

## **INDEPENDENT AUDITORS' REPORT**

**To The Members of Maharashtra Energy Generation Limited**

### **Report on the Indian Accounting Standards (Ind AS) Financial Statements**

1. We have audited the accompanying financial statements of **Maharashtra Energy Generation Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017 the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Ind AS Financial Statements**

2. 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 to give a true and fair view of the state of affairs (financial position), Profit (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 specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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.

### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report.
5. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

**INDEPENDENT AUDITORS' REPORT**

To the Members of Maharashtra Energy Generation Limited

Report on the Financial Statements

Page 2 of 3

7. 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**

8. 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 (financial position) of the Company as at March 31, 2017, and its Profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

**Emphasis of Matter**

9. We draw attention to Note 5 of the Financial Statements regarding Company's decision not to pursue the project and informed the Government of Maharashtra (GoM), vide letter dated September 6, 2011 of its decision. The financial statements of the Company have not been prepared on a going concern basis as there are no operations in the Company and accordingly, assets and liabilities have been stated at their net realisable value or cost, whichever is less.

Our opinion is modified in respect of this matter.

**Other Matter**

10. The financial statements of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 18, 2016 and May 23, 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not modified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

11. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
12. Further to our comment in the Annexure B, 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.

INDEPENDENT AUDITORS' REPORT

To the Members of Maharashtra Energy Generation Limited

Report on the Financial Statements

Page 3 of 3

- (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 (including other comprehensive income), 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 Indian Accounting Standards specified under Section 133 of the Act.
- (e) The going concern matter described in para 9 under Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company
- (f) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- i. The Company has disclosed impact of pending litigations on the financial position of the Company in its Ind AS financial statements (refer note no 5 of Ind AS financial statement);
  - ii. The Company did not have any long-term contracts including derivative contracts as at 31<sup>st</sup> March 2017 for which there were 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 holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 – Refer Note 15

For Chaturvedi and Shah  
Chartered Accountants  
Firm Registration No. 101720W

Vijay Napawaliya  
Partner  
Membership No. 109859  
Place: Mumbai  
Date: April 10, 2017



## **Annexure A to Independent Auditors' Report**

Referred to in paragraph 12 (g) of the Independent Auditors' Report of even date to the members of **Maharashtra Energy Generation Limited** on the Ind AS financial statements for the year ended March 31, 2017

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls over financial reporting of **Maharashtra Energy Generation Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Annexure A to Independent Auditors' Report**

Referred to in paragraph 12 (g) of the Independent Auditors' Report of even date to the members of **Maharashtra Energy Generation Limited** on the Ind AS financial statements for the year ended March 31, 2017

### **Meaning of Internal Financial Controls Over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Chaturvedi and Shah  
Chartered Accountants  
Firm Registration No. 101720W

Vijay Napawaliya  
Partner  
Membership No. 109859

Place: Mumbai  
Date: April 10, 2017

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Maharashtra Energy Generation Limited on the Ind AS financial statements as of and for the year ended March 31, 2017

Page 1 of 2

- (i) In respect of its fixed assets: -
  - a) The Company has maintained proper records, showing full particulars including quantitative details and situation of its fixed assets.
  - b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
  - c) The title deeds of immovable properties, as disclosed in Note [4.1] on fixed assets to the financial statements, are held in the name of the Company.
- (ii) The Company does not have any inventory. Therefore the provisions of clause 3 (ii) of the Companies (Auditors' Report) Order, 2016 is not applicable.
- (iii) According to the information and explanations given to us, during the year the Company has not granted any loans secured/unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Thus, paragraph 3 (iii) of the Order is not applicable to the Company.
- (iv) The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- (v) The Company has not accepted any deposits from the public within the meaning of sections 73 to 76 of the Act and the rules framed there under to the extent notified. During the year under audit, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve bank of India or any other tribunal.
- (vi) The Central Government of India pursuant to the Companies (Cost Records and Audit) Amendment Rules, 2014, ('Rules') has prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act to the Company. However, the Rules are not applicable to the Company, as the Company has not started commercial operations.
- (vii) In respect of statutory dues:
  - a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues. Further, there are no undisputed amounts payable outstanding as at March 31, 2017 for a period of more than six months from the date they became payable.
  - b) According to the information and explanations given to us, there are no dues of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax which have not been deposited on account of any dispute.
- (viii) According to the information and explanations given to us, and based on our audit procedures, we are of the opinion that the Company has not taken any loan from a financial institution, bank, Government, nor it has issued debentures. Therefore, the provisions of the Clause 2 (viii) of the said order are not applicable to the Company.



