

INDEPENDENT AUDITOR'S REPORT

To,
The Members of,
Reliance Coal Resources Private Limited.

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Reliance Coal Resources 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.

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 profit or 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

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.

Key Audit Matters

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

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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.

Description of Key Audit Matter

Sr No	The key audit matter	How the matter was addressed in our audit
1	Other Income consists of Interest income on Inter-corporate deposits given to subsidiary Reliance Power Netherlands BV Rs 238,838,000	The term sheet signed between the two cos provides for Interest at 5% PA to be charged on ICD. Exchange gain is accounted as Income.
2	Finance cost constitutes revised Interest rate of 15% on Inter corporate deposits taken from holding co Reliance Power Ltd Rs 5,43,708,000	As per management , various banks and financial institution also charge the same amount of interest rate to Reliance Power Limited, therefore, the rate of interest to Reliance Coal Resources has also been revised and incorporated in the Term Sheet
3	Non Deduction of TDS on Interest booked on Inter Corporate Deposit	TDS is not accounted as Form 26 A will be taken for non deduction of TDS on interest payable to Reliance power.

Our opinion is not modified in respect of this matter.

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

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.

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

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

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

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.

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

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- 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

1. 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.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (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.
3. 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:

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- 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.
4. *With respect to the matter to be included in the Auditors' Report under section 197(16):*

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Hemant Phatak
Partner
Membership number: 160832
UDIN: 20160832AAAAFL9847
Place: Mumbai
Date: 29-04-2020

Annexure to the Auditors' Report

Annexure I

The Annexure referred to in our report to the members **RELIANCE COAL RESOURCES 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.

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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: 20160832AAAAFL9847
Place: Mumbai
Date: 29-04-2020

Reliance Coal Resources Private Limited
Balance Sheet as at March 31, 2020

Particulars	Note	As at March 31, 2020	Rupees in '000 As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	8	8
Financial assets			
Investments	3.2(a)	1,684,296	1,684,296
Other financial assets	3.2(b)	200	200
Other non-current assets	3.3	6	-
Total non-current assets		1,684,510	1,684,504
Current assets			
Financial assets			
Cash and cash equivalents	3.3(a)	2,454	161
Loans	3.3(b)	4,618,727	4,012,201
Total current assets		4,621,181	4,012,362
Total Assets		6,305,691	5,696,866
EQUITY AND LIABILITIES			
Equity			
Equity share capital	3.4	20,993	20,993
Other equity	3.5	1,292,490	1,287,820
Total equity		1,313,483	1,308,813
Liabilities			
Current liabilities			
Financial liabilities			
Borrowings	3.6(a)	3,641,314	3,586,490
Other financial liabilities	3.6(b)	1,327,110	777,757
Other current liabilities	3.7	23,784	23,806
Total current liabilities		4,992,208	4,388,053
Total Equity & Liabilities		6,305,691	5,696,866
Significant accounting policies	2		
Notes to financial statements	3-19		
The accompanying notes are an integral part of these financial statements.			

As per our attached report of even date.

For Shridhar and Associates
Firm Registration No: 0134427W
Chartered Accountants

Hemant Phatak
Partner
Membership No. 160832

Place: Mumbai
Date: April 29, 2020

For and on behalf on the Board of Directors

Phanindra Nemani
Director
(DIN:00051091)

Place: Mumbai
Date: April 29, 2020

Ajit Verma
Director
(DIN: 07422834)

Place: Mumbai
Date: April 29, 2020

Reliance Coal Resources Private Limited
Statement of Profit and Loss for the year ended March 31, 2020

Particulars	Note	Year ended March 31, 2020	Rupees in '000 Year ended March 31, 2019
Other Income	3.8	554,965	350,696
Total Income		554,965	350,696
Expenses			
Employee benefits expense	3.9	470	2,835
Finance costs	3.10	543,972	320,749
Other expenses	3.11	847	677
Total expenses		545,289	324,261
Profit/ (Loss) before exceptional items and tax		9,676	26,435
Exceptional Items			
Profit/ (Loss) before tax		9,676	26,435
Income tax expense			
Excess Income tax of earlier years		5,476	(4,459)
Profit/ (Loss) for the year (A)		4,200	30,694
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements of net defined benefit plans (net)		470	312
Other Comprehensive Income for the year (B)		470	312
Total Comprehensive Income for the year (A+B)		4,670	31,206
Earnings per equity share: (Face value of Rs. 10 each)		2.00	14.72
Basic and Diluted (Rupees)			

Significant accounting policies 2
Notes to financial statements 3-19
The accompanying notes are an integral part of these financial statements.

