INDEPENDENT AUDITOR'S REPORT

To,

The Members of,

Chitrangi Power Private Limited.

Opinion

1. We have audited the accompanying standalone Ind AS financial statements of **Chitrangi Power Private Limited,** which comprise the **Balance Sheet** as at 31st March, 2020, the **Statement of Profit and Loss (including "Other Comprehensive Income"),** the **Statement of cash flows and the Statement of Changes in Equity** for the year then ended, and notes to the financial statement and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone 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 including the Ind AS, of the state of affairs (financial position) of the company as at 31 March 2020, its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone Ind AS financial statements.

Material Uncertainty relating to Going Concern

We refer to Note No 4 of the financial statements dated 30th April 2020.The factors more fully described in the aforesaid note relating to nonoperation's in the Company as of now, the financial statement of the Company have not been prepared on a going concern basis and accordingly, assets and liabilities have been stated at their net realizable value or cost, whichever is less.

Our opinion is not modified in respect of this matter.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How the matter was addressed in our audit**
The Company has written off (i)Provision for Doubtful receivable amounting to Rs. 370,000,000 (previous year Rs 36,86,76,159) Total Rs 736,676,000 and (ii) Security Deposit amounting to Rs. 2,99,15,250 during the year. This expenditures is considered as an exceptional item in Profit & Loss Account.	The matter has been disclosed in notes to account under - schedule 3.7.Note No 4

"Information Other than the Standalone Financial Statements and Auditors' Report Thereon")

5. The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

6. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

7. In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we

have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Ind AS Financial Statements

8. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the state of affairs (Financial position),Profit or Loss(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 Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the relevant rules thereunder.

   This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

   In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

   Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the audit of Standalone Ind AS Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing (SAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

11. As required by the companies (Auditor's Report) Order, 2016("the orders") issued by the Central Government in terms of Section 143(11) of the Act, and on the basis of such books and records of the company as we consider appropriate and according to the information and explanations given to us, we give in "Annexure I" a statement on the matters specified in paragraph 3 and 4 of the order.

12. 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 (including other comprehensive income), the Cash Flow Statement and Statement of changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the Directors as on 31st March, 2020 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2020 from being appointed as a Director in terms of Section 164 (2) of the Act.

13. 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 information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. The company has not declared any dividend, so amounts, required to be transferred, to the Investor Education and Protection Fund by the Company is not applicable.

For and on behalf of
For SHRIDHAR AND ASSOCIATES
Chartered Accountants
Firm Registration No. 0134427W

Hemant Phatak.
Partner
Membership number:160832
UDIN: 20160832AAAAFJ2153
Place: Mumbai
Date: April 30, 2020

Annexure to the Auditors' Report

Annexure I

The Annexure referred to in our report to the members **CHITRANGI POWER PRIVATE LIMITED** for the year Ended on 31st March, 2020. We report that;

1) **Fixed Assets**

   a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of its Property, Plant and Equipment.
   b) As informed to us, the Property, Plant and Equipment 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.
   c) The company does not hold any immovable property

2) **Inventory**

   ~~The nature of business of the company does not require it to have any inventory. Hence the requirement of clause (ii) of paragraph 3 of the said order~~ is not applicable to the company.

3) **Secured or Unsecured Loans given**

   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 not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.

4) **Loan to parties covered under section 185 & 186 of the act**

   In our opinion and according to the information and explanations given to us, the company has not granted any loan to any directors nor acquired securities of anybody corporate.

5) **Deposit's From Public**

   According to the information and explanations given to us, the Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

6) **Maintenance of Cost Records**

As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.

7) **Statutory Dues**

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including income tax and is regular in depositing undisputed statutory dues, including profession tax, value added tax, provident fund, employees' state insurance, service tax, duty of customs, sales tax, duty of excise, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2020 for a period of more than six months from the date on when they become payable.

According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

8) **Loans From Financial Institutions or Banks**

In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.

9) **Money raised from initial public offer and term loans**

Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

10) **Fraud Reporting**

Based upon the audit procedures performed and according to the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the course of our audit.

11) **Managerial Remuneration**

Section 197 of the Act is not applicable to a Private Company, and accordingly, reporting under this clause would not be required.

12) **Nidhi Company**

In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.

13) **Transactions with related parties**

According to the information and explanations given to us and based on our examination of the records of the company, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013

14) **Preferential allotment or private placement of shares**

According to the information and explanations given to us and based on our examination of the records of the company, the company has not made preferential allotment or private placement of shares during the year and the provisions of section 42 of The Companies Act 2013 have been complied with.

