INDEPENDENT AUDITOR'S REPORT

To The Members of Samalkot Power limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Samalkot Power Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, 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 a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the 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 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

Attention is invited to note 5 to the Ind AS financial statements. As stated in the note, the Company is confident of arriving at a positive resolution to the situation arising from the unavailability of natural gas in the country, and concluding sale of its 754 MW plant. Having regard to the foregoing and the continued financial support from the holding company, management believes that the Company would be able to meet its financial obligations in the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Our opinion is not modified in respect of this matter.

Other Matter

The comparative financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditors whose reports for the year ended March 31, 2016 and March 31, 2015 dated May 27, 2016 and May 26, 2015 respectively expressed an unmodified opinion on those financial statements, and have been restated to comply with Ind AS. Adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

Our opinion on the financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of other auditors on the financial statements, referred to in the Other Matters paragraph above we report, to the extent applicable 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 and the reports of the other auditors.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows 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 Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) In our opinion, the functioning of the Company will be effected if a positive resolution to situation arising from unavailability of natural gas is not reached, as explained in Emphasis of Matter Paragraph above.

f) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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

   i. The Company has disclosed the impact of pending litigations as at March 31, 2017 on its financial position in its Ind AS financial statements – Refer Note 6;

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

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

   iv. The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/ W-100018)

Samir R. Shah
Partner
(Membership No. 101708)

Place: Mumbai
Date: April 12, 2017

For PATHAK H.D & ASSOCIATES
Chartered Accountants
(Firm's Registration No. 107783W)

Vishal D. Shah
Partner
(Membership No. 119303)

Place: Mumbai
Date: April 12, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/ W-100018)

Samir R. Shah
Partner
(Membership No. 101708)

Place: Mumbai
Date: April 12, 2017

For PATHAK H.D & ASSOCIATES
Chartered Accountants
(Firm's Registration No. 107783W)

Vishal D. Shah
Partner
(Membership No. 119303)

Place: Mumbai
Date: April 12, 2017

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Companies Act, 2013 ("the Act") of Samalkot Power Limited ("the Company")

(i) In respect of the Company's property, plant and equipment:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the items of property, plant and equipment at reasonable intervals having regard to the size of the Company and the nature of its property, plant and equipment. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations provided to us and the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties other than self-constructed immovable property (buildings) as disclosed in Note 4.1 on fixed assets to the financial statements, are held in the name of the Company as at the balance sheet date except land located at Industrial Park, Peddapuram, East Godavari District, Andhra Pradesh, admeasuring 49.75 acres having gross/net block of Rs. 220,865,187 as at March 31, 2017.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.

(iii) 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.

(iv) The Company has not granted any loans, made investments, provided guarantees or securities during the year and therefore, the provisions of the clause (iv) of the Order are not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year and does not have any unclaimed deposits as at March 31, 2017 and therefore, the provisions of clause (v) of the Order are not applicable to the Company.

(vi) According to the information and explanations given to us, the turnover of the Company is less than rupees thirty five crores during the immediately preceding financial year as the Company has not commenced it's commercial operations. Hence, the requirement relating to maintenance of cost records specified by the Central Government under section 148(1) of the Act read with Rule 3 of Companies (Cost Records and Audit) Amendment Rules, 2014 is not applicable to the Company for the current year.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs. in Lakhs)
Income Tax Act, 1961	Income-tax	The Commissioner of Income Tax (Appeals)	2013-14 (Financial Year)	220.05

There are no dues of Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes.

(viii) 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 bank. The Company has not taken any loans or borrowings from financial institution or government, and has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loan during the current year and therefore, the provisions of clause (ix) of the Order are not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company has not paid managerial remuneration during the current year and therefore, the provisions of clause (xi) of the Order are not applicable to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with section 177 and section 188 of the Act, where applicable, for all the transactions with related parties and the details of related party transactions in the Ind AS financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/ W-100018)

Samir R. Shah
Partner
(Membership No. 101708)

Place: Mumbai
Date: April 12, 2017

For PATHAK H.D & ASSOCIATES
Chartered Accountants
(Firm's Registration No. 107783W)

Vishal D. Shah
Partner
(Membership No. 119303)

Place: Mumbai
Date: April 12, 2017

Samalkot Power Limited
Balance Sheet as at March 31, 2017

Particulars	Note No.	As at March 31, 2017 Rupees in lakhs	As at March 31, 2016 Rupees in lakhs	As at April 01, 2015 Rupees in lakhs
ASSETS				
Non-current assets				
Property, plant and equipment	4.1	4,721	4,683	4,745
Capital work-in-progress	4.2	184,174	192,544	343,290
Other intangible assets	4.3	-	-	15
Financial assets				
Investments	4.4 (a)	93	@	@
Other financial assets	4.4 (b)	323	465	1,179
Deferred tax assets (net)	4.5	-	-	-
Other non-current assets	4.6	-	18,745	18,853
Non-current tax assets (net)	4.7	225	-	160
Current assets				
Financial assets				
Investments	4.8 (a)	-	-	493
Cash and cash equivalents	4.8 (b)	155	45	227
Bank balances other than cash and cash equivalents	4.8 (c)	3	1	9,591
Loans	4.8 (d)	7	5	1
Other financial assets	4.8 (e)	-	-	546
Other current assets	4.9	71	291	596
Asset classified as held for sale	4.10	204,675	204,675	-
Total assets		394,447	421,454	379,696
EQUITY AND LIABILITIES				
Equity				
Equity share capital	4.11	2,561	1,501	1,501
Instruments entirely equity in nature	4.12	1,501	1,501	1,501
Other equity	4.13	(120,868)	(214,014)	(214,712)
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	4.14 (a)	204,642	273,258	287,589
Other financial liabilities	4.14 (b)	-	-	75,665
Provisions	4.15	89	54	39
Current liabilities				
Financial liabilities				
Borrowings	4.16 (a)	4,464	60,386	13,869
Other financial liabilities	4.16 (b)	301,781	298,521	214,003
Other current liabilities	4.17	19	167	240
Provisions	4.18	5	5	1
Current tax liabilities (net)	4.19	253	75	-
Total equity and liabilities		394,447	421,454	379,696

Significant accounting policies	2
Notes to financial statements	1 to 23

The accompanying notes are an integral part of these financial statements.
@ Amount is below the rounding off norm adopted by the Company

Samalkot Power Limited

As per our attached report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No: 117366W/W-100018

Samir R. Shah
Partner
Membership No. 101708

For Pathak H.D & Associates
Chartered Accountants
Firm Registration No: 107783W

Vishal D. Shah
Partner
Membership No. 119303

Place: Mumbai
Date: April 12, 2017

For and on behalf of the Board of Directors

Shrikant D Kulkarni
Director
DIN Number: 05136399

Anand Budholia
Director
DIN Number: 07607031

Ashwin Purohit
Chief Financial Officer

Nilakshi Sagvekar
Company Secretary and Manager
Membership No. : ACS 31022

Place: Mumbai
Date: April 12, 2017

Samalkot Power Limited
Statement of Profit and Loss for the year ended March 31, 2017

Particulars	Note No.	Year ended March 31, 2017 Rupees in lakhs	Year ended March 31, 2016 Rupees in lakhs
Other Income	4.20	1,744	909
Total Income		1,744	909
Expenses			
Employee benefits expense	4.21	635	-
Depreciation expense	4.1	62	-
Finance costs	4.22	10,801	25
Other expenses	4.23	1,920	2
Total Expenses		13,418	27
(Loss) / Profit before tax		(11,674)	882
Income tax expense			
Current tax	9	117	184
Deferred tax	4.5	-	-
(Loss) / Profit for the year (A)		(11,791)	698
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements of net defined benefit plan	8	(3)	-
Total Other Comprehensive Loss for the year (B)		(3)	-
Total Comprehensive (Loss) / Income for the year (A+B)		(11,794)	698
Earnings per equity share: (Face value of Rs. 10 each)			
Basic	15	(58.01)	4.65
Diluted	15	(58.01)	2.33
Significant accounting policies	2		
Notes to financial statements	1 to 23		

The accompanying notes are an integral part of these financial statements

Samalkot Power Limited

As per our attached report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No: 117366W/W-100018

