

Independent Auditors' Report

To the Members of Urthing Sobla Hydro Power Private Limited

Report on the Financial Statements

Opinion

1. We have audited the Financial Statements of **Urthing Sobla Hydro Power Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act 2013 ("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, 2019, its loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no Key Audit Matters to communicate in our report.

Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon.
6. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other

information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed,

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

Management's Responsibility for the Financial Statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of the financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee

that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are

therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure A** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
12. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act;
 - f) With respect to the adequacy of the internal financial controls with respect to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**";
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid remuneration to its directors during the year in accordance with the provisions of section 197 of the Act.

- 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, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigation which would impact its financial position as at March 31, 2019.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2019.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.

For Chaturvedi & Shah LLP
Chartered Accountants
Firm's Registration No.101720W / W100355

Lalit R. Mhalsekar
Partner
Membership No.103418

Place: Mumbai
Date: May 27, 2019

Annexure A to Independent Auditors' Report

Referred to in our Independent Auditors' Report of even date to the members of Urthing Sobla Hydro Power Private Limited on the financial statements for the Year ended March 31, 2019

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of its Property, Plant and Equipment.
- (b) The Property, Plant and Equipment have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) The Company does not have any immovable property. Therefore the provision of clause 3 (i) (c) of the Order is not applicable.
- (ii) The Company does not have any inventory. Therefore the provision of clause 3 (ii) of the Order is not applicable.
- (iii) According to the information and explanations given to us, during the year the Company has not granted any loans secured/unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Thus, paragraph 3 (iii) of the Order is not applicable to the Company.
- (iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186(1) of the Act. Further, as the Company is engaged in the business of providing infrastructural facilities, hence the provisions of Section 186 [except for sub-section (1)] are not applicable to it.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and rules framed there under.
- (vi) According to the information & explanations given to us, provisions relating to maintenance of cost records as prescribed under subsection (1) of section 148 of the Act, are not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, customs duty, cess and other material statutory dues as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, customs duty, cess and other material statutory dues as applicable were outstanding, at the period end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, customs duty, goods and service tax and cess as at March 31, 2019 which have not been deposited on account of a dispute.

Annexure A to Independent Auditors' Report

Referred to in our Independent Auditors' Report of even date to the members of Urthing Sobla Hydro Power Private Limited on the financial statements for the Year ended March 31, 2019

- (viii) According to the records of the Company examined by us and the information and explanation given to us, we are of the opinion that the Company has not availed any loan from a financial institution, bank or Government nor it has issued debentures. Hence, the requirements of the Clause 3 (viii) of the said order is not applicable to the Company.
- (ix) In our opinion, and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year under audit. Therefore, the requirements of the Clause 3 (ix) of the said Order are not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
- (xi) The Company has not paid managerial remuneration. Therefore, provision of clause 3(xi) of the order is not applicable to the Company.
- (xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to the provision of Clause 3(xii) of the Order are not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and section 188 of the Act where applicable.
- The details of related party transactions as required under - 24, Related Party Disclosures specified under Section 133 of the Act, have been disclosed in the financial statements.
- (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 the provision of clause 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected to its directors. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, the provisions of Clause 3 (xvi) of the Order are not applicable to the Company.

For Chaturvedi & Shah LLP

Chartered Accountants

Firm's Registration No.101720W / W100355

Lalit .R. Mhalsekar

Partner

Membership No.103418

Place: Mumbai

Date: May 27, 2019

Annexure – B to Independent Auditor's report

Annexure to the Independent Auditor's Report referred to in paragraph "12(f)" under the heading "Report on other legal and regulatory requirements" of our report of even date on the financial statements of Urthing Sobla Hydro Power Private Limited for year ended March 31, 2019.

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

We have audited the internal financial controls with respect to financial statements of **Urthing Sobla Hydro Power Private Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with respect to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with respect to financial statements 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 with respect to financial statements and their operating effectiveness.

Our audit of internal financial controls with respect to financial statements reporting included obtaining an understanding of internal financial controls with respect to financial statements, 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 with respect to financial statements.