15) **Non cash transactions with directors**

Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

16) **Registration u/s 45-IA of the RBI Act, 1934**

In our opinion, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For and on behalf of
For SHRIDHAR AND ASSOCIATES
Chartered Accountants
Firm Registration No. 0134427W

Hemant Phatak
Partner
Membership number: 160832
UDIN: 20160832AAAAFJ2153
Place: Mumbai
Date: April 30,2020

Chitrangi Power Private Limited
Balance Sheet as at March 31, 2020

Rupees in thousands

Particulars	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	7,28,111	7,41,627
Financial assets			
Loans	3.2	-	29,915
Other financial assets	3.3	189	157
Non-current tax assets (net)	3.4	-	25
Other non-current assets	3.5	91,10,415	91,10,415
Current assets			
Cash and cash equivalents	3.6	231	259
Other current assets	3.7	-	3,68,676
Total Assets		**98,38,946**	**1,02,51,074**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	3.8	100	100
Other equity			
Instruments entirely equity in nature	3.9	1,000	1,000
Reserves and surplus	3.10	(9,17,670)	(3,58,025)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	3.11	98,48,800	98,48,800
Current liabilities			
Financial liabilities			
Other financial liabilities	3.12	9,06,716	7,59,199
Total Equity and Liabilities		**98,38,946**	**1,02,51,074**
Significant accounting policies	2		
Notes on financial statements	1 to 17		

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

As per our attached report of even date.

For Shridhar & Associates
Chartered Accountants
Firm Registration Number: 0134427W

Hemant Phatak
Partner
Membership Number: 160832

Place: Mumbai
Date: April 30, 2020

For and on behalf of the Board of Directors

Sameer Kumar Gupta
Director
DIN: 03486281

Murli Manohar Purohit
Director
DIN: 07882151

Place: Mumbai
Date: April 30, 2020

Chitrangi Power Private Limited

Statement of Profit and Loss for the year ended March 31, 2020

Rupees in thousands

Particulars	Note	Year ended March 31, 2020	Year ended March 31, 2019
Other Income	3.13	32	102
Total Income		32	102
Expenses			
Finance costs	3.14	1,47,473	20,070
Depreciation expenses	3.1	8,228	8,287
Other expenses	3.15	5,358	3,97,318
Total expenses		**1,61,059**	4,25,675
Loss before provision for exceptional items and tax		(1,61,027)	(4,25,573)
Exceptional Items -			
Bank Guarantee encased written off	3.7	3,68,676	-
Security deposit written off		29,915	-
Profit/(Loss) before tax		**(5,59,618)**	(4,25,573)
Income tax expense			
Current tax		-	-
Income tax for earlier years		27	2
Profit/(Loss) for the year (A)		**(5,59,645)**	(4,25,575)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss		-	-
Other Comprehensive Income/ (Loss) for the year (B)		-	-
Total Comprehensive Income/ (Loss) for the year (A+B)		**(5,59,645)**	(4,25,575)
Earnings per equity share: (Face value of Rs. 10 each)			
Basic and diluted (Rupees)	9	**(55,964.49)**	(42,557.51)
Significant accounting policies	2		
Notes on financial statements	1 to 17		

The accompanying notes are an integral part of these financial statements

As per our attached report of even date.

For Shridhar & Associates
Chartered Accountants
Firm Registration Number: 0134427W

For and on behalf of the Board of Directors

Hemant Phatak
Partner
Membership Number: 160832

Sameer Kumar Gupta
Director
DIN: 03486281

Murli Manohar Purohit
Director
DIN: 07882151

Place: Mumbai
Date: April 30, 2020

Place: Mumbai
Date: April 30, 2020

Chitrangi Power Private Limited
Cash Flow Statement for the year ended March 31, 2020