Samir R. Shah
Partner
Membership No. 101708

For Pathak H.D & Associates
Chartered Accountants
Firm Registration No: 107783W

Vishal D. Shah
Partner
Membership No. 119303

Place: Mumbai
Date: April 12, 2017

For and on behalf of the Board of Directors

Shrikant D Kulkarni
Director
DIN Number: 05136399

Anand Budholia
Director
DIN Number: 07607031

Ashwin Purohit
Chief Financial Officer

Nilakshi Sagvekar
Company Secretary and Manager
Membership No. : ACS 31022

Place: Mumbai
Date: April 12, 2017

Samalkot Power Limited
Statement of Cash Flows for the year ended March 31, 2017

	Particulars	Year ended March 31, 2017 Rupees in lakhs	Year ended March 31, 2016 Rupees in lakhs
(A)	**Cash flow from/ (used in) Operating activities**		
	(Loss) / Profit before tax	(11,674)	862
	Adjusted for:		
	Depreciation	62	-
	Interest expenses and other finance charges	10,801	25
	Interest income	(347)	(14)
	Dividend on current investments	-	(23)
	Unrealised Exchange rate fluctuation	(1,397)	(872)
	Operating (Loss) before working capital changes	(2,555)	(2)
	Adjustment for:		
	Increase in other current financial liabilities	108	-
	Decrease in other non-current financial assets	144	-
	Increase in current loans	(2)	-
	Decrease in other current assets	220	-
	Increase in provisions	32	-
	Decrease in other current liabilities	(149)	-
	Taxes paid	(164)	-
	Net cash used in Operating activities	(2,366)	(2)
(B)	**Cash flow from/ (used in) Investing activities**		
	Purchase of property, plant and equipment (including Capital work-in-progress and Capital advances)	(1,326)	(14,604)
	Redemption of current investments	-	493
	Inter corporate deposit given	(14,700)	-
	Inter corporate deposit refunded	14,700	-
	Decrease in non-current bank balances	-	501
	(Increase) / decrease in other bank balances	(2)	9,450
	Interest received	344	396
	Dividend received	-	22
	Investment in equity shares of subsidiary	(93)	-
	Taxes paid	-	(52)
	Net cash used in Investing activities	(1,077)	(3,795)
(C)	**Cash flow from/ (used in) Financing activities**		
	Inter corporate deposit received	76,916	46,517
	Inter corporate deposit repaid	(26,837)	-
	Repayement of long term borrowings	(35,466)	(34,125)
	Interest and finance charges paid	(11,060)	(8,777)
	Net cash generated from Financing activities	3,553	3,615
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	110	(182)
	Cash and cash equivalents at the beginning of the year		
	Bank balances - current account (Note 4.8(b))	45	227
	Cash and cash equivalents at the end of the year		
	Bank balances - current account (Note 4.8(b))	155	45

Non-cash financing and investing activities

1 During the year ended March 31, 2017, 10,600,000 equity shares of Rs.10 each have been allotted as fully paid up pursuant to conversion of inter-corporate deposit of Rs.106,000 lakhs at a premium of Rs.990 each.

2 In view of the developments relating to one module (754 MW) of the project (Refer note 5) and delays in implementation of other two units (Refer note 5), R Infra and the Company have agreed to offset capital advance of Rs. 9,938 lakhs and Rs. 1,216 lakhs (USD 19 million) with retention money and balance retention money of Rs. 18,738 lakhs and Rs. 36,872 lakhs (USD 57 million) clubbed with capital creditors during the year ended March 31, 2017 (Refer note 11D(vi))

Samalkot Power Limited

As per our attached report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No: 117366W/W-100018

Samir R. Shah
Partner
Membership No. 101708

For Pathak H.D & Associates
Chartered Accountants
Firm Registration No: 107783W

Vishal D. Shah
Partner
Membership No. 119303

Place: Mumbai
Date: April 12, 2017

For and on behalf of the Board of Directors

Shrikant D Kulkarni
Director
DIN Number: 05136399

Anand Budholia
Director
DIN Number: 07607031

Ashwin Purohit
Chief Financial Officer

Nilakshi Sagvekar
Company Secretary and Manager
Membership No. : ACS 31022

Place: Mumbai
Date: April 12, 2017

Samalkot Power Limited
Statement of Changes in Equity for the year ended March 31, 2017

A. Share Capital
(i) Equity Share Capital

Rupees in lakhs

Particulars	Note No.	Equity Share Capital
Balance as at April 01, 2015	4.11	**1,501**
Changes in equity share capital		-
Balance as at March 31, 2016		**1,501**
Changes in equity share capital	4.11.1	1,060
Balance as at March 31, 2017		**2,561**

(ii) Instruments entirely equity in nature
Compulsory Convertible Redeemable Non-Cumulative Preference Shares (CCRPS)

Rupees in lakhs

Particulars	Note No.	Preference Share Capital
Balance as at April 01, 2015	4.12	**1,501**
Changes in CCRPS		
Balance as at March 31, 2016		**1,501**
Changes in CCRPS		
Balance as at March 31, 2017		**1,501**

B. Other Equity

Rupees in lakhs

	Note No.	Other equity		Total
		Reserves and Surplus		
		Securities Premium Reserve	Retained Earnings	
Balance as at April 01, 2015		**296,691**	**(511,403)**	**(214,712)**
Profit for the year		-	698	698
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	698	698
Balance as at March 31, 2016		**296,691**	**(510,705)**	**(214,014)**
Loss for the year			(11,791)	(11,791)
Other comprehensive loss for the year			(3)	(3)
Total comprehensive loss for the year		-	(11,794)	(11,794)
Transfer from securities premium	4.13.1 & 22	-	270,000	270,000
Transfer to retained earnings	4.13.2 & 22	(270,000)	-	(270,000)
Addition during the year	4.13.1	104,940	-	104,940
Balance as at March 31, 2017		**131,631**	**(252,499)**	**(120,868)**

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

Samalkot Power Limited

As per our attached report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No: 117366W/W-100018

Samir R. Shah
Partner
Membership No. 101708

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Shrikant D Kulkarni
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Company Secretary and Manager
Membership No. : ACS 31022

Place: Mumbai
Date: April 12, 2017

1) General information

Samalkot Power Limited ("the Company") is a subsidiary of Reliance CleanGen Limited which in turn is a wholly owned subsidiary of Reliance Power Limited. The Company is set up to develop 2,262 (3x754) mega watt (MW) gas based combined cycle power plant at Industrial Development Area, Peddapuram, East Godavari District, Andhra Pradesh.

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

These financial statements were authorised for issue by the board of directors on April 12, 2017.

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 Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant provisions of the Companies Act, 2013 ("the Act"). These are the Company's first Ind AS financial statements and Ind AS 101, 'First–time Adoption of Indian Accounting Standards' has been applied. The policies set out below have been consistently applied during the years presented.

For all periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act ("Previous GAAP").

These financial statements for the year ended March 31, 2017 are the first financial statements which the Company has prepared in accordance with Ind AS. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows including reconciliations and descriptions of the effect of the transition are provided in note 3 below.

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

Historical cost convention

The financial statements have been prepared under the historical cost convention except certain financial assets and financial liabilities which 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:

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

Current vis-à-vis non-current classification

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

(b) Recent accounting pronouncements

Standards issued but not yet effective

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements.

(c) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost which includes capitalised borrowing cost, less depreciation and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or 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.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in profit or loss.

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.

Construction stores have been valued at weighted average cost.

Depreciation methods, estimated useful lives and residual value:

Depreciation is provided to the extent of depreciable amount on Straight Line Method (SLM) based on useful life of the assets as prescribed in Part C of Schedule II to the Companies Act, 2013. The useful lives considered for the purpose of depreciation are as follows:

Property, plant and equipment	Life (in years)
Residential building	60
Office equipment	5
Plant and equipment	15
Furniture and fixtures	10
Computers	3

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

(d) Intangible assets:

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization / depletion and impairment loss, if any. The cost comprises of purchase price, borrowing costs and any cost directly attributable to bringing the asset to its working condition for the intended use.

Expenditure incurred on acquisition of intangible assets which are not ready to use at the reporting date is disclosed under "Intangible assets under development".

Amortisation method and estimated useful life

Amortization is charged on a straight-line basis over the estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is dereocgnised.

Computer software is amortised over an estimated useful life of 3 years.

(e) Impairment of non-financial assets

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

(f) 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.

(g) 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 equity instruments in subsidiaries, the Company has elected at the time of initial recognition to account for such equity investments at cost.

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

ii. Measurement

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

__Debt instruments__

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method

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 FVTPL. 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 has elected to measure all equity investments in subsidiaries at cost. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments are recognised in profit or 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.

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

iv. **Derecognition of financial assets**

A financial asset is derecognised only when:

- 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.

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.

(h) 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.

(i) 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.

(j) Financial liabilities

i. Classification as debt or equity

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

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

ii. Initial recognition and measurement

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

iii. Subsequent measurement

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

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

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

Trade and other payable: These amounts 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.

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.

(k) 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.

Borrowing costs, incurred during an extended period of suspension of activities necessary to prepare an asset for its intended use or sale, are not capitalized.

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

(l) Provisions, Contingent Liabilities and Contingent Assets:

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities

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

Contingent Assets:

A contingent asset is disclosed, where an inflow of economic benefits is probable.

(m) 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 currency and all amounts are rounded to the nearest lakhs, unless otherwise stated.

