

Independent Auditors Report

To the Members of Rajasthan Sun Technique Energy Private Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Rajasthan Sun Technique Energy 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 thereunder 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 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, and 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 does not have any pending litigations as at March 31, 2016 which would impact its financial position.
 - 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 26, 2016

Place: Mumbai
Date: May 26, 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 Rajasthan Sun Technique Energy 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 Rajasthan Sun Technique Energy 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

Annexure A to Independent Auditors' Report

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

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with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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 26, 2016

For Chaturvedi & Shah

Firm Registration Number: 101720W
Chartered Accountants

Vijay Napawaliya
Partner
Membership No: 109859

Place: Mumbai
Date: May 26, 2016

Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Rajasthan Sun Technique Energy 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 3.90n 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. 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. The Central Government of India has specified maintenance of cost records under sub-section (1) of Section 148 of the Act, for the products of the Company. However, according to the information and explanation given to us, the prescribed accounts and records have not been made, since the Company has not started commercial operations.
- 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 has been a slight delay in few cases. 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.

Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Rajasthan Sun Technique Energy Private Limited on the financial statements as of and for the year ended March 31, 2016
Page 2 of 2

- 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

For Chaturvedi & Shah

Firm Registration Number: 101720W
Chartered Accountants

Priyanshu Gundana

Partner
Membership Number: 109553

Vijay Napawaliya

Partner
Membership No: 109859

Place: Mumbai
Date: May 26, 2016

Place: Mumbai
Date: May 26, 2016

Rajasthan Sun Technique Energy 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	31,419,850	31,419,850
Reserves and surplus	3.2	5,846,569,556	5,797,214,957
Non-current liabilities			
Long term borrowings	3.3	18,723,946,817	15,309,864,999
Other long term liabilities	3.4	957,036,610	1,084,491,502
Long term provisions	3.5	4,602,730	1,860,834
Current liabilities			
Short term borrowings	3.6	-	1,372,100,000
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Other current liabilities	3.7	1,452,511,584	1,505,011,190
Short term provisions	3.8	18,759,532	52,834,667
Total		27,034,846,679	25,154,797,999
Assets			
Non-current assets			
Fixed assets			
Tangible assets	3.9	318,492,153	312,520,157
Intangible assets	3.9	33,767	128,514
Capital work-in-progress	3.10	24,404,102,440	22,241,167,103
Long term loans and advances	3.11	961,602,026	1,304,700,301
Other non current assets	3.12	39,931,121	105,317,140
Current assets			
Current investments	3.13	-	855,883,513
Trade receivables	3.14	82,033,022	-
Cash and bank balances	3.15	1,121,002,918	174,361,107
Short term loans and advances	3.16	38,232,205	63,112,466
Other current assets	3.17	69,417,027	97,607,698
Total		27,034,846,679	25,154,797,999

The notes are an integral part of these financial statements

Rajasthan Sun Technique Energy 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

Satyendra Sarupria

Director

DIN Number: 00270718

Vijay Napawaliya

Partner

Membership No. 109859

Sunil K Agarwal

Director

DIN Number: 03636810

Place: Mumbai

Date: May 26, 2016

Place: Mumbai

Date: May 26, 2016

Rajasthan Sun Technique Energy Private Limited
Statement of Profit and Loss for the year ended March 31, 2016

Particulars	Notes	Year ended March 31, 2016 Rupees	Year ended March 31, 2015 Rupees
Other income	3.18	73,753,354	51,257,853
Total Revenue		<u>73,753,354</u>	<u>51,257,853</u>
Expenses:			
Depreciation and amortisation expenses		14,548,755	16,356,105
Total Expenses		<u>14,548,755</u>	<u>16,356,105</u>
Profit before tax		59,204,599	34,901,748
Tax expense:			
Current tax		9,850,000	182,308
Profit/ (Loss) for the year		<u>49,354,599</u>	<u>34,719,440</u>
Earnings/ (loss) per equity share: (Face value of Rs. 10 each)			
Basic		17.28	12.16
Diluted		8.64	12.02
(Refer Note 10)			

The notes are an integral part of these financial statements

Rajasthan Sun Technique Energy 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

