,454**

Rupees in thousands

March 31, 2018	Less than 1 years	Between 1 year and 5 years	More than 5 years	Total
Financial liabilities				
Borrowings	-	-	-	-
Dues to holding company	1,469,994	-	-	1,469,994
Others	-	-	-	-
Total financial liabilities	**1,469,994**	-	-	**1,469,994**

13) Capital Management

- Risk Management

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

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

Rupees in thousands

	May 16, 2018	March 31, 2018
Equity	1,499	1,499
Debt	-	-
Total	**1,499**	1,499

14) Segment Reporting

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

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

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

16) These accounts are prepared specifically to state the position of accounts at the time of transfer of the company from RPower to JUVNL as per STA dated 10th May 2018. After transfer, the company will cease to be a subsidiary of RPower. Accordingly, the accounts are prepared for the period from April 1, 2018 to May 16, 2018 (Till the time of 5: 30 PM Transfer of the Company). Thus, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement along with notes reflect the financial position of the company at the time of transfer of the Company to JUVNL.

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

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: 07728913

N. Venugopala Rao
Director
DIN: 03143364

Place: Mumbai
Date: 16th May 2018

Place: Mumbai
Date: 16th May 2018