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) In respect of foreign exchange differences arising on revaluation or settlement of long term foreign currency monetary items, the Company has availed the option available in the Ind AS 101 to continue the policy adopted in previous GAAP for accounting for exchange differences arising from translation of long-term foreign currency monetary items outstanding as on March 31, 2016, wherein foreign exchange differences on account of depreciable asset, is adjusted in the cost of depreciable asset and would be depreciated over the balance life of asset.

(iv) Non-monetary items denominated in foreign currency are stated at the rates prevailing on the date of the transactions / exchange rate at which transaction is actually effected.

(n) Employee benefits:

Short-term obligations

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

Other long-term employee benefit obligations

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

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

Post employment obligations

The Company operates the following post-employment schemes:
- defined benefit plans such as gratuity
- defined contribution plans such as provident fund and superannuation fund .

Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

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

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

Defined contribution plans

Provident fund

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

Superannuation fund

Certain employees of the Company are participants in a defined contribution plan. The Company has no further obligations to the plan beyond its monthly contributions which are contributed to a trust fund, the corpus of which is invested with Reliance Life Insurance Company Limited.

(o) Inventories

Inventories of tools, stores, spare parts, consumable supplies and fuel are valued at lower of weighted average cost, which includes all non-refundable duties and charges incurred in bringing the goods to their present location and condition, and net realisable value after providing for obsolescence and other losses.

(p) Non-current assets held-for-sale

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

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

(q) Income tax

Income tax expense comprises current and deferred taxes. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. 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 liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

(r) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents include 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.

(s) 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.

(t) 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.

(u) 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 financial officer that makes strategic decisions.

2.2 Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical accounting judgements

(a) Non-current assets held for sale

During the year ended March 31, 2016, in view of the Memorandum of Understanding entered into with The Government of Bangladesh (GoB) for developing a gas project of 3000 MW capacity to Bangladesh by the Reliance Power Limited, the ultimate holding company, the management of the Company had considered the sale of it's third module of the power plant (1 X 754 MW) to be highly probable and accordingly classified the said assets as non-current assets held for sale.

Key sources of estimation uncertainty

(a) Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount of property plant and equipment is the higher of its fair value less costs of disposal and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on anticipated PLF, fuel availability at economical rates, balance capital expenditure to be incurred for completion of project, timing of capitalization, economic and regulatory environment, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact the carrying value of assets.

(b) Fair value measurement and valuation process

The Company has measured certain assets and liabilities at fair value for financial reporting purposes. The management determines the appropriate valuation technique and inputs for fair value measurement. In estimating the fair value, the management engages third party qualified valuer to perform the valuations.

Estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

(c) Provision

Estimates of the amounts of provisions recognised are based on current legal and constructive requirements, technology and price levels. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

3) Transition to Ind AS

The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from April 01, 2016, with a transition date of April 01, 2015. These financial statements for the year ended March 31, 2017 are the first the Company has prepared under Ind AS. For all periods upto and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with the previously applicable Indian GAAP (previous GAAP).

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

A. Exemptions and exceptions availed

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

(a) Ind AS optional exemptions

i. Deemed cost

The Company has elected to measure those items of capital work in progress, which continue as capital work in progress as at March 31, 2017, at their fair values at the date of transition to Ind AS and use the fair values as their deemed costs at that date.

ii. Long term foreign currency monetary items

The Company has elected to continue the accounting policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognized in the financial statements for the year ending March 31, 2016 as per the previous GAAP.

(b) Ind AS mandatory exceptions

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

i. Estimates

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

Ind AS estimates as at April 01, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP.

ii. Classification and measurement of financial assets

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

B. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods.

The presentation requirements under previous GAAP differ from Ind AS and hence the previous GAAP information has been regrouped for ease of reconciliation with Ind AS. The regrouped previous GAAP information is derived based on the audited financial statements of the Company for the year ended March 31, 2015 and March 31, 2016. The following tables represent the reconciliations from previous GAAP to Ind AS.

B.1 Reconciliation of total equity as at March 31, 2016 and April 01, 2015

Rupees in lakhs

Particulars	Note No.	March 31, 2016	April 01, 2015
Total equity (shareholder's funds) as per previous GAAP		300,414	299,716
Adjustments			
Election of exemption of measuring fair value as deemed cost for certain items of capital work in progress	C1	(520,809)	(520,809)
Effect of measuring borrowings at amortised cost	C2	9,383	9,383
Total adjustments		(511,426)	(511,426)
Total equity as per Ind AS		(211,012)	(211,710)

C: Notes to first-time adoption:

C1 : Election of exemption of measuring fair value as deemed cost for certain items of capital work in progress

Aggregate of fair values of the selected capital work in progress (comprise those continuing as capital work in progress as at March 31, 2017) considered as deemed cost in opening Ind AS balance sheet as at April 01, 2015– Rs.152,086 lakhs. The carrying amounts of the said assets included in the reported balance of CWIP under previous GAAP as at March 31, 2015 was Rs 672,895 lakhs

C2 : Effect of measuring borrowings at amortised cost

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in capital work-in-progress / profit or loss, as applicable, over the tenure of the borrowing, as part of the interest expense by applying the effective interest rate method.

Consequent to above, the total equity as at March 31, 2016 is increased by Rs. 9,383 lakhs, long term borrowings is decreased by Rs. 8,650 lakhs and current maturity of long term borrowings decreased by Rs. 3,019 lakhs (April 01, 2015 : equity increased by Rs. 9,383 lakhs, long term borrowings decreased by Rs. 11,665 lakhs and current maturity of long term borrowings decreased by Rs. 2,410 lakhs) and capital work in progress for the year ended March 31, 2016 is increased by Rs. 1,605 lakhs and asset classified as held for sale by Rs. 802 lakhs (April 01, 2015 : capital work in progress decreased by Rs. 4,692 lakhs)

D: Effect of transition to Ind AS on reported balances other than affecting equity as mentioned above

Pursuant to an assignment agreement dated March 29, 2016, the Company was discharged from its net obligation of Rs. 232,019 lakhs (after offsetting capital advance and aggregating retention money payable) to R-Infra in exchange for undertaking buyers' credit of Rs. 257,051 Lakhs, and inter corporate deposit (asset) of Rs. 25,032 Lakhs, pending lenders' approvals. As the criteria for accounting of aforesaid transaction were not met under Ind-AS, the said transaction is not reckoned with in the financial statements.

Accordingly, as at March 31, 2016, capital advance, creditors for capital expenditure and retention money have increased by Rs. 11,224 lakhs, Rs. 171,786 lakhs and Rs. 71,458 lakhs respectively, and inter corporate deposits and other payables have decreased by Rs.25,032 lakhs and Rs.257,051 lakhs respectively.

E: There is no impact on the Statement of Profit and Loss and the Statement of Cash Flows for the year ended March 31, 2016 on account of transition to Ind AS.

4.1 Property, plant and equipment

Rupees in lakhs

	Buildings	Plant and equipment	Furniture and fixtures	Freehold land (Refer note 1 below)	Office equipment	Computers	Total
Cost as at April 01, 2015	240	48	10	4,483	4	4	4,789
Additions during the year	-	-	-	-	1	-	1
Deductions during the year	-	-	-	-	@	-	@
Cost as at March 31, 2016	**240**	**48**	**10**	**4,483**	**5**	**4**	**4,790**
Additions during the year	-	@	-	99	1	-	100
Cost as at March 31, 2017	**240**	**48**	**10**	**4,582**	**6**	**4**	**4,890**
Accumulated depreciation							
Balance as at April 01, 2015	34	3	3	-	2	2	44
For the year	58	3	@	-	1	1	63
Deductions during the year	-	-	-	-	@	-	@
Accumulated depreciation as at March 31, 2016	**92**	**6**	**3**	**-**	**3**	**3**	**107**
For the year	58	3	@	-	1	@	62
Accumulated depreciation as at March 31, 2017	**150**	**9**	**3**	**-**	**4**	**3**	**169**
Net carrying value							
As at April 01, 2015	206	45	7	4,483	2	2	4,745
As at March 31, 2016	148	42	7	4,483	2	1	4,683
As at March 31, 2017	90	39	7	4,582	2	1	4,721

@ Amount is below the rounding off norm adopted by the Company

Notes:

(1) Freehold land includes land admeasuring 49.75 acres alloted by Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) for Rs. 2,209 lakhs. As per the agreement for sale dated May 2, 2011 with APIIC, the land shall be registered in the name of the Company on commencement of commercial operations.

