

Independent Auditors Report

To the Members of Dhursar Solar Power Private Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made there under including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

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

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and in terms of the information and explanations sought by us and given by the Company and the books and the records examined by us in the normal course of audit and to the best of our knowledge and belief, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. Further to our comments in the Annexure B, as required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
 - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at March 31, 2016 on its financial position in its standalone financial statements – Refer Note 6.
 - ii. The Company has long-term contracts including derivative contracts as at March 31, 2016 for which there were no material foreseeable losses.

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

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

Priyanshu Gundana
Partner
Membership No: 109553

Vijay Napawaliya
Partner
Membership No: 109859

Place: Mumbai
Date: May 25, 2016

Place: Mumbai
Date: May 25, 2016

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Dhursar Solar Power Private Limited on the financial statements for the year ended March 31, 2016

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

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

Management's Responsibility for Internal Financial Controls

2. 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 (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

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. 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

6. 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

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Dhursar Solar Power Private Limited on the financial statements for the year ended March 31, 2016

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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 unauthorized 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

7. 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

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

For Price Waterhouse

Firm Registration Number: 301112E
Chartered Accountants

Priyanshu Gundana
Partner
Membership No: 109553

Place: Mumbai
Date: May 25, 2016

For Chaturvedi & Shah

Firm Registration Number: 101720W
Chartered Accountants

Vijay Napawaliya
Partner
Membership No: 109859

Place: Mumbai
Date: May 25, 2016

Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Dhursar Solar Power Private Limited on the financial statements as of and for the year ended March 31, 2016
Page 1 of 2

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) The title deeds of immovable properties, as disclosed in Note 3.9 on fixed assets to the financial statements, are held in the name of the Company.
- ii. The Company does not have any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted 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. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 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 undisputed statutory dues including provident fund, employees' state insurance, sales tax, income tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Though there have been slight delays, there are no undisputed amounts payable in respect of such applicable statutory dues as at March 31, 2016 for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service-tax, duty of customs, and duty of excise or value added tax which have not been deposited on account of any dispute.
- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government as at the balance sheet date.
- ix. In our opinion, and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and term loans have been applied for the purposes for which they were obtained, except for the unutilized proceeds of term loans, to the extent of Rs 75,000,000 that were obtained for capital expenditure but held in fixed deposit accounts with banks at the year end.

Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Dhursar Solar Power Private Limited on the financial statements as of and for the year ended March 31, 2016

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- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has not paid/ provided for managerial remuneration. Therefore, provisions of clause 3 (xi) of the order is not applicable to the Company.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- 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 Price Waterhouse

Firm Registration Number: 301112E
Chartered Accountants Chartered Accountants

For Chaturvedi & Shah

Firm Registration Number: 101720W

Priyanshu Gundana

Partner
Membership Number: 109553

Vijay Napawaliya

Partner
Membership No: 109859

Place: Mumbai
Date: May 25, 2016

Place: Mumbai
Date: May 25, 2016

Dhursar Solar Power Private Limited
Balance Sheet as at March 31, 2016

Particulars	Note	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
Equity and Liabilities			
Shareholders' funds			
Share capital	3.1	17,980,000	17,980,000
Reserves and surplus	3.2	1,984,662,568	1,908,236,040
Non-current liabilities			
Long-term borrowings	3.3	4,945,175,747	5,068,435,366
Other long term liabilities	3.4	345,327,751	185,773,995
Long-term provisions	3.5	823,581	220,519
Current liabilities			
Trade payables	3.6		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		9,114,600	9,828,060
Other current liabilities	3.7	528,134,795	507,958,718
Short-term provisions	3.8	37,479	46,741,418
Total		7,831,256,521	7,745,174,116
Assets			
Non-current assets			
Fixed assets			
Tangible assets	3.9	4,964,152,868	5,427,264,341
Non-current investments	3.10	451,102,000	451,102,000
Long-term loans and advances	3.11	22,045,906	68,846,302
Other non-current assets	3.12	285,678,269	142,316,833
Current assets			
Current investments	3.13	-	474,555,260
Trade receivables	3.14	211,649,703	199,506,763
Cash and bank balances	3.15	577,110,641	84,966,876
Short-term loans and advances	3.16	1,220,988,609	853,833,627
Other current assets	3.17	98,528,525	42,782,114
Total		7,831,256,521	7,745,174,116

The notes are an integral part of these financial statements.

Dhursar Solar Power Private Limited

As per our attached report of even date

For Price Waterhouse

Chartered Accountants

Firm Registration No: 301112E

For and on behalf of the Board of Directors

Priyanshu Gundana

Partner

Membership No: 109553

Sankaran Srinivasan

Director

DIN Number: 01765310

For Chaturvedi & Shah

Chartered Accountants

Firm Registration No: 101720W

Dinesh Modi

Director

DIN Number: 00004556

Vijay Napawaliya

Partner

Membership No. 109859

Sunil K Agarwal

Director

DIN Number: 03636810

Place: Mumbai

Date: May 25, 2016

Place: Mumbai

Date: May 25, 2016

Dhursar Solar Power Private Limited
Statement of Profit and Loss for the year ended March 31, 2016

Particulars	Note	Year ended March 31, 2016 Rupees	Year ended March 31, 2015 Rupees
Revenue from operations	3.18	1,194,454,800	1,248,068,488
Other income	3.19	42,888,313	43,168,354
Total revenue		1,237,343,113	1,291,236,842
Operating expenditure	3.20	171,522,712	82,987,215
Employee benefits expense	3.21	9,456,725	1,434,727
Finance cost	3.22	171,574,689	171,339,974
Depreciation/ amortisation		635,144,191	689,128,545
Administration and other expenses	3.23	152,518,268	106,653,042
Total expenses		1,140,216,585	1,051,543,503
Profit before tax		97,126,528	239,693,339
Tax expense :			
Current tax		20,700,000	45,750,000
Profit for the year		76,426,528	193,943,339
Earnings per equity share: (Face value of Rs.10 each)			
Basic		84.54	214.54
Diluted		42.51	213.38
(Refer Note 10)			

The notes are an integral part of these financial statements.