Annexure – B to Independent Auditor's report

Annexure to the Independent Auditor's Report referred to in paragraph "12(f)" under the heading "Report on other legal and regulatory requirements" of our report of even date on the financial statements of Urthing Sobla Hydro Power Private Limited for year ended March 31, 2019.

Meaning of Internal Financial Controls with respect to financial statements

A Company's internal financial control with respect to financial statements 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 with respect to financial statements 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 with respect to financial statements

Because of the inherent limitations of internal financial controls with respect to financial statements, 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 with respect to financial statements to future periods are subject to the risk that the internal financial control with respect to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with respect to financial statements and such internal financial controls with respect to financial statements were operating effectively as at March 31, 2019, based on the internal control with respect to financial statements 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 ICAI.

For Chaturvedi & Shah LLP

Chartered Accountants

Firm's Registration No.101720W / W100355

LAHIT K. MHASEKAR

Partner

Membership No.103418

Place: Mumbai

Date: May 27, 2019

Urthing Sobla Hydro Power Private Limited
Balance Sheet as at March 31, 2019

Particulars	Note	Rupees in thousands	
		As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	28	29
Capital work-in-progress	3.2	55,600	55,600
Total non-current assets		55,628	55,629
Current assets			
Financial assets			
Cash and cash equivalents	3.3	85	114
Total current assets		85	114
Total Assets		55,713	55,743
EQUITY AND LIABILITIES			
Equity			
Equity share capital	3.4	180	180
Instrument entirely equity in nature	3.5	162	162
Other equity	3.6	47,933	47,995
Total equity		48,275	48,337
Liabilities			
Current liabilities			
Financial liabilities			
Borrowings	3.7(a)	7,350	7,320
Other financial liabilities	3.7(b)	88	86
Total current liabilities		7,438	7,406
Total Equity and Liabilities		55,713	55,743
Significant accounting policies	2		
Notes on financial statements	1 to 15		

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

As per our attached report of even date.

For Chaturvedi & Shah LLP

Firm Registration No 101720W / W100355

Chartered Accountants

For and on behalf of the Board of Directors

Lalit. R. Mhalsekar

Partner

Membership No. 103418

Murli Manohar Purohit

Director

DIN : 07882151

Paresh Rathod

Director

DIN : 00004357

Place : Mumbai

Date : May 27, 2019

Place : Mumbai

Date : May 27, 2019

Urthing Sobla Hydro Power Private Limited
Statement of Profit and Loss for the year ended March 31, 2019

Particulars	Note	Rupees in thousands	
		Year ended March 31, 2019	Year ended March 31, 2018
Other Income		-	-
Total Income		-	-
Expenses			
Depreciation expense	3.1	1	42
Other expenses	3.8	61	48
Total expenses		62	90
Profit/(Loss) before tax		(62)	(90)
Income tax expense			
Current tax		-	-
Deferred tax		-	-
Profit/(Loss) for the year (A)		(62)	(90)
Other Comprehensive Income for the year (B)		-	-
Total Comprehensive Income/ (Loss) for the year (A+B)		(62)	(90)
Earnings per equity share: (Face value of Rs. 10 each)			
Basic and Diluted (Rupees)	7	(3.44)	(4.98)
Significant accounting policies	2		
Notes on financial statements	1 to 15		

The accompanying notes are an integral part of these financial statements

As per our attached report of even date.

For Chaturvedi & Shah LLP

Firm Registration No 101720W / W100355

Chartered Accountants

For and on behalf of the Board of Directors

Lalit. R. Mhalsekar

Partner

Membership No. 103418

Murli Manohar Purohit

Director

DIN :07882151

Paresh Rathod

Director

DIN : 00004357

Place : Mumbai

Date : May 27, 2019

Place : Mumbai

Date : May 27, 2019

Urthing Sobla Hydro Power Private Limited
Statement of changes in equity

A. Equity Share Capital		Rupees in thousands
Particulars	Amount	
Balance as at April 01, 2017	180	
Changes in equity share capital	-	
Balance as at March 31, 2018	180	
Changes in equity share capital	-	
Balance as at March 31, 2019	180	