As per our attached report of even date.

For Shridhar and Associates
Firm Registration No: 0134427W
Chartered Accountants

Hemant Phatak
Partner
Membership No. 160832

Place: Mumbai
Date: April 29, 2020

For and on behalf on the Board of Directors

Phanindra Nemani **Ajit Verma**
Director Director
(DIN:00051091) (DIN: 07422834)

Place: Mumbai Place: Mumbai
Date: April 29, 2020 Date: April 29, 2020

Reliance Coal Resources Private Limited
Cash Flow Statement for the Year Ended March 31, 2020

	Year Ended March 31, 2020	Rupees In '000 Year ended March 31, 2019
(A) Cash Flow from Operating Activities		
Net Profit/(Loss) before tax	9,676	26,435
Adjusted for:		
Interest income	(238,838)	(194,158)
Foreign Exchange (Gain)/Loss	(316,127)	(156,412)
Interest and finance charges	543,972	320,749
Operating Loss before working capital changes	(1,317)	(3,386)
Adjustments for:		
Increase / (decrease) in other current financial liabilities	5,648	9,715
Increase / (decrease) in other current liabilities	448	22,089
Increase / (decrease) in other non-current financial liabilities	-	-
(Increase) / decrease in other non-current financial assets	(6)	2,542
(Increase) / decrease in other current financial assets	-	20
(Increase) / decrease in other current assets	-	688
	4,774	31,668
Taxes (paid)/ refund received (net)	(5,476)	-
Net Cash flow generated from Operating Activities	(702)	31,668
(B) Cash flow from Investing activities		
Interest Received	-	-
Inter corporate deposit given to subsidiary	(51,561)	(63,464)
Loan to employees	-	-
Net cash generated from Investing Activities	(51,561)	(63,464)
(C) Cash flow from Financing Activities		
Inter Corporate Deposit received/(Paid)	54,824	63,801
Interest and finance charges paid	(267)	(32,346)
Net Cash flow generated from Financing Activities	54,557	31,455
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	2,294	(341)
Cash and Cash equivalents at the beginning of the year :		
Bank Balance-Current Account	161	502
Cash and Cash equivalents at the end of the year :		
Bank Balance-Current Account	2,454	161
The accompanying notes are an integral part of these financial statements.		

As per our attached report of even date.

For Shridhar and Associates
Firm Registration No: 0134427W
Chartered Accountants

For and on behalf on the Board of Directors

Hemant Phatak
Partner
Membership No. 160832

Phanindra Nemani **Ajit Verma**
Director Director
(DIN:00051091) (DIN: 07422834)

Place: Mumbai
Date: April 29, 2020

Place: Mumbai
Date: April 29, 2020

Place: Mumbai
Date: April 29, 2020

Reliance Coal Resources Private Limited
Statement of changes in equity for the Year ended March 31, 2020

A. Equity Share Capital (Refer note 3.4)	Rupees in '000
Balance as April 01, 2018	20,993
Changes in share capital	-
Balance as at March 31, 2019	20,993
Changes in share capital	-
Balance as at March 31, 2020	20,993

B. Other Equity (Refer note 3.5)		Rupees in '000			
	Note	Securities premium	Reserves and Surplus Foreign currency monetary item translation difference account	Retained Earnings	Total
Balance as at April 1, 2018		2,068,442	-	(811,828)	1,256,614
Profit/(Loss) for the year		-	-	30,894	30,894
Remeasurements of net defined benefit plans (net)		-	-	312	312
Total Comprehensive Income for the year		-	-	31,206	31,206
Balance as at March 31, 2019		2,068,442	-	(780,622)	1,287,820
Profit/(Loss) for the year		-	-	4,200	4,200
Remeasurements of net defined benefit plans (net)		-	-	470	470
Total Comprehensive Income for the year		-	-	4,670	4,670
Balance as at March 31, 2020		2,068,442	-	(775,952)	1,292,490

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

As per our attached report of even date.