Dhursar Solar Power Private Limited

As per our attached report of even date

For Price Waterhouse

Chartered Accountants

Firm Registration No: 301112E

For and on behalf of the Board of Directors

Priyanshu Gundana

Partner

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Director

DIN Number: 03636810

Place: Mumbai

Date: May 25, 2016

Place: Mumbai

Date: May 25, 2016

Dhursar Solar Power Private Limited
Cash Flow Statement for the year ended March 31, 2016

	Year ended March 31, 2016 Rupees	Year ended March 31, 2015 Rupees
(A) Cash Flow from/ (used in) operating activities		
Profit before tax	97,126,528	239,693,339
Adjustments for:		
Depreciation/ amortisation	635,144,191	689,128,545
Finance cost	171,574,689	171,339,974
Interest income	(20,262,404)	(15,745,257)
Dividend income on current investments (non trade)	(160,054)	(21,596,389)
Profit on sale of current investment (non trade)	(22,367,788)	(5,404,117)
Premium on amortisation of forward contracts	49,363,025	9,048,092
Excess Provision written back	(98,067)	-
Provision for leave encashment	735,582	923
Operating profit before working capital changes	911,055,702	1,066,465,110
Adjusted for:		
Trade payables	(713,460)	4,648,380
Other liabilities	147,260,944	(29,235,802)
Trade receivables	(12,142,941)	3,922,266
Loans and advances	(226,811,864)	(15,892,377)
	818,648,381	1,029,907,578
Taxes paid (net of refunds)	(85,869,201)	(281,293)
Net cash from Operating Activities	732,779,180	1,029,626,285
(B) Cash Flow from/ (used in) investing activities		
Purchase of Fixed assets	199,021,066	(260,666,825)
Proceed from sale of investments (non trade)	496,923,048	(181,999,180)
Dividend income from current investments (non trade)	160,054	21,596,389
Interest received from deposits	21,919,976	18,056,877
Inter corporate deposit given	(515,300,000)	(471,100,000)
Refund of inter corporate deposit	150,300,000	408,500,000
(Increase) in other bank balances	(77,305,800)	-
Net cash flow from/ (used) in Investing Activities	275,718,344	(465,612,739)
(C) Cash Flow from/ (used in) financing activities		
Repayment of short term borrowings	-	(300,000,000)
Repayment of long term borrowings	(422,437,197)	(394,180,585)
Interest and finance charges paid	(171,222,363)	(172,083,793)
Net cash (used in) / from Financing Activities	(593,659,560)	(866,264,378)
Net Increase/ (decrease) in cash and cash equivalents (A+B+C)	414,837,965	(302,250,832)
Cash and cash equivalents at the beginning of the year:		
Bank balance - current account	1,366,876	2,217,710
Bank balance - fixed deposit account	83,600,000	385,000,000
Cash and cash equivalents at the end of the year:		
Bank balance - current account	7,304,841	1,366,876
Bank balance - fixed deposit account	492,500,000	83,600,000

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

Dhursar Solar Power Private Limited

As per our attached report of even date

For Price Waterhouse

Chartered Accountants

Firm Registration No: 301112E

For and on behalf of the Board of Directors

Priyanshu Gundana

Partner

Membership No: 109553

Sankaran Srinivasan

Director

DIN Number: 01765310

For Chaturvedi & Shah

Chartered Accountants

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Dinesh Modi

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Partner

Membership No. 109859

Sunil K Agarwal

Director

DIN Number: 03636810

Place: Mumbai

Date: May 25, 2016

Place: Mumbai

Date: May 25, 2016

1. General Information

Dhursar Solar Power Private Limited is a wholly owned subsidiary of Reliance Power Limited. The Company had developed and is operating a 40 MW Solar Photo-Voltaic Power Plant at Dhursar, District Jaisalmer, Rajasthan. The Company has entered into long term Power Purchase Agreement (PPA) with Reliance Infrastructure Limited (R-Infra) for its entire capacity. The Company has declared commercial operation from March 28, 2012.

The Company's name was changed to Dhursar Solar Power Private Limited from Dahanu Solar Power Private Limited with effect from September 2, 2013.

2. Significant Accounting Policies:

(a) Basis of accounting

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

(b) Use of estimates

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

(c) Tangible assets and Capital work-in-progress

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

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

(d) Intangible assets

- (i) Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization/ depreciation 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 and adjustment arising from exchange rate variation attributable to the intangible assets.
- (ii) Expenditure incurred on acquisition of intangible assets which are not ready to use at the reporting date is disclosed under capital work-in-progress.