Rupees in thousands

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(A) Cash flow from operating activities		
Net profit / (loss) before taxation	(5,59,618)	(4,25,573)
Adjusted for :		
Depreciation	8,228	8,287
Finance cost and other charges	1,47,473	20,070
Interest income	(32)	-
Loss on discarding of assets	5,289	-
Provision for doubtful advances	29,915	27,112
Provision for doubtful receivable	3,68,676	3,70,000
Operating profit /(loss) before working capital changes	(69)	(104)
Adjustments for :		
Increase/(Decrease) in financial liabilities	1,47,517	7,26,072
Increase/(Decrease) in financial assets	(32)	(7,05,924)
	1,47,485	20,148
Taxes (paid) / refund (net)	(2)	(2)
Net Cash generated from / (used in) operating activities	1,47,413	20,042
(B) Cash flow from investing activities		
Sale of fixed assets	-	-
Refund of capital advance	-	12,30,000
Interest income	32	8
Net cash generated from / (used in) investing activities	32	12,30,008
(C) Cash flow from financing activities		
Inter corporate deposits received / (repayment)	-	(12,30,000)
Finance cost and other charges	(1,47,473)	(20,070)
Net cash generated from / (used in) financing activities	(1,47,473)	(12,50,070)
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	(28)	(20)
Opening Balance of cash and cash equivalents		
- Balance in current account	259	279
Closing balance of cash and cash equivalents		
- Balance in current account	231	259

The accompanying notes are an integral part of these financial statements
The Cash flow statements has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) "Statement of Cash Flows"

As per our attached report of even date.

For Shridhar & Associates
Chartered Accountants
Firm Registration Number: 0134427W

For and on behalf of the Board of Directors

Hemant Phatak
Partner
Membership Number: 160832

Sameer Kumar Gupta
Director
DIN: 03486281

Murli Manohar Purohit
Director
DIN: 07882151

Place: Mumbai
Date: April 30, 2020

Place: Mumbai
Date: April 30, 2020

Chitrangi Power Private Limited
Statement of Changes in Equity for the year ended March 31, 2020

A. Equity Share Capital

Rupees in thousands

Particulars	Amount
Balance as at April 1, 2018	100
Changes in equity share capital	-
Balance as at March 31, 2019	100
Changes in equity share capital	-
Balance as at March 31, 2020	100

B. Other Equity

Rupees in thousands

Particulars	Instrument entirely equity in nature		Reserves and Surplus			
	Compulsory Convertible Redeemable Non-Cumulative Preference Shares (Refer note 3.9)	Total (A)	Securities Premium	Retained Earnings	Total (B)	Total (A+B)
Balance as at April 01, 2018	1,000	1,000	9,99,000	(9,31,450)	67,550	68,550
Profit/ (Loss) for the year	-	-	-	(4,25,575)	(4,25,575)	(4,25,575)
Other Comprehensive Income/ (Loss) for the year	-	-	-	-	-	-
Total Comprehensive Income/ (Loss) for the year	-	-	-	(4,25,575)	(4,25,575)	(4,25,575)
Balance as at March 31, 2019	1,000	1,000	9,99,000	(13,57,025)	(3,58,025)	(3,57,025)
Profit/ (Loss) for the year	-	-	-	(5,59,645)	(5,59,645)	(5,59,645)
Other Comprehensive Income/ (Loss) for the year	-	-	-	-	-	-
Total Comprehensive Income/ (Loss) for the year	-	-	-	(5,59,645)	(5,59,645)	(5,59,645)
Balance as at March 31, 2020	1,000	1,000	9,99,000	(19,16,670)	(9,17,670)	(9,16,670)

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

As per our attached report of even date.

For Shridhar & Associates
Chartered Accountants
Firm Registration Number: 0134427W

For and on behalf of the Board of Directors

Hemant Phatak
Partner
Membership Number: 160832

Sameer Kumar Gupta
Director
DIN: 03486281

Murli Manohar Purohit
Director
DIN: 07882151

1) General information

Chitrangi Power Private Limited, a wholly owned subsidiary of Reliance Power Limited, has been set up to develop a 3,960 MW (6X660 MW) super critical coal fired thermal power project at Chitrangi Tehsil, District Singrauli in the State of Madhya Pradesh, based on the Memorandum of Understanding entered into between Reliance Power Limited (Holding Company) and the Government of Madhya Pradesh. 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 30, 2020.

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 Indian Accounting Standards

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

Historical cost convention

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

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

Fair value measurement

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

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

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

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

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

(c) Impairment of non-financial assets

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

(d) 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.

Investments and other financial assets

i. Classification

The Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held.

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

ii. Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

<u>**Debt instruments**</u>

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.

Changes in the fair value of financial assets at FVPL are recognised in the statement of profit and loss.

iii. Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

iv. Derecognition of financial assets

A financial asset is derecognised only when:

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

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 (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividend

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(e) 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.

(f) 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.

(g) Financial liabilities

i. Classification as debt or equity

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

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

ii. Initial recognition and measurement

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

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

iii. Subsequent measurement

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

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

Trade and other payable: These amounts represents obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These payable 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.