**Annexure B to Independent Auditors' Report**

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Maharashtra Energy Generation Limited on the Ind AS financial statements as of and for the year ended March 31, 2017

Page 2 of 2

- (ix) In our opinion and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year under audit. Therefore, the provisions of the Clause 3 (ix) of the said order are not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- (xi) The Company has not paid managerial remuneration, accordingly, paragraph 3 (xi) of the Order is not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company, accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind As) 24, Related Party Disclosures specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.
- (xiv) In our opinion and according to the information and explanations given to us, during the year under audit, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Hence the provisions of clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered any non-cash transactions with directors and persons connected with him. Hence the provisions of clause 3 (xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-1A of the Reserve Bank of India Act, 1934, therefore clause 3 (xvi) of the Order is not applicable to the Company.

For Chaturvedi and Shah  
Chartered Accountants  
Firm Registration No. 101720W

Vijay Napawaliya  
Partner  
Membership No. 109859

Place: Mumbai  
Date: April 10, 2017

**Maharashtra Energy Generation Limited**  
**Balance Sheet as at March 31, 2017**

Particulars	Note No.	As at March 31, 2017 Rupees In '000	As at March 31, 2016 Rupees in '000	As at April 01, 2015 Rupees In '000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4.1	-	-	5,155
Other non-current assets	4.2	123,992	123,992	123,992
<b>Current assets</b>				
<b>Financial assets</b>				
Cash and cash equivalents	4.3(a)	2,661	1,970	8
Loans	4.3(b)	12,677	12,430	14,611
Current tax assets (net)	4.4	220	450	-
Non-current assets classified as held for sale	4.5	5,155	5,155	-
<b>Total Assets</b>		<b>144,705</b>	<b>143,997</b>	<b>143,766</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	4.6	750	750	750
<b>Other equity</b>				
Instrument entirely equity in nature	4.7	250	250	250
Reserves and surplus	4.8	143,590	142,940	142,493
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
Other financial liabilities	4.9	115	57	51
Other current liabilities	4.10	-	-	14
Current tax liabilities (net)	4.11	-	-	208
<b>Total Equity and liabilities</b>		<b>144,705</b>	<b>143,997</b>	<b>143,766</b>
Significant accounting policies	2			
Notes on financial statements	1 to 15			

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

As per our attached report of even date.

For Chaturvedi & Shah  
Chartered Accountants  
Firm Registration No 101720W

For and on behalf of the Board of Directors

Vijay Napawaliya  
Partner  
Membership No. 109859

Ramaswami Kallidas  
Director  
(DIN: 00203913)

Nirjesh Chitalla  
Director  
(DIN: 03483266)

Place: Mumbai  
Date: April 10, 2017

Place: Mumbai  
Date: April



**Maharashtra Energy Generation Limited**  
**Statement of Profit and Loss for the year ended March 31, 2017**

Particulars	Note No.	Year ended March 31, 2017 Rupees in '000	Year ended March 31, 2016 Rupees in '000
Other Income	4.12	1,119	1,153
<b>Total Income</b>		<b>1,119</b>	<b>1,153</b>
<b>Expenses</b>			
Finance costs	4.13	2	18
Other expenses	4.14	123	310
<b>Total expenses</b>		<b>125</b>	<b>328</b>
<b>Profit before tax from discontinuing Operations</b>		<b>994</b>	<b>825</b>
<b>Income tax expense</b>			
Current tax from discontinuing Operations		344	350
Excess provision of earlier years written back		-	28
<b>Profit after tax from discontinuing Operations</b>		<b>650</b>	<b>447</b>
<b>Earnings per equity share: (Face value of Rs. 10 each)</b>			
Basic	8	8.67	5.96
Diluted	8	6.50	4.47
Significant accounting policies	2		
Notes on financial statements	1 to 15		

The accompanying notes are an integral part of these financial statements

As per our attached report of even date.