(e) Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss.

(f) Depreciation / Amortisation

Tangible Assets:

Depreciation on tangible assets is provided to the extent of depreciable amount on Written Down Value Method (WDV) based on useful life of the assets as prescribed in Part C of Schedule II to the Companies Act, 2013 except in respect of the Plant and equipment where useful life has been estimated as 25 years based on internal assessment and technical evaluation by management.

In respect of additions or extensions forming an integral part of existing assets and insurance spares, including incremental cost arising on account of translation of foreign currency liabilities for acquisition of Fixed Assets, depreciation is provided as aforesaid over the residual life of the respective assets.

Lease hold land is amortised over the lease period from the date of receipt of advance possession or execution of lease deed, whichever is earlier.

(g) Investments

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

(h) Provisions and contingent liabilities

(i) Provisions:

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

(ii) Contingent Liabilities:

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

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

(iii) Contingent Assets:

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

(i) Borrowing costs

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

(j) Foreign currency transactions

(i) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

(ii) All exchange differences arising on reporting of short term foreign currency monetary items at rates different from those at which they were initially recorded are recognised in the Statement of Profit and Loss.

(iii) In respect of foreign exchange differences arising on revaluation or settlement of long term foreign currency monetary items, the Company has availed the option available in the Companies (Accounting Standards) (Second Amendment) Rules 2011, wherein

- Foreign exchange differences on account of depreciable asset, is adjusted in the cost of depreciable asset and would be depreciated over the balance life of asset.

Dhursar Solar Power Private Limited**Notes to the financial statements as of and for the year ended March 31, 2016 (Continued)**

- In other cases, foreign exchange difference is accumulated in “foreign currency monetary item translation difference account” and amortised over the balance period of such long term asset/liabilities.
 - An asset or liability is designated as a long term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of twelve months or more at the date of origination of the asset or the liability, which is determined taking into consideration the terms of the payment/settlement as defined under the respective agreement/memorandum of understanding.
- (iv) The premium or discount arising at the inception on forward exchange contracts entered into, to hedge an existing asset/liability is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the year.
- (v) Loss on derivative contracts, other than those covered under Accounting Standards – 11 “The Effects of Changes in Foreign Exchange Rates” (refer (iv) above) , outstanding as at the balance sheet is provided for by marking them to market as per the announcement by Institute of Chartered Accountants of India. Any unrealised gain arising on such contracts are not recognised

(k) Revenue recognition

- (i) Revenue from sale of energy is recognised on an accrual basis as per the tariff rate notified by Central Electricity Regulatory Commission (CERC) in accordance with the provisions of PPA with R-Infra.
- (ii) Profit on sale/redemption of investment is accounted on sale/redemption of such investments. Dividend on investment is accounted when the right to receive payment is established in the entity's favour. Interest on deposits is accounted for on an accrual basis.
- (iii) Revenue from certified reduction units is recognised as per terms and conditions agreed with trustee on future sale of certified emission reduction units.

(l) Employee benefits

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

- (i) Defined contribution plans:
Contributions to defined contribution schemes such as provident fund and superannuation are charged off to the Statement of Profit and Loss during the year in which the employee renders the related service.
- (ii) Defined Benefit Plans:
The Company also provides employee benefits in the form of gratuity and leave encashment, the liability for which as at the year-end is determined by independent actuaries based on actuarial valuation using the projected unit credit method. Such defined benefits are charged off to the Statement of Profit and Loss. Actuarial gain / losses are recognised in the year in which they arise.
- (iii) Short term/ long term employee benefits:
All employee benefits payable wholly within twelve months of rendering the service including performance incentives and compensated absences are classified as short term employee benefits. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are charged off to the Statement of Profit and Loss. The employee benefits which are not expected to occur within twelve months are classified as long term benefits and are recognised as liability at the net present value.

(m) Accounting for taxes on income

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

(n) Cash and cash equivalents

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

(o) Cash Flow Statement

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

(p) Earnings per share

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

Dhursar Solar Power Private Limited
Notes to the financial statements as of and for the year ended March 31, 2016 (Continued)

