

FINANCIAL STATEMENT

2014-15

**ROSA POWER SUPPLY COMPANY
LIMITED**

PWC

INDEPENDENT AUDITORS' REPORT

To the Members of Rosa Power Supply Company Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Rosa Power Supply Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, 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, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
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 auditor's 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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, 2015, and its profit and its cash flows for the year ended on that date.

INDEPENDENT AUDITORS' REPORT

To the Members of Rosa Power Supply Company Limited,

Report on the Financial Statements

Page 2 of 2

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2015', 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 on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. 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, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) 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 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, 2015 on its financial position in its financial statements – Refer Note 5.
 - ii. The Company has long-term contracts, but not derivative contracts as at March 31, 2015 for which there were no material foreseeable losses.
 - iii. There are no amounts required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

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

Priyanshu Gundana
Partner
Membership Number: 109553

Vijay Napawaliya
Partner
Membership Number: 109859

Place: Mumbai
Date: May 25, 2015

Place: Mumbai
Date: May 25, 2015

Annexure to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Rosa Power Supply Company Limited on the financial statements as of and for the year ended March 31, 2015

- 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 according to a phased programme designed to cover all the items over a period of three years which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- ii. (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of energy. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- 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. During the year under audit, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vi. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been specified under sub-section (1) of Section 148 of the Act, 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 the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. There are no undisputed amounts payable in respect of such applicable statutory dues as at March 31, 2015 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, wealth-tax, service-tax, duty of customs, and duty of excise or value added tax or cess which have not been deposited on account of any dispute.
(c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- viii. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

Annexure to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Rosa Power Supply Company Limited on the financial statements as of and for the year ended March 31, 2015
Page 2 of 2

- ix. 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 dues to any financial institution or bank or debenture holders as at the balance sheet date.
- x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xi. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- xii. 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 on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

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

Priyanshu Gundana
Partner
Membership Number: 109553

Place: Mumbai
Date: May 25, 2015

Vijay Napawaliya
Partner
Membership Number: 109859

Place: Mumbai
Date: May 25, 2015

Rosa Power Supply Company Limited
Balance Sheet as at March 31, 2015

| Particulars | Note | As at March 31, 2015 Rupees | As at March 31, 2014 Rupees |
|--------------------------------|------|-----------------------------------|-----------------------------------|
| Equity and Liabilities | | | |
| Shareholders' funds | | | |
| Share capital | 3.1 | 4,248,233,000 | 4,248,233,000 |
| Reserves and surplus | 3.2 | 38,813,035,902 | 31,333,361,999 |
| Non-current liabilities | | | |
| Long-term borrowings | 3.3 | 38,191,364,588 | 39,059,226,777 |
| Deferred tax liabilities | 3.4 | | |
| Other long-term liabilities | 3.5 | 4,624,642,341 | 3,466,020,709 |
| Long-term provisions | 3.6 | 18,462,184 | 16,831,252 |
| Current liabilities | | | |
| Short-term borrowings | 3.7 | 11,054,290,952 | 10,446,931,376 |
| Trade payables | 3.8 | 4,208,373,569 | 2,047,708,850 |
| Other current liabilities | 3.9 | 11,362,597,805 | 8,113,077,414 |
| Short-term provisions | 3.10 | 195,564,316 | 162,853,890 |
| Total | | 112,716,564,657 | 98,894,245,267 |
| Assets | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 3.11 | 59,411,017,247 | 58,430,812,828 |
| Intangible assets | 3.11 | 4,432,858 | 8,391,177 |
| Capital work-in-progress | 3.12 | 10,862,351 | 1,505,977,101 |
| Non-current investments | 3.13 | 4,784,822,000 | 4,750,000,000 |
| Long-term loans and advances | 3.14 | 421,577,824 | 271,065,242 |
| Other non-current assets | 3.15 | 27,623,667 | 16,045,000 |
| Current assets | | | |
| Inventories | 3.16 | 5,459,008,141 | 3,503,975,724 |
| Trade receivables | 3.17 | 14,555,742,233 | 9,736,914,634 |
| Cash and bank balances | 3.18 | 1,405,289,509 | 1,447,368,458 |
| Short-term loans and advances | 3.19 | 26,628,739,044 | 19,139,172,956 |
| Other current assets | 3.20 | 1,449,783 | 83,622,047 |
| Total | | 112,716,564,657 | 98,894,245,267 |

The notes are an integral part of these financial statements.

Rosa Power Supply Company Limited

Notes to the financial statements for the year ended March 31, 2015 (Continued)

For Price Waterhouse

Chartered Accountants

Firm Registration No: 301112 E

For and on behalf of the Board of Directors

Ashutosh Agarwala

Director

DIN Number: '03151103

Priyanshu Gundana

Partner

Membership No. 109553

Vibhav Agarwal

Director

DIN Number: 03174271

For Chaturvedi & Shah

Chartered Accountants

Firm Registration No: 101720 W

D J Kakalia

Director

DIN Number: '00029159

Arvind R S Singh

Chief Financial Officer

Vijay Napawaliya

Partner

Membership No. 109859

Priyadarshini Mahapatra

Company Secretary and Manager

Membership No. : ACS 18722

Place: Mumbai

Date: May 25, 2015

Place: Mumbai

Date: May 25, 2015

Rosa Power Supply Company Limited
Statement of Profit and Loss for the year ended March 31, 2015

| Particulars | Note | Year ended March 31, 2015 Rupees | Year ended March 31, 2014 Rupees |
|--|------|--|--|
| Revenue from operations (Refer note 2 (i) and 14) | 3.21 | 46,370,500,941 | 44,775,375,052 |
| Other income | 3.22 | 121,589,643 | 125,102,015 |
| Total Revenue | | 46,492,090,584 | 44,900,477,067 |
| Expenses: | | | |
| Cost of fuel consumed (Refer note 15) | | 28,001,013,232 | 26,241,573,622 |
| Employee benefits expense | 3.23 | 249,393,106 | 290,911,357 |
| Finance costs | 3.24 | 5,216,306,734 | 4,396,305,272 |
| Depreciation and amortisation expenses | | 2,518,937,011 | 2,431,538,046 |
| Generation, administration and other expenses | 3.25 | 1,043,230,457 | 1,318,236,946 |
| Total Expenses | | 37,028,880,540 | 34,678,565,243 |
| Profit before tax | | 9,463,210,044 | 10,221,911,824 |
| Tax expense: | | | |
| Current tax | | 1,983,536,141 | 2,136,942,595 |
| Deferred tax | 3.4 | - | (122,169) |
| Income tax for earlier years | | - | - |
| Profit for the year | | 7,479,673,903 | 8,085,091,398 |
| Earnings per equity share: (Face value of Rs. 10 each) | | | |
| - Basic | | 17.62 | 19.05 |
| - Diluted | | 17.62 | 19.05 |
| (Refer note 9) | | | |