For and on behalf of the Board of Directors

For Chaturvedi & Shah  
Chartered Accountants  
Firm Registration No 101720W

Vijay Napawaliya  
Partner  
Membership No. 109859

Place : Mumbai  
Date: April 10, 2017

Ramaswami Kalidas  
Director  
(DIN: 00203913)

Place : Mumbai  
Date: April

Nimish Chitalia  
Director  
(DIN: 03483266)

**Maharashtra Energy Generation Limited**  
**Cash Flow Statement for the year ended March 31, 2017**

Particulars	Year ended March 31, 2017 Rupees in '000	Year ended March 31, 2016 Rupees in '000
<b>A. Cash Flow from/(used in) Operating Activities:</b>		
Net Profit/(Loss) Before Tax	994	825
Adjusted for:		
Interest on Inter-Corporate Deposit	<u>(1,119)</u>	<u>(1,153)</u>
Operating Loss before working capital changes	<u>(125)</u>	<u>(328)</u>
<b>Adjustments for working capital changes</b>		
Other Receivables	-	1,111
Current Liabilities	<u>68</u>	<u>(7)</u>
	<u>68</u>	<u>1,104</u>
<b>Taxes paid (net of refunds)</b>	<u>(113)</u>	<u>(1,037)</u>
<b>Net Cash (used in) Operating Activities</b>	<u>(181)</u>	<u>(261)</u>
<b>B. Cash Flow from Investing Activities:</b>		
Interest on Inter Corporate Deposits	1,119	1,153
Refund of Inter Corporate Deposits	(247)	1,070
<b>Net Cash from Investing Activities</b>	<u>872</u>	<u>2,223</u>
<b>C. Cash Flow from Financing Activities:</b>	-	-
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	691	1,962
<b>Cash and Cash Equivalents at the beginning of the year:</b>		
Bank Balance - Current Accounts	1,970	8
<b>Cash and Cash Equivalents at the end of the year:</b>		
Bank Balance - Current Accounts	2,661	1,970

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

As per our attached report of even date.

**For Chaturvedi & Shah**  
Chartered Accountants  
Firm Registration No 101720W

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

**Vijay Napawaliya**  
Partner  
Membership No. 109859

**Ramaswami Kalidas**  
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Director  
(DIN: 03483266)

Place : Mumbai  
Date: April 10, 2017

Place : Mumbai  
Date: April 10, 2017

Maharashtra Energy Generation Limited  
Statement of changes in equity

A. Equity Share Capital

	Rupees in '000
Balance as at April 01, 2015	750
Changes in equity share capital	-
Balance as at March 31, 2016	750
Changes in equity share capital	-
Balance as at March 31, 2017	750

B Other Equity

	Reserves and Surplus			Instrument entirely equity in nature Preference shares capital (Refer Note 4.7)	Total
	Securities Premium Account	Retained Earnings			
Balance as at April 01, 2016	2,49,750	(1,07,257)		250	1,42,743
Profit for the year	-	447		-	447
Other Comprehensive Income for the year	-	-		-	-
Total Comprehensive Income for the year	-	447		-	447
Balance as at March 31, 2016	2,49,750	(1,06,810)		250	1,43,190
Profit for the year	-	650		-	650
Other Comprehensive Income for the year	-	-		-	-
Total Comprehensive Income for the year	-	650		-	650
Balance as at March 31, 2017	2,49,750	(1,06,160)		250	1,43,840

As per our attached report of even date.

For Chaturvedi & Shah  
Chartered Accountants  
Firm Registration No 101720W

For and on behalf of the Board of Directors

Vijay Napawaliya  
Partner  
Membership No. 109859

Place : Mumbai  
Date : April 10, 2017

Ramaswami Kalidas  
Director  
(DIN: 00203913)

Place : Mumbai  
Date : April

Nimish Chitalia  
Director  
(DIN: 03483266)

**1) General information**

Maharashtra Energy Generation Limited is a wholly owned subsidiary of Reliance Power Limited. The Company has been set up as a special purpose vehicle to develop a thermal power project at Shahpur, Taluka Alibag, District Raigad, Maharashtra. Also, refer Note 5 below.