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Place: Mumbai

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Rajasthan Sun Technique Energy 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		
Net Profit/ (Loss) before tax	59,204,599	34,901,748
Adjustments for:		
Dividend income	(23,812)	(50,667,860)
Interest income	(19,967,822)	(589,993)
Profit on sale of investment in mutual fund	(53,761,720)	-
Depreciation and amortisation expenses	14,548,755	16,356,105
Net cash generated from Operating activities	<u>-</u>	<u>-</u>
(B) Cash flow from/ (used in) Investing activities		
Purchase of Fixed assets (including Capital work-in-progress and Capital advances)	(324,311,325)	(606,319,795)
(Purchase)/ Sale of investments (Net)	909,645,233	(44,806,194)
Dividend received	23,812	50,667,860
Interest received	16,012,852	16,588,891
Taxes Paid	(5,632,369)	(4,908,536)
Net cash flow (used in) Investing activities	<u>595,738,203</u>	<u>(588,777,774)</u>
(C) Cash flow from/ (used in) Financing activities		
Inter corporate deposit received	2,235,900,000	1,372,100,000
Inter corporate deposit repaid	(10,000,000)	-
Repayment of borrowing - secured	(994,960,291)	(870,187,511)
Interest and finance charges paid	(880,036,101)	(945,022,329)
Net cash generated/ (used in) Financing activities	<u>350,903,608</u>	<u>(443,109,840)</u>
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	946,641,811	(1,031,887,614)
Cash and cash equivalents at the beginning of the year:		
Bank balance - current account	44,361,107	886,248,721
Bank balance - fixed deposits account	130,000,000	320,000,000
Cash and cash equivalents at the end of the year:		
Bank balance - current account	121,730,359	44,361,107
Bank balance - fixed deposits account	999,272,559	130,000,000

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

Rajasthan Sun Technique Energy 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 26, 2016

Place: Mumbai

Date: May 26, 2016

Rajasthan Sun Technique Energy Private Limited
Notes to the financial statements as of and for the year ended March 31, 2016

1 General information

Rajasthan Sun Technique Energy Private Limited is a wholly owned subsidiary of Reliance Power Limited. The Company is a Special Purpose Vehicle to develop and generate 100 mega watt (MW) Solar Concentrated Thermal Power Project at Dhursar, Near Pokhran, District Jaisalmer, Rajasthan. The Company has entered into a Power Purchase Agreement (PPA) for 100 MW capacity with NTPC Vidyut Vyapar Nigam Limited (NVVN).

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 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 use comprising direct cost, related incidental expenses and attributable to borrowing cost are disclosed as Capital work in progress.

Accordingly all project related expenditure viz, civil works, machinery under erection, construction and erection materials, pre-operative expenditure incidental / directly attributable to construction of project, borrowing cost, construction stores, and direct operational expenses (net of revenue during constructions) related to the units of power generated in the interim period, pending capitalisation, 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 amortisation/ 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.

(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.

Rajasthan Sun Technique Energy Private Limited
Notes to the financial statements as of and for the year ended March 31, 2016 (continued)

f) Depreciation/ amortisation

(i) 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.

(ii) Intangible assets:

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

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.

Rajasthan Sun Technique Energy Private Limited

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

- (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.
- (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 The 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 and in accordance with the provisions of Power Purchase Agreement (PPA) with NTPC Vidyut Vyapar Nigam Limited (NVVN) read with Central Electricity Regulatory Commission (CERC) regulations.
- (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 recognized as per terms and conditions agreed with trustee on future sale of certified emission reduction units.

l) Employee benefits

- (i) Defined contribution plans:
Contributions to defined contribution schemes such as provident fund and superannuation are charged off to Capital work-in-progress 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 Capital work-in-progress. 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 Capital work-in-progress. 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 year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. 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.