The notes are an integral part of these financial statements

Rosa Power Supply Company Limited

As per our attached report of even date

For Price Waterhouse

Chartered Accountants

Firm Registration No: 301112 E

Priyanshu Gundana

Partner

Membership No. 109553

For Chaturvedi & Shah

Chartered Accountants

Firm Registration No: 101720 W

Vijay Napawaliya

Partner

Membership No. 109859

Place: Mumbai

Date: May 25, 2015

For and on behalf of the Board of Directors

Ashutosh Agarwala

Director

DIN Number: '03151103

Vibhav Agarwal

Director

DIN Number: 03174271

D J Kakalia

Director

DIN Number: '00029159

Arvind RS Singh

Chief Financial Officer

Priyadarshini Mahapatra

Company Secretary and Manager

Membership No. : ACS 18722

Place: Mumbai

Date: May 25, 2015

Rosa Power Supply Company Limited
Cash Flow Statement for the year ended March 31, 2015

| | Year ended March 31, 2015 Rupees | Year ended March 31, 2014 Rupees |
|---|--|--|
| (A) Cash flow from/(used in) Operating Activities | | |
| Net Profit before tax | 9,463,210,044 | 10,221,911,824 |
| Adjusted for: | | |
| Foreign exchange Loss/(Gain) (Net) | - | (22,295,811) |
| Interest and finance charges | 5,216,306,734 | 4,396,305,272 |
| Depreciation | 2,518,937,011 | 2,431,538,046 |
| Dividend Income | - | (19,332,358) |
| Other Income | - | (7,485,860) |
| Interest on fixed deposit | (108,434,428) | (76,718,413) |
| Provision for gratuity and leave encashment | 1,414,607 | 4,210,363 |
| Loss on Sale of Fixed Assets | 131,920 | 424,556 |
| | <u>17,091,565,888</u> | <u>16,928,557,619</u> |
| Operating Profit before working capital changes | | |
| Adjustments for: | | |
| Trade receivables | (4,818,827,599) | 4,241,859,285 |
| Inventories | (1,955,032,417) | (12,969,401) |
| Loans and advances and other assets | (267,592,604) | 475,155,608 |
| Trade and other liabilities | 4,015,661,787 | 2,378,335,554 |
| | <u>(3,025,790,833)</u> | <u>7,082,381,046</u> |
| Taxes paid (net of refunds) | (1,950,609,391) | (1,973,631,398) |
| | <u>12,115,165,664</u> | <u>22,037,307,267</u> |
| (B) Cash flow from/(used in) Investing Activities | | |
| Purchase of fixed assets (Including capital work-in-progress) | (1,206,210,404) | (700,472,350) |
| Sale of fixed assets | 17,723,706 | 30,721,808 |
| Purchase of investments in associate companies | - | (142,812,000) |
| Purchase of investments of Fellow Subsidiaries | (399,650,000) | (364,828,000) |
| Sale of investment of an associate Company | 364,828,000 | 507,640,000 |
| Inter corporate deposits given to the Holding Company | (12,328,000,000) | (19,244,000,000) |
| Inter corporate deposits refunded by the Holding Company | 5,026,100,000 | 3,192,717,706 |
| Inter corporate deposits given to fellow Subsidiary | (1,921,000,000) | - |
| Inter corporate deposits refunded by fellow subsidiary | 1,910,000,000 | - |
| Margin Money / Deposits for a period of more than three months | 504,909,652 | (731,473,971) |
| Interest on fixed deposit | 135,321,411 | 63,926,295 |
| Dividend Income | - | 19,332,358 |
| Miscellaneous Income | - | 7,485,860 |
| | <u>(7,895,977,635)</u> | <u>(17,361,762,294)</u> |
| (C) Cash flow from/(used in) financing Activities | | |
| Issue of Preference Shares (refer note 3.1.2 (b)) | - | 218,000,000 |
| Repayment of borrowings - Secured | (4,064,796,990) | (3,844,798,676) |
| Proceeds from borrowings - Secured | 5,607,359,577 | 1,291,304,697 |
| Interest and finance charges | (5,287,341,248) | (4,337,987,438) |
| | <u>(3,744,778,661)</u> | <u>(6,673,481,417)</u> |
| Net cash used in financing activities | | |
| | <u>474,409,370</u> | <u>(1,997,936,444)</u> |
| Net Increase/(decrease) in Cash and Cash equivalents (A+B+C) | | |
| Cash and Cash equivalents at the beginning of the year: | | |
| Bank Balance - Current Account | 297,855,517 | 2,295,791,961 |
| Cash and Cash equivalents at the end of the year: | | |
| Bank Balance - Current Account | 772,264,887 | 297,855,517 |

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

Rosa Power Supply Company Limited

As per our attached report of even date

For Price Waterhouse
Chartered Accountants
Firm Registration No: 301112 E

Priyanshu Gundana
Partner
Membership No: 109553

For Chaturvedi & Shah
Chartered Accountants
Firm Registration No: 101720 W

Vijay Napawaliya
Partner
Membership No. 109859

Place: Mumbai
Date: May 25, 2015

For and on behalf of the Board of Directors

Ashutosh Agarwala
Director
DIN Number: '03151103

Vibhav Agarwal
Director
DIN Number: 03174271

D J Kakalia
Director
DIN Number: '00029189

Arvind R S Singh
Chief Financial Officer

Priyadarshini Mahapatra
Company Secretary and Manager
Membership No. : ACS 18722

Place: Mumbai
Date: May 25, 2015

Rosa Power Supply Company Limited
Notes to the financial statements for the year ended March 31, 2015

1. General information

Rosa Power Supply Company Limited, a wholly owned subsidiary of Reliance Power Limited, has set up a Power Project of 1,200 Mega Watt (MW) at Shahjahanpur district, Uttar Pradesh. The entire power generated is being sold to Uttar Pradesh Power Corporation Limited (UPPCL) as per the terms of Power Purchase Agreement (PPA).

2. Significant accounting policies:

a) Basis of Preparation:

The financial statements have been prepared in accordance with the Generally Accepted Accounting principles in India (Indian GAAP) to comply with the Accounting Standards notified under the relevant provisions of the Companies Act, 2013 ('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 require the management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities as on date of the Financial Statements and reported amount of revenue and expenses during the reporting period. Differences 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:

- (i) 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, charges on foreign exchange contracts 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 use comprising direct cost, related incidental expenses and attributable borrowing cost are disclosed as Capital Work in Progress.

- (ii) Construction stores have been valued at weighted average cost.

d) Intangible assets:

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

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) Inventories

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

Rosa Power Supply Company Limited
Notes to the financial statements for the year ended March 31, 2015 (Continued)

g) Depreciation/ Amortisation:

(i) Tangible Assets:

Depreciation on Tangible Assets is provided on Straight Line Method (SLM) as prescribed in Part A and Part B of Schedule II to the Companies Act, 2013 except in case of plant and machinery block of thermal generating assets wherein depreciation has been charged at the rate of 3.8% per annum as per the order dated May 24, 2011, issued by the Ministry of Corporate Affairs. Leasehold land is amortised over the period of the lease.

(ii) Intangible assets:

Software expenses are amortised on a straight line basis over a period of three years.

h) 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.

i) Provisions, contingent liabilities and contingent assets:

(i) Provisions:

Provisions are recognised when there is present obligation as a result of past events, 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 assets is neither recognised nor disclosed in the Financial Statements.

j) 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.

k) 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.

- 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.

Rosa Power Supply Company Limited
Notes to the financial statements for the year ended March 31, 2015 (Continued)

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

l) Revenue recognition:

- (i) Revenue from sale of energy is recognized on an accrual basis as per the tariff rates approved by Uttar Pradesh Electricity Regulatory Commission (UPERC) in accordance with the provisions of power purchase agreement (PPA) with Uttar Pradesh Power Corporation Limited (UPPCL). In case where final tariff rates are yet to be approved/agreed, provisional tariff is adopted based on provisional tariff order issued by UPERC. Further, the revenue is also recognised towards truing up of fixed charges as per the petitions filed based on the principles enunciated in the PPA and UPERC regulations.
- (ii) The surcharge on late payment/overdue trade receivables for sale of energy is recognised when no significant uncertainty exists as to measurement or collectability.
- (iii) 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.

m) Employee benefits:

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

- (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 statement of Profit and Loss 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 as applicable. 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.

n) 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 reflect 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 realize 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.

o) 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.

p) Cash Flow Statement:

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

Rosa Power Supply Company Limited ✓
Notes to the financial statements for the year ended March 31, 2015 (Continued) ✓

✓ **q) 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. ✓

Rosa Power Supply Company Limited
Notes to the financial statements for the year ended March 31, 2016 (Continued)

3.1 Share capital

Authorised

1,400,000,000 (Previous year: 1,400,000,000) equity shares of Rs. 10 each
 1,000,000,000 (Previous year: 1,000,000,000) preference shares of Re. 1 each

| As at March 31, 2015 Rupees | As at March 31, 2014 Rupees |
|-----------------------------------|-----------------------------------|
| 14,000,000,000 | 14,000,000,000 |
| 1,000,000,000 | 1,000,000,000 |
| 15,000,000,000 | 15,000,000,000 |