		As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
3.1 Share Capital			
Authorised Share Capital			
1,000,000 (Previous Year: 1,000,000) equity Shares of Rs.10 each		10,000,000	10,000,000
1,000,000 (Previous Year: 1,000,000) preference Shares of Rs.10 each		10,000,000	10,000,000
		20,000,000	20,000,000
Issued, subscribed and paid up capital			
904,000 (Previous Year: 904,000) equity Shares of Rs.10 each fully paid up		9,040,000	9,040,000
894,000 (Previous Year: 894,000) preference Shares of Rs.10 each fully paid up [Refer note 3.1.2(b) below]		8,940,000	8,940,000
		17,980,000	17,980,000
3.1.1 Reconciliation of number of shares			
Equity shares			
Balance at the beginning of the year 904,000 (Previous Year: 904,000) shares of Rs.10 each		9,040,000	9,040,000
Balance at the end of the year - 904,000 (Previous Year: 904,000) shares of Rs.10 each		9,040,000	9,040,000
Preference shares [Refer Note 3.1.2(b)]			
Balance at the beginning of the year 894,000 (Previous Year: 894,000) shares of Rs.10 each		8,940,000	8,940,000
Balance at the end of the year 894,000 (Previous Year: 894,000) shares of Rs.10 each		8,940,000	8,940,000
3.1.2 Terms/rights attached to shares			
a) Equity shares			
The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of the equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.			
b) Preference shares			
7.5% Compulsory Convertible Redeemable Non-Cumulative Preference Shares (CCRPS)			
"The Company has only one class of 7.5% Compulsory Convertible Redeemable Non-Cumulative Preference Shares (CCRPS) having par value of Rs. 10 per share which has been issued at a premium of Rs. 990 per share.			
The Company shall have a call option on CCRPS which can be exercised by the Company in one or more tranches and in part or in full before the end of agreed tenure (20 years) of the said shares. In case the call option is exercised, CCRPS shall be redeemed at an issue price (i.e face value and premium). The holders of CCRPS however, shall have an option to convert CCRPS into equity shares at any time during the tenure of such shares. At the end of tenure and to the extent the Company or the shareholder has not exercised their options, CCRPS shall be compulsorily converted into equity shares. On conversion, in either case, each CCRPS shall be converted into one fully paid equity share of Rs. 10 each at a premium of Rs. 990 share. If during the tenure of CCRPS, the Company declares equity dividend, CCRPS holders shall also be entitled to dividend on their shares at the same rate as the equity dividend and this dividend will be over and above the coupon rate of 7.5%. These preference shares shall continue to be non cumulative."			
3.1.3 Shares held by Holding Company		As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
Equity shares			
Reliance Power Limited - Holding Company		9,040,000	9,040,000
904,000 (Previous Year: 904,000) shares of Rs.10 each fully paid (Of the above, 903,999 (Previous year: 903,999) shares are held by Reliance Power Limited and 1 share is jointly held by Reliance Power Limited and its nominees)		9,040,000	9,040,000
Preference shares [Refer Note 3.1.2(b)]			
Reliance Power Limited - Holding Company		8,940,000	8,940,000
894,000 (previous year : 894,000) preference shares of Rs.10 each fully paid		8,940,000	8,940,000
3.1.4 Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company	Percentage of Share holding	As at March 31, 2016 No. of shares	As at March 31, 2015 No. of shares
Equity Shares			
Reliance Power Limited (Equity shares of Rs.10 each fully paid-up)	100%	904,000	904,000
Preference shares [Refer Note 3.1.2(b)]			
Reliance Power Limited (Preference shares of Re.10 each)	100%	894,000	894,000

Dhursar Solar Power Private Limited

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

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
3.2 Reserves and surplus		
Securities premium account	1,770,120,000	1,770,120,000
Capital Reserve (arisen pursuant to scheme of amalgamation and arrangement with Maharashtra Energy Generation Infrastructure Limited) (Refer Note 4)	491,240,148	491,240,148
Surplus/ (deficit) in the Statement of profit and loss		
Balance at the beginning of the year	(353,124,108)	(547,067,447)
Add: Profit for the year	76,426,528	193,943,339
Balance at the end of the year	(276,697,580)	(353,124,108)
	1,984,662,568	1,908,236,040
3.3 Long term borrowings		
Secured		
Term loans		
- Foreign currency loans from financial institutions/ other parties	4,945,175,747	5,068,435,366
	4,945,175,747	5,068,435,366

3.3.1 Nature of security for Term Loans:

- Term loans from financial Institution/ other parties of Rs. 5,371,460,592 (Previous Year Rs. 5,470,671,795) is secured / to be secured by first charge on all the Immovable and movable assets and intangible asset of the Company on pari passu basis and pledge of 99.99% of the total issued share capital of the Company held by the Holding Company.
- The Holding Company has given financial commitments/ guarantees to the lender of the Company. [refer note 9(B)(iii)].
- Current maturities of long term borrowings have been classified as other current liabilities (refer note 3.7)

3.3.2 Terms of Repayment and Interest

- The foreign currency loan from financial Institution/ other parties is repayable over a period of sixteen and half years in half-yearly installments commencing from September 25, 2012 and Interest is payable based on Commercial Interest Reference Rate which is 2.97% per annum. The outstanding balance as on year end is Rs. 3,260,402,792 (Previous Year Rs. 3,319,349,895)
- The foreign currency loan from financial Institution/ other parties of is repayable over a period of sixteen and half years in half-yearly installments commencing from September 25, 2012 and interest at the rate of 6 months USD LIBOR plus 2.5% per annum. The outstanding balance as on year end is Rs. Rs. 2,111,057,800 (Previous Year Rs. 2,151,321,900)

Dhursar Solar Power Private Limited
Notes to the financial statements as of and for the year ended March 31, 2016 (Continued)

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
3.4 Other long term liabilities		
Advance for contracted certified emission reduction	20,147,470	43,457,162
Others (Including hedging premium)	325,180,281	142,316,833
	345,327,751	185,773,995
3.5 Long term provisions		
Provision for gratuity (Refer Note 8)	82,471	179,517
Provision for leave encashment (Refer Note 8)	741,110	41,002
	823,581	220,519
3.6 Trade payables		
Total outstanding dues of micro enterprises and small enterprises (Refer Note 14)	-	-
Total outstanding dues of creditor other than micro enterprises and small enterprises (Refer Note 14)	9,114,600	9,828,060
	9,114,600	9,828,060
3.7 Other current liabilities		
Current maturities of long term borrowings (Refer note 3.3)	426,284,845	402,236,429
Interest accrued but not due on borrowings	3,480,203	3,127,877
Advance for contracted certified emission reduction	16,565,340	10,039,600
Creditors for capital expenditure	-	4,360,000
Creditors for services	6,342,974	35,753,558
Retention money payable	201,414	13,244,829
Others *	75,260,019	39,196,425
*(Including hedging premium, provident fund, tax deducted at source and other miscellaneous payables)		
	528,134,795	507,958,718
3.8 Short-term provisions		
Provision for leave encashment (Refer note 8)	37,367	1,893
Provision for gratuity (Refer note 8)	112	1,133
Provision for tax [net of advance tax of Rs Nil (Previous year Rs 18,853,519)]	-	46,738,392
	37,479	46,741,418