The Company is a public limited company which is incorporated and domiciled in India under the provisions of the Companies Act. The registered office of the Company is located at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai - 400710.

These financial statements were authorised for issue by the board of directors on April 10, 2017.

**2) Significant accounting policies, critical accounting estimate and judgments:**

**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 Ind AS**

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 years 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 financial statements which 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.

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

**Historical cost convention**

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

- Certain financial assets and financial liabilities at fair value;
- Assets held for sale – measured at fair value less cost to sell;

**Fair value measurement**

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

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

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

**Current vis-à-vis non-current classification**

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



(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) Property, plant and equipment

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

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

**Transition to Ind AS:**

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

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

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

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

(d) 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.

(e) Financial Instruments:

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

(f) 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. For investments in equity instruments in subsidiaries, the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

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

## **ii. Measurement**

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. For investments in equity instruments in subsidiaries, the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

### **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.

**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss (FVPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises. Interest income from these financial assets is included in other income.

## **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.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables

## **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 group 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 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.

(g) Offsetting Financial Instruments

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

(h) 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.

(i) 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 trade and other payables.

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.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

**Trade and other payable:** These amounts represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These payables are classified as current liabilities if payment is due within one year or less otherwise they are presented as non-current liabilities. Trade and payables are subsequently measured at amortised cost using the effective interest method.

**iv. Derecognition**

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/ (losses). 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.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

**(j) 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.

**(k) 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.

**(l) Foreign currency translation:**

**i. Functional and presentation currency**

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



ii. **Transactions and balances**

- (i) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.
- (ii) All exchange differences arising on reporting on foreign currency monetary items at rates different from those at which they were initially recorded are recognised in the Statement of Profit and Loss.
- (iii) Non-monetary items denominated in foreign currency are stated at the rates prevailing on the date of the transactions / exchange rate at which transaction is actually effected.

(m) **Revenue recognition:**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of discounts, returns; value added taxes and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities. The Company bases its estimates on historical results, taking into consideration the type of transaction and the specifics of each arrangement

(n) **Employee benefits:**

**Short-term obligations**

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

**Other long-term employee benefit obligations**

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

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

**Post employee obligations**

The group operates the following post-employment schemes:

- defined benefit plans such as gratuity
- defined contribution plans such as provident 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.

**Maharashtra Energy Generation Limited**

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

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

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

**Defined contribution plans**

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

**(o) Non-current assets held for sale:**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

**(p) Cash and cash equivalents:**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institution, other short term highly liquid investment with an original maturity of three months or less that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**(q) 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 in the countries where the Company operate and generate taxable income. 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 and when the deferred tax balances relate to the same taxation authority. 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.

**(r) 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.

**(s) 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.

**(t) Segment Reporting:**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Directors of the Company that makes strategic decisions.

**2.2 Critical accounting estimates and judgements**

The preparation of 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 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) Income taxes**

There are transactions and calculations for which the ultimate tax determination is uncertain and would get finalized on completion of assessment by tax authorities. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

**(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, 2015. These financial statements for the year ended March 31, 2017 are the first the Company has prepared under Ind AS. For all periods upto and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with the previously applicable Indian GAAP (previous GAAP).

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

#### **3.1 Exemptions and exceptions availed**

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

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

###### **i. Deemed cost**

Ind AS 101 permits a first-time adopter to measure all of its property, plant and equipment including Capital Work-in-Progress 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. Accordingly, the company has elected to measure all of its property, plant and equipment (PPE) including Capital Work-in-Progress at their fair values.

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

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

###### **i. Estimates**

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

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

- Impairment of financial assets based on expected credit loss model

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

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

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

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The regrouped previous GAAP information is derived based on the audited financial statements of the Company for year ended March 31, 2016.

There were no significant reconciliation items between total equity, total comprehensive income and cash flow statement under I GAAP and those prepared under IND AS.