Issued, subscribed and paid up capital

424,405,000 (Previous year: 424,405,000) equity shares of Rs. 10 each fully paid up
 4,183,000 (Previous year: 4,183,000) preference shares of Re. 1 each fully paid up
 (Refer note 3.1.2(b) below)

| | |
|----------------------|----------------------|
| 4,244,050,000 | 4,244,050,000 |
| 4,183,000 | 4,183,000 |
| 4,248,233,000 | 4,248,233,000 |

3.1.1 Reconciliation of number of shares

Equity shares

Balance at the beginning of the year - 424,405,000 (Previous year: 424,205,000) shares of Rs. 10 each
 Add: Subscribed and paid up during the year - Nil (Previous year: 200,000) shares of Rs. 10 each
 at a premium of Rs. 990 per share
 Balance at the end of the year - 424,405,000 (Previous year: 424,405,000) shares of Rs. 10 each

| | |
|----------------------|----------------------|
| 4,244,050,000 | 4,242,050,000 |
| | 2,000,000 |
| 4,244,050,000 | 4,244,050,000 |

Preference shares (Refer note 3.1.2(b) below)

Balance at the beginning of the year - 4,183,000 (Previous year: 3,965,000) shares of Re. 1 each
 Add: Subscribed and paid up during the year - Nil (Previous year: 218,000) shares of Re. 1 each
 at a premium of Rs. 999 per share
 Balance at the end of the year - 4,183,000 (Previous year: 4,183,000) shares of Re. 1 each

| | |
|------------------|------------------|
| 4,183,000 | 3,965,000 |
| | 218,000 |
| 4,183,000 | 4,183,000 |

3.1.2 Rights, preference and restriction 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 the remaining assets of the Company, after distribution of all preferential amounts.

b) Preference shares

As on March 31, 2014 - 7.5% non-cumulative non-convertible redeemable preference shares (NCRPS)

The Company has only one class of 7.5 % Non Cumulative Non Convertible Redeemable Preference Shares (NCRPS) having par value of Re.1 per share which have been issued at a premium of Rs.999 per share. These shares have maturity period of twenty years from the date of allotment. However, of the above mentioned preference shares, 2,968,000 (Previous year: 2,750,000) shares can be early redeemed on completion of fifteen years from the date of allotment and balance 1,215,000 (Previous year: 1,215,000) shares can be early redeemed after March 31, 2024, at the option of the Company or the shareholder at an issue price of Rs. 1,000 per share. Dividend on NCRPS, if declared, is payable on the issue price of Rs. 1,000.

As on March 31, 2016- 7.5% Compulsory Convertible Redeemable Non-Cumulative Preference Shares (CCRPS)

Pursuant to the special resolutions passed by the Preference Share Holders and the equity share holders on March 31, 2015, the Company has made modifications in the terms and conditions of NCRPS issued which are summarized below. Consequent to the modification/variations, NCRPS are termed now as 7.5% Compulsory Convertible Redeemable Non-Cumulative Preference Shares (CCRPS)

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

Rosa Power Supply Company Limited ✓
Notes to the financial statements for the year ended March 31, 2015 (Continued) ✓

3.1.3 Shares held by Holding Company ✓

Equity shares ✓

Reliance Power Limited - 424,405,000 (Previous year : 424,405,000) shares of ✓
Rs.10 each fully paid up
(Of the above, 424,404,994 (Previous year: 424,404,994) shares are held by ✓
Reliance Power Limited, the holding Company and 6 shares are jointly held
by Reliance Power Limited and its nominees)

As at
March 31, 2015
Rupees ✓

As at
March 31, 2014
Rupees ✓

4,244,050,000

4,244,050,000

Preference shares (Refer note 3.1.2(b)) ✓

Reliance Power Limited - 4,183,000 (Previous year: 4,183,000) Preference Shares of Re. 1 each
fully paid up. ✓

4,183,000

4,183,000

4,248,233,000

4,248,233,000

**3.1.4 Details of shares held by shareholders holding more than 5% of the aggregate
shares in the Company** ✓

Equity shares ✓

Equity shares of Rs.10 each fully paid up held by Reliance Power Limited - Holding Company
Percentage of holding in the class ✓
Number of shares ✓

As at
March 31, 2015
No. of Shares ✓

As at
March 31, 2014
No. of Shares ✓

100%

100%

424,405,000

424,405,000

Preference shares (Refer note 3.1.2(b)) ✓

Preference shares of Re.1 each fully paid up held by Reliance Power Limited - Holding Company
Percentage of holding in the class ✓
Number of shares

100%

100%

4,183,000

4,183,000

Rosa Power Supply Company Limited ✓
Notes to the financial statements for the year ended March 31, 2015 (Continued) ✓

3.2 Reserves and surplus ✓

Securities premium account ✓
Balance as per last Balance Sheet

Add:

- Premium on issue of 200,000 equity shares ✓
- Premium on issue of 218,000 preference shares (Refer note 3.1.2(b)) ✓

Balance at the end of the year

Surplus in the Statement of Profit and Loss ✓

Balance at the beginning of the year

Add: Profit for the year

Balance at the end of the year

| As at March 31, 2015 Rupees ✓ | As at March 31, 2014 Rupees ✓ |
|-------------------------------------|-------------------------------------|
| 11,608,767,000 | 11,192,985,000 |
| | 198,000,000 |
| | 217,782,000 |
| <u>11,608,767,000</u> | <u>11,608,767,000</u> |
| 19,724,594,999 | 11,639,503,601 |
| 7,479,673,903 | 8,085,091,398 |
| <u>27,204,268,902</u> | <u>19,724,594,999</u> |
| <u>38,813,035,902</u> | <u>31,333,361,999</u> |

3.3 Long-term borrowings ✓

Secured ✓

Term Loans:

- Rupee loans from banks ✓
- Foreign currency loans from banks ✓
- Rupee loans from financial institutions ✓

Unsecured ✓

Deferred payment liabilities:

- Deferred entry tax (Refer note 16) ✓
- Deferred value added tax (Refer note 17) ✓

| | |
|-----------------------|-----------------------|
| 24,645,185,873 | 21,680,695,296 |
| 11,223,312,642 | 11,452,249,547 |
| | 4,236,503,203 |
| <u>35,868,498,515</u> | <u>37,369,448,046</u> |
| 2,161,026,181 | 1,555,143,799 |
| 161,839,892 | 134,634,932 |
| <u>2,322,866,073</u> | <u>1,689,778,731</u> |
| <u>38,191,364,588</u> | <u>39,059,226,777</u> |

3.3.1 Nature of security for Term Loans ✓

- a) Term loans from all banks, financial Institution/other parties of Rs. 42,682,812,325 (Previous year: 41,396,446,551) 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. ✓
- b) The Holding Company has given financial commitments/guarantee to the lender of the Company. [Refer note 8 E(ii) & 8 E(v)] ✓
- c) Current maturities of long term borrowings have been classified as other current liabilities (Refer note 3.9) ✓
- d) A negative lien by Reliance Power Limited (Holding Company) on 51% of its equity in the company. ✓