Dhursar Solar Power Private Limited

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

3.9 Tangible assets

Particulars	Gross block (at cost)				Depreciation/ amortisation			Net block	
	As at April 1, 2015	Additions during the year	Adjustments ¹	As at March 31, 2016	As at April 1, 2015	For the Year	Up to March 31, 2016	As at March 31, 2016	As at March 31, 2015
Freehold land	2,133,000	-	-	2,133,000	-	-	-	2,133,000	2,133,000
Leasehold land	2,376,237	-	-	2,376,237	273,981	76,312	350,293	2,025,944	2,102,256
Buildings	124,519,160	-	-	124,519,160	50,996,308	13,957,954	64,954,262	59,564,898	73,522,852
Plant and equipment	7,803,350,601	7,400,291	164,632,427	7,975,383,319	2,454,539,673	620,859,437	3,075,399,110	4,899,984,209	5,348,810,928
Furniture and fixtures	342,977	-	-	342,977	210,094	37,096	247,190	95,787	132,883
Motor vehicles	987,964	-	-	987,964	615,713	123,773	739,486	248,478	372,251
Office equipment	153,250	-	-	153,250	106,970	27,858	134,828	18,422	46,280
Computers	716,405	-	-	716,405	572,514	61,761	634,275	82,130	143,891
Total Tangible Assets	7,934,579,594	7,400,291	164,632,427	8,106,612,312	2,507,315,253	635,144,191	3,142,459,444	4,964,152,868	5,427,264,341
Previous year	7,394,155,054	325,450,214	214,974,326	7,934,579,594	1,818,186,708	689,128,545	2,507,315,253	5,427,264,341	

Note

1.Refer Note 12

Dhursar Solar Power Private Limited
Notes to the financial statements as of and for the year ended March 31, 2016 (Continued)

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
3.10 Non-current investments (Non-trade)		
In fellow subsidiaries (Unquoted, fully paid up valued at cost)		
Preference shares¹		
Tato Hydro Power Private Limited 5,00,000 shares (previous year: 5,00,000 shares) face value of Re. 1 each.	423,290,000	423,290,000
Siyom Hydro Power Private Limited - 68,000 shares (previous year: 68,000 shares) face Value of Re. 1 each	68,000,000	68,000,000
Less: Provision for diminution in the value of Investment in Siyom Hydro Power Private Limited	(40,188,000)	(40,188,000)
	451,102,000	451,102,000
Aggregate book value of Unquoted Non Current Investments	451,102,000	451,102,000
The above preference shares have been acquired pursuant to the scheme of amalgamation and arrangement. Refer Note 4		
¹ 7.5% Compulsory Convertible Redeemable Non-Cumulative Preference Shares (CCRPS)		
As per terms and conditions of the investment made in preference shares of the issuer companies shall have a call option on the CCRPS which can be exercised by them 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, the CCRPS shall be redeemed at an issue price (i.e. face value and premium). The Company, however, shall have an option to convert the CCRPS into equity shares at any time during the tenure of such CCRPS. At the end of tenure and to the extent the issuer Companies or the share holders thereof have not exercised their options, the CCRPS shall be compulsorily converted into equity shares. On conversion, in either case, each preference share shall be converted into equity shares of corresponding value (including the premium applicable thereon). In case the Issuer companies declare dividend on their equity shares, the CCRPS will also be entitled to the equity dividend in addition to the coupon rate of dividend.		
3.11 Long-term loans and advances		
(Unsecured and considered good unless stated otherwise)		
Capital advance	3,565,097	68,796,302
Security deposit	50,000	50,000
Advance Income Tax [net of provision for Tax of Rs 86,291,911 (Previous year Rs Nil)]	18,430,809	-
	22,045,906	68,846,302
3.12 Other non-current assets		
(Unsecured and considered good unless stated otherwise)		
Hedging premium	285,678,269	142,316,833
	285,678,269	142,316,833
3.13 Current investments (Non trade)		
Unquoted - Mutual fund units		
Reliance liquidity fund - Direct Plan Daily Dividend Reinvestment Option [Number of units Nil (Previous year:184,626.92) face value of Rs. 1000 each]	-	184,721,086
Reliance Liquid Fund - treasury Plan - Direct Growth Plan - Growth Option [Number of units Nil (Previous year: 84,995.18) face value of Rs. 1000 each]	-	289,834,174
	-	474,555,260
Aggregate book value of Unquoted investments	-	474,555,260
3.14 Trade receivables		
(Unsecured and considered good unless stated otherwise)		
Outstanding for a period exceeding six months from the due date	-	-
Others (including Rs.11,4120,120 (previous year: 10,8401,052) billed subsequent to March 31, 2016)	211,649,703	199,506,763
	211,649,703	199,506,763