(2) Refer to note 10 for information on property, plant and equipment pledged as a security by the Company

4.2 Capital work-in-progress

Rupees in lakhs

	Particulars		
A	**Capital Work-in-Progress as at April 01, 2015 [Refer note 3 A (a) (i)]***		343,290
	Additions during the year ended March 31, 2016		
B	Assets under Construction (including construction stores)		13,516
C	Expenditure/(Income) pending allocation/ capitalisation		
(i)	Expenses		
	Finance costs	12,241	
	Insurance	751	
	Employee benefit expenses:		
	- Salaries, bonus and other allowances	485	
	- Contribution to provident and other funds (Refer note 6(b))	19	
	- Gratuity and compensated absences	28	
	Bank and corporate guarantee charges	234	
	Depreciation and amortisation	79	
	Foreign exchange loss (net) (Refer note 19)	27,429	
	Legal and professional fees (including shared service charges) (Refer note 7)	101	
	Other expenses	142	
	Subtotal	**41,509**	
(ii)	**Income**		
	Interest received on margin deposits	(240)	
	Insurance claim received	(856)	
	Subtotal	**(1,096)**	
	Net expenditure pending allocation (i) - (ii)		**40,413**
D	**Total Capital Work-in-Progress as at March 31, 2016 (A+B+C) before classification of non-current assets held for sale**		397,219
E	**Less : Non-current assets classified as asset held for sale (Refer note 4.10 and 5(b))**		(204,675)
F	**Capital Work-in Progress as at March 31, 2016 (D-E)**		**192,544**
	Additions during the year ended March 31, 2017		
G	Assets under Construction (including construction stores)		**546**
H	Expenditure/(Income) pending allocation/ capitalisation		
(i)	Income		
	Foreign exchange gain (net) (Refer note 19)		**(8,916)**
I	**Capital Work-in-Progress as at March 31, 2017 (F+G+H)**		**184,174**

* Including material amounting to Rs. 205,319 lakhs (March 31, 2016 : Rs. 205,319 lakhs; April 01, 2015 : Rs. 205,319 lakhs) lying in custom bonded warehouse.

Notes:

1 Refer to note 10 for information on capital work-in-progress pledged as security by the Company.
2 During the year ended March 31, 2016, the Company has capitalised interest on borrowings to capital work-in-progress at a capitalisation rate of 3.77% on the USD denominated borrowing.

4.3 Other Intangible assets

	Rupees in lakhs Computer Software
Cost as at April 01, 2015	46
Additions during the year	-
Cost as at March 31, 2016	46
Additions during the year	-
Cost as at March 31, 2017	46

Accumulated amortisation	Computer Software
Balance as at April 1, 2015	31
For the year	15
Accumulated amortisation as at March 31, 2016	46
For the year	-
Accumulated amortisation as at March 31, 2017	46

Net carrying value	
As at April 01, 2015	15
As at March 31, 2016	-
As at March 31, 2017	-

Refer to note 10 for information on intangible assets pledged as security by the Company.

	Particulars	As at March 31, 2017 Rupees in lakhs	As at March 31, 2016 Rupees in lakhs	As at April 01, 2015 Rupees in lakhs
4.4 (a)	**Non-current investments (Unquoted)**			
	Investments in government securities at amortised cost			
	Investments in government securities			
	National savings certificate (deposited with sales tax authorities)	@	@	@
	Equity instruments in subsidiaries at cost (fully paid up)			
	99 (March 31, 2016: Nil; April 1, 2015: Nil) equity shares of Reliance Power Holding (FZC) of face value of DHS 5,000 each	93	-	-
		93	@	@
	Aggregate amount of unquoted investments	93	@	@
4.4 (b)	**Other non-current financial assets**			
	Security deposits	243	387	601
	Balances held with banks as margin money against the bank guarantee	80	78	578
		323	465	1,179
4.5	**Deferred tax assets (net)**			
	Deferred tax assets			
	- Capital work-in-progress (Refer note below)	2,995	3,858	4,654
	Deferred tax liabilities			
	- Borrowings	(2,995)	(3,858)	(4,654)
		-	-	-

Note - Deferred tax asset on Capital work-in-progress has been restricted to the extent of deferred tax liability on the borrowings, due to the absence of reasonable certainty of future taxable income. (Refer note 9(ii))

	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
4.6	**Other non-current assets**			
	Capital advances (Refer note 11)	-	18,745	18,850
	Advances to suppliers	-	-	3
		-	18,745	18,853
4.7	**Non-current tax assets (net)**			
	Advance income tax and tax deducted at source [net of provision for tax Rs. Nil (March 31, 2016 : Nil; April 1, 2015 : Rs. 179 lakhs)]	225	-	160
		225	-	160

@ Amount is below the rounding off norm adopted by the Company

	Particulars	As at March 31, 2017 Rupees in lakhs	As at March 31, 2016 Rupees in lakhs	As at April 01, 2015 Rupees in lakhs
4.8 (a)	**Current investments**			
	Mutual fund units - unquoted (measured at fair value through profit or loss)			
	Reliance liquid fund - direct daily dividend plan [Number of units Nil (March 31, 2016: Nil; April 01, 2015: 32,219 units) face value of Rs. 1,000 each]	-	-	493
		-	-	493
	Aggregate amount of unquoted invesments	-	-	493
4.8 (b)	**Cash and cash equivalents**			
	Balance with banks:			
	in current accounts	155	45	227
		155	45	227
4.8 (c)	**Bank balances other than cash and cash equivalents**			
	Deposits with original maturity of more than three months but less than twelve months held as margin money	3	1	9,591
		3	1	9,591
4.8 (d)	**Current Loans**			
	(Unsecured and considered good unless stated otherwise)			
	Loans to employees	7	5	1
		7	5	1
4.8 (e)	**Other current financial assets**			
	Receivables from related parties (Refer note 11)	-	-	546
		-	-	546
4.9	**Other current assets**			
	Prepayments	71	291	596
		71	291	596
4.10	**Asset classified as held for sale**			
	Asset held for sale (Refer note 5(b))	204,675	204,675	-
		204,675	204,675	-

	Particulars	As at March 31, 2017 Rupees in lakhs	As at March 31, 2016 Rupees in lakhs	As at April 01, 2015 Rupees in lakhs
4.13	**Other equity**			
	Balance at the end of the year			
4.13.1	Securities premium reserve	131,631	296,691	296,691
4.13.2	Retained earnings	(252,499)	(510,705)	(511,403)
		(120,868)	(214,014)	(214,712)
4.13.1	**Securities premium reserve**			
	Balance at the beginning of the year	296,691	296,691	
	Add: On issue of equity shares (Refer note 4.11.5)	104,940	-	
	Less: Transfer to retained earnings (Refer note 22)	(270,000)	-	
	Balance at the end of the year	131,631	296,691	
4.13.2	**Retained earnings**			
	Balance at the beginning of the year	(510,705)	(511,403)	
	(Loss) / Profit for the year	(11,791)	698	
	Add: Transfer from securities premium reserve (Refer note 22)	270,000	-	
	Less: Other comprehensive loss arising out of remeasurement of net defined benefit obligation	(3)	-	
	Balance at the end of the year	(252,499)	(510,705)	
		(120,868)	(214,014)	

4.13.3 Nature and purpose of other reserves:

Securities premium reserve

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

Retained earnings

The balance in retained earnings represents the accumulated losses in the statement of profit or loss.

Particulars	As at March 31, 2017 Rupees in lakhs	As at March 31, 2016 Rupees in lakhs	As at April 01, 2015 Rupees in lakhs
4.14 (a) Non-current borrowings			
Secured - measured at amortised cost			
Term loan:			
Foreign currency loan from a bank	204,642	273,258	287,589
	204,642	273,258	287,589

4.14.1 Nature of security for term loan

a) Term loan from a bank of Rs. 275,557 lakhs (March 31, 2016: Rs. 317,148 lakhs; April 01, 2015: Rs. 332,505 lakhs) is secured/ to be secured by first charge on all the immovable and movable assets and intangible asset of the Company and pledge of 100% of the total issued share capital of the Company held by the Holding Company and Ultimate Holding Company. The carrying amount of financial asset and non-financial assets pledged as security are disclosed in note 10.

b) The Ultimate Holding Company has given financial commitments/ guarantees to the lender of the Company. [Refer note 11E(iv) and (v)].

c) Current maturities of long term borrowings have been classified as other current financial liabilities (Refer note 4.16(b))

d) The amortised cost disclosed including for current maturities of long term borrowing, is after netting off incidental cost of borrowings aggregating of Rs. 8,654 lakhs (March 31, 2016; Rs. 11,869 lakhs, April 01, 2015; Rs. 14,076 lakhs).

4.14.2 Terms of repayment and interest

Foreign currency term loan from a bank was repayable in 23 semi-annual instalments commencing from April 25, 2015 after the initial moratorium period upto October 25, 2014. Fixed interest rate of 2.65% per annum was payable on semi-annual basis. The Company has entered into an amendment to the said facility agreement dated September 24, 2016, based on which, outstanding balance of the borrowings as on June 30, 2017 will be repayable in 16 quarterly instalments commencing from September 30, 2017 and fixed interest of 2.65 % per annum will be payable on a quarterly basis.

4.14 (b) Other non-current financial liabilities			
Retention money payable (Refer note 11)	-	-	75,665
	-	-	75,665
4.15 Non-current provisions			
Provision for gratuity (Refer note 8)	33	21	17
Provision for leave encashment (Refer note 8)	56	33	22
	89	54	39
4.16 (a) Current borrowings			
Unsecured - measured at amortised cost			
Loans from related parties			
Inter-corporate deposits (Refer note 11)	4,464	60,386	13,869
	4,464	60,386	13,869

Terms of repayment and interest

Inter-corporate deposits are unsecured, interest free and repayable on demand.