3.3.2 Terms of Repayment and Interest ✓

- a) Rupee Term Loans balance of Rs. 21,856,317,349 (Previous year: 24,844,162,172) has been obtained from Banks and Financial Institutions for Phase I and Phase II of the project. The loans are repayable in 48 quarterly installments commenced from October 1, 2010 and January 1, 2012, respectively, and carry an average rate of interest 12.00% per annum payable on a monthly basis. The part of Rupee term loan has been refinanced during the year. ✓
- b) Rupee term loan balance of Rs. 3,886,816,570 (Previous year: 4,423,912,000) has been obtained from Bank towards making investments in fellow subsidiaries. The loan is repayable in 48 quarterly installments commenced from June 30, 2013 and carry an interest rate of 12.00 % per annum payable on a monthly basis. ✓
- c) Rupee term loan balance of Rs. 5,012,219,179 (Previous Year: nil) has been obtained for onlending as subordinate debt / Inter Corporate Deposit / Loans and advances to its holding Company. The loan is repayable in 5 structured installments within two years from the date of disbursement and carry an interest rate of 11.15% per annum payable on a monthly basis. ✓
- d) Foreign currency loan balance of Rs. 1,890,763,600 (Previous year: 2,065,930,483) has been obtained for Phase I of the project. The loan is repayable in 48 quarterly installments commenced from October 1, 2010 and carries an interest rate of USD LIBOR plus 460 basis points per annum, payable on a quarterly basis. ✓
- e) Foreign currency loan balance of Rs. 3,840,206,427 (Previous year: 4,112,561,696) has been obtained for Phase II of the project. The loan is repayable in 48 quarterly installments commenced from January 1, 2012 and carries an interest rate of USD LIBOR plus margin ranging from 415 basis points to 475 basis points per annum, payable on a quarterly basis. ✓
- f) Foreign currency loan balance of Rs. 6,196,489,200 (Previous year: 5,949,880,200) has been obtained for Phase II of the project. The loan is repayable in 16 quarterly installments commencing from February 2018 and carries an interest rate of USD LIBOR plus 454 basis points per annum, payable on a quarterly basis. ✓

Rosa Power Supply Company Limited
Notes to the financial statements for the year ended March 31, 2015 (Continued)

| | As at March 31, 2015 Rupees | As at March 31, 2014 Rupees |
|---|-----------------------------------|-----------------------------------|
| 3.4 Deferred tax liabilities | | |
| Net deferred tax (asset) / liability to be recognised in financial statements towards timing difference arising on depreciation on fixed assets | 7,529,254,896 | 5,773,805,586 |
| Less: Recoverable from beneficiary | (7,529,254,896) | (5,773,805,586) |
| | <u> </u> | <u> </u> |

Note : As per the terms of the Power Purchase Agreement (PPA) executed with Uttar Pradesh Power Corporation Limited, the Company is eligible for refund of taxes on income from electricity generation business. Hence, the deferred tax liability originated as at the year end and reversing after the tax holiday period, falling within the tenure of PPA and to the extent expected to be recovered through future tariff, has been disclosed as recoverable from beneficiary.

3.5 Other long-term liabilities

| | | |
|-------------------------------|----------------------|----------------------|
| Retention money payable | 17,042,341 | 7,920,709 |
| Advance against depreciation* | 4,607,600,000 | 3,458,100,000 |
| | <u>4,624,642,341</u> | <u>3,466,020,709</u> |

*Advance against depreciation represents an advance amount received under the provisions of Uttar Pradesh Electricity Regulatory Commission (Terms and conditions of Tariff) Regulations, 2009 and in accordance with the terms of PPA with Uttar Pradesh Power Corporation Limited, for facilitation of repayment of loan and the same continues to be adjusted in tariff for the subsequent period.

3.6 Long-term provisions (Refer note 7)

| | | |
|---------------------------------|-------------------|-------------------|
| Provision for Employee Benefits | | |
| Gratuity | 3,375,556 | 4,366,820 |
| Leave encashment | 15,086,628 | 12,462,432 |
| | <u>18,462,184</u> | <u>16,831,252</u> |

3.7 Short-term borrowings

| | | |
|---------------------------------------|-----------------------|-----------------------|
| Secured | | |
| Working Capital facilities from banks | 10,727,642,934 | 9,869,406,254 |
| Buyer's credit facility from bank | 326,648,018 | 577,525,122 |
| | <u>11,054,290,952</u> | <u>10,446,931,376</u> |

3.7.1 Nature of security for short term borrowings

- Working Capital facilities from banks and Buyer's credit are secured pari passu with term loan lenders by first mortgage/hypothecation/charge on all the Immovable and movable assets and intangible assets of the Company.
- A negative lien by Reliance Power Limited (Holding Company) on 51% of its equity in the company.

3.7.2 Interest

Working Capital facilities have a tenure of twelve months from the date of sanction and are repayable on demand and carry an average rate of interest 12.04 % per annum.

Buyer's credit facility obtained for import of coal, is repayable upto a period of 140 days from the drawdown date and carries an interest rate of USD 6 Month LIBOR plus 38 basis points per annum.

Overdraft facility from bank carried an interest rate of 10.01% per annum.

Rosa Power Supply Company Limited
Notes to the financial statements for the year ended March 31, 2015 (Continued)

| | As at March 31, 2015 Rupees | As at March 31, 2014 Rupees |
|---|-----------------------------------|-----------------------------------|
| 3.8 Trade payables | | |
| Sundry creditors ¹ | 4,208,373,569 | 2,047,708,850 |
| | <u>4,208,373,569</u> | <u>2,047,708,850</u> |
| 3.9 Other current liabilities | | |
| Current maturities of long-term borrowings | 6,814,313,810 | 4,026,998,505 |
| Interest accrued but not due on borrowings | 61,566,496 | 132,601,010 |
| Creditors for capital expenditure ^{1,2} | 1,661,130,006 | 951,200,044 |
| Retention money payable | 1,614,735,302 | 1,863,835,389 |
| Creditors for supplies and services ^{1,2} | 125,481,482 | 205,657,016 |
| Employee benefit payable | 5,839,606 | 39,812,026 |
| Others ² | 1,079,531,103 | 892,973,424 |
| (Including, Tax deducted at source, unscheduled, interchange charges and other miscellaneous payables) | <u>11,362,597,805</u> | <u>8,113,077,414</u> |
| 3.10 Short-term provisions | | |
| Provision for employee benefits: | | |
| Leave encashment (Refer note 7) | 1,027,378 | 1,243,702 |
| Other provisions: | | |
| Provision for income tax (Net of advance tax of Rs. 5,718,590,283 (Previous year: Rs. 3,767,980,892)) | 194,536,938 | 161,610,188 |
| | <u>195,564,316</u> | <u>162,853,890</u> |

1. Refer note 13.

2. Includes payable to related parties. Refer note 8.

Rosa Power Supply Company Limited
Notes to the financial statements for the year ended March 31, 2016 (Continued)