4.1 Property, Plant and Equipment

Rupees in '000

Deemed cost	Freehold land
Balance as at April 01, 2015	5,155
Reclassification as held for sale (Refer note 5)	5,155
<b>Balance as at March 31, 2016</b>	-
Reclassification as held for sale	
<b>Balance as at March 31, 2017</b>	-
Depreciation / Amortisation	Freehold land
Balance as at April 01, 2015	-
Reclassification as held for sale	
<b>Balance as at March 31, 2016</b>	-
Reclassification as held for sale	
<b>Balance as at March 31, 2017</b>	-
Net Block	
Balance as at April 01, 2015	5,155
Balance as at March 31, 2016	-
Balance as at March 31, 2017	-

**Maharashtra Energy Generation Limited**  
**Notes to the financial statements as of and for the year ended March 31, 2017 (Continued)**

Particulars	As at March 31, 2017 Rupees in '000	As at March 31, 2016 Rupees in '000	As at April 01, 2015 Rupees in '000
<b>4.2 Other non-current assets</b> (Unsecured and considered good unless stated otherwise)			
Capital advances	1,23,992	1,23,992	1,23,992
	<u>1,23,992</u>	<u>1,23,992</u>	<u>1,23,992</u>
<b>Current financial assets</b>			
<b>4.3(a) Cash and cash equivalents</b>			
Balance with banks: in current account	2,661	1,970	8
	<u>2,661</u>	<u>1,970</u>	<u>8</u>
<b>4.3(b) Loans</b> (unsecured, considered good unless stated otherwise)			
Inter corporate deposits (Refer note 7)	12,677	12,430	13,500
Loans / advances to related party (Refer note 7)	-	-	1,111
	<u>12,677</u>	<u>12,430</u>	<u>14,611</u>
<b>4.4 Current tax assets (net)</b>			
Advance Tax (Net of provision for tax Rs. 5 thousands (March 31, 2016: Rs 760 thousands; April 01, 2015: Rs Nil))	220	450	-
	<u>220</u>	<u>450</u>	<u>-</u>
<b>4.6 Non-current assets classified as held for sale</b>			
Assets held for sale (Refer note no 5)	5,155	5,155	-
	<u>5,155</u>	<u>5,155</u>	<u>-</u>

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

Particular	As at	As at	As at
	March 31, 2017 Rupees in '000	March 31, 2016 Rupees in '000	April 01, 2015 Rupees in '000

4.6 Equity Share capital

Authorised share capital 1,49,50,000 (March 31, 2016: 1,48,50,000, April 01, 2015: 1,48,50,000) equity shares of Rs. 10 each	1,49,50,000	1,49,50,000	1,49,50,000
Issued, subscribed and fully paid up capital 75,000 (March 31, 2016: 75,000; April 01, 2015: 75,000) equity shares of Rs. 10 each fully paid-up	750	750	750
	<u>750</u>	<u>750</u>	<u>750</u>

4.6.1 Reconciliation of number of equity shares

Equity shares	750	750	750
Balance at the beginning of the year - 75,000 (March 31, 2016: 75,000; April 01, 2015: 75,000) shares of Rs. 10 each	750	750	750
Balance at the end of the year - 75,000 (March 31, 2016: 75,000; April 01, 2015: 75,000) shares of Rs. 10 each	<u>750</u>	<u>750</u>	<u>750</u>

4.6.2 Terms/ rights attached to equity shares

a) Equity shares  
 The Company has only one class of equity shares having face value of Rs. 10 per share. Each holder of the equity 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.

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

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of Shares	Percentage of share holding	No. of Shares	Percentage of share holding	No. of Shares	Percentage of share holding
Equity shares Reliance Power Limited 75,000 (March 31, 2016: 75,000; April 01, 2015: 75,000) equity shares of Rs. 10 each fully paid-up	75,000	100%	75,000	100%	75,000	100%
	<u>75,000</u>	<u>100%</u>	<u>76,000</u>	<u>100%</u>	<u>75,000</u>	<u>100%</u>