	Particulars	As at March 31, 2017 Rupees in lakhs	As at March 31, 2016 Rupees in lakhs	As at April 01, 2015 Rupees in lakhs
4.16 (b)	**Other current financial liabilities**			
	Current maturities of long-term borrowings (Refer note 4.14.1 and 4.14.2)	62,261	32,219	30,840
	Interest accrued but not due on borrowings	3,170	3,638	4,052
	Security deposits received	7	-	2
	Creditors for capital expenditure (Refer note 11)	236,219	180,854	177,752
	Retention money payable (Refer note 11)	23	79,004	22
	Payable to a fellow subsidiary (Refer note 11)	101	-	-
	Interest payable to Holding Company (Refer note 11)	-	2,806	1,335
		301,781	**298,521**	**214,003**
4.17	**Other current liabilities**			
	Statutory dues	19	167	240
		19	**167**	**240**
4.18	**Current provisions**			
	Provision for gratuity (Refer note 8)	3	3	@
	Provision for leave encashment (Refer note 8)	2	2	1
		5	**5**	**1**
4.19	**Current tax Liabilities (net)**			
	Provision for income tax (net of advance tax Rs. 323 lakhs; March 31, 2016 : Rs. 287 lakhs; April 01, 2015 : Rs. Nil)	253	75	-
		253	**75**	**-**

@ Amount is below the rounding off norm adopted by the Company

Particulars	As at March 31, 2017 Rupees in lakhs	As at March 31, 2016 Rupees in lakhs	As at April 01, 2015 Rupees in lakhs
4.11 Equity share capital			
Authorised share capital			
26,025,000 (March 31, 2016 : 15,025,000 ; April 01, 2015 : 15,025,000) equity shares of Rs. 10 each	2,603	1,503	1,503
	2,603	**1,503**	**1,503**
Issued, subscribed and fully paid up capital			
25,609,400 (March 31, 2016 : 15,009,400 ; April 01, 2015 : 15,009,400) equity shares of Rs. 10 each fully paid up	2,561	1,501	1,501
	2,561	**1,501**	**1,501**

4.11.1 Reconciliation of number of equity shares

Balance at the beginning of the year 15,009,400 (March 31, 2016 : 15,009,400 ; April 01, 2015 : 15,009,400) shares of Rs.10 each	1,501	1,501	1,501
Add: Issued and alloted during the year 10,600,000 (March 31, 2016 : Nil ; April 01, 2015 : Nil) shares of Rs.10 each (Refer note 4.11.5)	1,060	-	-
Balance at the end of the year 25,609,400 (March 31, 2016 : 15,009,400 ; April 01, 2015 : 15,009,400) shares of Rs. 10 each	**2,561**	**1,501**	**1,501**

4.11.2 Terms/ rights attached to equity shares

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

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

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
Equity shares	**No. of Shares**	**Percentage of share holding**	**No. of Shares**	**Percentage of share holding**	**No. of Shares**	**Percentage of share holding**
Reliance Power Limited - Ultimate Holding Company	6,000,000	23%	6,000,000	40%	6,000,000	40%
Reliance CleanGen Limited - Holding Company	19,609,400	77%	9,009,400	60%	9,009,400	60%
	25,609,400	**100%**	**15,009,400**	**100%**	**15,009,400**	**100%**

4.11.4 Shares held by Holding Company and Ultimate Holding Company

Rupees in lakhs

Equity shares	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Reliance CleanGen Limited - 19,609,400 (March 31, 2016 : 9,009,400 ; April 01, 2015 : 9,009,400) equity shares of Rs. 10 each	1,961	901	901
(Of the above, 19,609,394 ((March 31, 2016 : 9,009,394 ; April 01, 2015 : 9,009,394) shares are held by Reliance CleanGen Limited, the Holding Company and 6 Shares are jointly held by Reliance CleanGen Limited and its nominee)			
Reliance Power Limited - 6,000,0000 (March 31, 2016 : 6,000,000 ; April 01, 2015 : 6,000,000) equity shares of Rs. 10 each	600	600	600
	2,561	**1,501**	**1,501**

4.11.5 Rights issue

During the year ended March 31, 2017 (March 31, 2016 : Nil ; April 01, 2015 : Nil), the Company issued 10,600,000 equity shares of Rs.10 each at a premium of Rs.990 each to Reliance CleanGen Limited under a rights issue.

4.12 Instruments entirely equity in nature

Compulsory convertible redeemable non-cumulative preference shares

Rupees in lakhs

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Authorised share capital			
15,025,000 (March 31, 2016 : 15,025,000 ; April 01, 2015 : 15,025,000) preference shares of Rs. 10 each	1,503	1,503	1,503
	1,503	**1,503**	**1,503**
Issued, subscribed and fully paid up capital			
15,009,400 (March 31, 2016 : 15,009,400 ; April 01, 2015 : 15,009,400) preference shares of Rs. 10 each fully paid up [Refer note 4.12.2]	1,501	1,501	1,501
	1,501	**1,501**	**1,501**

4.12.1 Reconciliation of number of preference shares

Balance at the beginning of the year 15,009,400 (March 31, 2016 : 15,009,400 ; April 01, 2015 : 15,009,400) shares of Rs.10 each	1,501	1,501	1,501
Balance at the end of the year 15,009,400 (March 31, 2016 : 15,009,400 ; April 01, 2015 : 15,009,400) shares of Rs.10 each	**1,501**	**1,501**	**1,501**

4.12.2 Terms/ rights attached to preference shares

Preference shares

7.5% Compulsory convertible redeemable non-cumulative preference shares (CCRPS)

Pursuant to the terms of issue, the Company shall have a call option on CCRPS which can be exercised by the Company in one or more trenches 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.

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

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of Shares	Percentage of share holding	No. of Shares	Percentage of share holding	No. of Shares	Percentage of share holding
Preference shares [refer note 4.12.2]						
Reliance CleanGen Limited - Holding Company	15,009,400	100%	15,009,400	100%	15,009,400	100%
	15,009,400	**100%**	**15,009,400**	**100%**	**15,009,400**	**100%**

4.12.4 Shares held by Holding Company

Rupees in lakhs

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Preference shares [refer note 4.12.2]			
Reliance CleanGen Limited - 15,009,400 (March 31, 2016 : 15,009,400 ; April 01, 2015 : 15,009,400) preference shares of Rs.10 each	1,501	1,501	1,501
	1,501	**1,501**	**1,501**

	Particulars	Year ended March 31, 2017 Rupees in lakhs	Year ended March 31, 2016 Rupees in lakhs
4.20	**Other income**		
	Interest income from financial assets measured at amortised cost:		
	Bank deposits	10	-
	Inter-corporate deposits (Refer note 11)	337	14
	Dividend income income from financial assets measured at fair value through profit or loss:		
	Investment in mutual funds	-	23
	Gain on foreign exchange fluctuations (Net)	1,397	872
		1,744	**909**
4.21	**Employee benefits expense**		
	Salaries, bonus and other allowances	571	-
	Contribution to provident and other funds (Refer note 8)	26	-
	Gratuity (Refer note 8)	9	-
	Leave compensation	29	-
	Staff welfare expenses	@	-
		635	-
4.22	**Finance costs**		
	Interest on financial liabilities measured at amortised cost		
	Foreign currency loans	10,762	25
	Other finance charges	39	-
		10,801	**25**
4.23	**Other expenses**		
	Port charges	906	-
	Repairs and maintenance		
	- Plant and equipment	37	-
	- Buildings	1	-
	- Others	6	-
	Stamp duty and filing fees	@	@
	Printing and stationery	1	-
	Legal and professional charges (including shared service charges) (Refer note 7)	242	
	Postage and telephone	7	-
	Travelling and conveyance	118	-
	Directors sitting fees	4	2
	Rates and taxes	56	-
	Insurance	470	-
	Expenditure towards corporate social responsibilities (Refer note 23)	6	-
	Security expenses	21	-
	Miscellaneous expenses	45	-
		1,920	**2**

@ Amount is below the rounding off norm adopted by the Company

5) a. Capital Work-in-Progress [1508 MW (754MW X 2) Plant]:

There is continued uncertainty regarding availability of natural gas in the country for operation of the plant, and while the Company is actively pursuing with relevant authorities for securing gas linkages / supply at commercially viable prices/generation opportunities, it is also evaluating alternative arrangements / approaches to deal with the situation. The Company is confident of arriving at a positive resolution to the foregoing in the foreseeable future and therefore the carrying amount of capital work in progress is considered recoverable.

b. Non-current assets held for sale (754 MW Plant):

Reliance Power Limited, in the previous year, had entered into a Memorandum of Understanding (MOU) with The Government of Bangladesh (GoB) for developing a gas project of 3000 MW capacity. Pursuant to the above, Reliance Bangladesh LNG and Power Limited, a subsidiary of the Company, is taking steps to conclude a long term Power Purchase Agreement for supply of 750 MW power from a gas based power plant to be set up at Bangladesh. The Company has entered into a MOU on March 21, 2017 for sale of the Plant to the subsidiary for a consideration not less than its carrying amount. The Company expects to enter into definitive sale agreement in the ensuing financial year. The Company is confident that the subsidiary will be able to achieve financial closure and remit the sale proceeds.