(h) 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.

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

(i) 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.

(j) 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 of short term 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.

(l) Revenue from Contracts with Customers and Other Income

Effective April 1, 2018 the Company has applied Ind AS 115 – "Revenue from Contracts with Customers" , which establish a comprehensive framework for determining whether, how and when revenue is to be recognized. Ind AS -115 replace Ind AS-18 " Revenue" and Ind AS -11 " Construction Contracts". The Company recognises revenue when it transfers control over a product or service to a customer. The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 and Ind AS 11.

There is no impact on application of Ind AS 115 on the financial statements

(m) 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.

(n) 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..

(o) Earnings per share

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

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

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

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

(p) Cash flow statement

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

(q) 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 judgments

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 assets and liabilities at the balance sheet date. Estimates and judgments 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 makes 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 be 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.

Chitrangi Power Private Limited

Notes to the financial statements for the year ended March 31, 2020 (continued)

3.1 Property, plant and equipment

Rupees in thousands

Particulars	Freehold land	Leasehold land[1]	Plant & equipment	Furniture & fixtures	Motor Vehicles	Office equipment	Computers	Total
Gross carrying amount								
Balance as at April 01, 2018	2,45,580	5,08,876	19,158	56	-	1,107	571	7,75,348
Additions during the year	-	-	-	-	-	-	-	-
Deductions during the year	-	-	-	-	-	-	-	-
Balance as at March 31, 2019	**2,45,580**	**5,08,876**	**19,158**	**56**	**-**	**1,107**	**571**	**7,75,348**
Accumulated depreciation								
Balance as at April 01, 2018	-	16655.89	8451.86	29	-	121	176	25,434
For the year	-	5,552	2,666	10	-	-	59	8,286
Deductions during the year	-	-	-	-	-	-	-	
Balance as at March 31, 2019	**-**	**22,208**	**11,118**	**38**	**-**	**121**	**235**	**33,721**
Gross carrying amount								
Balance as at April 01, 2019	2,45,580	5,08,876	19,158	56	-	1,107	571	7,75,348
Additions during the year	-	-	-	-	-	-	-	-
Deductions during the year	-	-	5,283	6	-	-	-	5,289
Balance as at March 31, 2020	**2,45,580**	**5,08,876**	**13,875**	**50**	**-**	**1,107**	**571**	**7,70,059**
Accumulated depreciation								
Balance as at April 01, 2019	-	22,208	11,118	38	-	121	235	33,720
For the year	-	5,552	2,666	10	-	-	-	8,228
Deductions during the year	-	-	-	-	-	-	-	-
Balance as at March 31, 2020	**-**	**27,760**	**13,784**	**48**	**-**	**121**	**235**	**41,948**
Net carrying amount								
Balance as at March 31, 2019	2,45,580	4,86,668	2,757	12	-	986	336	7,41,629
Balance as at March 31, 2020	2,45,580	4,81,116	91	2	-	986	336	7,28,111

[1] Leasehold land has been capitalised on the basis of advance possession received from the Government of Madhya Pradesh on payment of all dues against the land. However, this is pending execution of lease deed in favour of the Company.

Rupees in thousands

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current financial assets		
3.2 Loans		
(Unsecured and considered good)		
Security deposits (refer note 4)	-	29,915
	-	**29,915**
3.3 Other non-current financial assets		
(Unsecured and considered good unless stated otherwise)		
Non-current bank balances (lien with Sales tax department)	189	157
Advance Recoverable in Cash or Kind - doubtful	-	27,112
Less : Provision for doubtful advances	-	(27,112)
	189	**157**
3.4 Non-current tax assets (net)		
Income tax assets	-	25
	-	**25**
3.5 Other non-current assets		
(Unsecured and considered good unless stated otherwise)		
Capital advances to related party (refer note 7)	91,10,327	91,10,327
Others	88	88
	91,10,415	**91,10,415**
Current financial assets		
3.6 Cash and cash equivalents		
Balance with banks:		
In current account	231	259
	231	**259**
3.7 Other current assets		
(Unsecured and considered good unless stated otherwise)		
Other receivables - doubtful (refer note 4)	3,68,676	7,38,676
Less : Provision for doubtful receivable	-	(3,70,000)
Add : Provision for doubtful receivable written back	3,70,000	-
Less : Bank Guarantee encased written off	(7,38,676)	-
	-	**3,68,676**

