

INDEPENDENT AUDITOR'S REPORT

To the Members of Reliance Coal Resources Private Limited Report on the Financial Statements

1. We have audited the accompanying financial statements of **Reliance Coal Resources Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the 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 financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
5. We conducted our audit 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 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.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give 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 financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Members of Reliance Coal Resources Private Limited
Report on the Financial Statements
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Opinion

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

Report on Other Legal and Regulatory Requirements

9. 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 (hereinafter referred to as the "Order"), and in terms of the information and explanations sought by us and given by the Company and the books and the records examined by us in the normal course of audit and to the best of our knowledge and belief, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. Further to our comments in the Annexure A, and as required by Section 143 (3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) 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 B".

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- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company does not have any pending litigations which would impact its financial position of the Company as at March 31, 2016.
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2016.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

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

Vijay Napawaliya
Partner
Membership No. 109859

Place: Mumbai
Date: May 20, 2016

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

Re: Reliance Coal Resources Private Limited

Referred to in Paragraph 9 of our report of even date

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- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) The Company does not have any Immovable Property. Therefore the provisions of clause 3 (i) (c) of the said order are not applicable.
- (ii) The Company does not have any inventory. Therefore the provisions of clause 3(ii) of the said Order are not applicable to the Company.
- (iii) The Company has not granted loan secured/unsecured to companies, firms, Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iii), (iii)(a), and (iii)(b) of the said Order are 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, 74, 75 and 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 court or any other Tribunal. Therefore, the provisions of Clause 3(v) of the said Order are not applicable to the Company.
- (vi) According to the information and explanations given to us, provisions relating to maintenance of cost records as prescribed under sub section (1) of section 148 of the Companies Act, 2013 are not applicable to the company.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the 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 any other statutory dues, as applicable, with the appropriate authorities. There are no undisputed amounts payable in respect of such applicable statutory dues as at March 31, 2016 for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service-tax, duty of customs, duty of excise, value added tax which has not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, there are no dues to financial institutions, banks, government and debentures holders. Hence, question of default in repayment does not arise.
- (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 during the year under audit. The Company has not raised moneys through debt instruments and term loans during the year. Therefore the provisions of clause 3(ix) of the said Order are not applicable to the Company.

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

Re: Reliance Coal Resources Private Limited

Referred to in Paragraph 9 of our report of even date

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- (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 material fraud by the Company or 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/ provided for managerial remuneration. Therefore, provisions of clause 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, the provisions of clause 3(xi) of the said Order are not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with related parties are in accordance with the provisions of Section 177 and Section 188 of the Companies Act, 2013. The details of related party transactions have been disclosed in the financial statements as required under Accounting Standard 18, Related Party Disclosures specified under section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules, 2014.
- (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, as mentioned in note no.13 of the financial statement, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence the provisions of clause 3 (xvi) of the Order is not applicable to the Company.

For Chaturvedi & Shah
Chartered Accountants
Firm Registration Number: 101720W

Vijay Napawaliya
Partner
Membership Number: 109859

Place: Mumbai
Date: May 20, 2016

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

Re: Reliance Coal Resources Private Limited

Referred to in Paragraph 10(f) of our report of even date

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Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Reliance Coal Resources Private Limited** ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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.

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

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

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

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

Re: Reliance Coal Resources Private Limited

Referred to in Paragraph 10(f) of our report of even date

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Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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

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

Opinion

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

For Chaturvedi & Shah

Chartered Accountants

Firm Registration Number: 101720W

Vijay Napawaliya

Partner

Membership Number: 109859

Place: Mumbai

Date: May 20, 2016

Reliance Coal Resources Private Limited
Balance Sheet as at March 31, 2016

Particulars	Note	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
Equity and Liabilities			
Shareholders' funds			
Share Capital	3.1	20,993,350	20,993,350
Reserves and Surplus	3.2	1,596,648,624	1,606,023,527
Non-current liabilities			
Long term borrowings	3.3	2,362,480,000	2,079,300,000
Current liabilities			
Other Current liabilities	3.4	10,012,867	66,884,930
Short term provisions	3.5	58,454	4,667,646
Total		<u>3,990,193,295</u>	<u>3,777,869,453</u>
Assets			
Non-current assets			
Fixed assets			
Tangible Assets	3.6	13,135	21,135
Non-current investments	3.7	1,684,296,082	1,684,296,082
Long-term loans and advances	3.8	2,125,175,622	2,004,731,472
Current assets			
Cash and Bank balances	3.9	1,377,153	18,493,875
Short term loans and advances	3.10	1,877,175	3,303,298
Other current assets	3.11	177,454,128	67,023,591
Total		<u>3,990,193,295</u>	<u>3,777,869,453</u>

The notes are an integral part of these financial statements.