Having regard to the above plans and the continued financial support from the ultimate holding company, management believes that the Company would be able to meet its financial and other obligations in the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

6) **Contingent liabilities And Commitments**

(i) **Contingent liabilities**

(a) Claims against the Company not acknowledged as debt:

i. Disputed income tax dues for Assessment Year 2014-15 is Rs. 220 lakhs (March 31, 2016: Nil; April 01, 2015: Nil)

ii. Disputed claim of Rs. 908 lakhs (March 31,2016 : Nil; April 01, 2015: Nil) with PowerGrid Corporation India Limited is pending with the Appellate Tribunal for Electricity.

(b) Guarantees:

i. The Bank Guarantees issued by the Company is Rs. 24 lakhs (March 31, 2016: Rs. 24 lakhs, April 01, 2015: Nil)

(ii) **Commitments**

(a) Estimated amount of contracts remaining unexecuted on capital account (net of advances paid) and not provided for Rs. 96,235 lakhs (March 31, 2016: Rs. 97,445 lakhs; April 01, 2015: Rs. 95,069 lakhs).

The Company is in discussion with its engineering, procurement and construction contractor for relevant amendment in the contract in view of the development relating to the third module (1 x 754 MW) as mentioned in point 5 (b) above.

7) **Payment to the auditors (excluding service tax):**

Rupees in lakhs

Particulars	**Year ended March 31, 2017**	**Year ended March 31, 2016**
For audit	63	54
For other services	1	-
Out of pocket expenses	1	-

8) **Disclosure under Indian Accounting Standard 19 "Employee benefits":**

The Company has classified various employee benefits as under:

(a) **Leave obligations**

The leave obligations cover the Company's liability for sick and privileged leave.

Rupees in lakhs

Provision for compensated absences	**As at March 31, 2017**	**As at March 31, 2016**	**As at April 01, 2015**
Current	2	2	1
Non-current	56	33	22

(b) Defined contribution plans

(i) Provident fund
(ii) Superannuation fund
(iii) State defined contribution plans
- Employer's contribution to National Pension Scheme
- Employer's Contribution to 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.

The Company has recognised the following amounts in the Statement of Profit and Loss/Capital work in progress for the year:

Rupees in lakhs

	Year ended March 31, 2017	Year ended March 31, 2016
Contribution to provident fund and employees' pension scheme 1995	20	18
Contribution to employees' superannuation fund	2	1
Employer's contribution to National Pension Scheme	4	-

(c) Post-employment obligations

Gratuity

The Company provides for gratuity according to the provisions of Payment of Gratuity Act, 1972 or the Company's schemes whichever is higher. Employees who are in continuous service for a period of 5 years or more are eligible for gratuity. According to the Payment of Gratuity Act, 1972, the amount of gratuity payable on retirement/termination is the employees' last drawn basic salary including dearness allowance, if any, per month computed proportionately for 15 days salary multiplied by the number of years of service with a ceiling at Rs.10 lakhs. According to the Company's Gratuity Scheme, the amount of gratuity payable varies based on the reasons (retirement, resignation and death) for the termination of employment and the number of continuous year of service with a prescribed ceiling.

(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:

	March 31, 2017	March 31, 2016	April 1, 2015
Discount Rate (Per annum)	7.05%	7.80%	7.85%
Rate of increase in compensation levels	7.50%	7.50%	7.00%

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 amounts - Gratuity

Rupees in lakhs

	Present value of obligations
April 1, 2015	**17**
Current service cost	7
Interest cost	1
Total amount recognized in capital work in progress	**8**
Remeasurements	
Loss from change in financial assumptions	@
Experience gains	(1)
Total remeasurements recognized in capital work in progress	**(1)**
March 31, 2016	**24**

@ Amount is below the rounding off norm adopted by the Company

	Present value of obligations
April 1, 2016	24
Current service cost	7
Interest cost	2
Total amount recognized in profit and loss	9
Remeasurements	
Loss from change in financial assumptions	3
Experience gains	@
Total amount recognized in other comprehensive income	3
March 31, 2017	36

@ Amount is below the rounding off norm adopted by the Company

(iii) The net liability disclosed above relates to unfunded plans are as follows:

Rupees in lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
Present value of obligations (unfunded)	36	24	17
Current portion	3	3	@
Non-current portion	33	21	17

@ Amount is below the rounding off norm adopted by the Company

(iv) Sensitivity analysis

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

	Change in assumptions		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Discount rate	0.50%	0.50%	- 6.76%	- 6.71%	7.44%	7.39%
Salary growth rate	0.50%	0.50%	7.37%	7.38%	-6.76%	-6.76%

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.

(v) The above defined benefit gratuity plan is unfunded and the Company has not invested in property or securities as at March 31, 2017, March 31, 2016 as well as April 01, 2015.

(vi) The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

(vii) Defined benefit liability and employer contributions

The Company has no compulsion to pre fund the liability of the plan. The Company's policy is not to externally fund these liabilities but instead recognizes the provision and pay the gratuity to its employees directly from its own resources as and when the employee leaves the Company.

The weighted average duration of the defined benefit obligation is 14.17 years (March 31, 2016: 14.07 years).

9) **Income taxes**

(i) **Reconciliation of tax expense and the accounting profit multiplied by India's tax rate**

Rupees in lakhs

	Year ended March 31, 2017	Year ended March 31, 2016
Profit / (loss) before income tax expense	(11,674)	882
Tax at the Indian tax rate of 34.608% (2015-16 – 33.063%)	(4,041)	292
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		

Pre-operative expenses disallowed	4,644	9
Disallowances in respect of expenses incurred for exempt income	-	@
Other items	(3)	(7)
Unrealised forex gain being notional income	(483)	(288)
Additional tax payable under the provisions of MAT	-	170
Adjustments for current tax of prior periods	-	8
Income tax expense	**117**	**184**

@ Amount is below the rounding off norm adopted by the Company

(ii) Unrecognised deferred tax asset

Rupees in lakhs

	March 31, 2017	March 31, 2016	April 01, 2015
Deductible temporary differences for which no deferred tax asset has been recognised:			
- Fair valuation of capital work- in-progress	178,038	169,093	169,093
Total unrecognized deferred tax asset	**178,038**	**169,093**	**169,093**

10) Assets pledged as security

Rupees in lakhs

Particulars	Notes	March 31, 2017	March 31, 2016	April 01, 2015
Non-current				
Financial assets				
First charge				
Investments	4.4(a)	93	@	@
Other financial assets	4.4(b)	323	465	1,179
Non-financial assets				
First charge				
Property, plant and equipment	4.1	4,721	4,683	4,745
Capital work in progress	4.2	184,174	192,544	343,290
Intangible assets	4.3	-	-	15
Other non-current assets	4.6	-	18,745	18,853
Non-current tax assets (net)	4.7	225	-	160
Total non-current assets pledged as security		**189,536**	**216,437**	**368,242**
Current				
Financial assets				
Investments	4.8(a)	-	-	493
Cash and bank balances	4.8(b), 4.8(c)	158	46	9,818
Loans	4.8(d)	7	5	1
Other financial assets	4.8(e)	-	-	546
Non-financial assets				
Other current assets	4.9	71	291	596
Asset held for sale	4.10	204,675	204,675	-
Total current assets pledged as security		**204,911**	**205,017**	**11,454**
Total assets pledged as security		**394,447**	**421,454**	**379,696**

@ Amount is below the rounding off norm adopted by the Company

11) **Related party disclosures:**

A. **Parties where Control exists:**

Ultimate Holding Company
Reliance Power Limited (RPower)

Holding Company
Reliance CleanGen Limited (RCGL)

Subsidiary Company
Reliance Power Holding FZC, (RPHF), effective May 15, 2016

Step Down Subsidiary (through Reliance Power Holding FZC)
Reliance Bangladesh LNG & Power Ltd, (RBLPL), effective from September 21, 2016

B. **Fellow subsidiaries**
Sasan Power Limited (SAPL)
Dhursar Solar Power Private Limited (DSPL)
Rajasthan Sun Technique Energy Private Limited (RSTEPL)
Vidarbha Industries Power Limited (VIPL)
Coastal Andhra Power Limited (CAPL)

C. **Investing parties/promoters having significant influence on the Company directly or indirectly:**
Companies
Reliance Infrastructure Limited (R infra)
Reliance General Insurance Company Limited (RGCL)
Reliance Communications Limited (RCL)
Reliance Infocomm Infrastructure Private Limited (RIIPL)