Rupees in thousands

Particulars	As at March 31, 2020	As at March 31, 2019
3.8 Equity Share Capital		
Authorised Share Capital		
24,000,000 (March 31, 2019 24,000,000) equity shares of Rs.10 each	2,40,000	2,40,000
	2,40,000	2,40,000
Issued Capital		
10,000 (March 31, 2019 10,000) equity shares of Rs.10 each	100	100
	100	100
Subscribed and fully paid up Capital		
10,000 (March 31, 2019 10,000) Equity Shares of Rs.10 each	100	100
	100	100

3.8.1 Reconciliation of number of equity shares

Equity Shares		
Balance at the beginning of the year - 10,000 (March 31, 2019 10,000) shares of Rs. 10 each	100	100
Balance at the end of the year - 10,000 (March 31, 2019 10,000) shares of Rs. 10 each	100	100

3.8.2 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 shares 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.

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

	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	Percentage of share holding	No. of Shares	Percentage of share holding
Equity Shares				
Reliance Power Limited	10,000	100%	10,000	100%
	10,000	100%	10,000	100%

3.8.4 Shares held by Holding Company

	As at March 31, 2020	As at March 31, 2019
Equity Shares		
Reliance Power Limited - 10,000 (March 31, 2019: 10,000) Equity Shares of Rs.10 each fully paid	100	100
(Out of the above, 1 shares (March 31, 2019: 1 shares) are jointly held by Reliance Power Limited and its nominees)		
	100	100

Rupees in thousands

Particulars	As at March 31, 2020	As at March 31, 2019
Other equity		
3.9 Instruments entirely equity in nature		
3.9.1 Preference shares		
Authorised share capital		
10,000,000 (March 31, 2019: 10,000,000) preference shares of Re. 1 each	10,000	10,000
	10,000	**10,000**
Issued capital		
10,000,000 (March 31, 2019: 10,000,000) preference shares Re. 1 each	10,000	10,000
	30,000	**10,000**
Subscribed and fully paid up capital		
1,000,000 (March 31, 2019: 1,000,000) preference shares Re. 1 each	1,000	1,000
	1,000	**1,000**

3.9.2 Reconciliation of number of preference shares

Particulars	As at March 31, 2020	As at March 31, 2019
Preference shares [refer note no. 3.9.3]		
Balance at the beginning of the year - 1,000,000 (March 31, 2019: 1,000,000) shares of Re. 1 each	1,000	1,000
Balance at the end of the year - 1,000,000 (March 31, 2019: 1,000,000) shares of Re. 1 each	**1,000**	**1,000**

3.9.3 Terms/ rights attached to preference shares

7.5% Compulsory Convertible Redeemable Non-Cumulative Preference Shares (CCRPS)

The Company shall have a call option on CCRPS which can be exercised by the Company in one or more tranches and in part or in full before the end of agreed tenure (20 years) of the said shares. In case the call option is exercised, CCRPS shall be redeemed at an issue price (i.e face value and premium). The holders of CCRPS however, shall have an option to convert CCRPS into equity shares at any time during the tenure of such shares. At the end of tenure and to the extent the Company or the shareholder has not exercised their options, CCRPS shall be compulsorily converted into equity shares. On conversion, in either case, each CCRPS shall be converted into one fully paid equity share of Rs. 10 each at a premium of Rs. 990 share. If during the tenure of CCRPS, the Company declares equity dividend, CCRPS holders shall also be entitled to dividend on their shares at the same rate as the equity dividend and this dividend will be over and above the coupon rate of 7.5%. These preference shares shall continue to be non cumulative.

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

	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	Percentage of share holding	No. of Shares	Percentage of share holding
Preference shares [refer note no. 3.9.3]				
Reliance Power Limited	10,00,000	100%	10,00,000	100%
	10,00,000	**100%**	**10,00,000**	**100%**

3.9.5 Preference shares held by Holding Company / Subsidiaries of Holding Company

	As at March 31, 2020	As at March 31, 2019
Preference shares [refer note no. 3.9.3]		
Reliance Power Limited - 1,000,000 (March 31, 2019 : 1,000,000) Preference shares Rs. 1 each fully paid	1,000	1,000
	1,000	**1,000**

Chitrangi Power Private Limited

Notes to the financial statements for the year ended March 31, 2020 (continued)