For Shridhar and Associates
Firm Registration No: 0134427W
Chartered Accountants

For and on behalf on the Board of Directors

Hemant Phatak
Partner
Membership No. 160832

Phanindra Nemani
Director
(DIN: 00051091)

Ajit Verma
Director
(DIN: 07422634)

Place: Mumbai
Date: April 29, 2020

Place: Mumbai
Date: April 29, 2020

1) General Information

Reliance Coal Resources Private Limited ("the Company") is a subsidiary of Reliance Power Limited and has been incorporated under provisions of the 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. Registered address 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 29, 2020.

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

2.1 Basis of preparation, measurement and significant accounting policies

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

(a) Basis of preparation

Compliance with Ind AS

The financial statements of the Company have been prepared in accordance with the 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.

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

(b) Historical cost convention

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

- Certain financial assets and financial liabilities at fair value;
- Equity instruments in subsidiaries at fair value.

Fair value measurement

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

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

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

Current vis-à-vis non-current classification

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

(c) Recent Accounting Pronouncements :-

The guide contains 39 checklists based on Ind AS notified upto 31 March 2020 by the Ministry of Corporate Affairs (MCA). It includes a checklist on Ind AS 116, Leases as well as consequential amendments to other Ind AS arising due to its notification. The Company does not expect the amendment to have any significant impact.

(d) 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' (INR), which is the Company's functional and the Company's 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.

(e) Property, plant and equipment

All items of property, plant and equipment are stated at 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 recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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.

(f) 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.
- Equity Investment in subsidiary is measured at 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.

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.

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 (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. 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.

Equity investments

The Company subsequently measures all equity investments (including investment in subsidiaries) at cost.

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 company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

v. **Income recognition:**

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

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.

(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 other payables, loans and borrowings.

iii. Subsequent measurement:

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

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

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

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.

Where guarantees in relation to loans of subsidiaries are provided for no compensation, the fair values are expensed out in the Statement of profit and loss. On transition to Ind AS, the Company has recognised fair value changes as part of the retained earnings.

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 the statement of profit or loss as other gains/ (losses).

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

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

(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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

(i) Trade Receivable:

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(j) Cash and cash equivalents

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

(k) 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.

(l) Revenue recognition:

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

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

i. Service income

Service income represents income from support services recognised as per the terms of the service agreements entered into with the respective parties.

(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, using the Balance Sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. 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) 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.

(o) 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.

(p) 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 chief executive officer and the chief financial officer that makes strategic decisions.

2.2 Critical accounting estimates and judgements

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

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

Tax Losses

The Company has unused business loss of Rs 9,05,309 Thousand ,which according to the management will expired and may not be used to offset taxable business profit, if any, incurred by the company Refer note no. 9 for amount of such temporary difference on which deferred tax assets are not recognized.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID 19):

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues, goodwill and intangible assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company financial statements may differ from that estimated as at the date of approval of these financial statements.

Reliance Coal Resources Private Limited
Notes to the financial statements as of and for the Year ended March 31, 2020 (continued)

Particulars	As at March 31, 2020 Rupees in '000	As at March 31, 2019 Rupees in '000
3.2(a) Non-Current Investments (Non-trade)		
Equity Instruments (unquoted, fully paid-up)		
In Subsidiaries-at cost		
Reliance Power Netherlands BV	1,684,296	1,684,296
[Number of shares: 2,40,486 (March 2019: 2,40,486, face value of Euro 100 each) (Refer Note No.6)		
	<u>1,684,296</u>	<u>1,684,296</u>
3.2(b) Other financial assets (Unsecured and considered good)		
Security deposits	200	200
	<u>200</u>	<u>200</u>
3.3 Other non-current assets (Unsecured and considered good)		
Prepaid expenses	-	-
Balance with statutory authorities (includes VAT recoverable)	6	-
	<u>6</u>	<u>-</u>
3.3(a) Cash and cash equivalents		
Balance with banks:		
In current account	2,454	161
	<u>2,454</u>	<u>161</u>
3.3(b) Current Loans (Unsecured and considered good)		
Inter corporate deposits to subsidiary (Refer note 6)	4,618,727	4,012,201
	<u>4,618,727</u>	<u>4,012,201</u>