3.11 Tangible and Intangible Assets

| Particulars | Gross Block (At Cost) | | | | Depreciation/Amortisation | | | | Net Block | | Rupiah |
|--------------------------------|-----------------------|---------------------------|--------------------------|----------------------------|---------------------------|----------------------|----------------------|----------------------------|----------------------|-----------------------|--------|
| | As at April 1, 2014 | Additions during the year | Adjustments ¹ | Deductions during the year | As at March 31, 2015 | Up to April 1, 2014 | For the year | Deductions during the year | Up to March 31, 2015 | As at March 31, 2015 | |
| Tangible assets | | | | | | | | | | | |
| Freehold land | 98,176,698 | - | - | - | 98,176,698 | - | - | - | - | 98,176,698 | |
| Leasehold land | 227,071,399 | - | - | - | 227,071,399 | 18,271,472 | 2,522,940 | - | 20,794,462 | 206,276,937 | |
| Buildings | 3,159,704,329 | 44,106,681 | - | - | 3,199,811,010 | 168,377,813 | 109,485,298 | - | 277,863,111 | 2,901,947,899 | |
| Railway sidings | 2,023,214,741 | - | - | - | 2,023,214,741 | 297,962,533 | 78,832,160 | - | 374,844,493 | 1,548,370,248 | |
| Plant and machinery | 59,826,658,578 | 2,930,487,311 | 537,757,707 | 17,723,706 | 63,277,119,880 | 5,447,593,719 | 2,312,877,058 | - | 8,760,460,777 | 54,516,729,113 | |
| Furniture and fixtures | 14,294,863 | - | - | 245,653 | 14,049,210 | 3,789,775 | 699,710 | 238,277 | 4,261,238 | 9,798,022 | |
| Motor vehicle | 5,989,563 | 478,000 | - | - | 6,467,563 | 1,294,173 | 1,307,443 | - | 2,601,616 | 3,865,947 | |
| Office equipments | 16,545,753 | 97,907 | - | 135,484 | 16,599,176 | 3,415,652 | 758,784 | 43,990 | 4,130,475 | 12,378,700 | |
| Computers | 38,591,322 | 101,150 | - | 98,561 | 38,593,911 | 14,740,500 | 10,445,249 | 55,541 | 25,120,208 | 13,473,693 | |
| Total tangible assets | 65,405,248,265 | 2,975,281,029 | 537,757,707 | 18,203,404 | 68,901,036,598 | 8,975,435,437 | 2,514,378,592 | 347,778 | 9,430,055,351 | 59,470,981,247 | |
| Previous year | 63,182,717,381 | 922,597,467 | 1,323,103,722 | 32,770,284 | 65,405,248,265 | 4,548,825,243 | 2,427,630,170 | 1,023,920 | 6,975,455,433 | 58,430,812,828 | |
| Intangible assets | | | | | | | | | | | |
| Computer software | 20,050,752 | - | - | - | 20,050,752 | 11,002,575 | 3,669,318 | - | 15,620,894 | 4,432,858 | |
| Total intangible assets | 20,050,752 | - | - | - | 20,050,752 | 11,002,575 | 3,669,318 | - | 15,620,894 | 4,432,858 | |
| Previous year | 13,712,564 | 6,341,188 | - | - | 20,053,752 | 7,754,539 | 3,907,936 | - | 11,562,575 | 8,391,177 | |

Notes:

1. Represents adjustments made towards exchange differences capitalised. (Refer note 2(v) and 12)

Rosa Power Supply Company Limited
Notes to the financial statements for the year ended March 31, 2015 (Continued)

3.12 Capital work-in-progress

| Particulars | Rupees | | | |
|---|-------------------------|-----------------------------|--------------------------|-------------------------|
| | As at March 31, 2014 | Incurred during the year | Capitalised/ adjusted | As at March 31, 2015 |
| A. Assets under construction | 1,476,679,391 | 1,480,749,005 | 2,948,984,574 | 8,443,821 |
| B. Construction stores | 29,297,710 | 22,368,806 | 49,247,986 | 2,418,530 |
| Total Capital work-in-progress (A+B) | 1,505,977,101 | 1,503,117,811 | 2,998,232,560 | 10,862,351 |
| Previous year | 897,400,883 | 1,427,158,312 | 818,582,094 | 1,505,977,101 |

Rosa Power Supply Company Limited
Notes to the financial statements for the year ended March 31, 2015 (Continued)

| | As at March 31, 2015 Rupees | As at March 31, 2014 Rupees |
|---|-----------------------------------|-----------------------------------|
| 3.13 Non-current investments (Non trade) (unquoted, fully paid-up and valued at cost) | | |
| In Associate Company: | | |
| Equity shares: | | |
| Vidarbha Industries Power Limited - 364,970 (Previous year: 364,970) shares at face value Rs. 10 each | 364,970,000 | 364,970,000 |
| Preference shares: | | |
| Vidarbha Industries Power Limited - 4,020,202 (Previous year: 4,020,202) shares at face value Rs. 10 each | 4,020,202,000 | 4,020,202,000 |
| In Fellow Subsidiary: | | |
| Preference shares: | | |
| Siyom Hydro Power Private Limited - Nil (Previous year: 892,000) shares at face value Rs. 10 each | | 364,828,000 |
| Katali Power Private Limited - 1000,000 (Previous year: Nil) shares at face value of Rs. 10 each | 399,600,000 | |
| In Joint Venture: | | |
| Equity shares: | | |
| Reliance Geothermal Power Private Limited - 5,000 (Previous year: Nil) shares at face value Rs. 10 each | 50,000 | |
| | <u>4,784,822,000</u> | <u>4,750,000,000</u> |
| Aggregate book value of unquoted investments | 4,784,822,000 | 4,750,000,000 |
| 3.14 Long-term loans and advances (Unsecured and considered good unless stated otherwise) | | |
| Capital advances | 276,158,933 | 266,758,247 |
| Security deposits | 5,183,000 | 5,207,095 |
| Prepaid Expenses | 140,235,891 | |
| | <u>421,577,824</u> | <u>271,965,342</u> |
| 3.15 Other non-current assets (Unsecured and considered good unless stated otherwise) | | |
| Non-current bank balances (Towards margin money deposits) | 27,623,667 | 16,045,000 |
| | <u>27,623,667</u> | <u>16,045,000</u> |

7.5% Compulsory Convertible Redeemable Non-Cumulative Preference Shares (CCRPS)
(Previous year known as 7.5% Non-Cumulative Non-Convertible Redeemable Preference Shares (NCRPS))

(1) During the year, the terms and conditions of the investment made in preference shares have been modified wherein 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 CCRPS holders thereof have not exercised their options, the CCRPS shall be compulsorily converted into equity shares. On conversion, in either case, each CCRPS 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 holders will also be entitled to the equity dividend in addition to the coupon rate of dividend.

Rosa Power Supply Company Limited ✓

Notes to the financial statements for the year ended March 31, 2015 (Continued) ✓

3.16 Inventories

Fuel (Including material in transit of Rs. 19,568,386 (Previous year: Rs. 741,710,597))
Stores and spares ✓
(Net of transfer of stores to related party (Refer note 8)) ✓

As at
March 31, 2015
Rupees ✓

As at
March 31, 2014
Rupees ✓

4,528,312,832
930,695,309

2,623,607,963
880,367,761

5,459,008,141

3,503,975,724

3.17 Trade receivables

(Unsecured and considered good unless stated otherwise) ✓

Outstanding for a period exceeding six months from the due date
Others (Including Rs.2,807,126,740 (Previous year: Rs. 5,046,125,664) billed subsequent to the year end) ✓

14,555,742,233

9,736,914,634

14,555,742,233

9,736,914,634

3.18 Cash and bank balances

Cash and cash equivalents: ✓
Bank balance in current account ✓

772,264,887

297,855,517

772,264,887

297,855,517

Other bank balances:

Deposits with maturity period of more than three months but less than twelve months
(Includes fixed deposits of Rs. Nil (Previous year: Rs. 217,483,563) provided as security for facility from bank.) ✓
Margin money deposits ✓

575,716,523

1,035,478,797

57,308,099

114,034,144

633,024,622

1,149,512,941

1,405,289,509

1,447,368,458

3.19 Short-term loans and advances

(Unsecured and considered good unless stated otherwise) ✓

Inter corporate deposits to Holding Company (Refer note 8) ✓
(Interest free deposit for a period of one year) ✓
Inter corporate deposits to fellow Subsidiary Company (Refer note 8) ✓
(Interest free deposit for a period of one year) ✓
Advance recoverable in cash or in kind ✓
Prepaid expenses ✓
Advances to employees ✓
Balance with Government authorities ✓