As per our attached report of even date.

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

For and on behalf on the Board of Directors

Vijay Napawaliya
Partner
Membership No. 109859

Venugopala Rao
Director
(DIN: 03143364)

Sapna Purohit
Director
(DIN: 02329525)

Place: Mumbai
Date: May 20, 2016

Place: Mumbai
Date: May 20, 2016

Reliance Coal Resources Private Limited
Statement of Profit and Loss for the year ended March 31, 2016

Particulars	Note	Year Ended March 31, 2016 Rupees	Year Ended March 31, 2015 Rupees
Other income	3.12	216,532,248	69,072,663
Total Revenue		216,532,248	69,072,663
Expenses:			
Finance Cost	3.13	239,651,355	61,822,755
Depreciation	3.6	8,000	1,513,313
Other Expenses	3.14	590,235	1,254,248
Total Expenses		240,249,590	64,590,315
Profit/(Loss) before tax		(23,717,342)	4,482,348
Tax expense:			
Current Tax		-	4,667,646
Profit/(Loss) for the Year		(23,717,342)	(185,298)
Earnings/(Loss) per equity share : (Face value of Rs. 10 each)			
- Basic and Diluted (Refer Note 8)		(11.30)	(0.09)

The notes are an integral part of these financial statements.

As per our attached report of even date.

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

For and on behalf on the Board of Directors

Vijay Napawaliya
Partner
Membership No. 109859

Venugopala Rao
Director
(DIN: 03143364)

Sapna Purohit
Director
(DIN: 02329525)

Place: Mumbai
Date: May 20, 2016

Place: Mumbai
Date: May 20, 2016

Reliance Coal Resources Private Limited
Cash Flow Statement for the year ended March 31, 2016

	Year ended March 31, 2016 Rupees	Year ended March 31, 2015 Rupees
(A) Cash Flow from/(used in) Operating Activities		
Net Profit/(Loss) before tax	(23,717,342)	4,482,348
Adjusted for:		
Depreciation	8,000	1,513,313
Interest income	(106,423,414)	(47,088,859)
Foreign Exchange Loss	(109,411,884)	(21,353,223)
Excess Provision written back	(696,950)	(551,318)
Interest and finance charges	239,651,355	61,822,755
Operating Loss before working capital changes	<u>(590,235)</u>	<u>(1,174,985)</u>
Adjustments for:		
Other current liabilities	(56,872,063)	4,474,839
Loans and advances and other assets	1,426,123	(385,084)
	<u>(56,036,175)</u>	<u>2,914,771</u>
Taxes (paid)/ refund received (net)	(4,609,192)	932,507
Net cash from/used in Operating Activities	<u>(60,645,367)</u>	<u>3,847,278</u>
(B) Cash flow from/(used in) Investing Activities		
Purchase of fixed assets	-	(24,000)
Loan given	-	(1,062,001,900)
Investment in Equity Shares of Subsidiaries	-	(54,577,965)
Net cash used in Investing Activities	<u>-</u>	<u>(1,116,603,865)</u>
(C) Cash flow from/(used in) Financing Activities		
Inter Corporate Deposit received	283,180,000	1,149,300,000
Interest and finance charges	(239,651,355)	(19,972,755)
Net cash from Financing Activities	<u>43,528,645</u>	<u>1,129,327,245</u>
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	(17,116,722)	16,570,657
Cash and Cash equivalents at the beginning of the year :		
Bank Balance-Current Account	18,493,875	1,923,217
Cash and Cash equivalents at the end of the year :		
Bank Balance-Current Account	1,377,153	18,493,875

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

As per our attached report of even date.