Dhursar Solar Power Private Limited
Notes to the financial statements as of and for the year ended March 31, 2016 (Continued)

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
3.15 Cash and bank balances		
Cash and cash equivalents		
Balance with banks		
- Bank balance in current accounts	7,304,841	1,366,876
- In deposit account with original maturity of less than 3 months	492,500,000	83,600,000
	<u>499,804,841</u>	<u>84,966,876</u>
Other Bank Balances		
In deposit account with original maturity of more than 3 months but less than 12 months	77,305,800	-
	<u>77,305,800</u>	<u>-</u>
	<u>577,110,641</u>	<u>84,966,876</u>
3.16 Short-term loans and advances		
(Unsecured and considered good unless stated otherwise)		
Inter corporate deposit to holding company (Refer note 9) (Interest free deposit for a period upto one year)	1,212,600,000	847,600,000
Security deposit	5,515,000	5,515,000
Prepaid expenses	1,807,045	634,295
Advance recoverable in cash or kind	1,066,564	64,105
Advance to employees	-	20,227
	<u>1,220,988,609</u>	<u>853,833,627</u>
3.17 Other current assets		
(Unsecured and considered good)		
Interest accrued on inter corporate deposits	-	3,005,464
Interest accrued on deposits	1,557,671	3,215,243
Others (Including hedging premium)	96,970,854	36,561,407
	<u>98,528,525</u>	<u>42,782,114</u>

Dhursar Solar Power Private Limited**Notes to the financial statements as of and for the year ended March 31, 2016 (Continued)**

	Year ended March 31, 2016 Rupees	Year ended March 31, 2015 Rupees
3.18 Revenue from Operation		
Sale of energy	1,177,670,848	1,227,137,341
Other operating revenue - Carbon Credit Emission	16,783,952	20,931,147
	1,194,454,800	1,248,068,488
3.19 Other income		
Interest income:		
- Fixed deposits	20,262,404	15,745,257
- Others	-	422,591
Profit on redemption of mutual funds from current investments (non trade)	22,367,788	5,404,117
Dividend income on current investments (non trade)	160,054	21,596,389
Excess Provision written back	98,067	-
	42,888,313	43,168,354
3.20 Operating expenditure		
Transmission charges	56,188,517	61,939,040
Operation and maintenance service charges	22,565,240	21,048,175
Other operating expenditures	92,768,955	-
	171,522,712	82,987,215
3.21 Employee benefits expenses		
Salaries, bonus and other allowances	8,390,221	1,310,126
Contribution to provident fund and other funds (Refer Note 8)	330,922	115,975
Leave encashment (Refer Note 8)	735,582	8,626
	9,456,725	1,434,727
3.22 Finance cost		
Interest on:		
Foreign currency loans	171,393,149	167,906,449
Working capital loan	-	2,167,227
Other finance charges	181,540	1,266,298
	171,574,689	171,339,974
3.23 Administration and other expenses		
Rent expenses	350,587	4,998,613
Repair and maintenance on plant and machinery	1,381,791	645,268
Legal and professional charges (including shared service charges) (Refer note 9)	14,567,495	31,192,503
Rates and taxes	787,860	1,337,800
Insurance	7,018,813	6,955,290
Loss on derivative contracts	77,709,469	51,351,565
Premium of amortisation of forward contract	49,363,025	9,048,092
Miscellaneous expenses	1,339,228	1,123,911
	152,518,268	106,653,042

4. Capital Reserve (arisen pursuant to Scheme of Amalgamation)

The Capital reserve of Rs. 491,240,149 had arisen pursuant to the scheme of amalgamation with Erstwhile Maharashtra Energy Generation Infrastructure Limited (MEGIL), sanctioned by the Hon'ble High Court of Bombay vide order dated April 12, 2013. The scheme was effective from January 1, 2013.

5. In accordance with Accounting Standard 17 "Segment Reporting" as prescribed under Companies (Accounting Standards) Rules, 2006, the Company has determined its business segment as power generation. Since, there are no other business segments in which the Company operates and power generated is sold within India, there are no other primary reportable segments. Therefore the segment revenue, segment results, segment assets, segment liabilities, total cost incurred to acquire segment assets, depreciation charge are all as is reflected in the financial statement.

6. Contingent Liabilities and Capital Commitments

- a) Demand of Rs. 111,131,454 has been raised towards the provisional Unscheduled Interchanges (UI) charges from the financial year 2012-13 to financial year 2015-16 by Jodhpur Vidyut Vitran Nigam Ltd. (JdVVNL), which has been disputed by the Company.

Future cash flows in respect of the above matter can only be determined based on the future outcome of various uncertain factors.

- b) Estimated amount of contracts (net of capital advance) remaining to be executed on capital account and not provided for as on March 31, 2016 Rs. Nil (Previous Year: Rs. 140,000,000).

7. Details of Remuneration to Auditors:

Particulars	Year ended March 31, 2016	Rupees Year ended March 31, 2015
As auditors		
For statutory audit fees	2,000,000	2,000,000
For others	33,708	45,000
Out of pocket expenses	23,467	46,157

8. Disclosure under Accounting Standard 15 (revised 2005) "Employee Benefits"

The Company has classified various employee benefits as under:

(A) Defined contribution plans

- a) Provident fund
b) State defined contribution plans
- Employees Pension Scheme, 1995

The provident fund is operated by the Regional Provident Fund Commissioner. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.