Reliance Coal Resources Private Limited
Notes to the financial statements as of and for the Year ended March 31, 2020 (continued)

Particulars	As at March 31, 2020	As at March 31, 2019
3.5 Other equity		
Balance at the end of the year		
3.5.1 Securities premium	2,068,442	2,068,442
3.5.2 Other Comprehensive Income (OCI)	782	312
3.5.3 Surplus in the Statement of Profit and Loss	(776,734)	(780,934)
Total other equity	1,292,491	1,287,820
3.5.1 Securities premium		
Balance at the beginning of the year	2,068,442	2,068,442
Balance at the end of the year	2,068,442	2,068,442
3.5.2 Other Comprehensive Income (OCI)		
Balance at the beginning of the year	312	-
Remeasurements of net defined benefit plans	470	312
Balance at the end of the year	782	312
3.5.3 Retained Earnings		
Balance at the beginning of the year	(780,934)	(811,828)
Profit for the year	4,200	30,894
Balance at the end of the year	(776,734)	(780,934)
	1,292,490	1,287,820
Nature and purpose of other reserves:		
a. Securities premium		
Securities premium account is created with premium issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013		
b. Foreign currency monetary item translation difference account		
The Company has opted to continue the Previous GAAP policy for accounting of foreign exchange differences on long term monetary items. This Reserve represents foreign exchange accumulated on long term monetary items which are for other than depreciable assets. The same is amortized over the balance period of such long term monetary assets.		
3.6(a) Current borrowings		
Secured - at amortised cost		
Unsecured		
Inter corporate deposit received from Holding Company	3,641,314	3,586,490
	3,641,314	3,586,490
3.6(b) Other current financial liabilities		
Interest accrued and due on borrowings	1,311,600	767,895
Other payables	15,510	9,862
	1,327,110	777,757
3.7 Other current liabilities		
Other payables (Statutory dues)	23,784	23,806
	23,784	23,806

Reliance Coal Resources Private Limited

Notes to the financial statements as of and for the Year ended March 31, 2020 (continued)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
3.8 Other income		
Interest income:		
Inter-corporate deposits	238,838	194,158
Gain on foreign exchange fluctuations (Net)	316,127	156,412
Provision written back		126
	554,965	350,696
3.9 Employee benefits expense		
Gratuity and leave encashment	470	2,835
Employee benefits expense	470	2,835
3.10 Finance cost		
Interest on:		
Inter corporate deposits	543,708	320,453
Other finance charges	264	296
	543,972	320,749
3.11 Generation, administration and other expenses		
Stamp duty and filing fees	-	4
Legal and professional charges	176	523
Travelling and conveyance	616	-
Rates and taxes	45	41
Loss on foreign exchange fluctuations	-	-
Miscellaneous expenses	10	109
	847	677

Reliance Coal Resources Private Limited

Notes to the financial statements as of and for the Year ended March 31, 2020 (continued)

3.1 Property, Plant and Equipment

Particulars	Rupees in '000 Office equipments
Gross carrying amount	
Balance as at April 01, 2018	8
Additions during the year	-
Carrying amount as at March 31, 2019	8
Additions during the year	-
Carrying amount as at March 31, 2020	8
Accumulated depreciation	
For the year	-
Balance as at March 31, 2019	-
For the year	-
Balance as at March 31, 2020	-
Net carrying amount	
As at March 31, 2019	8
As at March 31, 2020	8

3.4 Share capital

Authorised share capital

16,000,000 (March 2019 : 16,000,000) equity shares of Rs.10 each

Rupees in '000	
As at March 31, 2020	As at March 31, 2019
160,000	160,000
160,000	160,000

Issued, subscribed and fully paid up capital

2,099,335 (March 2019 : 20,99,335) equity shares of Rs.10 each fully paid up

20,993	20,993
20,993	20,993

3.4.1 Reconciliation of number of equity shares

Equity shares

Balance at the beginning of the year

20,993	20,993
--------	--------

Balance at the end of the year - 20,99,335 (March 2019 : 20,99,335) shares of Rs. 10 each

20,993	20,993
--------	--------

3.4.2 Terms/ rights attached to equity shares

a) Equity shares

The Company has only one class of equity shares having par 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.