Rajasthan Sun Technique Energy 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		
4,000,000 (Previous Year : 4,000,000) Equity shares of Rs.10 each	40,000,000	40,000,000
10,000,000 (Previous Year : 10,000,000) Preference shares of Re.1 each	10,000,000	10,000,000
	50,000,000	50,000,000
Issued, subscribed and paid up capital		
2,856,350 (Previous Year: 2,856,350) Equity shares of Rs.10 each	28,563,500	28,563,500
2,856,350 (previous year: 2,856,350) preference shares of Rs.1 each fully paid up [refer note 3.1.2(b)]	2,856,350	2,856,350
	31,419,850	31,419,850
3.1.1 Reconciliation of number of shares		
Equity shares		
Balance at the beginning of the year 2,856,350 (Previous Year: 2,856,350) shares of Rs.10 each	28,563,500	28,563,500
Balance at the end of the year 2,856,350 (Previous Year: 2,856,350) shares of Rs.10 each	28,563,500	28,563,500
Preference shares [Refer Note 3.1.2(b)]		
Balance at the beginning of the year 2,856,350 (Previous Year: 2,856,350) shares of Re. 1 each	2,856,350	2,856,350
Balance at the end of the year - 2,856,350 (previous year: 2,856,350) shares of Re.1 each	2,856,350	2,856,350
3.1.2 Rights, preference and restriction attached to shares		
a) Equity shares		
The Company has only one class of equity shares having face 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 Re. 1 per share which has been issued at a premium of Rs. 999 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 per 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		
Equity shares		
Reliance Power Limited - 2,856,350 (Previous Year: 2,856,350) equity shares of Rs 10 each fully paid (Of the above, 2,856,349 (Previous year: 2,856,349) shares are held by Reliance Power Limited and 1 share is jointly held by Reliance Power Limited and its nominees)	28,563,500	28,563,500
Preference shares [Refer Note 3.1.2(b)]		
Reliance Power Limited - 2,856,350 (previous year : 2,856,350) preference shares of Rs.1 each fully paid	2,856,350	2,856,350
	31,419,850	31,419,850
3.1.4 Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company	Percentage of Share holding	
Equity shares		
Reliance Power Limited (Equity shares of Rs.10 each)	100%	2,856,350
Preference shares [Refer Note 3.1.2(b)]		
Reliance Power Limited (Preference shares of Re.1 each)	100%	2,856,350
Reliance Power Limited is an Associate of Reliance Infrastructure Limited which hold 43.22% Equity Shares of Reliance Power Limited		