Individual
Anil D Ambani

D.	Details of transactions during the year and closing balance at the end of the year		
			Rupees in lakhs
	Particulars	**2016-2017**	**2015-2016**
(i)	**Transactions during the year :**		
	Purchase of materials/ services and related costs		
	RCGL	-	1
	R Infra	1,443	12,800
	RGCL	@	@
	RCL	3	1
	Reimbursement of expenses paid by		
	RPower	24	146
	VIPL	242	81
	CAPL	-	15
	RCGL	10	-
	Reimbursement of expenses paid for		
	R Power	-	15
	RSTL	-	@
	DSPL	-	@
	VIPL	-	9
	Insurance premium		
	R Power		5

	Interest income		
	R Infra	337	14
	Interest and finance charges		
	RCGL	-	1,468
	Inter-corporate deposits received		
	RCGL	76,650	40,302
	RPower	266	6,215
	Inter-corporate deposits given		
	R Infra	14,700	-
	Inter-corporate deposits repaid		
	RCGL	20,356	-
	R Power	6,481	-
	Investment in subsidiary		
	RPHF	93	-
	Inter-corporate deposits refunded		
	R Infra	14,700	-
	Issue of equity shares (excluding premium), through conversion of inter corporate deposit		
	RCGL	106,000	-
	Guarantees issued on behalf of the Company		
	RPower	139	165

@ Amount is below the rounding off norm adopted by the Company

Rupees in lakhs

(ii)	Closing Balance	March 31, 2017	March 31, 2016	April 01, 2015
	Equity share capital (excluding premium)			
	RPower	600	600	600
	RCGL	1,961	901	901
	Preference share capital			
	RCGL	1,501	1,501	1,501
	Creditors for capital expenditure			
	RPower	-	-	33
	CAPL	-	15	-
	RCGL	-	2	1
	R Infra	235,982	180,646	176,744
	RIIPL	-	-	132
	RCL	-	1	-
	Other Creditors			
	RCL	@	-	-
	VIPL	101	-	-

	Capital advance			
	R Infra	-	18,745	18,747
	Retention money payable			
	R Infra	-	78,979	75,665
	Interest payable on inter-corporate deposits			
	RCGL	-	2,806	1,335
	Investment in subsidiary			
	RPHF	93	-	-
	Other receivables			
	R Infra	-	-	54
	SAPL	-	-	492
	Short term borrowings – inter-corporate deposits received			
	RCGL	4,464	54,171	13,869
	RPower	-	6,215	-
	Guarantees issued on behalf of the Company			
	RPower **(refer note v below)**	400	260	95
	Capital commitment			
	R Infra	89,003	89,664	80,385

@ Amount is below the rounding off norm adopted by the Company

(iii) The Company has entered into a memorandum of understanding with RBLPL to sell its 1 X 750 MW power plant (Refer note 5).

(iv) The Ultimate Holding Company has entered into agreement/ arrangement towards outstanding borrowings/ other payables of the Company wherein it has committed/ guaranteed to extend financial support to the Company in the form of equity or debt as per the agreed means of finance, in respect of the project being undertaken, including that for mandatory pre-payments and permitted investments and to meet shortfall in the forex hedging, based on the future outcome of various uncertainties.

(v) RPower has given financial guarantee to lender of the Company {(Refer note 4.14(a) and 4.16(b) for outstanding amount of borrowing) }

(vi) **Terms and conditions of outstanding balances:**
The amounts outstanding are unsecured and will be settled in cash. No expenses has been recognised in the current and previous reporting periods for bad or doubtful debts in respect of the amounts owed by related parties.

(vii) In view of the developments relating to one module (754 MW) of the project (Refer note 5) and delays in implementation of other two units (Refer note 5), R Infra and the Company have agreed to offset capital advance of Rs. 9,938 lakhs and Rs. 1,216 lakhs (USD 19 million) with retention money and balance retention money of Rs. 18,738 lakhs and Rs. 36,872 lakhs (USD 57 million) clubbed with capital creditors during the year ended March 31, 2017.

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

Samalkot Power Limited
Notes to the financial statements as of and for the year ended March 31, 2017

12) Fair value measurements

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements.

(i) Financial instruments by category

Rupees in lakhs

	March 31, 2017		March 31, 2016		April 1, 2015	
	FVTPL	Amortised cost	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets						
Non-current investments						
Government securities	-	@	-	@	-	@
Other non-current financial assets						
Security deposit	-	243	-	387	-	601
Balances held with banks as margin money against the bank guarantee	-	80	-	78	-	578
Current investments	-	-	-	-	493	-
Cash and cash equivalents	-	155	-	45	-	227
Bank balances other than cash and cash equivalents	-	3	-	1	-	9,591
Current loans						
Loans to employees	-	7	-	5	-	1
Other current financial assets						
Others	-	-	-	-	-	546
Total financial assets	-	**488**	-	**516**	**493**	**11,544**

@ Amount is below the rounding off norm adopted by the Company

Rupees in lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
	Amortised cost	Amortised cost	Amortised cost
Financial liabilities			
Foreign currency loan from a bank	270,073	309,115	322,481
Other non-current liabilities			
Retention money payable	-	-	75,665
Current borrowings			
Intercorporate deposits	4,464	60,386	13,869
Other current financial liabilities			
Security deposits	7	-	2
Creditors for capital expenditure	236,219	180,854	177,752
Retention money payable	23	79,004	22
Payable to fellow subsidiary	101	-	-
Interest payable to Holding Company	-	2,806	1,335
Total financial liabilities	**510,887**	**632,165**	**591,126**

@ Amount is below the rounding off norm adopted by the Company

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

Rupees in lakhs

	March 31, 2017		**March 31, 2016**		**April 01, 2015**	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Investment in government securities	@	@	@	@	@	@
Security deposits	243	243	387	387	601	601
Balances held with banks as margin money against the bank guarantee	80	74	78	67	578	572
Total financial assets	323	317	465	454	1,179	1,173
Financial liabilities						
Borrowings	270,073	261,079	309,115	322,660	322,481	334,759
Retention money payable	-	-	-	-	75,665	67,258
Total financial liabilities	270,073	261,079	309,115	322,660	398,146	402,017

@ Amount is below the rounding off norm adopted by the Company

Notes:

i. The fair values of current financial assets and financial liabilities are considered to be the same as their carrying amounts, mainly due to their short term maturities

ii. The fair value for borrowings and retention money was calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy. The fair value of fixed deposits was calculated based on the interest rate prevailing as on the date of reporting for same tenure.

iii. There are no transfers between any levels during the year.

iv. The Company's policy is to recognise transfer into and transfer out of fair value hierarchy levels as at the end of the reporting period.

(iii) **Fair value hierarchy**

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 level follows underneath the table.

Rupees in lakhs

Assets and liabilities which are measured at amortised cost for which fair values are disclosed As at March 31, 2017	Level 1	Level 2	Level 3	Total
Investment in government securities	-	-	@	@
Security deposits	-	-	243	243
Balances held with banks as margin money against the bank guarantee	-	-	74	74
Total financial assets	-	-	**317**	**317**
Financial liabilities				
Foreign currency loan from a bank	-	-	261,079	261,079
Total financial liabilities	-	-	**261,079**	**261,079**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed As at March 31, 2016	Level 1	Level 2	Level 3	Total
Investment in government securities	-	-	@	@
Security deposits	-	-	387	387
Balances held with banks as margin money against the bank guarantee	-	-	67	67
Total financial assets	-	-	**454**	**454**
Financial liabilities				
Foreign currency loan from a bank	-	-	322,660	322,660
Total financial liabilities	-	-	**322,660**	**322,660**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed As at April 1, 2015	Level 1	Level 2	Level 3	Total
Investment in government securities	-	-	@	@
Security deposits	-	-	601	601
Balances held with banks as margin money against the bank guarantee	-	-	572	572
Total financial assets	-	-	**1,173**	**1,173**
Financial liabilities				
Foreign currency loan from a bank	-	-	334,759	334,759
Retention money payable	-	-	67,258	67,258
Total financial liabilities	-	-	**402,017**	**402,017**

@ Amount is below the rounding off norm adopted by the Company

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, traded bonds, over the counter derivatives) is determined using valuation techniques which maximize 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

13) Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk.

This note explains the sources of risk which the Company is exposed to and how the Company manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, financial assets measured at amortised cost	Credit ratings	Diversification of deposits
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Financial support from the ultimate holding company
Currency risk	Recognised financial assets and liabilities not denominated in Indian Rupee (INR)	Sensitivity analysis	Treasury department monitors foreign exchange fluctuation on a periodical basis for determination of hedging requirements.

The Company's risk management is carried out by a central treasury department (group treasury) under policies approved by the board of directors. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of non-derivative financial instruments and investment of excess liquidity.