3.4.3 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 (Equity Shares of Rs 10 each fully paid up)	2,099,335	100%	2,099,335	100%
	2,099,335	100%	2,099,335	100%

3.4.4 Shares held by Holding Company / Subsidiaries of Holding Company

Equity Shares

Reliance Power Limited - 20,99,335 (March 2019 : 20,99,335) shares of Rs 10 each fully paid up

(Of the above 20,99,334 (March 2019 : 20,99,334) shares are held by Reliance Power Limited, holding company and 1 (March 2019: 1) share is jointly held by Reliance Power and its nominee)

As at March 31, 2020	As at March 31, 2019
2,099,335	2,099,335
2,099,335	2,099,335

4) Details of remuneration to auditors:

Particulars	Year ended March 31, 2020	Rupees in '000 Year ended March 31, 2019
(a) As auditors		
For statutory audit*	10	10
For Certification	14	266
	24	276

* Statutory Audit Fee is exclusive of GST.

5) Employee benefit obligations

The Company has classified various employee benefits as under:

a) Leave obligations

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

b) Defined contribution plans

- (i) Provident fund
- (ii) Superannuation fund
- (iii) State defined contribution plans
- Employees' Pension Scheme 1995

The provident fund and the state defined contribution plan are operated by the regional provident fund commissioner and the superannuation fund is administered by the trust. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.

c) Post employment obligation

Gratuity

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

(i) Significant estimates: actuarial assumptions

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

Particulars	March 31, 2020	March 31, 2019
Discount rate (per annum)	6.30%	7.10%
Rate of increase in compensation levels	7.50%	7.50%

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

(ii) Balance sheet amount (Gratuity Plan)

	Rupees in '000		
Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 01, 2019	2,829	7,159	(4,330)
Current service cost	116	-	116
Interest cost	184	492	(308)
Total amount recognised in profit and loss	300	492	(192)
Remeasurements			
Return on plan assets, excluding amount included in interest expense/(income)	-	(333)	333
(Gain) / loss from change in demographic assumptions	-	-	-
(Gain) / loss from change in financial assumptions	105	-	105
Experience (gains) / losses	334	-	334
Total amount recognised in other comprehensive income	439	(333)	772
Employer contributions	-	-	-
Benefit payments	(221)	(221)	-
March 31, 2020	3,347	7,097	(3,750)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 01, 2018	2,202	6,684	(4,482)
Current service cost	95	-	95
Interest cost	155	498	(343)
Total amount recognised in profit and loss	250	498	(248)
Remeasurements			
Return on plan assets, excluding amount included in interest expense/(income)	-	(23)	(23)
(Gain) / loss from change in demographic assumptions	-	-	-
(Gain) / loss from change in financial assumptions	68	-	68
Experience (gains) / losses	309	-	309
Total amount recognised in other comprehensive income	377	(23)	400
Employer contributions	-	-	-
Benefit payments	-	-	-
Amount not recognised due to assets limit as per para 64(b)	-	-	-
March 31, 2019	2,829	7,159	(4,330)

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

	Rupees in '000	
Particulars	March 31, 2020	March 31, 2019
Present value of funded obligations	3,347	2,829
Fair value of plan assets	7,097	7,159
Deficit / (Surplus) of funded gratuity plan	(3,750)	(4,330)
Unfunded plans	-	-
	(3,750)	
Deficit / (Surplus) of gratuity plan		(4,330)

Sensitivity analysis:

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

Particulars	Change in assumptions		Increase in assumptions		decrease in assumptions	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Discount rate	0.50%	0.50%	-1.97%	-2.19%	2.04%	2.27%
Rate of increase in compensation levels	0.50%	0.50%	2.01%	2.25%	-1.96%	-2.19%

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

(iii) The above defined benefit gratuity plan administrated 100% by Reliance Nippon Life insurance company Limited as at March 31, 2020 and March 31, 2019.