Rajasthan Sun Technique Energy 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	5,671,380,150	5,671,380,150
	<u>5,671,380,150</u>	<u>5,671,380,150</u>
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	125,834,807	91,115,367
Add: Profit for the year	49,354,599	34,719,440
	<u>175,189,406</u>	<u>125,834,807</u>
	<u>5,846,569,556</u>	<u>5,797,214,957</u>
3.3 Long term borrowing		
Secured		
Term loans		
- Rupee Loans from banks	972,534,000	1,018,134,000
- Foreign currency loans from financial institutions/ other parties	14,153,412,817	14,291,730,999
Unsecured		
Inter corporate deposit from Holding Company (Refer Note 8) (interest free deposit, repayable after final repayment of external commercial borrowings obtained by the Company)	3,598,000,000	-
	<u>18,723,946,817</u>	<u>15,309,864,999</u>
3.3.1 Nature of security:		
a) Term loans from all banks, financial Institution/ other parties of Rs. 16,164,321,029 (Previous year Rs. 16,275,140,665) is secured/ to be secured by first charge on all the Immovable and movable assets of the Company on pari passu basis and pledge of 100% of the total issued share capital of the Company held by the Holding Company.		
b) The Holding Company has given financial commitments/ guarantees to the lender of the Company. [Refer Note 8(D)(iii)].		
c) Current maturities of long term borrowings have been classified as other current liabilities (Refer Note 3.7)		
3.3.2 Terms of repayment of loans and rate of interest:		
a) The Rupee loan has a tenure of upto 15 years from the date of first disbursement will be repaid in 54 unequal quarterly instalments starting from January 7, 2014 and Interest rate is a floating rate linked to Axis Bank base rate plus 3%, payable on monthly basis. The outstanding balance as on year end is Rs. 1,018,134,000 (Previous year Rs. 1,063,734,000).		
b) Foreign currency loan from financial institution/ other parties of has a tenure of upto 17.36 years from the date of first disbursement. It will be repaid in 33 unequal half yearly instalments starting from January 25, 2014 and carry fixed of 2.55% per annum payable half yearly. The outstanding balance as on year end is Rs. 3,045,507,249 (Previous year Rs. 3,092,294,313).		
c) Foreign currency loan from financial institution/ other parties has a tenure of upto 17.45 years from the date of first disbursement. It will be repaid in 33 unequal half yearly instalments starting from January 7, 2014 and carry interest rate of LIBOR plus 365 basis points per annum payable half yearly. The outstanding balance as on year end is Rs. 5,838,190,691 (Previous year Rs. 5,927,990,781).		
d) Foreign currency loan from financial institution/ other parties has a tenure of upto 14.45 years from the date of first disbursement. It will be repaid in 27 unequal half yearly instalments starting from January 7, 2014 and carry fixed interest rate of 5.95% per annum w.e.f July 08, 2013, prior to that it was LIBOR plus 365 basis points per annum, payable half yearly. The outstanding balance as on year end is Rs. 5,343,115,095 (Previous year Rs. 5,295,282,680).		
e) Foreign currency loan from financial institution/ other parties has a tenure of upto 17.53 years from the date of first disbursement. It will be repaid in 33 unequal half yearly instalments starting from February 6, 2014 and carry fixed interest rate of 7.1% per annum w.e.f July 08, 2013, prior to that it was LIBOR plus 500 basis points per annum, payable half yearly. The outstanding balance as on year end is Rs. 919,373,994 (Previous year Rs. 896,049,891).		
3.4 Other long term liabilities		
Retention money payable (Refer Note 9)	554,223,276	533,219,678
Others (including hedging premium)	256,220,567	403,214,407
Advance against certified emission reduction	146,592,767	148,057,417
	<u>957,036,610</u>	<u>1,084,491,502</u>
3.5 Long term provisions		
Provision for employee benefits (Refer Note 7)		
- Gratuity	2,074,933	335,735
- Leave encashment	2,527,797	1,525,099
	<u>4,602,730</u>	<u>1,860,834</u>
3.6 Short term borrowings		
Inter corporate deposit from Holding Company (Interest free deposit for a period upto one year)	-	1,372,100,000
	<u>-</u>	<u>1,372,100,000</u>

Rajasthan Sun Technique Energy 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
3.7 Other current liabilities		
Current maturity of long term borrowings	1,038,374,212	965,275,666
Interest accrued but not due on borrowings	161,119,898	152,301,640
Interest accrued and due on borrowings	10,592,778	11,401,635
Advance against certified emission reduction	32,870,900	31,406,250
Creditors for capital expenditure	84,572,113	149,869,144
Retention money payable	4,154,599	1,011,414
Security deposits	3,500,000	-
Employee benefits payable	10,683,139	1,635,243
Others *	106,643,945	192,110,198
*(Including hedging premium, provident fund, tax deducted at source and other miscellaneous payables)		
	<u>1,452,511,584</u>	<u>1,505,011,190</u>
3.8 Short term provisions		
Provision for employee benefits (Refer Note 7)		
- Gratuity	594,854	1,061,347
- Leave encashment	342,792	634,225
Provision for tax (net of advance tax Rs. 34,572,521 (Previous Year : Rs 28,940,152)	17,821,886	51,139,095
	<u>18,759,532</u>	<u>52,834,667</u>

Rajasthan Sun Technique Energy Private Limited
Notes to the financial statements as of and for the year ended March 31, 2016 (continued)