20,100,922,294

18,708,922,294

11,000,000

387,712,200

302,086,183

127,233,429

37,428,743

819,363

735,736

1,151,758

26,628,739,044

19,139,172,956

3.20 Other current assets

(Unsecured and considered good unless stated otherwise) ✓

Interest accrued on deposits ✓
Receivables from related party (Refer note 8) ✓

4,798,140

31,685,123

2,651,643

51,936,924

7,449,783

83,622,047

Rosa Power Supply Company Limited ✓
Notes to the financial statements for the year ended March 31, 2015 (Continued) ✓

| | Year ended March 31, 2015 Rupees ✓ | Year ended March 31, 2014 Rupees ✓ |
|---|--|--|
| 3.21 Revenue from operations | | |
| ✓ Sale of energy ✓ | 45,863,736,743 | 44,149,791,218 |
| Other operating revenues: ✓ | | |
| Interest from customer on delayed payments ✓ | 508,764,198 | 625,583,834 |
| | <u>46,370,600,941</u> | <u>44,775,375,052</u> |
| 3.22 Other Income | | |
| Interest: ✓ | | |
| - on bank deposits | 108,434,428 | 76,718,413 |
| Dividend income on (Non-Trade) current investments ✓ | | 19,352,358 |
| Gain on sale of current investments ✓ | | 7,485,860 |
| Miscellaneous income ✓ | 13,155,215 | 21,505,384 |
| | <u>121,589,643</u> | <u>125,102,015</u> |
| 3.23 Employee benefit expenses | | |
| Salaries, wages and other allowances ✓ | 212,259,072 | 256,886,415 |
| Contribution to provident and other funds (Refer note 7) ✓ | 10,660,805 | 10,651,456 |
| Gratuity and leave encashment (Refer note 7) ✓ | 8,075,639 | 4,859,009 |
| Staff welfare expenses ✓ | 18,387,590 | 18,434,483 |
| | <u>249,393,106</u> | <u>290,811,357</u> |
| 3.24 Finance costs | | |
| Interest expenses on: | | |
| - Rupee term loans (Net of interest reimbursed from Holding Company Rs. Nil (Previous year: Rs. 550,120,227)) ✓ | 3,331,437,510 | 3,240,142,230 |
| - Foreign currency loans ✓ | 646,299,104 | 685,686,046 |
| - Working capital loans ✓ | 1,223,985,704 | 508,026,007 |
| - Delayed payment of income tax ✓ | | 3,892,875 |
| Other finance charges ✓ | 102,001,854 | 58,758,115 |
| Rebate to customer ✓ | 12,542,562 | |
| | <u>6,216,306,734</u> | <u>4,386,306,272</u> |
| 3.25 Generation, administration and other expenses | | |
| Stores and spares consumed ✓ | 296,327,655 | 272,224,340 |
| Rent ✓ | 2,984,284 | 4,207,725 |
| Repairs and maintenance: | | |
| - Plant and machinery | 292,489,143 | 237,326,476 |
| - Building ✓ | 9,979,313 | 8,160,413 |
| - Others ✓ | 1,128,079 | 1,090,272 |
| Legal and professional charges ✓ | 63,041,624 | 58,457,028 |
| Travelling and conveyance ✓ | 20,259,543 | 27,486,545 |
| Directors sitting fees | 416,609 | 187,416 |
| Rates and taxes | 4,481,523 | 2,078,249 |
| Insurance | 129,703,668 | 133,505,720 |
| Loss on foreign exchange fluctuations (Net) | 9,006,835 | 353,192,504 |
| Loss on sale of assets | 131,820 | 424,556 |
| Expenditure towards Corporate Social Responsibility (CSR) Activity (Refer note 20) | 110,636,093 | |
| Miscellaneous expenses | 102,634,265 | 219,885,702 |
| | <u>1,043,230,457</u> | <u>1,318,236,846</u> |

Rosa Power Supply Company Limited
Notes to the financial statements for the year ended March 31, 2015 (Continued)

4. Contingent Liabilities and Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs.79,908,548 (Previous year: Rs. 3,425,261,696)

5. The Company has received notice of demand from Shahajanpur division of Forest Department, for levy of transit fees under Indian Forest Act, 1927 on transport of coal. The levy of transit fee has been challenged by the Company along with other affected parties before various judicial bodies. Presently, the matters are pending before the Honorable Supreme Court of India. The Honourable Supreme Court has pronounced Interim order. As per Interim order, the State of Uttar Pradesh shall be free to recover transit fee for Forest Produce removed within the State of Uttar Pradesh. As the Company's coal is sourced from states other than the State of Uttar Pradesh, the Company is not subjected to such levy. Further, in the eventuality of any liability accruing on this matter and this being part of cost of fuel, is recoverable from the procurer as per the terms of the PPA.

6. Details of Remuneration to Auditors:

| Particulars | Year ended March 31, 2015 | Rupees Year ended March 31, 2014 |
|------------------------|------------------------------|--|
| As auditors | | |
| For statutory audit | 8,600,000 | 8,600,000 |
| For others | 895,000 | 60,000 |
| Out-of-pocket expenses | 153,563 | 192,680 |

7. 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. Superannuation fund
- c. State defined contribution plans
 - Employer's Contribution to Employees' Deposit Linked Insurance
 - Employer's Contribution to Employees' Pension Scheme, 1995

The provident fund and the state defined contribution plan are operated by the Regional Provident Fund Commissioner and the superannuation fund is administered by the Trustees of the Reliance Life Insurance Company Limited. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.

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

| | Year ended March 31, 2015 | Rupees Year ended March 31, 2014 |
|--|------------------------------|--|
| Contribution to provident fund | 6,807,462 | 8,049,750 |
| Contribution to employees' superannuation fund | 614,223 | 563,101 |
| Employer's contribution to Employees' Deposit Linked Insurance | 170,265 | 111,475 |
| Employer's contribution to Employees' Pension Scheme 1995 | 3,068,955 | 1,927,130 |

(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.

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

Rosa Power Supply Company Limited
Notes to the financial statements for the year ended March 31, 2015 (Continued)

| | Year ended March 31, 2015 | | Year ended March 31, 2014 | |
|--|---------------------------|------------------|---------------------------|------------------|
| | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| Discount Rate (Per annum) | 7.85% | 7.85% | 8.90% | 8.90% |
| Rate of increase in compensation levels | 7.5% | 7.5% | 7.5% | 7.5% |
| Rate of return on plan assets | 8.25% | " | 8.25% | " |
| Expected average remaining working lives of employees in number of years | 9.69 | " | 12.08 | " |
| (i) Changes in present value of obligation | | | | |
| Opening balance of present value of obligation | 16,002,371 | 13,706,134 | 12,315,316 | 12,644,870 |
| Liability on transfer of employees (net) | - | - | (224,338) | (361,204) |
| Interest cost | 1,732,656 | 1,698,239 | 1,289,942 | 1,451,608 |
| Current service cost | 3,979,585 | 5,997,051 | 3,995,458 | 6,072,499 |
| Actuarial (gains)/loss | 644,089 | (2,626,487) | (1,374,007) | (5,893,471) |
| Benefits paid | (796,136) | (2,660,931) | - | (208,168) |
| Closing balance of present value of obligation | 21,562,565 | 16,114,006 | 16,002,371 | 13,706,134 |
| (ii) Changes in fair value of plan assets | | | | |
| Opening balance of present value of plan assets | 11,633,551 | - | 11,095,595 | - |
| Expected return on plan assets | 959,768 | - | 915,387 | - |
| Actuarial gain/(loss) on plan assets | 2,389,826 | - | (377,431) | - |
| Contributions by employer | 4,000,000 | - | - | - |
| Benefits paid | (796,136) | - | - | - |
| Closing balance of fair value of plan assets | 18,187,009 | - | 11,663,551 | - |
| (iii) Percentage of each category of plan assets to total fair value of plan assets | | | | |
| Administered by Reliance Life Insurance Company Limited | 100% | - | 100% | - |
| (iv) Amounts recognised in the Balance Sheet | | | | |
| Closing balance of present value of obligation | 21,562,565 | 16,114,006 | 16,002,371 | 13,706,134 |
| Closing balance of fair value of plan assets | 18,187,009 | - | 11,633,551 | - |
| Funded (assets)/liabilities recognised in the Balance Sheet | 3,375,556 | - | 4,368,820 | - |
| Unfunded (assets)/liabilities recognised in the Balance Sheet | - | 16,114,006 | - | 13,706,134 |
| (v) Expenses recognised in the Statement of Profit and Loss | | | | |
| Current service cost | 3,979,585 | 5,997,051 | 3,995,458 | 6,072,499 |
| Interest cost | 1,732,656 | 1,698,239 | 1,289,942 | 1,451,608 |
| Expected return on plan assets | (959,768) | - | (915,387) | - |
| Net actuarial (gain)/ loss | (1,745,737) | (2,626,487) | (1,041,646) | (5,893,471) |
| Total expense recognised in the Statement of Profit and Loss | 3,006,736 | 5,068,803 | 3,328,367 | 1,630,636 |
| (vi) Expected Employer's contribution for the next year | | | | |
| | 2,000,000 | - | 1,000,000 | - |