(iv) Defined benefit liability and employer contributions:

The company has agreed that it will aim to eliminate the deficit in defined benefit plan in subsequent years. Funding levels are monitored on an annual basis and the current agreed contribution rate is 8.33% of the basic salaries.

The weighted average duration of the defined benefit obligation is 4.01 years (2019 : 4.46 years).

(v) The Company has seconded certain employees to the subsidiaries. As per the terms of the secondment, liability towards Salaries, Provident fund and leave encashment will be provided and paid by the respective subsidiaries and gratuity will be paid / provided by the Company. Accordingly, provision for gratuity as disclosed includes cost of employees seconded as well.

(vi) The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets under perform this yield, this will create a deficit.

6) Related party transactions:

A. Parties where control exists:

(i) Holding Company

Reliance Power Limited (R Power)

(ii) Subsidiaries

Reliance Power Netherlands BV (RPNBV)

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

Reliance Cleangen Limited (Fellow Subsidiary)

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

(i) Individual

Shri Anil D. Ambani (Chairman)

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

Particulars	Rupees in '000	
	2019-20	2018-19
(i) Transaction during the year:		
Reimbursement of expenses		
R Power	5,502	9,675
RCGL	11	-
Inter-corporate deposit received		
R Power	54,858	63,801
Inter-corporate deposit refunded		
R Power	34	-
Loan Given		
RPNBV	51,571	63,464
Interest earned on loan		
RPNBV	2,38,838	1,94,158
Interest expenses on Inter-corporate deposits		
R Power	5,43,708	3,20,453
(ii) Closing balance at the end of the year		
Equity share capital (excluding premium)		
R Power	20,993	20,993
Inter-corporate deposits received from		
R Power	36,41,314	35,86,490
Investment in subsidiaries (Equity)		
RPNBV	16,84,296	16,84,296
Loan given including interest accrued		
RPNBV	46,18,727	40,12,201
RCGL	(11)	-

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, 2020 (Continued)

7) Earning in foreign currency

Particulars	Rupees in '000	
	Year Ended March 31, 2020	Year Ended March 31, 2019
Interest Income	2,38,838	1,94,158

8) Earnings per share:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit available to equity shareholders		
Profit after tax (A) (Rupees in '000)	4,200	30,894
Number of equity shares		
Weighted average number of equity shares outstanding (Basic) (B)	20,99,335	20,99,335
Basic and diluted earnings per share (A / B) (Rs.)	2	14.72
Nominal value of an equity share (Rs.)	10	10

9) Income taxes

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

Particulars	Rupees in '000	
	March 31, 2020	March 31, 2019
Profit before tax	9,676	26,435
Tax at the Corporate Indian tax rate of 26% (2018-19: 26%)	2,516	6,873
Tax losses for which no deferred income tax was recognised	-	-
Income tax expense	-	-

b) Tax losses and Tax credits

Particulars	Rupees in '000	
	March 31, 2020	March 31, 2019
Unused losses for which no deferred tax asset has been recognised	(9,05,309)	(5,70,307)
Total	(9,05,309)	(5,70,307)

There is no timing difference other than the unused losses as stated above, between taxable income and accounting income.

10) Fair value measurements

(a) Financial instruments by category

	Rupees in '000	
	March 31, 2020	March 31, 2019
	Amortised Cost	Amortised Cost
Financial assets		
Inter corporate deposits to subsidiary	46,18,727	40,12,201
Security deposits	200	200
Cash and cash equivalents	2,454	161
Other financial assets	-	-
Other Non current assets	-	-
Total financial assets	46,21,381	40,12,562
Financial liability		
Borrowings	36,41,314	35,86,490
Interest accrued but not due	13,11,600	7,67,895
Other Payables	15,510	9,862
Total financial liability	49,68,423	43,64,247

The Company does not have any financial assets or liabilities which are measured at FVTPL.

(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.