3.9 Fixed assets

Rupees

Particulars	Gross block (at cost)			Depreciation/ amortisation			Net block	
	As at April 1, 2015	Additions during the year	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
Tangible assets								
Leasehold land	5,749,020	30,143,148	35,892,168	718,170	191,443	909,613	34,982,555	5,030,850
Buildings	251,705,341	1,686,640	253,391,981	80,777,363	22,795,128	103,572,491	149,819,490	170,927,978
Plant and equipment	202,442,138	9,644,124	212,086,262	69,402,833	14,764,351	84,167,184	127,919,078	133,039,305
Furniture and fixtures	1,084,089	597,713	1,681,802	721,944	235,008	956,952	724,850	362,145
Office equipment	6,148,172	3,273,272	9,421,444	3,368,054	2,273,183	5,641,237	3,780,207	2,780,118
Computers	1,266,590	369,870	1,636,460	893,041	244,337	1,137,378	499,082	373,549
Vehicles	6,700	974,568	981,268	488	213,889	214,377	766,891	6,212
Total tangible assets	468,402,050	46,689,335	515,091,385	155,881,893	40,717,339	196,599,232	318,492,153	312,520,157
Previous year	466,468,046	1,934,004	468,402,050	101,687,253	54,194,640	155,881,893	312,520,157	-
Intangible assets								
Computer software	461,596	72,500	534,096	333,082	167,247	500,329	33,767	128,514
Total intangible assets	461,596	72,500	534,096	333,082	167,247	500,329	33,767	128,514
Previous year	430,000	31,596	461,596	144,890	188,192	333,082	128,514	-

* Refer Note 2(f)

Rajasthan Sun Technique Energy Private Limited
Notes to the financial statements as of and for the year ended March 31, 2016 (continued)

3.10 Capital work-in-progress

Rupees

Particulars	As at April 1, 2015	Incurred during the year	Capitalised/ Adjusted	As at March 31, 2016
A. Assets under construction	16,638,685,820	403,032,823	482,508	17,041,236,135
B. Expenditure pending allocation				
Project development charges paid to Regulatory Authority	8,272,500	-	-	8,272,500
Interest and finance charges	2,649,373,674	888,045,502	-	3,537,419,176
Rent expenses	55,195,653	6,065,627	-	61,261,280
Insurance	150,924,934	23,633,501	-	174,558,435
Employee benefit expenses				-
- Salary, bonus and other allowance	216,332,723	57,405,076	-	273,737,799
- Contribution to provident and other funds	7,832,392	2,583,492	-	10,415,884
- Leave encashment and gratuity (Refer Note 8)	3,473,192	2,710,912	-	6,184,104
Legal and professional fees (including share service charges)	200,630,173	19,135,720	-	219,765,893
Depreciation/ amortisation expenses	87,858,151	26,335,831	-	114,193,982
Bank and corporate guarantee charges	41,621,473	12,249,704	-	53,871,177
Communication expenses	10,313,317	834,834	-	11,148,151
Start up power and commissioning expenses	133,559,045	20,103,776	-	153,662,821
Exchange loss/(gain) (net) (refer Note no. 2(j) and 13)	1,533,940,635	841,426,521	-	2,375,367,156
Security expenses	16,875,690	6,525,992	-	23,401,682
Operation expenses	-	70,771,200	-	70,771,200
Travelling and conveyance	64,426,974	18,168,677	-	82,595,651
Miscellaneous expenses	604,904,752	138,232,185	-	743,136,937
	5,785,535,278	2,134,228,550	-	7,919,763,828
Less: Income				
Dividend income on current (non -trade) investments	5,512,067	-	-	5,512,067
Interest on fixed deposit	255,422,871	-	-	255,422,871
Sale of energy	-	169,854,300	-	169,854,300
Sale of scrap	2,015,993	16,697,253	-	18,713,246
Insurance Claim	-	149,757,135	-	149,757,135
	262,950,931	336,308,688	-	599,259,619
Less: Provision for Income Tax / (Excess provision reversed)	79,896,936	(37,534,840)	-	42,362,096
	183,053,995	373,843,528	-	556,897,523
Total (B)	5,602,481,283	1,760,385,022	-	7,362,866,305
Total Capital work-in-progress (A+B)	22,241,167,103	2,163,417,847	482,508	24,404,102,440
Previous year	19,266,554,990	2,974,612,113	-	22,241,167,103