Particulars	Instruments entirely equity in nature		Reserves and Surplus		Total (B)	Total Other equity (A+B)
	Compulsory Convertible Preference Shares	Total (A)	Securities Premium	Retained Earnings		
Balance as at April 01, 2017	-	-	170,157	(122,072)	48,085	48,085
Profit/ (Loss) for the year	-	-	-	(90)	(90)	(90)
Other Comprehensive Income for the year	-	-	-	-	-	-
Total Comprehensive Income/ (Loss) for the year	-	-	-	(90)	(90)	(90)
Balance as at March 31, 2018	-	-	170,157	(122,162)	47,995	47,995
Profit/ (Loss) for the year	-	-	-	(62)	(62)	(62)
Other Comprehensive Income for the year	-	-	-	-	-	-
Total Comprehensive Income/ (Loss) for the year	-	-	-	(62)	(62)	(62)
Balance as at March 31, 2019	-	-	170,157	(122,224)	47,933	47,933

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

As per our attached report of even date

For Chaturvedi & Shah LLP

Firm Registration No 101720W / W100355

Chartered Accountants

For and on behalf of the Board of Directors

Lalit R. Mhalsekar
Partner
Membership No. 103418

Munil Manohar Purohit
Director
DIN : 07882151

Parash Rathod
Director
DIN : 00004357

Place : Mumbai
Date : May 27, 2019

Place : Mumbai
Date : May 27, 2019

Urthing Sobla Hydro Power Private Limited
Cash Flow Statement for the year ended March 31, 2019

Particulars	Year ended March 31, 2019	Rupees in thousands Year ended March 31, 2018
(A) Cash flow generated from Operating activities		
Net Profit/ (Loss) before tax		
Adjustments for:	(62)	(90)
Depreciation	1	42
Operating Loss before working capital changes	(61)	(48)
Adjustment for:		
Increase/ (Decrease) in Other Current Liabilities	2	(103)
Net cash flow used in Operating activities	(59)	(151)
(B) Cash flow generated from Investing activities	-	-
(C) Cash flow generated from Financing activities:		
Inter corporate deposit received	30	100
Net cash flow generated from Financing activities	30	100
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(29)	(51)
Cash and cash equivalents at the beginning of the year:		
Bank balance - current account	114	165
Cash and cash equivalents at the end of the year:		
Bank balance - current account	85	114

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

Notes:

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows

As per our attached report of even date.

For Chaturvedi & Shah LLP

Firm Registration No 101720W / W100355

Chartered Accountants

For and on behalf of the Board of Directors

Lalit. R. Mhalsekar
Partner
Membership No. 103418

Murli Manohar Purohit Paresh Rathod
Director Director
DIN : 07882151 DIN : 00004357

Place : Mumbai
Date : May 27, 2019

Place : Mumbai
Date : May 27, 2019

1) General information

Urthing Sobla Hydro Power Private Limited is a subsidiary of Reliance Power Limited. The company has been set up as a Special Purpose Vehicle to develop a 400 MW run-of-the-river Hydro Electric Project on river Dhauliganga, a tributary of Sarda River and is situated in Pithoragarh District of Uttarakhand. Register Address of the company is 3rd floor, Sri Ram Arcade 74 Rajpur Road Dehradun Dehradun 248001.

These financial statements were authorised for issue by the Board of Directors on May 27, 2019.

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

2.1 Basis of preparation, measurement and significant accounting policies

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

(a) Basis of preparation

Compliance with Ind AS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant provisions of the Companies Act, 2013 ("the Act").

Historical cost convention

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

- Certain financial assets and financial liabilities at fair value;
- Defined benefit plans – plan assets that are measured at fair value.

Fair value measurement

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

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

- 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) New Standards or Interpretations issued but not yet effective :

The Company will apply the following standard for the first time for its annual reporting period commencing 1st April, 2019:

Ind AS 116 – Leases

Ind AS 116 "Leases" was notified on March 30, 2019 and it replaces Ind AS 17 Leases. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. It sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17.

Ind AS 116 requires lessees and lessors to make more extensive disclosures than under Ind AS 17.