For Chaturvedi & Shah

Firm Registration No: 101720W
Chartered Accountants

For and on behalf on the Board of Directors

Vijay Napawaliya
Partner
Membership No. 109859

Venugopala Rao
Director
(DIN: 03143364)

Sapna Purohit
Director
(DIN: 02329525)

Place: Mumbai
Date: May 20, 2016

Place: Mumbai
Date: May 20, 2016

Reliance Coal Resources Private Limited
Notes to the financial statements as of and for the year ended March 31, 2016

1. General information

Reliance Coal Resources Private Limited is a wholly owned subsidiary of Reliance Power Limited, incorporated under the provisions of Companies Act, 1956 .The Company was incorporated with objects to be in the business of trading, manufacturing, producing, mining etc or dealing in fuels required in Industries, household, power plant etc including coal, CBM, lignite, petroleum and to plan, establish, promote and provide infrastructure and to act as consultants/agents for attaining the above objects.

2. Significant Accounting Policies

a. Basis of Preparation:

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

b. Use of Estimates:

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

c. Tangible Assets and Capital Work-in-Progress:

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

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

d. Depreciation:

Tangible assets:

Depreciation on Tangible Assets is provided to the extent of depreciable amount on Straight Line Method (SLM) based on useful life of the assets as prescribed in Part A and Part C of Schedule II to the Companies Act, 2013 except in case of motor vehicles where the estimated useful life has been considered as five years based on a technical evaluation by the management.

e. Investments:

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

Reliance Coal Resources Private Limited

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

f. Provisions, Contingent Liabilities and Contingent Assets:

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

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

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

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

g. Borrowing costs:

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

h. Foreign currency transactions:

- (i) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
- (ii) All exchange differences arising on reporting of short term foreign currency monetary items other than derivative contracts 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 revaluation or settlement of long term foreign currency monetary items, the Company has availed the option available in the Companies (Accounting Standards) (Second Amendment) Rules 2011, wherein:
 - Foreign exchange differences on account of depreciable asset, is adjusted in the cost of depreciable asset and would be depreciated over the balance life of asset.
 - In other cases, foreign exchange difference is accumulated in “foreign currency monetary item translation difference account” and amortised over the balance period of such long term asset / liabilities.
 - An asset or liability is designated as a long term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of twelve months or more at the date of origination of the asset or the liability, which is determined taking into consideration the terms of the payment/settlement as defined under the respective agreement/memorandum of understanding.
- (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.

Reliance Coal Resources Private Limited
Notes to the financial statements as of and for the year ended March 31, 2016 (Continued)

i. Revenue Recognition:

Revenue is recognized when it is reasonable to expect the ultimate collection. Interest income on loan is recognized on time proportionate basis.

j. Employee benefits:

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

(i) Defined contribution plans:

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

(ii) Defined Benefit Plans:

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

(iii) Short term/ long term employee benefits:

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

k. Accounting for Taxes on Income:

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

l. Cash and cash equivalents:

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

Reliance Coal Resources Private Limited

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

m. 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.

n. Earnings per Share:

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

Reliance Coal Resources Private Limited

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

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
3.1 Share Capital		
Authorised Share Capital		
1,60,00,000 (Previous Year : 1,60,00,000) equity shares of Rs 10 each	160,000,000	160,000,000
	160,000,000	160,000,000
Issued, subscribed and paid up capital		
20,99,335 (Previous Year: 20,99,335) equity shares of Rs. 10 each fully paid up.	20,993,350	20,993,350
	20,993,350	20,993,350
3.1.1 Reconciliation of number of shares - subscribed and paid up Equity shares		
Balance at the beginning of the year	20,993,350	20,993,350
Balance at the end of the year - 20,99,335 (Previous Year : 20,99,335) shares of Rs. 10 each	20,993,350	20,993,350
3.1.2 Terms/ rights attached to 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 remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
3.1.3 Shares held by holding company Equity Shares		
Reliance Power Limited - 20,99,335 (Previous Year : 20,99,335) shares of Rs 10 each fully paid up	20,993,350	20,993,350
(Of the above 20,99,334 (Previous year: 20,99,334) shares are held by Reliance Power Limited, holding company and 1 (Previous year: 1) share is jointly held by Reliance Power and its nominee)		
	20,993,350	20,993,350
	Percentage of share holding	
	As at March 31, 2016 No. of Shares	As at March 31, 2015 No. of Shares
3.1.4 Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company		
Equity Shares		
Reliance Power Limited (Equity Shares of Rs 10 each fully paid up)	100%	2,099,335
		2,099,335
		2,099,335
		2,099,335