Rajasthan Sun Technique Energy 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
3.11 Long term loans and advances (Unsecured and considered good unless stated otherwise)		
Capital advance	961,164,026	1,304,262,301
Security deposits	438,000	438,000
	961,602,026	1,304,700,301
3.12 Other non-current assets (Unsecured and considered good unless stated otherwise)		
Hedging premium	39,931,121	105,317,140
	39,931,121	105,317,140
3.13 Current investments		
Mutual Fund (unquoted, at lower of cost and fair value)		
Reliance liquid fund - direct growth plan - growth option [Number of units: Nil (Previous Year: 250,899 Units), face value of Rs.1,000 each]]	-	855,883,513
	-	855,883,513
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.31,253,670 billed subsequent to March 31, 2016)	82,033,022	-
	82,033,022	-
3.15 Cash and bank balances		
Cash and cash equivalents		
Bank balance in current account	121,730,359	44,361,107
Deposit account (with a maturity period of less than 3 month)	999,272,559	130,000,000
	1,121,002,918	174,361,107
3.16 Short term loans and advances (Unsecured and considered good unless stated otherwise)		
Security deposits	14,890,300	14,917,000
Advances recoverable in cash or kind	10,624,000	37,343,433
Prepaid expenses	12,517,905	10,814,399
Loans and advances to employees	200,000	37,634
	38,232,205	63,112,466
3.17 Other current assets (Unsecured and considered good unless stated otherwise)		
Others (Including hedging premium)	65,311,795	97,457,436
Interest accrued on deposits	4,105,232	150,262
	69,417,027	97,607,698

Rajasthan Sun Technique Energy Private Limited
Notes to the financial statements as of and for the year ended March 31, 2016 (continued)

3.18 Other income	Year ended March 31, 2016 Rupees	Year ended March 31, 2015 Rupees
Profit on sale of investments in mutual fund	53,761,720	589,993
Interest Income	19,967,822	-
Dividend Income on current investment in Mutual fund	23,812	50,667,860
	<u>73,753,354</u>	<u>51,257,853</u>

Rajasthan Sun Technique Energy Private Limited
Notes to the financial statements as of and for the year ended March 31, 2016 (continued)

4 Project status

The Company has declared its Concentrated Solar Power (CSP) plant as commercially operational (COD) on November 17, 2014, as per the terms of power purchase agreement (PPA) against the scheduled commissioning date of March 07, 2014. The Expert Committee constituted by Ministry of New and Renewable Energy (MNRE) has recommended extension of Scheduled Commercial Date (SCD) till December 31, 2014 without levy of any penalty. Accordingly, the Company, along with other CSP developers, has filed an application/petition with Central Electricity Regulatory Authority (CERC) for extension of SCD and the final order is awaited. The Company is of the opinion that there will not be any financial implications due to delay in achieving COD.

Necessary technical upgrades of the plant is under process to operate the plant at its intended capacity. Accordingly, the Company has continued capitalization of preoperative expenditure and Interest during construction (net of revenue during constructions) as capital work in progress .

5 Contingent Liabilities and Capital Commitments

- a) As per the terms of the PPA entered with NTPC Vidyut Vyapar Nigam Limited (NVVN), the Company was required to generate minimum committed energy in the contract year subsequent to declaration of commercial operation date (COD). The Company has received a demand of Rs 242,392,500 towards shortfall in minimum energy supply for period from November 17, 2014 (date of COD as per the terms of PPA) to March 31, 2015. In the response to said demand, the Company has communicated NVVN that the shortfall is due to factors beyond the control of the Company. Considering the said facts and the terms of the PPA, the Company has disputed the demand raised and no provision has been made in the financial statements for the said period and the current financial year.

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. 71,791,854 (Previous year Rs. 48,432,224).

6 Details of remuneration to auditors:

	Year ended March 31, 2016	Rupees Year ended March 31, 2015
As auditors		
For statutory audit	3,000,000	3,000,000
For others	85,233	30,000
Out of pocket expenses	51,273	61,732
Total	3,136,506	3,091,732

7 Disclosure under Accounting Standard 15 “Employee Benefits” (AS-15)

The Company has classified various employee benefits as under:

Defined contribution plans

- (a) Provident fund
(b) Superannuation fund
(c) State defined contribution plans
 - Employees’ pension scheme
 - Employees’ deposit link insurance scheme

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

Rajasthan Sun Technique Energy Private Limited
Notes to the financial statements as of and for the year ended March 31, 2016 (continued)