4.6.4 Shares held by Holding Company / Subsidiaries of Holding Company

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of Shares	Percentage of share holding	No. of Shares	Percentage of share holding	No. of Shares	Percentage of share holding
Equity Shares Reliance Power Limited Reliance Power Limited - 75,000 (March 31, 2016: 75,000; April 01, 2015: 75,000) equity shares of Rs. 10 each fully paid-up	75,000	100%	75,000	100%	75,000	100%
	<u>75,000</u>	<u>100%</u>	<u>75,000</u>	<u>100%</u>	<u>75,000</u>	<u>100%</u>

(Of the above 74,940 (Previous Year: 74,940) equity shares are by Reliance Power Limited, the Holding Company and 60 Equity Share was jointly held by Reliance Power Limited and its Nominees)

sharashtra Energy Generation Limited  
otes to the financial statements as of and for the year ended March 31, 2017 (Continued)

Particulars	As at		As at	
	March 31, 2017 Rupees in '000	March 31, 2016 Rupees in '000	March 31, 2016 Rupees in '000	April 01, 2015 Rupees in '000
<b>Other equity</b>				
4.7 Instrument entirely equity in nature				
Preference Shares				
4.7.1 Authorised share capital				
50,000,000 (March 31, 2016: 50,000,000; April 01, 2015: 50,000,000) preference shares of Re. 1 each	50,000	50,000	50,000	50,000
	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
4.7.2 Issued, subscribed and fully paid up capital				
250,000 (March 31, 2016: 250,000; April 01, 2015: 250,000) Preference shares [Refer note no. 4.7.4 below for terms]	250	250	250	250
	<u>250</u>	<u>250</u>	<u>250</u>	<u>250</u>
4.7.3 Reconciliation of number of preference shares				
Preference shares [Refer note no. 4.7.4]	250	250	250	250
Balance at the beginning of the year 250,000 (March 31, 2016: 250,000; April 01, 2015: 250,000) shares of Re. 1 each fully paid-up				
Balance at the end of the year: 250,000 (March 31, 2016: 250,000; April 01, 2015: 250,000) shares of Re. 1 each fully paid-up	<u>250</u>	<u>250</u>	<u>250</u>	<u>250</u>

#### 4.7.4 Terms/ rights attached to preference shares

##### 7.6% 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 7.6%. These preference shares shall continue to be non cumulative.

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

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of Shares	Percentage of share holding	No. of Shares	Percentage of share holding	No. of Shares	Percentage of share holding
Preference shares [refer note no. 4.7.4]						
Reliance Power Limited	2,50,000	100%	2,50,000	100%	2,50,000	100%
250,000 (March 31, 2016: 250,000; April 01, 2015: 250,000) shares of Re. 1 each fully paid-up	<u>2,50,000</u>	<u>100%</u>	<u>2,50,000</u>	<u>100%</u>	<u>2,50,000</u>	<u>100%</u>

#### 4.7.6 Shares held by Holding Company / Subsidiaries of Holding Company

Particulars	As at		As at	
	March 31, 2017 No. of Shares	March 31, 2016 No. of Shares	March 31, 2016 No. of Shares	April 01, 2015 No. of Shares
Preference shares [refer note no. 4.7.4]				
Reliance Power Limited	2,50,000	2,50,000	2,50,000	2,50,000
250,000 (March 31, 2016: 250,000; April 01, 2015: 250,000) shares of Re. 1 each fully paid-up	<u>2,50,000</u>	<u>2,50,000</u>	<u>2,50,000</u>	<u>2,50,000</u>

**Maharashtra Energy Generation Limited**  
**Notes to the financial statements as of and for the year ended March 31, 2017 (Continued)**