Rupees in thousands

	Particulars	As at March 31, 2020	As at March 31, 2019
3.10	**Reserves and surplus**		
	Balance at the end of the year		
3.10.1	Securities premium	9,99,000	9,99,000
3.10.2	Retained earnings	(19,16,670)	(13,57,025)
	Total reserves and surplus	**(9,17,670)**	**(3,58,025)**
3.10.1	**Securities premium**		
	Balance at the beginning of the year	9,99,000	9,99,000
	Balance at the end of the year	**9,99,000**	**9,99,000**
3.10.2	**Retained earnings**		
	Balance at the beginning of the year	(13,57,025)	(9,31,450)
	Loss for the year	(5,59,645)	(4,25,575)
	Balance at the end of the year	**(19,16,670)**	**(13,57,025)**
		(9,17,670)	**(3,58,025)**

Nature and purpose of reserves:

a) Securities premium

Securities premium is created to record premium received on issue of shares. The reserve is utilised in accordance with provisions of the Companies Act, 2013.

Non - current financial liabilities

	Particulars	As at March 31, 2020	As at March 31, 2019
3.11	**Non-current borrowings**		
	Unsecured - at amortised cost		
	Inter-corporate deposits from holding company (refer note 7) (interest free and repayble after 15 Months)	98,48,800	98,48,800
		98,48,800	**98,48,800**
3.12	**Other current financial liabilities**		
	Dues to Holding Company (refer note 7)	9,06,277	7,58,741
	Others (including related party) (refer note 7)	439	458
		9,06,716	**7,59,199**

Chitrangi Power Private Limited

Notes to the financial statements for the year ended March 31, 2020 (continued)

Rupees in thousands

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
3.13 Other income		
Interest income:		
Bank deposits	32	-
Liability written back	-	102
	32	102
3.14 Finance costs		
Other finance charges	1,47,473	20,070
	1,47,473	20,070
3.15 Other expenses		
Legal and professional charges	19	204
Rates and taxes	50	2
Diminution in value of asset	5,289	-
Provision for doubtful security deposit / advances	-	27,112
Provision for doubtful receivable (refer note 4)	-	3,70,000
	5,358	3,97,318

4) Project Status:

The Company is setting up a 6x660 MW (3,960 MW) super critical coal-fired thermal power project at Chitrangi Tehsil in Singrauli District of Madhya Pradesh. It has already received all the major clearances and approvals required for implementation of the project.

The Company is in possession of entire Government and private land required for the project and has commenced work of area grading, boundary wall construction and early enabling works at the project site. The Engineering, Procurements and Construction (EPC) contract has already been awarded on a turnkey basis and the Company has paid capital advances.

The company proposed to use coal for this project from the surplus coal up to 9 MTPA from the Moher, Moher-Amlohri Extention and Chatrasal coal Blocks allocated to Sasan Power Limited, allowed by Ministry of Coal (MoC) vide its Gazette notification No.335 dated February 17, 2010 and balance from other sources.

The Company participated in case 1 bid of Uttar Pradesh Power Corporation Limited (UPPCL) for supply of power of 2456 MW from the project and accordingly Letter of Intent (LOI) was issued by UPPCL. The Company had submitted a bid bond of Rs. 738,600 thousands in the form of Bank Guarantee.

The Company also participated in case 1 bid of Madhya Pradesh Power Management Limited (MPPMCL) for supply of power of 1241 MW from the project and accordingly LOI was issued by MPPMCL. The Company had submitted a bid bond of Rs. 375,000 thousands in the form of Bank Guarantee.

Based on Hon'ble Supreme Court order dated August 25, 2014, MoC cancelled its earlier notification dated February 17, 2010 permitting use of surplus coal from Sasan UMPP for this project resulting in frustration of the bids due to non availability of coal.

Detailed representations were made to UPPCL informing that the LOI and bid submitted by the Company stands frustrated due to non availability of coal and therefore requested to cancel the LOI and return the bid bond. UPPCL rejected the request and invoked the Bank Guarantee on February 27, 2018. The Company filed a writ petition in Lucknow Bench of Hon'ble High Court of Allahabad against the invocation of the Bank Guarantee. The Hon'ble High Court dismissed the petition on April 15, 2019. Special Leave Petition (SLP) filed in Hon'ble Supreme Court against the order of the Hon'ble High Court has been dismissed.

In view of the above, Company has written off Rs 368,676 Thousands towards balance amount of the Bank Guarantee encashed after netting of Rs 370,000 Thousands provided in previous year. This expenditures is considered as an exceptional item in Profit & Loss Account.

During the year, the Company has written off Security deposit (given to Water Resource department) amounting to Rs. 29,915 thousands in the statement of profit and loss accounts.