Rosa Power Supply Company Limited

Notes to the financial statements for the year ended March 31, 2015

(vii) Disclosure as required under Para 120 (n) of AS-15

A. Gratuity

| | Year ended March 31, 2015 | Year ended March 31, 2014 | Year ended March 31, 2013 | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| (i) Present value of the defined benefit obligation | 21,562,565 | 16,002,371 | 12,315,316 | 7,139,960 | 3,174,140 |
| Fair value of the plan assets | 18,187,009 | 11,633,551 | 11,095,595 | 10,079,067 | 3,072,031 |
| (Surplus)/deficit in the plan | 3,375,556 | 4,368,820 | 1,219,721 | (2,939,107) | 102,109 |
| (ii) Experience adjustments | | | | | |
| On plan liabilities | (2,087,094) | 646,597 | 788,736 | 1,103,247 | (291,190) |
| On plan assets | 2,389,326 | (332,361) | 185,005 | (118,677) | (120,348) |

B. Leave Encashment

| | Year ended March 31, 2015 | Year ended March 31, 2014 | Year ended March 31, 2013 | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| (i) Present value of the defined benefit obligation | 16,114,006 | 13,706,134 | 12,644,870 | 8,545,040 | 4,005,791 |
| Fair value of the plan assets | 16,114,006 | 13,706,134 | 12,644,870 | 8,545,040 | 4,005,791 |
| (Surplus)/deficit in the plan | - | - | - | - | - |
| (ii) Experience adjustments | | | | | |
| On plan liabilities | (4,493,553) | (4,326,912) | (675,589) | (171,250) | (1,624,020) |
| On plan assets | - | - | - | - | - |

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.

Rosa Power Supply Company Limited
Notes to the financial statements for the year ended March 31, 2015

8. Related party disclosures:

As per Accounting Standard – 18 prescribed by Companies (Accounting Standards) Rules, 2006, the Company's related parties and transactions are disclosed below:

A. Parties where Control exists:

Holding Company:
Reliance Power Limited (R Power)

B. Key Management Personnel

Smt. Priyadarshini Mahapatra – Manager and Company Secretary
Shri Arvind Singh – Chief Financial Officer (w.e.f. November 11, 2014)

C. Major Investing party/promoters having significant influences on the Holding Company directly or indirectly:

Companies
Reliance Infrastructure Limited (R Infra)

Individuals
Shri Anil D. Ambani

D. Other related parties with whom transactions have taken place during the year/closing balance existed at the yearend:

(i) Enterprises over which, person mentioned in C, above, has control:

Reliance General Insurance Company Limited (RGICL)
Reliance Infocomm Infrastructure Private Limited (RIIPL)
Reliance Communication Infrastructure Limited (RCIL)

(ii) Fellow Subsidiaries

Sasan Power Limited (SPL)
Coastal Andhra Power Limited (CAPL)
Vidarbha Industries Power Limited (VIPL)¹
Coastal Andhra Power Infrastructure Limited (CAPIL)
Siyom Hydro Power Projects Limited (SHPPL)
Kalai Power Private Limited (KPPL)
Erstwhile Reliance Clean Power Private Limited (RCPPL)²

(iii) Joint Venture

Reliance Geothermal Power Private Limited (RGTPPL)¹

1. The Company also has a significant influence on the party as it holds an equity stake.
2. RCPPL has been amalgamated with RPower with effect from April 1, 2012 pursuant to the Scheme of Amalgamations sanctioned by the Honourable High Court of Bombay vide order dated May 9, 2014.

Rosa Power Supply Company Limited
Notes to the financial statements for the year ended March 31, 2015 (Continued)

E. Details of transactions and closing balances;

| | | Rupees | |
|-----|--|----------------|----------------|
| | Particulars | 2014-15 | 2013-14 |
| (i) | Transactions during the year : | | |
| | Remuneration to key management personnel | | |
| | Shri Arvind Singh | 663,912 | - |
| | Legal and professional fees (including shared service charges) | | |
| | R Power | 11,236,000 | 11,235,186 |
| | RIIPL | 5,758,259 | 27,978,766 |
| | Corporate guarantee | | |
| | R Power | 5,000,000,000 | - |
| | Insurance premium | | |
| | RGICL | 114,891,845 | 121,228,577 |
| | Reimbursement of expenses / salary - paid by | | |
| | R Power | 7,945,974 | 558,668,754 |
| | VIPL | - | 5,201 |
| | SPL | - | 22,656 |
| | CAPIL | - | 41,716 |
| | R Infra | 376,394 | 19,613 |
| | RCIL | - | 74,952 |
| | Reimbursement of expenses - paid for | | |
| | VIPL | 24,221,915 | - |
| | Transfer of Stores | | |
| | R Infra | - | 4,494,464 |
| | SPL | 9,976,037 | 51,911,536 |
| | Purchase of Preference Shares (Refer note (iii) below) | | |
| | VIPL | 399,600,000 | - |
| | R Power | - | 507,640,000 |
| | Sale of Equity Shares of RCPPL | | |
| | R Power | - | 256,270,000 |
| | Issue of Preference Shares (including premium) | | |
| | R Power | - | 218,000,000 |
| | Sale of preference shares (Refer note (iv) below) | | |
| | VIPL | 364,828,000 | - |
| | R Power | - | 251,370,000 |
| | Inter- corporate deposits Given | | |
| | R Power | 12,328,000,000 | 19,244,000,000 |
| | VIPL | 1,920,000,000 | - |
| | RGTPPL | 1,000,000 | - |
| | Inter- corporate deposits refunded to the company | | |
| | R Power | 5,026,100,000 | 3,192,717,706 |
| | VIPL | 1,910,000,000 | - |

Rosa Power Supply Company Limited

Notes to the financial statements for the year ended March 31, 2015 (Continued)

| | Particulars | 2014-15 | 2013-14 |
|------|---|----------------|----------------|
| (ii) | Balance as at the year end | | |
| | Other current liabilities | | |
| | R Infra | 92,619 | 166,119,852 |
| | SPL | 68,612 | - |
| | CAPL | - | 12,656 |
| | RIPL | 36,857,368 | 31,099,109 |
| | Investment in equity shares of fellow subsidiary | | |
| | VIPL | 364,970,000 | 364,970,000 |
| | RGTPPL | 50,000 | - |
| | Investment in preference shares of fellow subsidiary | | |
| | VIPL | 4,020,202,000 | 4,020,202,000 |
| | SHPPL | - | 364,828,000 |
| | KPPL | 399,600,000 | - |
| | Other receivables | | |
| | SPL | 2,365,365 | 51,911,536 |
| | CAPIL | - | 25,388 |
| | VIPL | 286,278 | - |
| | Inter corporate deposits | | |
| | R Power | 26,100,822,294 | 18,798,922,294 |
| | VIPL | 10,000,000 | - |
| | RGTPPL | 1,000,000 | - |
| | Equity share capital (excluding premium) | | |
| | R Power | 4,244,050,000 | 4,244,050,000 |
| | Preference share capital (excluding premium) | | |
| | R Power | 4,183,000 | 4,183,000 |
| | Corporate guarantee issued on behalf of the Company | | |
| | R Power | 5,000,000,000 | - |

Notes:

- (iii) Represents purchase of preference shares of KPPL amounting to Rs. 399,600,000 (Previous Year: Nil). Further, preference shares of VIPL amounting to Rs. 142,812,000 and of SHPPL amounting to Rs. 364,828,000 were purchased from R Power in the previous year.
- (iv) Represents sale of preference shares of SHPPL amounting to Rs. 364,828,000 (Previous Year: Nil). Further, preference shares of RCPPL amounting to Rs. 251,370,000 were sold to R Power in the previous year.
- (v) The Holding company has entered into agreements with the lenders of the Company wherein it has committed/ guaranteed to extend financial support in the form of equity or debt as per the agreed means of finance.
- (vi) The above disclosure does not include transactions with public utility service providers, viz. electricity and telecommunication in the normal course of business.