Reliance Coal Resources Private Limited

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

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
3.2 Reserves and Surplus		
Securities Premium account		
Balance at the beginning of the year	2,068,441,650	2,068,441,650
Balance at the end of the year	<u>2,068,441,650</u>	<u>2,068,441,650</u>
Foreign Currency Monetary Reserve		
Balance at the beginning of the year	18,846,843	-
Add: Addition during the year	119,747,200	33,342,200
Less: Amortisation during the year	105,404,761	14,495,357
Balance at the end of the year	<u>33,189,282</u>	<u>18,846,843</u>
Surplus/(Deficit) in the Statement of Profit and Loss		
Balance at the beginning of the year	(481,264,966)	(481,079,668)
Add: Profit/(Loss) for the year	(23,717,342)	(185,298)
Balance at the end of the year	<u>(504,982,308)</u>	<u>(481,264,966)</u>
	<u>1,596,648,624</u>	<u>1,606,023,527</u>
3.3 Long Term Borrowings		
Inter Corporate Deposits from Holding company (Unsecured, Interest @ 9% pa & tenure of 2 years)	2,362,480,000	2,079,300,000
	<u>2,362,480,000</u>	<u>2,079,300,000</u>
3.4 Other Current Liabilities		
Creditors for services	46,062	16,866,389
Payable to related parties (Refer Note no. 6)	-	48,781,479
Others (including statutory dues)	9,966,805	1,237,062
	<u>10,012,867</u>	<u>66,884,930</u>
3.5 Short term provisions		
Provision for income tax (net of advance tax)	58,454	4,667,646
	<u>58,454</u>	<u>4,667,646</u>

Reliance Coal Resources Private Limited

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

3.6 Tangible Assets

Particulars	Gross Block (At Cost)				Depreciation				Rupees Net Block	
	As at April 1, 2015	Additions during the year	Deductions during the year	As at March 31, 2016	As at April 1, 2015	For the year	Deductions during the year	Up to March 31, 2016	As at March 31, 2016	As at March 31, 2015
Office equipments	431,003	-	-	431,003	409,868	8,000	-	417,868	13,135	21,135
Vehicles	2,337,392	-	-	2,337,392	2,337,392	-	-	2,337,392	-	-
Total Tangible assets	2,768,395	-	-	2,768,395	2,747,260	8,000	-	2,755,260	13,135	21,135
Previous year	2,744,395	24,000	-	2,768,395	1,233,947	1,513,313	-	2,747,260	21,135	

Reliance Coal Resources Private Limited

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

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
3.7 Non-Current Investments (Non-trade)		
Equity Instruments (unquoted, fully paid-up, at cost)		
In Subsidiaries		
Reliance Power Netherlands BV	1,684,296,082	1,684,296,082
[Number of shares: 2,40,486 (Previous Year: 2,40,486 shares, face value of Euro 100 each) (Refer Note No.6)		
	<u>1,684,296,082</u>	<u>1,684,296,082</u>
3.8 Long term loans and advances		
(Unsecured and considered good unless stated otherwise)		
Loans & Advances to related parties		
- Loan to Subsidiary (Refer Note 6)	2,122,652,800	2,002,905,600
Gratuity (Refer Note 5)	2,522,822	1,825,872
	<u>2,125,175,622</u>	<u>2,004,731,472</u>
3.9 Cash and Bank Balances		
Cash and Cash Equivalents		
Bank Balance in current account	1,377,153	18,493,875
	<u>1,377,153</u>	<u>18,493,875</u>
3.10 Short term loans and advances		
(Unsecured and considered good unless stated otherwise)		
Advance recoverable in cash or kind	1,877,175	601,992
Loans & Advances to related parties (Refer Note No.6)	-	73,849
Prepaid expenses	-	2,627,457
	<u>1,877,175</u>	<u>3,303,298</u>
3.11 Other Current Assets		
(Unsecured considered good)		
Interest accrued on loans given to related party (Refer Note No.6)	177,454,128	67,023,591
	<u>177,454,128</u>	<u>67,023,591</u>