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

5) Capital commitment

Estimated amount of contracts remaining unexecuted on capital account (net of advances paid) and not provided for Rs. NIL (March 31, 2019 Rs. 81,842,193 thousands).

6) Details of Remuneration to Auditors:

		Rupees in thousands
	Year ended March 31, 2020	Year ended March 31, 2019
(a) As auditors		
For statutory audit	10	10
For others	6	-
Total	16	10

7) Related party transactions:

A. Parties where control exists:

Holding Company:
Reliance Power Limited (R Power)

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

Companies
Reliance Infrastructure Limited (R Infra)

Individual
Shri Anil D. Ambani

B. (II) Other related parties with whom transactions have taken place during the year:

Fellow subsidiaries:
Sasan Power Limited (SPL)

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

		Rupees in thousands
Particulars	**March 31, 2020**	**March 31, 2019**
Transactions during the year:		
Expenses incurred on our behalf		
R Power	147,536	758,741
Capital Advance – R Infra		
Refund	-	1,230,000
Retention money payable adjusted against advance	-	32,752
***Inter- corporate deposits Refund**		
R Power	-	1,230,000
Closing balance		
Equity share capital (excluding premium)		
R Power	100	100
Preference share capital (excluding premium)		
R Power	1,000	1,000
Inter corporate deposits received		
R Power	9,848,800	9,848,800
Other current financial liabilities		
SPL	259	259
R Power	906,277	758,741
Capital advance		
R Infra	9,110,327	9,110,327
Guarantees		
R Power	375,000	375,000
Capital Commitment		
R Infra	-	81,796,035

8) Disclosure pursuant to para 44 A to 44 E of Ind AS 7 - Statement of cash flows

Rupees in thousands

Particulars	Year ended March 31,2020	Year ended March 31,2019
Short term Borrowings		
Opening Balance	9,848,800	11,078,800
Repaid During the year	-	(1,230,000)
Closing Balance	**9,848,800**	**9,848,800**
Interest / Finance Expenses		
Other finance charges as per Statement Profit and Loss	(147,473)	(20,070)
Closing Balance	-	-

9) Earnings per share:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit available to equity shareholders		
Profit / (loss) after tax (A) (Rupees in thousands)	(425,575)	(425,575)
Number of equity shares		
Weighted average number of equity outstanding (B)	10,000	10,000
Basic and diluted earnings per share (A / B) (Rs.)	(55,964.49)	(42,557.52)
Nominal value of an equity share (Rs.)	10	10

7.5% Compulsory Convertible Redeemable Non-Cumulative Preference Shares had an anti-dilutive effect on earnings per share and hence have not been considered for the purpose of computing dilutive earnings per share.

10) Income taxes

10(a) Income Tax Expense:

Rupees in thousands

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Income tax expense		
Current tax		
Current tax on profits for the Year	-	-
Adjustments for current tax of prior Years	-	-
Total current tax expense (A)	-	-
Deferred tax		
Decrease/(increase) in deferred tax assets	-	-
(Decrease)/increase in deferred tax liabilities	-	-
Total Deferred Tax Expense/(Benefit) (B)	-	-
Income Tax Expense (A+B)	-	-

10(b) The reconciliation of tax expense and the accounting profit multiplied by tax rate :

		Rupees in thousands
Particulars	**March 31, 2020**	**March 31, 2019**
Profit before tax	(559,618)	(425,573)
Tax at the Indian tax rate of 26% (2018-19 : 26%)	(110,648)	(110,648)
Tax losses for which no deferred income tax was recognised	(145,501)	(110,648)
Income tax for earlier years	(27)	(2)
Income tax expense	**(27)**	**(2)**

Note: The Company has not recognised deferred tax asset on the unabsorbed losses as it does not claim the unabsorbed losses in the income tax returns filed by the Company.

10(c): Amounts recognised in respect of current tax / deferred tax directly in Equity:

		Rupees in thousands
Particulars	**March 31, 2020**	**March 31, 2019**
Amounts recognised in respect of current tax directly in Equity	-	-

11) Fair value measurements

(a) 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 thousands
Particulars	**March 31, 2020**	**March 31, 2019**
Financial assets		
Security deposits	-	29,915
Non-current bank balances	189	157
Advance Recoverable in Cash or Kind	-	-
Cash and cash equivalents	231	259
Other receivable	-	368,676
Total financial assets	**420**	**399,007**
Financial liabilities		
Borrowings	9,848,800	9,848,800
Due to Holding Company	906,277	758,741
Other Payable	439	458
Total financial liabilities	**10,755,516**	**10,607,999**

(b) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table. The Company does not have any financial assets and financial liabilities which are measured at fair value on each reporting date.