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, financial assets carried at amortised cost and deposits with banks and financial institutions.

For banks and financial institutions, only high rated banks/institutions are accepted. Generally all policies surrounding credit risk have been managed at Company level. The Company's policy to manage this risk is to invest in debt securities that have a good credit rating.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

B. Liquidity risk

Management monitors the rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company's liquidity management process involves projecting the cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios and maintaining debt financing plans. Also refer note 5.

(i) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. The tables include both interest and principal cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Rupees in lakhs

March 31, 2017 Contractual maturities of financial liabilities	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivatives				
Borrowings	75,359	219,643	-	295,002
Intercorporate deposits	4,464	-	-	4,464
Security deposits	7	-	-	7
Creditors for capital expenditure	236,219	-	-	236,219
Retention money payable	23	-	-	23
Payable to a fellow subsidiary	101	-	-	101
Total non-derivative liabilities	**316,173**	**219,643**	**-**	**535,816**

March 31, 2016 Contractual maturities of financial liabilities	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivatives				
Borrowings	43,432	154,747	162,377	360,556
Intercorporate deposits	60,386	-	-	60,386
Creditors for capital expenditure	180,855	-	-	180,854
Retention money payable	79,004	-	-	79,004
Interest payable to Holding Company	2,806	-	-	2,806
Total non-derivative liabilities	**366,482**	**154,747**	**162,377**	**683,606**

April 01, 2015 Contractual maturities of financial liabilities	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivatives				
Borrowings	42,129	156,091	184,124	382,344
Intercorporate deposits	13,869	-	-	13,869
Security deposits	2	-	-	2
Creditors for capital expenditure	177,752	-	-	177,752
Retention money payable	22	75,665	-	75,687
Interest payable to Holding Company	1,335	-	-	1,335
Total non-derivative liabilities	**235,109**	**231,756**	**184,124**	**650,989**

@ Amount is below the rounding off norm adopted by the Company

C. Market risk

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of volatility of prices in the financial markets. Market risk can be further segregated as: a) Foreign currency risk and b) Interest rate risk.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises from recognized liabilities denominated in a currency that is not the Company's functional currency (INR).

a) Foreign currency risk exposure:

The Company's total exposure to foreign currency risk (all in USD) at the end of the reporting period expressed in INR, are as follows:

Rupees in lakhs

	March 31, 2017	March 31, 2016	April 01, 2015
Financial liabilities			
Foreign currency borrowing	278,726	320,783	336,556
Retention money payable	-	50,424	47,579
Capital creditors for expenditure	183,564	137,370	138,107
Total foreign currency liability	**462,290**	**508,577**	**522,242**

b) Sensitivity

The sensitivity of profit or loss and capital work-in-progress to changes in the exchange rates of foreign currency denominated financial instruments is as under:

Rupees in lakhs

	Impact on profit before tax / capital work in progress	
	March 31, 2017	**March 31, 2016**
USD sensitivity		
INR / USD - Increase by 6% (March 31, 2016 - 6%)*	(27,737)	(30,515)
INR / USD - Decrease by 6% (March 31, 2016 - 6%)*	27,737	30,515

*Holding all other variables constant

Since the Company has adopted the exemption of capitalizing foreign currency translation differences to fixed assets on transition to Ind AS (Refer Note 19). Accordingly the sensitivity for foreign currency exposure also includes sensitivity on long term foreign currency monetary items attributable to property plant and equipment/ Capital work-in-progress.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Rupees in lakhs

	March 31, 2017	March 31, 2016	April 01,2015
Variable rate borrowings	-	-	-
Fixed rate borrowings	266,903	305,477	318,429
Total borrowings	**266,903**	**305,477**	**318,429**

The fixed rate borrowings mentioned above do not include interest free inter corporate deposits received from the holding company.

b) Sensitivity of interest

The Company has only fixed rate borrowings and hence its profit or loss is not sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

14) Capital management

a) Risk Management

The Company manages its capital structure in a manner to ensure that it will be able to continue as a going concern while optimising the return to stakeholders through the appropriate debt and equity balance.

The Company's capital structure is represented by equity (comprising issued capital and securities premium as detailed in notes 4.11 and 4.13, respectively) and debt (borrowings as detailed in note 4.14 (a) and 4.16 (b)).

The Company's management reviews the capital structure of the Company on an annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. The Company's plan is to ensure that the gearing ratio (debt equity ratio) is well within the limit of 2.33:1 as prescribed by the lenders:

Rupees in lakhs

	March 31, 2017	March 31, 2016	April 01, 2015
Debt*	270,073	309,115	322,481
Equity	135,693	299,693	299,693
Total	**405,766**	**608,808**	**622,174**
Debt / Equity ratio	**1.99**	**1.03**	**1.08**

*External debt including interest accrued thereon

15) Earnings per share:

	Year ended March 31, 2017	Year ended March 31, 2016
Profit attributable to equity shareholders (Rupees in lakhs) (A)	(11,791)	698
Weighted average number of equity shares for basic earnings per share (B)	20,323,921	15,009,400
Weighted average number of equity shares for diluted earnings per share (C)	35,333,321	30,018,800
Earnings per share - basic (Rupees) (A/B)	(58.03)	4.65
Earnings per share - diluted (Rupees) (A/C)	(58.03)	2.33
Nominal value of an equity share (Rupees)	10	10

7.5% Compulsory Convertible Non-Cumulative Redeemable 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.

16) Micro and Small Scale Business Entities

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act. 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.

17) The area in which the plant is under construction includes land admeasuring 61 acres, owned by R Infra which is under possession of the Company through Memorandum of Understanding. The Company is in process of entering into a lease agreement with R Infra for the same. Further, pending execution of lease agreement, the Company has obtained an affirmation from R Infra that the assets on the land is the property of the Company.

18) 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'. The company does not have any revenue from external customers and non-current assets outside India.

19) Exchange differences on foreign currency monetary items:

In accordance with Para D13AA of Ind AS 101 "First time adoption of Indian Accounting Standards" and the option available in the Companies (Accounting Standards) (Second Amendment) Rules, 2011, vide notification dated December 29, 2011 issued by the Ministry of Corporate Affairs. Accordingly, during the year ended March 31, 2017 the Company has adjusted the value of Capital Work-in-Progress by Rs. 8,916 lakhs (Gain) [March 31, 2016: Rs. 27,429 lakhs (Loss)] towards the exchange difference arising on long term foreign currency monetary liabilities.

20) The project has received provisional mega power status certificate from the Ministry of Power/ Government of India which, inter alia, entails the project to avail the exemptions/ benefits of Mega power projects. However, Customs authorities and Customs, Excise and Service Tax Appellate Tribunal have not considered the exemption of custom duty and the Company has filed an appeal before the Honourable Supreme Court of India claiming the benefits of Mega project.

The engineering, procurement and construction (EPC) contract entered into with R Infra, is inclusive of all taxes and duties and hence such custom duty benefit, if granted, under the aforesaid scheme will be passed on to R Infra.

21) During the year, the Company had no specified bank notes or no other denomination note as defined in the Ministry of Finance notification S.O. 3407(E) dated November 8, 2016 and there were no transaction during the period from November 8, 2016 to December, 30 2016.

22) During the year ended March 31, 2017, the Company filed a scheme of Reduction of Share Capital (Securities Premium Reserve) under section 52 of the Companies Act, 2013 and section 100 to 103 of the Companies Act, 1956 which was sanctioned by the Hon'ble High court of Bombay on its order dated December 02, 2016 and filed with Registrar of Companies on January 18, 2017. Pursuant to the said scheme, the securities premium reserve was utilised to recoup the financial effect of considering fair value of certain items of capital work in progress as deemed cost on transition to Ind-AS to the extent of Rs. 270,000 lakhs by offsetting reduction in retained earnings.[Refer note 3 (A)(a)(i) and note 4.13]

23) Corporate social responsibility

As per the section 135 of the Companies Act, 2013, the Company is required to incur an expenditure of Rs. 6 lakhs (March 31, 2016: Rs. Nil) being 2% of the average net profit during the three immediately preceding financial years, towards corporate social responsibility, calculated in the manner as stated in the Act. Against the said required amount, the Company has spent Rs. 6 lakhs (March 31, 2016: Nil) for purpose other than acquisition/construction of asset during the financial year.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No: 117366W/W-100018

Samir R. Shah
Partner
Membership No. 101708

For Pathak H.D & Associates
Chartered Accountants
Firm Registration No: 107783W

Vishal D. Shah
Partner
Membership No. 119303

Place: Mumbai
Date: April 12, 2017

For and on behalf of the Board of Directors

Shrikant D Kulkarni
Director
DIN Number: 05136399

Anand Budholia
Director
DIN Number: 07607031

Ashwin Purohit
Chief Financial Officer

Nilakshi Sagvekar
Company Secretary and Manager
Membership No. : ACS 31022

Place: Mumbai
Date: April 12, 2017