Reliance Coal Resources Private Limited**Notes to the financial statements as of and for the year ended March 31, 2016 (continued)**

	Year Ended March 31, 2016 Rupees	Year Ended March 31, 2015 Rupees
3.12 Other income		
Interest received :		
- on loan	106,423,414	47,088,859
- on Income tax refund		79,263
Foreign Exchange Gain	109,411,884	21,353,223
Excess Provision Written Back	696,950	551,318
	216,532,248	69,072,663
3.13 Finance Cost		
Interest on Borrowings*	229,353,082	46,500,000
Other Finance Charges	10,298,273	15,322,755
	239,651,355	61,822,755
*Interest on borrowings during FY 15-16 includes interest pertaining to FY 14-15 amounting to Rs. 3,72,00,000		
3.14 Other expenses		
Printing and Stationery	6000	-
Legal and Professional Charges	408,155	383,347
Postage and Courier	-	184,870
Travelling and Conveyance	149,970	219,384
Tender Expenses	-	72,500
Rates and Taxes	20,770	187,379
Insurance	-	19,958
Prior Period Expenses	-	147,760
Miscellaneous Expenses	5,340	39,050
	590,235	1,254,248

Reliance Coal Resources Private Limited
Notes to the financial statements as of and for the year ended March 31, 2016 (Continued)

4. Details of remuneration to auditors:

Particulars	Rupees	
	Year Ended March 31, 2016	Year Ended March 31, 2015
As statutory auditor		
- Audit Fees (excluding service tax)	75,000	75,000
- Certification Fees (excluding service tax)	75,000	45,000

5. Disclosure under Accounting Standard 15(revised 2005) "Employee benefits"

The Company has classified various employee benefits as under:

(A) Defined contribution plans

- a. Provident fund
- b. Employees' Superannuation Fund
- c. Employers' Contribution to Employees' Pension Scheme 1995

The provident fund and the state defined contribution plan are operated by the Regional Provident Fund Commissioner. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit Schemes to fund the benefits. These funds are recognized by the Income tax authorities.

The Company has recognized the following amounts in the Statement of Profit and Loss for the year:

	Rupees	
	Year Ended March 31, 2016	Year Ended March 31, 2015
Contribution to Provident Fund	-	-
Contribution to Employees' Superannuation Fund	-	-
Contribution to Employees' Pension Scheme 1995	-	-

(B) Defined Benefit Plans

- a. Gratuity
- b. Leave Encashment

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

Valuation in respect of Gratuity has been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

	Year Ended March 31, 2016	Year Ended March 31, 2015
	Gratuity	Gratuity
Discount rate (Per annum)	7.80%	7.85%
Rate of increase in compensation levels	7.50%	7.50%
Rate of return on plan assets	8.25%	8.25%
Expected average remaining working lives of employees in no. of years	10.08	9.69

Reliance Coal Resources Private Limited

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

	Year Ended March 31, 2016 Gratuity	Year Ended March 31, 2015 Gratuity
(i) Changes in present value of obligation		
Opening balance of present value of obligation	54,33,486	52,94,280
Liability on transfer of employees (Net)	-	-
Current service cost	7,60,273	10,66,432
Interest Cost	4,26,237	5,17,103
Actuarial Losses/ (Gain)	(28,31,409)	(11,47,602)
Benefits paid	(5,26,613)	(2,96,727)
Closing balance of present value of obligation	32,61,974	54,33,486
(ii) Changes in fair value of plan assets		
Opening balance of fair value of plan assets	74,39,842	66,21,599
Employer's contributions	-	(29,059)
Expected return on plan assets	6,13,787	5,46,282
Actuarial Gain / (Losses)	(4,43,164)	5,97,747
Plan assets pending transfer	-	-
Benefits paid	(526,613)	(296,727)
Closing balance of fair value of plan assets (Including pending transfer)	70,83,452	74,39,842
(iii) Percentage of each category of plan assets to total fair value of plan assets		
Administered by Reliance Life Insurance Company Limited	100%	100%
(iv) Reconciliation of present value of defined present obligations and the fair value of assets		
Closing balance of present value of obligation	32,61,974	54,33,486
Closing Balance of fair value of plan assets (Including pending transfer)	70,83,852	74,39,842
Amount not recognised as an asset [limit in Para 59(b)]	12,99,056	1,80,484
Funded (asset) / liability recognised in the Balance Sheet (Refer Note 3.8)	(25,22,822)	(18,25,872)