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

Particulars	Year ended March 31, 2016	Rupees Year ended March 31, 2015
(a) Contribution to provident fund	172,784	75,201
(b) Contribution to employees' superannuation fund	83,333	-
(c) Contribution to employees' pension scheme, 1995	57,419	26,365
(d) Contribution to employees' deposit linked insurance scheme	17,386	14,409

(B) Defined benefit plans

- (a) Gratuity
(b) Leave encashment

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

Dhursar Solar Power Private Limited
Notes to the financial statements as of and for the year ended March 31, 2016 (Continued)

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

	Year ended March 31, 2016		Year ended March 31, 2015	
	Gratuity	Leave encashment	Gratuity	Leave encashment
a) Discount rate (per annum)	7.80%	7.80%	7.85%	7.85%
b) Rate of increase in compensation levels	7.50%	7.50%	7.50%	7.50%
c) Expected average remaining period.	10.09 years	-	9.69 years	-

	Gratuity	Leave encashment	Gratuity	Rupees Leave encashment
(i) Changes in present value of obligation				
Opening balance of present value of obligation	180,650	42,895	107,266	115,356
Current service cost	79,598	36,285	69,722	154,710
Interest cost	20,385	6,141	15,720	23,796
Actuarial (gain) / loss	(198,050)	693,156	(12,058)	(243,264)
Benefits paid	-	-	-	(7703)
Closing balance of present value of obligation	82,583	778,477	180,650	42,895
(ii) Amounts recognised in the Balance Sheet				
Closing balance of present value obligation	82,583	778,477	180,650	42,895
Unfunded liability recognised in the balance sheet	82,583	778,477	180,650	42,895
(iii) Expenses recognised in Statement of Profit and Loss				
Current service cost	79,598	36,285	69,722	154,710
Interest cost	20,385	6,141	15,720	23,796
Net actuarial (gain)/loss	(198,050)	693,156	(12,058)	(243,264)
Total expenses recognised in the Statement of Profit and Loss	(98,067)	735,582	73 384	(64,758)
(iv) Expected employer's contribution for the next year	112	37,367	1,133	1,893
(v) Disclosure as required under Para 120 (n) of AS -15:				

Gratuity	2015-16	2014-15	2013-14	2012-13	Rupees 2011-12
Present value of the defined benefit obligation	82,583	180,650	107,266	53,462	-
Fair value of the plan assets	-	-	-	-	-
(Surplus) / deficit in the plan	82,583	180,650	107,266	53,462	-
Experience adjustments					
On plan liabilities	(198,746)	(30,866)	4,403	-	-
Total experience adjustment	(198,746)	(30,866)	4,403	-	-

Leave encashment	2015-16	2014-15	2013-14	2012-13	Rupees 2011-12
Present value of the defined benefit obligation	778,477	42,895	115,356	159,807	72,940
Fair value of the plan assets					
(Surplus) / deficit in the plan	778,477	42,895	115,356	159,807	72,940
Experience adjustments					
On plan liabilities	691,075	(249,586)	(230,469)	(2,163)	-
Total experience adjustment	691,075	(249,586)	(230,469)	(2,163)	-

Dhursar Solar Power Private Limited**Notes to the financial statements as of and for the year ended March 31, 2016 (Continued)**

The actuarial valuation of gratuity liability does not include liability of seconded employees, as the gratuity will be paid by the Holding Company as per the terms of Secondment. Since, there were no employees on the payroll (other than seconded employees) of the company in the year 2011-12, no provision was made towards gratuity.

9. Related party disclosures:

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

A. Parties where control exists:**(i) Holding Company**

Reliance Power Limited (RPower)

(ii) Fellow subsidiaries:

Rajasthan Sun Technique Energy Private Limited (RSTL)

Tato Hydro Power Private Limited (THPPL)

Siyom Hydro Power Private Limited (SHPPL)

Sasan Power Limited (SPL)

Vidrarbha Industries Power Limited (VIPL)

Samalkot Power Limited (SMPL)

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

Particulars	Rupees 2015-16	Rupees 2014-15
(i) Transactions during the year		
Reimbursement of expenditure paid by		
RPower	371,628	216,800
RSTL	-	1,012,549
SPL	75,000	-
VIPL	207,664	-
SMPL	600	-
Reimbursement of expenditure paid for		
VIPL	73,558	-
SPL	-	61,640
Legal and professional fees (including shared service charges)		
RPower	5,700,000	5,618,000
Inter corporate deposits given to		
RPower	515,300,000	476,100,000
Refund of Inter corporate deposits given by		
RPower	150,300,000	413,500,000

Particulars	Rupees 2015-16	Rupees 2014-15
(ii) Closing Balances		
Equity share capital (excluding premium)		
RPower	9,040,000	9,040,000
Preference share capital (excluding premium)		
RPower	8,940,000	8,940,000
Non-current investments (Refer Note 3.10)		
THPPL	423,290,000	423,290,000
SHPPL	68,000,000	68,000,000
Inter corporate deposit receivable		
RPower	1,212,600,000	847,600,000

(iii) The Holding Company has entered into agreements with the lenders of the Company wherein it has committed to extend financial support in the form of equity or debt as per the agreed means of finance, in respect of the project being undertaken, including hedging support, investment support and project cost overrun support.