Particulars	As at March 31, 2017 Rupees in '000	As at March 31, 2016 Rupees in '000	As at April 01, 2015 Rupees in '000
<b>4.8 Reserves and surplus</b>			
<b>Balance at the end of the year</b>			
Securities premium account	2,49,750	2,49,750	2,49,750
Retained earnings	(1,06,160)	(1,06,810)	(1,07,267)
<b>Total</b>	<b>1,43,590</b>	<b>1,42,940</b>	<b>1,42,483</b>
<b>4.8.1 Securities premium account</b>			
Balance at the beginning of the year	2,49,750	2,49,750	
Balance at the end of the year	<b>2,49,750</b>	<b>2,49,750</b>	
<b>4.8.2 Retained earnings</b>			
Balance at the beginning of the year	(1,06,810)	(1,07,267)	
Profit for the year	650	447	
Balance at the end of the year	<b>(1,06,160)</b>	<b>(1,06,810)</b>	
<b>4.9 Other current financial liabilities</b>			
Creditors for services ( Refer note 14)	115	57	51
	<b>115</b>	<b>57</b>	<b>61</b>
<b>4.10 Other current liabilities</b>			
Other payables (including tax deduct at source)	-	-	14
	<b>-</b>	<b>-</b>	<b>14</b>
<b>4.11 Current tax liabilities</b>			
Provision for income tax (net of advance tax of Rs. Nil (March 31, 2016: Rs. Nil; April 01, 2015: Rs. 174 thousands))	-	-	208
	<b>-</b>	<b>-</b>	<b>208</b>



Maharashtra Energy Generation Limited

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

Particulars	Year ended March 31, 2017 Rupees In '000	Year ended March 31, 2016 Rupees in '000
<b>4.12 Other income</b>		
<b>Interest income:</b>		
Inter-corporate deposits (Refer note 7)	1,119	1,153
	<b>1,119</b>	<b>1,153</b>
<b>4.13 Finance cost</b>		
Other finance charges	2	18
	<b>2</b>	<b>18</b>
<b>4.14 Other expenses</b>		
Legal and professional charges	120	58
Rates and taxes	3	248
Miscellaneous expenses	-	4
	<b>123</b>	<b>310</b>

**Maharashtra Energy Generation Limited**  
**Notes to the financial statements as of and for the year ended March 31, 2017 (Continued)**

**5) Project Status:**

The Company had signed Memorandum of Understanding with Government of Maharashtra (GoM) to set up 4000 MW power project at Shahapur, Raigad District. The Company expected that the Shahapur project will require 2,500 acres of land for the Power Project.

However, the land acquisition procedures could not be completed within the stipulated period and hence the Company informed the GoM, vide letter dated September 6, 2011, of its decision not to pursue the project. Based on the Honorable High Court Order dated February 7, 2013, the Company has received Rs. 37.16 Crore in the financial year ended March 31, 2013, out of the total advance of Rs. 43.60 Crore paid to the GoM for acquisition of land. The balance amount of Rs. 6.44 Crore receivable from the GoM is in the process of recovery. Shetkari Sangharsh Samitee has filed Special Leave Petition in the Honorable Supreme Court against the Company, requesting for the stay on the Bombay High Court Order, directing refund of MEGL deposits by the GoM.

Further the Company had given an advance of Rs. 5.96 Crore to the Land Owners towards direct purchase of land and has issued Legal Notice for the refund of the amount paid to them.

As there are no operations in the Company as of now, the financial statements of the Company have not been prepared on a going concern basis and accordingly, assets and liabilities have been stated at their net realisable value or cost, whichever is less.

Considering the above facts, the Company has classified assets related to project under head 'Non-current assets classified as held for sale'.

**6) Details of remuneration to auditors:**

	Rupees in '000	
	Year ended March 31, 2017	Year ended March 31, 2016
(a) As auditors		
For statutory audit	50	50
For others	3	-
	53	50

**7) Related party transactions:**

**A. Parties where control exists:**

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

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

Companies  
 Reliance Infrastructure Limited (R Infra)

Individual  
 Shri Anil D Ambani

**C. Other related parties:**

**Key Managerial Persons:**  
Directors  
 Shri Ramaswami Kalidas  
 Shri Nimish Chitalia  
 Shri Rilupam Singh

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

Particulars	Rupees in '000	
	March 31, 2017	March 31, 2016
Transactions during the year:		
Interest on Inter-corporate deposits		
Reliance Power Limited (R Power)	1,119	1,153
Reimbursement of expenses paid by		
Reliance Power Limited (R Power)	4	-
Inter-corporate deposits refund received		
Reliance Power Limited (R Power)	-	1,070