Reliance Coal Resources Private Limited

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

	Year Ended March 31, 2016	Year Ended March 31, 2015
	Gratuity	Gratuity
(v) Amounts recognised in the Balance Sheet		
Closing balance of present value of obligation	32,61,974	54,33,486
Closing balance of fair value of plan assets (Including pending transfer)	70,83,852	74,39,842
Amount not recognised as an asset [limit in Para 59(b)]	12,99,056	1,80,484
Funded (asset) / liability recognised in the Balance Sheet (Refer Note 3.8)	(25,22,822)	(18,25,872)
(vi) Expenses recognised in the Statement of Profit & Loss		
Current service cost	7,60,273	10,66,432
Interest cost	4,26,237	5,17,103
Expected return on plan assets	(6,13,787)	(5,46,282)
Net actuarial (Gain)/ Loss	(23,88,245)	(17,45,349)
Effect of the limit in Para 59 (b)	11,88,572	1,56,778
Total expenses/(income) recognised in the Statement of Profit & Loss	(6,96,950)	(5,51,318)

The company has seconded all its employees. As per the terms of secondment, leave encashment will be paid by the respective companies hence there is no liability of Leave encashment for the Current and previous year. Therefore, disclosures relating to Leave Encashment are not applicable.

(vii) Disclosure as required under Para 120 (n) of the Standard;

	Year Ended March 31, 2016	Year Ended March 31, 2015	Year Ended March 31, 2014	Year Ended March 31, 2013	Year Ended March 31, 2012
Gratuity :					
(i) a. Present Value of the Defined Benefit Obligation	32,61,974	54,33,486	52,94,280	47,44,223	38,31,787
b. Fair Value of the Plan Assets	70,83,852	74,39,842	66,21,599	64,24,309	23,05,569
c. (Surplus)/ Deficit in the Plan	(38,21,878)	(20,06,356)	(13,27,319)	(16,80,086)	15,26,218
(ii) a. Experience Adjustment on Plan Liabilities	(28,41,620)	(15,82,986)	(6,26,810)	(8,16,543)	6,32,430
b. Experience Adjustment on Plan assets	(4,43,164)	5,97,747	(3,03,525)	41,800	(47,156)

Reliance Coal Resources Private Limited
Notes to the financial statements as of and for the year ended March 31, 2016 (Continued)

6. Related Party Disclosures:

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

A. Parties where control exist:

(i) Holding Company:

Reliance Power Limited (R Power)

(ii) Subsidiary:

Reliance Power Netherlands BV (RPNBV)

(iii) Step down Subsidiaries:

PT Avaneesh Coal Resources

PT Heramba Coal Resources

PT Brayan Bintang Tiga Energi

PT Sriwijaya Bintang Tiga Energi

B. Other related parties with whom transactions have taken place during the year/closing balance existed at the year end:

Fellow Subsidiary

Sasan Power Limited (SAPL)

Jharkhand Integrated Power Limited (JIPL)

Reliance Coal Resources Private Limited
Notes to the financial statements as of and for the year ended March 31, 2016 (Continued)