On March 30, 2019, the Ministry of Corporate Affairs (MCA) notified certain other amendments to Indian Accounting Standard (Ind AS), as below, as part of the Companies (Indian Accounting Standards) Second Amendments Rules, 2019. These other amendments come into force on April 01, 2019.

Since as on the balance sheet date, the Company does not have any Lease arrangement hence there is no impact on the Ind AS financial statements on the application of the above standard.

Ind AS - 12 "Income taxes", Appendix C - Uncertainty over income tax treatments

The appendix explains how to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

Ind AS - 12 "Income taxes"

The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

Ind AS - 19 "Employee benefits", Plan amendment, curtailment or settlement

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

Since as on the balance sheet date, the Company does not have any employees hence there is no impact on the Ind AS financial statements on the application of the above standard.

Ind AS - 23 "Borrowing costs"

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The effective date for adoption of amendments as per Companies (Indian Accounting Standards) Second Amendment Rules, 2019 is annual periods beginning on or after April 01, 2019. The Company will adopt the standard on April 01, 2019 and is in the process of evaluating the impact on account of above amendment on its financial statements and will accordingly consider the same from period beginning April 01, 2019.

Since as on the balance sheet date, the Company does not have any borrowing cost on qualifying asset, hence there is no impact on the Ind AS financial statements on the application of the above standard.

(c) Recent accounting pronouncements

Change due to transition to Ind AS 115- Revenue from Contract with Customers The Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 on 28th March 2018 which include Indian Accounting Standard (Ind AS) 115 in respect of 'Revenue from Contracts with Customers' which has replaced inter alia, the existing Ind AS 18 'Revenue' and is mandatory for reporting periods beginning on or after 1st April 2018.

The Company has applied Ind AS 115 prospectively.

(d) Property, plant and equipment

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. Expenditure incurred on assets which are not ready for their intended use comprising direct cost, related incidental expenses and attributable borrowing cost are disclosed under Capital Work-in-Progress.

Depreciation methods, estimated useful lives and residual value:

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

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

(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.

(f) Financial instruments:

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

Investment and other financial assets

i. Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

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

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

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

ii. Measurement

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

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 other income using the effective interest rate method.

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

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

iii. Impairment of Financial Assets:

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

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

iv. Derecognition of Financial Assets

A financial asset is derecognised only when:

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

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(g) Offsetting financial instruments:

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

(h) Contributed equity:

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(i) Financial liabilities:

i. Classification as debt or equity

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

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

ii. Initial recognition and measurement:

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

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 draw-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 draw-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.

(j) **Borrowing costs:**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

(k) **Provisions, Contingent Liabilities and Contingent Assets:**

Provisions

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

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

Contingent liabilities

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

Contingent Assets:

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

(l) Foreign currency translation:

i. Functional and presentation currency

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

ii. Transactions and balances

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

(m) Revenue from Contracts with Customers and Other Income

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

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

(n) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

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

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

(o) Cash and cash equivalents:

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

(p) 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.

(q) 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.

(r) Segment Reporting:

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

(s) Dividends:

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.2 Critical accounting estimates and judgements

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

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

(a) 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.

13) Segment Reporting

Presently, the Company is engaged in only one segment viz 'Generation of Power' and as such there is no separate reportable segment as per Ind AS 108 'Operating Segments'. Presently, the Company's operations are predominantly confined in India and also all non-current assets are located in India. The Company does not have revenue from any type of product or service or any external customer.

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

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

15) Previous year's figures have been regrouped/ rearranged wherever necessary to the current year's comparison.