Rosa Power Supply Company Limited
Notes to the financial statements for the year ended March 31, 2015 (Continued)
9. Earnings per share:

| | Year ended March 31, 2015 | Year ended March 31, 2014 |
|--|------------------------------|------------------------------|
| Profit for the year (Rupees) (A) | 7,479,673,903 | 8,085,091,398 |
| Weighted average number of equity shares (B) | 424,405,000 | 424,381,986 |
| Add: adjustment on account of Compulsorily Convertible Redeemable Non Cumulative Preference Shares | 11,460 | - |
| Weighted average number of equity shares - Diluted (C) | 424,416,460 | - |
| Earning per share - Basic (Rupees) (A/B) | 17.62 | 19.05 |
| Earning per share - Diluted (Rupees) (A/C) | 17.62 | 19.05 |
| Nominal value of an equity share (Rupees) | 10 | 10 |

10. Foreign currency information

I. Net foreign currency exposure that are not covered by derivative instrument or otherwise are as follows.

| Sr. No. | Particulars | As at March 31, 2015 | | As at March 31, 2014 | |
|---------|---|----------------------|------------------|----------------------|------------------|
| | | Amount in USD | Amount in Rupees | Amount in USD | Amount in Rupees |
| (a) | Borrowings (including interest accrued but not due) | 196,728,555 | 12,313,397,623 | 212,449,396 | 12,768,166,189 |
| (b) | Creditors and retention | 58,831,000 | 3,682,279,343 | 38,019,098 | 2,284,940,168 |

II. CIF value of imports

| | Year ended March 31, 2015 | Rupees Year ended March 31, 2014 |
|-------------------|------------------------------|--|
| Capital goods | - | 13,280,998 |
| Stores and spares | 17,042,633 | 44,323,892 |
| Purchase of coal | 11,525,529,231 | 8,507,943,397 |

III. Expenditure in foreign currency

| | Year ended March 31, 2015 | Rupees Year ended March 31, 2014 |
|---------------------------|------------------------------|--|
| Interest | 546,299,104 | 585,686,045 |
| Travelling and conveyance | 127,964 | 192,154 |
| Subscription | 993,081 | - |

11. Value of imported and indigenous material consumed

| | Year ended March 31, 2015 | | Year ended March 31, 2014 | |
|--|---------------------------|-----|---------------------------|-----|
| | Rupees | % | Rupees | % |
| Fuel consumption | | | | |
| Imported (includes handling and other costs) | 15,318,761,022 | 55% | 13,554,115,896 | 52% |
| Indigenous | 12,682,252,210 | 45% | 12,687,457,726 | 48% |
| Stores and consumables | | | | |
| Imported | 51,689,639 | 17% | 1,727,377 | 1% |
| Indigenous | 244,637,916 | 83% | 270,496,963 | 99% |

12. Exchange differences on foreign currency monetary items

In respect of exchange rate difference arising on long term foreign currency monetary items, the Company has availed the option available in Companies (Accounting Standards) (Second Amendment) Rules, 2011, vide notification dated December 29, 2011 issued by the Ministry of Corporate Affairs. Accordingly, the Company has adjusted exchange loss of Rs. 537,757,707 (Previous year loss of Rs. 1,333,103,722) to the cost of tangible asset as the long term monetary items relate to depreciable capital assets. Pursuant to circular dated August 9, 2012 issued by 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.

Rosa Power Supply Company Limited
Notes to the financial statements for the year ended March 31, 2015 (Continued)

13. Micro and Small Scale Business Entities

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

14. The Company's tariff is governed based on principles and terms and conditions given in the PPA read with UPERC regulations. As per the said requirements, the company has filed a multiyear tariff petition for the period April 1, 2014 to March 31, 2019. Pending approval of the said tariff, the company has billed and recognised revenue based on the provisional tariff issued by UPERC and the principles enunciated in the PPA, read with UPERC regulations. The Company does not estimate any material variation between the amount billed and that will be approved by the UPERC.

15. Cost of fuel consumed (including coal, heavy furnace oil and light diesel oil)

| Particulars | Rupees | |
|--------------------------------------|------------------------------|------------------------------|
| | Year ended March 31, 2015 | Year ended March 31, 2014 |
| Balance at the beginning of the year | 2,623,607,963 | 2,529,877,167 |
| Add: Purchases during the year | 29,905,718,101 | 26,335,304,418 |
| Less: Balance at the end of the year | 4,528,312,832 | 2,623,607,963 |
| Consumed during the year | 28,001,013,232 | 26,241,573,622 |

16. The Company is liable to pay entry tax on interstate purchase of certain goods under "Uttar Pradesh Tax on Entry of Goods into Local Areas Act, 2007". As per Uttar Pradesh Power Policy 2003 read with Notification 1770 dated July 5, 2004 issued by the Government of Uttar Pradesh, the Company is eligible for grant of a moratorium period of nine years from the date of commencement of operation, for payment of entry tax on each phase of the project. Accordingly, considering the said policy, the Company is filing the returns and would make the payments to the regulatory authorities on completion of moratorium period.

17. The Company is liable to pay value added tax on purchase of goods under "Uttar Pradesh Value Added Tax Act, 2008". As per Uttar Pradesh Power Policy 2003 read with Notification 1772 dated July 5, 2004 issued by Government of Uttar Pradesh, the Company is eligible for grant of a moratorium period of nine years from the date of commencement of operations, for payment of value added tax. Accordingly, considering the said policy, the Company is filing the returns and would make the payments to the regulatory authorities on completion of moratorium period.

18. 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 the 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 statements.

19. The Company has obtained term loan from bank for investing in infrastructure projects undertaken/to be undertaken by the Company, either directly or through special purpose vehicles. Accordingly, the proceeds of the loan have been invested in equity and preference shares of fellow subsidiaries. Considering there is no dividend declared by these subsidiaries as was envisaged earlier, based on the Memorandum of Understanding, the Holding Company has agreed to reimburse the interest cost amounting to Rs. 550,120,227 on the aforesaid term loan for the financial year 2013-14.

20. Corporate Social Responsibility

The Company is under obligation to incur an expenditure of Rs 154,965,960 being 2% of the average net profit during the three immediately preceding financial years, towards corporate social responsibility, calculated in the manner as stated in the Act. However, the Company has spent Rs. 110,636,093 for this purpose during the financial year.

21. Consequent to the Companies Act, 2013, being effective from April 1, 2014, the Company has provided depreciation based useful life as prescribed under Part A and Part B of Schedule II of the Act. Had the Company continued the earlier accounting policy, depreciation for the year would have been lower by Rs.38,625,019.

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

Rosa Power Supply Company Limited

As per our attached report of even date

For Price Waterhouse
Chartered Accountants
Firm Registration No: 301112 E

Priyanshu Gundana
Partner
Membership No. 109553

For Chaturvedi & Shah
Chartered Accountants
Firm Registration No: 101720 W

Vijay Napawaliya
Partner
Membership No. 109859

Place: Mumbai
Date: May 25, 2015

For and on behalf of the Board of Directors

Ashutosh Agarwala
Director
DIN Number: '03151103

Vibhav Agarwal
Director
DIN Number: 03174271

D J Kakalia
Director
DIN Number: '00029159

Arvind RS Singh
Chief Financial Officer

Priyadarshini Mahapatra
Company Secretary and Manager
Membership No. : ACS 18722

Place: Mumbai
Date: May 25, 2015