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

Particulars	Rupees	
	2015-16	2014-15
(i) Transaction during the year:		
Share application money given		
RPNBV	-	5,45,77,966
Reimbursement of expenses		
R Power	72,59,018	1,41,24,227
J IPL	-	19,484
Reimbursement of expenses paid		
SAPL	15,02,057	30,44,664
Inter-corporate deposit received		
R Power	28,31,00,000	1,14,93,00,000
Loan Given		
RPNBV	-	1,06,20,01,900
Interest earned on loan		
RPNBV	10,64,23,414	4,70,88,859
Interest expenses on Inter-corporate deposits		
R Power	22,93,53,082	4,65,00,000
(ii) Closing balance at the end of the year		
Equity share capital (excluding premium)		
R Power	2,09,93,350	2,09,93,350
Inter-corporate deposits received from		
R Power	2,36,24,80,000	2,07,93,00,000
Investment in subsidiaries (Equity)		
RPNBV	1,68,42,96,082	1,68,42,96,082
Loan given		
RPNBV	2,12,26,52,800	2,00,29,05,600
Short-term loans and advances		
SAPL	-	73,849
Other current assets		
RPNBV	17,74,54,128	6,70,23,591
Other current liabilities		
R Power	-	4,87,84,479

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

Reliance Coal Resources Private Limited
Notes to the financial statements as of and for the year ended March 31, 2016 (Continued)

7. Earnings in Foreign Currency:

	Year Ended March 31, 2016	Year Ended March 31, 2015
Interest Income	10,64,23,414	4,70,88,859

8. Earnings/ (Loss) per Share:

	Year Ended March 31, 2016	Year Ended March 31, 2015
Profit /(Loss) for the year (Rupees) (A)	(2,37,17,342)	(1,85,298)
Weighted average number of equity shares (B)	20,99,335	20,99,335
Earnings/(Loss) per share – Basic (Rupees) (A/B)	(11.30)	(0.09)
Nominal value of an equity share (Rupees)	10	10

9. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

	As at March 31, 2016		As at March 31, 2015	
	USD	Rupees	USD	Rupees
Loans and advances	3,20,00,000	2,12,26,52,800	3,20,00,000	2,00,29,05,600
Interest receivable on Loan	26,75,205	17,74,54,128	10,70,822	6,70,23,591

10. Disclosure of Loans and Advances to Subsidiaries pursuant to Schedule V Regulation 34(3) of the Companies Act, 2013:

Name	Amount outstanding as at		Maximum amount outstanding during the year	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Subsidiary :				
Reliance Power Netherlands B.V.	2,30,01,06,928	206,99,29,191	2,30,01,06,928	206,99,29,191

As at the year-end,

- (a) The balance of long term loan given by the Company to the above named subsidiary is Rs. 2,30,01,06,928 (including interest accrued) wherein the interest has been charged @ 5% p.a. and,
- (b) The Company has no loans and advances in the nature of loans to firms/companies in which directors are interested.

Reliance Coal Resources Private Limited
Notes to the financial statements as of and for the year ended March 31, 2016 (Continued)

11. Segment Reporting:

There are no primary separate reportable segments as defined under Accounting Standard – 17 'Segment Reporting' as prescribed by Companies (Accounting Standards) Rules, 2006.

Geographical Segment	2015-16	2014-15
Revenue by geographical segment		
India	696,950	630,581
Outside India	215,835,298	68,442,082
Total	216,532,248	69,072,663
 Carrying amount of segment assets		
India	5,790,286	23,644,180
Outside India	3,984,403,010	3,754,225,273
Total	3,990,193,296	3,777,869,453
 Segment Capital Expenditure		
India	-	-
Outside India	-	-
Total	-	-

12. Micro and Small Scale Business Entities

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

13. The Company, based on the objects given in the Memorandum of Association, its operation through subsidiaries and other considerations, has been legally advised that the Company is not covered under the provisions of Non-Banking Financial Company as defined in Reserve Bank of India Act, 1934 and accordingly is not required to be registered under section 45 IA of the said Act. Further, The Management has been legally advised that the Company would qualify as an Infrastructure Company within the meaning of clause (a) of sub-section 11 of section 186 of the Companies Act, 2013.

14. Figures for the previous year have been regrouped / rearranged wherever necessary.

As per our attached report of even date

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

For and on behalf of the Board of Directors

Vijay Napawaliya
 Partner
 Membership No. 109859

Venugopala Rao
 Director
 (DIN: 03143364)

Sapna Purohit
 Director
 (DIN: 02329525)

Place: Mumbai
 Date: May 20, 2016

Place: Mumbai
 Date: May 20, 2016