As per our attached report of even date:

For Chaturvedi & Shah LLP

Firm Registration No 101720W/W100355
Chartered Accountants

For and on behalf of the Board of Directors

Lalit. R. Mhalsekar

Partner

Membership No. 103418

Murli Manohar Purohit

Director

DIN : 07882151

Paresh Rathod

Director

DIN : 00004357

Place : Mumbai

Date : May 27, 2019

Place : Mumbai

Date : May 27, 2019

3.1 Property, plant and equipment

	Rupees in thousands		
	Plant & equipment	Furniture & fixtures	Total
Gross carrying amount			
Carrying amount as at April 01, 2017	249	8	257
Additions during the year	-	-	-
Carrying amount as at March 31, 2018	249	8	257
Additions during the year	-	-	-
Carrying amount as at March 31, 2019	249	8	257
Accumulated Depreciation as at April 01, 2017	184	2	186
Depreciation for the year	41	1	42
Accumulated Depreciation as at March 31, 2018	225	3	228
Depreciation for the year	-	1	1
Accumulated Depreciation as at March 31, 2019	225	4	229
Net Carrying Amount			
As at March 31, 2018	24	5	29
As at March 31, 2019	24	4	28

3.2 Capital Work in Progress

Particulars	Rupees in thousands
	Capital Work in progress
Balance as at April 01, 2017	55,600
Incurred during the year	-
Balance as at March 31, 2018	55,600
Incurred during the year	-
Balance as at March 31, 2019	55,600

Particulars	Rupees in thousands	
	As at March 31, 2019	As at March 31, 2018
3.3 Cash and cash equivalents:		
Balance with banks:		
in current account	85	114
	<u>85</u>	<u>114</u>

Particulars	Rupees in thousands			
	As at March 31, 2019	As at March 31, 2018		
3.4 Share capital				
Authorised share capital				
5,000,000 (March 31, 2018: 5,000,000) equity shares of Rs. 10 each	50,000	50,000		
Issued, subscribed and fully paid up capital				
18,040 (March 31, 2018: 18,040) equity shares of Rs. 10 each fully paid up	180	180		
	180	180		
3.4.1 Reconciliation of number of equity shares				
Equity shares				
Balance at the beginning of the year - 18,040 (March 31, 2018: 18,040) share of Rs. 10 each	180	180		
Balance at the end of the year - 18,040 (March 31, 2018: 18,040) shares of Rs. 10 each	180	180		
3.4.2 Terms/ rights attached to equity shares				
Equity shares				
The Company has only one class of equity shares having face value of Rs. 10 per share. Each holder of the equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.				
3.4.3 Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company				
	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	Percentage of share holding	No. of Shares	Percentage of share holding
Equity shares				
Reliance Power Limited (Equity Shares of Rs.10 each fully paid)	16,040	89%	16,040	89%
Reliance Infrastructure Limited (Equity shares of Rs. 10 each fully paid up)	2,000	11%	2,000	11%
	18,040	100%	18,040	100%
3.4.4 Shares held by Holding Company				
	As at March 31, 2019		Rupees in thousands As at March 31, 2018	
Equity Shares				
Reliance Power Limited (Equity shares of Rs. 10 each fully paid up)			180	180
(Of the above, 16,039 (March 31, 2018: 16,039) shares are held by Reliance Power Limited, the Holding Company and 1 Share is jointly held by Reliance Power Limited and its nominee)				
			180	180

	Rupees in thousands	
	As at March 31, 2019	As at March 31, 2018
3.5 Instrument Entirely equity in nature		
Preference share capital		
Authorised share capital		
200,000,000 (March 31, 2018: 200,000,000) Preference Shares of Re. 1 each	200,000	200,000
Issued, subscribed and fully paid up capital		
162,360 (March 31, 2018: 162,360) Preference Shares of Re. 1 each	162	162
	162	162
3.5.1 Reconciliation of number of shares		
Preference shares		
Balance at the beginning of the year - 162,360 (March 31, 2018: 162,360) shares of Re.1 each	162	162
Balance at the end of the year - 162,360 (March 31, 2018: 162,360) shares of Re. 1 each	162	162

3.5.2 Terms/ rights attached to equity shares

Preference shares

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

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

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

	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	Percentage of share holding	No. of Shares	Percentage of share holding
Preference shares				
Reliance Power Limited (Preference Share of Re.1 each Fully paid up)	162,360	100%	162,360	100%
	162,360	100%	162,360	100%

3.5.4 Shares held by Holding Company

	Rupees in thousands	
	As at March 31, 2019	As at March 31, 2018
Preference shares [refer note no. 3.5.2]		
Reliance Power Limited - 162,360 (March 31, 2018: 162,360) shares of Re. 1 each fully paid up	162	162
	162	162