**Maharashtra Energy Generation Limited**

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

Particulars	Rupees in '000		
	March 31, 2017	March 31, 2016	April 01, 2015
<b>Closing balance</b>			
<b>Equity share capital (excluding premium)</b>			
Reliance Power Limited (R Power)	750	750	750
<b>Preference share capital (excluding premium)</b>			
Reliance Power Limited (R Power)	250	250	250
<b>Inter corporate deposits given</b>			
Reliance Power Limited (R Power)	12,677	12,430	13,500
<b>Other receivables</b>			
Reliance Power Limited (R Power)	-	-	1,111

8) Earnings per share:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Profit available to equity shareholders</b>		
Profit after tax (Rupees in '000) (A)	650	447
Number of equity shares (B)	75,000	75,000
Basic earnings per share (A / B) (Rs.)	8.67	5.96
Weighted average number of equity shares outstanding (Basic) (C)	100,000	100,000
Diluted earnings per share (A / C) (Rs.)	6.50	4.47
Nominal value of an equity share (Rs.)	10.00	10.00

9) Income taxes

Particulars	Rupees in '000	
	March 31, 2017	March 31, 2016
<b>The reconciliation of tax expense and the accounting profit multiplied by tax rate :</b>		
Profit before tax	994	825
Tax at the Indian tax rate of 34.608% (2015-16: 33.99%)	344	280
Other items	-	70
<b>Income tax expense</b>	<b>344</b>	<b>350</b>

10) Fair value measurements

**Financial Instruments by category**

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

	Rupees in '000		
	March 31, 2017	March 31, 2016	April 1, 2015
<b>Financial assets</b>			
Cash and cash equivalents	2,661	1,970	8
Inter corporate deposits	12,677	12,430	13,500
Loans / advances to related party	-	-	1,111
<b>Total financial assets</b>	<b>15,338</b>	<b>14,400</b>	<b>14,619</b>
<b>Financial liabilities</b>			
Other financial liabilities	115	57	51
<b>Total financial liabilities</b>	<b>115</b>	<b>57</b>	<b>51</b>

**Maharashtra Energy Generation Limited**  
**Notes to the financial statements as of and for the year ended March 31, 2017 (Continued)**

**11) Financial risk management**

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

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, financial assets measured at 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.

Management monitors rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows. This is generally carried out in accordance with practice and limits set by the company.

**Maturities of financial liabilities**

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

Rupees in '000

March 31, 2017	Less than 1 years	Between 1 year and 5 years	More than 5 years	Total
<b>Financial liabilities</b>				
Other financial liabilities	115	-	-	115
<b>Total financial liabilities</b>	<b>115</b>	<b>-</b>	<b>-</b>	<b>115</b>

March 31, 2016	Less than 1 years	Between 1 year and 5 years	More than 5 years	Total
<b>Financial liabilities</b>				
Other financial liabilities	57	-	-	57
<b>Total financial liabilities</b>	<b>57</b>	<b>-</b>	<b>-</b>	<b>57</b>

April 01, 2015	Less than 1 years	Between 1 year and 5 years	More than 5 years	Total
<b>Financial liabilities</b>				
Other financial liabilities	51	-	-	51
<b>Total financial liabilities</b>	<b>51</b>	<b>-</b>	<b>-</b>	<b>51</b>

**12) Capital Management**

**Risk Management**

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

	Rupees in '000		
	March 31, 2017	March 31, 2016	April 1, 2015
Equity	144,590	143,940	143,493
<b>Total</b>	<b>144,590</b>	<b>143,940</b>	<b>143,493</b>

**13) 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 and also all non-current assets are located in India. The Company does not have revenue from any type of product or service or any external customer.

**14) 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.

15) During the year, the Company had no specified bank notes or no other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 and there were no transaction during the period from November 08, 2016 to December, 30 2016.

As per our report of even date attached

**For Chaturvedi & Shah**  
 Chartered Accountants  
 Firm Registration No: 101720W

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

**Vijay Napawaliya**  
 Proprietor  
 Membership No. 109859

**Ramaswami Kallidas**  
 Director  
 (DIN: 00203913)

**Nimish Chitalia**  
 Director  
 (DIN: 03483266)

Place : Mumbai  
 Date : April 10, 2017

Place : Mumbai  
 Date : April 10, 2017