The Company has recognised the following amounts in the Capital work-in-progress for the year:

	Year ended March 31, 2016	Rupees Year ended March 31, 2015
(i) Contribution to provident fund and other funds	1,349,021	1,202,244
(ii) Contribution to employees' superannuation fund	243,429	127,774
(iii) Contribution to employees' pension scheme 1995	843,645	454,324
(iv) Contribution to employees' deposit link insurance scheme	147,397	113,290

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:

	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	-

	Year ended March 31, 2016		Year ended March 31, 2015	
	Gratuity	Leave encashment	Gratuity	Leave encashment
(i) Changes in present value of obligation				
Opening balance of present value of obligation	1,397,082	2,159,324	3,191,283	4,848,392
Liability on transfer of employee (net)	-	-	-	-
Interest cost	96,526	226,316	278,827	562,708
Current service cost	363,219	1,040,799	595,949	1,904,513
Actuarial (gain)/ loss	812,960	171,092	(1,886,117)	(4,888,625)
Benefits paid	-	(726,942)	(782,860)	(267,664)
Closing balance of present value of obligation	2,669,787	2,870,589	1,397,082	2,159,324
(ii) Amounts recognised in the Balance Sheet				
Closing balance of present value of obligation	2,669,787	2,870,589	1,397,082	2,159,324
Unfunded liability recognised in the Balance Sheet	2,669,787	2,870,589	1,397,082	2,159,324
(iii) Expenses recognised in Capital work-in-progress				
Current service cost	363,219	1,040,799	595,949	1,904,513
Interest cost	96,526	226,316	278,827	562,708
Net actuarial (gain)/ loss	812,960	171,092	(1,886,117)	(4,888,625)
Total expenses recognised in the Capital work-in-progress	1,272,705	1,438,207	(1,011,341)	(2,421,404)
(iv) Expected employer's contribution for the next year	594,854	342,792	1,061,347	634,225

Rajasthan Sun Technique Energy Private Limited

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

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

					Rupees
Gratuity	2015-16	2014-15	2013-14	2012-13	2011-12
Present value of the defined benefit obligation	2,669,787	1,397,082	3,191,283	2,739,063	-
Fair value of the plan assets	-	-	-	-	-
(Surplus)/ Deficit in the plan	2,669,787	1,397,082	3,191,283	2,739,063	-
Experience adjustments	-	-	-	-	-
On plan liabilities	799,632	(1,956,791)	289,139	-	-
Total experience adjustment	799,632	(1,956,791)	289,139	-	-

					Rupees
Leave encashment	2015-16	2014-15	2013-14	2012-13	2011-12
Present value of the defined benefit obligation	2,870,589	2,159,324	4,848,392	5,841,357	1,512,686
Fair value of the plan assets	-	-	-	-	-
Deficit in the plan	2,870,589	2,159,324	4,848,392	5,841,357	1,512,686
Experience adjustments	-	-	-	-	-
On plan liabilities	157,457	(5,044,306)	(2,678,903)	1,779,783	-
Total experience adjustment	157,457	(5,044,306)	(2,678,903)	1,779,783	-

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.

8 Related party disclosures

As per Accounting Standard - 18 "Related Party Disclosures", the Company's related parties and transactions are disclosed below:

A. Parties where control exists:

(i) Holding company

Reliance Power Limited (RPower)

(ii) Fellow subsidiary:

- (a) Dhursar Solar Power Private Limited (DSPL)
- (b) Rosa Power Supply Company Limited (RPSCCL)
- (c) Coastal Andhra Power Limited (CAPL)
- (d) Jharkhand Integrated Power limited (JIPL)
- (e) Sasan Power Limited (SAPL)
- (f) Samalkot Power Limited (SMPL)
- (g) Reliance Natural Resources Limited (RNRL)

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		
Legal and professional fees (including shared service charges)		
RPower	5,700,000	5,618,000
Reimbursement of expenses and advance taken		
RPower	16,521,597	12,018,548
SMPL	28,239	-
RPSCCL	55,678	-
SAPL	10,192	10,170
RNRL	-	10,685,630