Particulars	Rupees in thousands	
	As at March 31, 2019	As at March 31, 2018
3.6 Other equity		
Balance at the end of the year		
3.6.1 Securities premium	170,157	170,157
3.6.2 Retained earning	(122,224)	(122,162)
	<u>47,933</u>	<u>47,995</u>
3.6.1 Securities premium		
Balance at the beginning of the year	170,157	170,157
Balance at the end of the year	<u>170,157</u>	<u>170,157</u>
3.6.2 Retained earning		
Balance at the beginning of the year	(122,162)	(122,072)
Profit/(Loss) for the year	(62)	(90)
Balance at the end of the year	<u>(122,224)</u>	<u>(122,162)</u>
Nature and purpose of other reserves:		
Securities premium		
Securities premium is created to record premium received on issue of shares. The reserve is utilized in accordance with the provision of the Companies Act 2013.		
3.7(a) Current borrowings		
Inter corporate deposit with related party (refer note 6) (Interest free repayable on demand)	7,350	7,320
	<u>7,350</u>	<u>7,320</u>
3.7(b) Other current financial liabilities		
Creditors for supplies and services	76	74
Other payables	12	12
	<u>88</u>	<u>86</u>

Particulars	Rupees in thousands	
	Year ended March 31, 2019	Year ended March 31, 2018
3.8 Other expenses		
Stamp duty and filing fees	7	3
Legal and professional charges	54	40
Rates and taxes	-	4
Miscellaneous expenses	-	1
	61	48

4) Project Status:

The Company has a 400 MW (4*100MW) run-of-the-river Hydro Electric Project on river Dhauliganga, a tributary of Sarda River and is situated in Pithoragarh District of Uttarakhand which was awarded in April 2005 by the Government of Uttarakhand (GoU) on Build Own Operate and Transfer (BOOT) basis. Pursuant to the said award, Rs. 55,600 thousands was paid to Government of Uttarakhand as processing and Upfront fee for Development and commissioning of the project. A Project Development Agreement (PDA) was entered into with the Government of Uttarakhand to carry out studies and investigations for preparation of Detailed Project Report (DPR) and to develop and operate the project. SMEC, Australia has been appointed as the consultant for preparation of DPR. The project is located in Ashok Musk Deer Sanctuary and requires re-demarcation of sanctuary and the matter has been placed with the Honorable Supreme Court of India. The Government of Uttarakhand has also recommended for approval of re-demarcation. Due to delay in availability of re-demarcated sanctuary area with respect to project area, GoU has been requested for return of project and refund of upfront premium.

5) Details of remuneration to auditors:

	Rupees in thousands	
	Year ended March 31, 2019	Year ended March 31, 2018
(a) As auditors		
For statutory audit	10	10
For others	-	-
	10	10

6) Related party transactions:

A. Parties where control exists:

Holding Company:

Reliance Power Limited (R Power)

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

Companies

Reliance Infrastructure Limited (R Infra)

Individual

Shri Anil D Ambani

C. Other related parties:

Key Managerial Personnel :

Directors

Shri Paresh Rathod

Shri Manoj Pradhan

Shri Murlidhar Manohar Purohit

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

Particulars	Rupees in thousands	
	March 31, 2019	March 31, 2018
Transactions during the year:		
Inter- corporate deposits received		
R Power	30	100
Reimbursement of expenses - paid by		
R Power	-	3

Particulars	Rupees in thousands	
	March 31, 2019	March 31, 2018
Closing balance		
Equity share capital (excluding premium)		
R Power	160	160
R Infra	20	20
Preference share capital (excluding premium)		
R Power	162	162
Inter corporate deposits payable		
R Power	7,350	7,320

7) Earnings per share:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Profit available to equity shareholders		
Profit after tax (A) (Rupees in thousands)	(62)	(90)
Weighted average number of equity share (B)	18,040	18,040
Earnings per share Basic and diluted (A / B) (Rs.)	(3.44)	(4.98)
Nominal value of an equity share (Rs.)	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.