Financial 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	Rupees in '000 Total
Financial assets				
Security deposits	-	-	200	200
Total financial assets	-	-	200	200
Financial Liabilities				
Borrowings	-	36,41,314	-	36,41,314
Total financial liabilities	-	36,41,314	-	36,41,314

Financial 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	Rupees in '000 Total
Financial assets				
Security deposits	-	-	200	200
Total financial assets	-	-	200	200
Financial Liabilities				
Borrowings	-	35,86,490	-	35,86,490
Total financial liabilities	-	35,86,490	-	35,86,490

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

Particulars	March 31, 2020		March 31, 2019	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets				
Loans				
Security deposits	200	200	200	200
Total financial assets	200	200	200	200
Financial Liabilities				
Borrowings	36,41,314	36,41,314	35,86,490	35,86,490
Total financial liabilities	36,41,314	36,41,314	35,86,490	35,86,490

(d) Valuation technique used to determine fair values

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

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

Note

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

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

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

There were no transfers between any levels during the year.

11) Financial risk management

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

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

(a) Credit risk

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

Credit risk management

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

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

Maturities of financial liabilities

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

Rupees in '000

March 31, 2020	Less than 1 years	Between 1 year and 5 years	More than 5 years	Total
Financial liabilities				
Dues to holding company	36,41,314	-	-	36,41,314
Interest accrued and due	13,11,600	-	-	13,11,600
Others	15,510	-	-	15,510
Total financial liabilities	49,68,424	-	-	49,68,424

March 31, 2019	Less than 1 years	Between 1 year and 5 years	More than 5 years	Total
Financial liabilities				
Dues to holding company	35,86,490	-	-	35,86,490
Interest accrued and due	7,67,895	-	-	7,67,895
Others	9,862	-	-	9,862
Total financial liabilities	43,64,247	-	-	43,64,247

12) 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.

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

	March 31, 2020	March 31, 2019
Equity	13,13,483	13,08,813
Debt	36,41,314	35,86,490
Total	49,54,797	48,95,303

13) Segment reporting

The Company's management examines the Company's performance.

Presently, there is no separate reportable segment as per Ind AS 108 'Operating Segments'.

Geographical Segment

The company is domiciled in India. The amount of revenue from external customers broken down by location of the customers is shown in the table below

Revenue from external customers	2019-20	Rupees in '000 2018-19
India	-	-
Outside India – Netherlands	5,54,965	3,50,570
Total	5,54,965	3,50,570

The total non-current assets other than financial instruments broken down by location of assets, is shown below.

Non-Current Assets	2019-20	2018-19
India	6	-
Outside India – Netherlands	-	-
Total	6	-

Information about major customers

Revenue to specific customers exceeding 10% of total revenue for the years ended March 31, 2010 and March 31, 2019 were as follows:

Customer Name	For the year ended		Rupees in '000	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Revenue	Percent	Revenue	Percent
Reliance Power Netherlands B.V.	5,54,965	100%	3,50,570	100%

14) 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, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Subsidiary :				
Reliance Power Netherlands B.V.	46,18,727	40,12,201	46,18,737	40,12,201

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

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

16) 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.

17) Changes in Liabilities arising from Financing activities:

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

Particulars	Rupees in '000	
	Year Ended March 31,2020	Year Ended March 31,2019
Long term Borrowings		
Opening Balance	-	-
- Non Current (redefined as non current)	-	-
Availed during the year/period	-	-
Repaid During the year/period	-	-
Closing Balance	-	-
Short term Borrowings		
Opening Balance	35,86,490	35,22,689
Availed during the year/period	54,858	63,801
Repaid During the year/period	34	-
Closing Balance	36,41,314	35,86,490
Interest Expenses		
Opening Balance	7,67,895	4,79,492
Interest Charge as per Statement Profit & Loss / Intangible assets under development	5,43,972	3,20,749
Interest paid	(267)	(32,346)
Closing Balance	13,11,600	7,67,895

- 18)** "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 will 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."

- 19)** Previous year's figures are regrouped / reclassified, wherever necessary.

Reliance Coal Resources Private Limited
Notes to the financial statements as of and for the year ended March 31, 2020 (Continued)

As per our attached report of even date.

For Shridhar and Associates
Firm Registration No: 0134427W
Chartered Accountants

For and on behalf on the Board of Directors

Hemant Phatak
Partner
Membership No. 160832

Place: Mumbai
Date: April 29, 2020

Phanindra Nemani
Director
(DIN:00051091)

Place: Mumbai
Date: April 29, 2020

Ajit Verma
Director
(DIN: 07422834)

Place: Mumbai
Date: April 29, 2020