				Rupees in thousands
Assets and liabilities which are measured at amortised cost for which fair values are disclose as at March 31, 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Security deposits	-	-	-	-
Non-current bank balances	-	-	189	189
Total financial assets	**-**	**-**	**189**	**189**

Rupees in thousands

Assets and liabilities which are measured at amortised cost for which fair values are disclose as at March 31, 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Security deposits	-	-	29,915	29,915
Non-current bank balances	-	-	157	157
Total financial assets	-	-	**30,072**	**30,072**

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

Rupees in thousands

Particulars	March 31, 2020 Carrying amount	March 31, 2020 Fair value	March 31, 2019 Carrying amount	March 31, 2019 Fair value
Financial assets				
Security deposits	-	-	29,915	29,915
Non-current bank balances	189	189	157	157
Total financial assets	**189**	**189**	**30,072**	**30,072**
Financial Liabilities				
Borrowings	9,848,800	9,848,800	9,848,800	9,848,800
Dues to Holding	906,277	906,277	758,741	758,741
Others	439	439	458	458
Total financial liabilities	**10,755,516**	**10,755,516**	**10,607,999**	**10,607,999**

(d) **Valuation technique used to determine fair values**

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

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

Note

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

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

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

There were no transfers between any levels during the year.

12) Financial risk management

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

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, financial assets measured at amortised cost.	Aging analysis	Diversification of bank deposits, letters of credit
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

(a) Credit risk

The company is exposed to credit risk, which is the risk that counterparty will default on its contractual obligation resulting in a financial loss to the company. Credit risk arises from cash and cash equivalents and financial assets carried at amortised cost

Credit risk management

Credit risk is managed at company level depending on the policy surrounding credit risk management. For banks and financial institutions, only high rated banks/institutions are accepted. Generally, all policies surrounding credit risk have been managed at company level.

(i) Cash and cash equivalents

The Company held cash and cash equivalents with credit worthy banks aggregating Rs.231 thousand, and Rs. 259 thousand as at March 31, 2020, and March 31, 2019 respectively. The credit worthiness of such banks is evaluated by the management on an ongoing basis and is considered to be good.

(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 at 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 thousands

March 31, 2020	Less than 1 years	Between 1 year and 5 years	More than 5 years	Total
Financial liabilities				
Borrowings	9,848,800	-	-	9,848,800
Other payables	906,716	-	-	906,716
Total financial liabilities	**10,755,516**	-	-	**10,755,516**

Rupees in thousands

March 31, 2019	Less than 1 years	Between 1 year and 5 years	More than 5 years	Total
Financial liabilities				
Borrowings	9,848,800	-	-	9,848,800
Other payables	759,199	-	-	759,199
Total financial liabilities	**10,607,999**	-	-	**10,607,999**

13) Capital Management

(a) Risk Management

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

Chitrangi Power Private Limited
Notes to the financial statements for the year ended March 31, 2020 (Continued)

The Company monitors capital on basis of total equity and debt on a periodic basis. Equity comprises all components of equity includes the fair value impact. Debt comprises of long term and short term borrowing. The following table summarizes the capital of the Group:

	Rupees in thousands	
	March 31, 2020	**March 31, 2019**
Equity	(916,570)	(356,925)
Debt	9,848,800	9,848,800
Total	**8,932,230**	**9,491,875**

14) Segment reporting

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

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

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 intimations received from them as request made by 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.

16) The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. The Indian Government has taken various measures to contain the spread of virus including a strict lockdown, which was further extended across the country. 'Power generation and transmission units' is on the list of essential services. The COVID-19 outbreak has contributed to a decrease in global and local economic activities including power consumption. The extent to which the COVID-19 pandemic will impact the Company's results depend on future developments, which are uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by the Company.

17) Previous year's figures have been regrouped/ rearranged wherever necessary.

As per our attached report of even date.

For Shridhar & Associates
Chartered Accountants
Firm Registration Number: 0134427W

Hemant Phatak
Partner
Membership Number: 160832

Place: Mumbai
Date: April 30, 2020

For and on behalf of the Board of Directors

Sameer Kumar Gupta
Director
DIN: 03486281

Murli Manohar Purohit
Director
DIN: 07882151

Place: Mumbai
Date: April 30, 2020