8) Income taxes

8(a) Income Tax Expense:

Particulars	Rupees in thousands	
	Year Ended March 31, 2019	Year Ended March 31, 2018
(a) Income tax expense		
Current tax		
Current tax on profits for the Year	-	-
Adjustments for current tax of prior Years	-	-
Total current tax expense (A)	-	-
Deferred tax		
Decrease/(increase) in deferred tax assets	-	-
(Decrease)/increase in deferred tax liabilities	-	-
Total Deferred Tax Expense/(Benefit) (B)	-	-
Income Tax Expense (A+B)	-	-

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

Particulars	Rupees in thousands	
	March 31, 2019	March 31, 2018
Profit before tax	(62)	(90)
Tax at the Indian tax rate of 26% (2017-18: 25.75%)	(16)	(23)
Tax losses for which no deferred income tax was recognised	(16)	(23)
Income tax expense	-	-

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

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

Particulars	Rupees in thousands	
	March 31, 2019	March 31, 2018
Amounts recognised in respect of current tax directly in Equity	-	-

9) Fair value measurements

(a) Financial instruments by category

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

Particulars	Rupees in thousands	
	March 31, 2019	March 31, 2018
Financial assets		
Cash and cash equivalents	85	114
Total financial assets	85	114
Financial liabilities		
Inter corporate deposits	7,350	7,320
Creditors for supplies and services	78	74
Others Payable	12	12
Total financial liabilities	7,438	7,406

(b) Fair value hierarchy

There are no long term financial assets and financial liabilities which are measured at amortised cost or fair value.

10) Financial risk management

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

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

(a) Credit risk

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

Credit risk management

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

(i) Cash and cash equivalents

The Company held cash and cash equivalents with credit worthy banks aggregating Rs.85 thousand, and Rs. 114 thousand as at March 31, 2019, and March 31, 2018 respectively. The credit worthiness of such banks is evaluated by the management on an ongoing basis and is considered to be good.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.

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

Maturities of financial liabilities

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

Rupees in thousands				
March 31, 2019	Less than 1 years	Between 1 year and 5 years	More than 5 years	Total
Financial liabilities		-	-	
Inter corporate deposits	7,350	-	-	7,350
Creditors for supplies and services	76	-	-	76
Other payable	12	-	-	12
Total financial liabilities	7,438	-	-	7438

Rupees in thousands				
March 31, 2018	Less than 1 years	Between 1 year and 5 years	More than 5 years	Total
Financial liabilities				
Inter corporate deposits	7,320	-	-	7,320
Creditors for supplies and services	74	-	-	74
Other payable	12	-	-	12
Total financial liabilities	7,406	-	-	7,406

11) Capital Management**(a) Risk Management**

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

The Company monitors capital on basis of total equity and debt on a periodic basis. Equity comprises all components of equity. Debt represent inter corporate deposit. The following table summarizes the capital of the Company:

Particulars	Rupees in thousands	
	March 31, 2019	March 31, 2018
Equity	48,275	48,337
Debt	7,350	7,320
Total	55,625	55,657

12) Changes in Liabilities arising from Financing Activities

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

Rupees in thousands		
Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Short term Borrowings		
Opening Balance	7,320	7,220
Availed during the year	30	100
Repaid during the year	-	-
Closing Balance	7,350	7,320

13) Segment Reporting

Presently, the Company is engaged in only one segment viz 'Generation of Power' and as such there is no separate reportable segment as per Ind AS 108 'Operating Segments'. Presently, the Company's operations are predominantly confined in India and also all non-current assets are located in India. The Company does not have revenue from any type of product or service or any external customer.

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

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

15) Previous year's figures have been regrouped/ rearranged wherever necessary to the current year's comparison

As per our attached report of even date.

For Chaturvedi & Shah LLP

Firm Registration No 101720W/W100355

Chartered Accountants

Lalit. R. Mhalsekar

Partner

Membership No. 103418

Place : Mumbai

Date : May 27, 2019

For and on behalf of the Board of Directors

Murli Manohar Purohit

Director

DIN : 07882151

Place : Mumbai

Date : May 27, 2019

Paresh Rathod

Director

DIN : 00004357