(iv) The above disclosure does not include transaction with public utility service providers, viz, electricity, telecommunications in the normal course of business.

The Company has entered into a memorandum of understanding for sharing of certain assets between the Company and RSTEPL..

10. Earnings per share:

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Net profit for the year (A) (Rupees)	76,426,528	193,943,339
Weighted average number of equity shares (B)	904,000	904,000
Basic earnings per share (A/B) (Rupees)	84.54	214.54
Weighted average number of potential equity shares on account of conversion of preference shares (C)	894,000	4,898
Weighted average number of shares for diluted EPS (D=B+C)	1,798,000	908,844
Diluted earnings per share (A/D) (Rupees)	42.51	213.38
Nominal value of an equity share (Rupees)	10.00	10.00

11. Foreign currency exposure

a) Particulars of derivative Instruments

Instruments acquired for hedging	As at March 31, 2016		As at March 31, 2015	
	No. of instruments	Value (USD)	No. of instruments	Value (USD)
Interest rate swap	1	11,850,000	1	12,750,000
Cross currency swap	-	-	1	10,090,778
Forward contract	9	138,00,000	1	1,250,000
Call Spread	3	2,532,0000	2	19,460,000

No derivative instruments are acquired for speculation purpose.

b) Foreign currency exposures not hedged by derivative instrument or otherwise:

Sr. No	Particulars	Amount in USD	Amount in Rupees
1	Borrowings (including interest accrued but not due)	41,909,788 (56,652,964)	2,779,997,757 (3,545,954,367)
2	Premium payable in foreign currency	33,32,006 (2,839,971)	221,021,599 (177,756,057)

Figures in brackets represent previous year figures.

c) Expenditure in foreign currency

Particulars	Year ended March 31, 2016	Rupees Year ended March 31, 2015
(i) CIF Value of Imports		
Capital goods	5,793,790	-
(ii) Expenditure in foreign currency		
Legal and professional fees	7,993,677	2,204,349
Interest and finance charges	171,393,149	167,906,449
Premium on call spread	45,696,952	16,112,845

12. Exchange differences on foreign currency monetary items

In respect of exchange rate differences arising on long term foreign currency monetary items, the Company has availed the option available in the Companies (Accounting Standards) (Second Amendment) Rules 2011, vide notification dated December 29, 2011 issued by Ministry of Corporate Affairs. Accordingly, the Company has adjusted exchange loss of Rs. 164,632,427 (Previous Year: Rs. 214,974,326) to cost of the tangible assets, as the long term monetary items relates to depreciable capital asset. Pursuant to circular dated August 9, 2012 from the Ministry of Corporate Affairs, the Company has capitalized the exchange difference which earlier would have been considered as an interest cost under para 4(e) of Accounting Standard 16 on Borrowing Costs.

- 13.** The Company has entered into a PPA with R infra for a period of 25 years and as per the terms of PPA, in the current contract year, the Company has sold energy of Rs. 1,177,670,845 (Previous year: Rs. 1,227,137,340) to R infra. The outstanding balance as on March 31, 2016, pertaining to sale of energy is Rs. 211,649,703 (Previous year: Rs. 199,506,762). The Company has entered into Engineering, Procurement and Construction (EPC) contract with R infra for construction of power plant, the Company has received material / services during the year aggregating to Rs. Nil (Previous year: Rs. 325,439,014). As against the said contract, the outstanding balance as at the year end is advance towards EPC contract Rs 3,565,097 (Previous year Rs. 63,501,010). During the year, R infra has also refunded advance of Rs. 60,000,000 on account of cancellation of township contract.

14. Micro, small and medium enterprises

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

Dhursar Solar Power Private Limited**Notes to the financial statements as of and for the year ended March 31, 2016 (Continued)**

15. The information as required by para 35 of the Guidance Note on Accounting for Self-generated Certified Emission Reductions (CERs) relating to certified emission rights are as follows:-

Sr. No.	Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
a)	No. of CERs held as inventory and the basis of valuation	-	-
b)	No. of CERs under certification	64,144	66,871
c)	Depreciation and operating and maintenance costs of Emission Reduction equipment expensed during the year	-	-

16. The Company is availing tax holiday under Section 80- IA of Income Tax Act, 1961. Deferred tax asset for timing difference on account of depreciation, originating as on the Balance Sheet date is reversing during the tax holiday period. Hence, there is no deferred tax asset/ liability to be recognised in the financial statement on account of timing difference.
17. Previous year figures have been regrouped/ recasted wherever necessary to current year presentation.

Dhursar Solar Power Private Limited

As per our attached report of even date

For Price Waterhouse

Chartered Accountants

Firm Registration No: 301112E

For and on behalf of the Board of Directors

Priyanshu Gundana

Partner

Membership No: 109553

Sankaran Srinivasan

Director

DIN Number: 01765310

For Chaturvedi & Shah

Chartered Accountants

Firm Registration No: 101720W

Dinesh Modi

Director

DIN Number: 00004556

Vijay Napawaliya

Partner

Membership No. 109859

Sunil K Agarwal

Director

DIN Number: 03636810

Place: Mumbai

Date: May 25, 2016

Place: Mumbai

Date: May 25, 2016