Rajasthan Sun Technique Energy Private Limited

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

Particulars	Rupees 2015-16	Rupees 2014-15
Reimbursement of expenses and advance given		
DSPL	-	1,012,549
SAPL	4,481	50,784
RPSCCL	-	4,908
RPower	3,003,223	-
SMPL	-	3,386
Material/ service received		
CAPL	909,244	-
JIPL	1,051,544	-
Inter corporate deposits received		
RPower	2,235,900,000	1,372,100,000
Inter corporate deposits repaid		
RPower	10,000,000	-

Particulars	Rupees 2015-16	Rupees 2014-15
(ii) Closing balances		
Equity share capital (excluding premium)		
RPower	28,563,500	28,563,500
Preference share capital (excluding premium)		
RPower	2,856,350	2,856,350
Inter corporate deposit payable		
RPower	3,598,000,000	1,372,100,000
Other current liabilities		
RNRL	-	10,685,630
RPower	-	-
Guarantees issued on behalf of the Company		
RPower	1,147,050,000	1,147,050,000

- (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 DSPL.

- 9 As per the terms of Engineering, Procurement and Construction Contract (EPC) entered by the Company for construction of power plant with Reliance Infrastructure Limited (RInfra), the Company has received material /services during the year aggregating to Rs. 137,712,961 (Previous year Rs. 731,764,766). As against the said contract, the outstanding balance as at the year end is advance towards EPC contract Rs. 405,369,486 (net of retention payable Rs. 554,223,276) (Previous year: Rs. 742,338,463 (net of retention Rs. 533,219,678)). In addition, the Company has received refund of Rs. 135,000,000 from Rinfra on account of cancellation of township contract.

Rajasthan Sun Technique Energy Private Limited
Notes to the financial statements as of and for the year ended March 31, 2016 (continued)

10 Earnings per share (EPS)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Net Profit/ (Loss) for the year (A) (Rupees)	49,354,599	34,719,440
Weighted average number of equity shares (B)	2,856,350	2,856,350
Basic earnings/ (loss) per share (A/B) (Rupees)	17.28	12.16
Weighted average number of potential equity shares on account of conversion of preference shares (C)	2,856,350	31,302
Weighted average number of shares for diluted EPS (D=B+C)	5,712,700	2,887,652
Diluted earnings/ (loss) per share (A/D) (Rupees)	8.64	12.02
Nominal value of an equity share (Rupees)	10.00	10.00

11 Foreign currency exposure

a) Particulars of derivative instruments

Instrument acquired for hedging	As at March 31, 2016		As at March 31, 2015	
	No. of instruments	Amount (USD)	No. of instruments	Amount (USD)
Interest rate swap	1	15,000,000	1	17,600,000
Cross currency swap	1	13,415,650	1	14,436,150
Forward contract	11	20,445,000	15	27,930,000
Call spread	2	25,500,000	2	27,500,000

No derivative instruments are acquired for speculation purpose

b) Foreign currency exposure not hedged by derivative instrument or otherwise

Sr. No.	Particulars	As at March 31, 2016		As at March 31, 2015	
		Amount in USD	Amount in Rupees	Amount in USD	Amount in Rupees
(i)	Borrowings (including interest accrued and due/ but not due and commitment fees accrued and due/ but not due)	171,438,548	11,372,016,071	175,685,104	10,996,271,207
(ii)	Creditor for capital expenditure and retention money payable	38,28,585	253,961,129	5,190,594	324,883,431
(iii)	Premium payable in foreign currency	2,905,972	192,761,569	3,609,840	225,942,773

Rajasthan Sun Technique Energy Private Limited
Notes to the financial statements as of and for the year ended March 31, 2016 (continued)

c) Expenditure in foreign currency

Sr. No.	Particulars	Rupees	
		Year ended March 31, 2016	Year ended March 31, 2015
(i)	CIF value of imports		
	Capital goods	90,748,396	-
(ii)	Expenditure in foreign currency		
	Interest and finance charges	735,123,516	720,694,460
	Legal and professional fees	16,843,207	1,076,562
	Travelling and conveyance	1,768,762	874,800
	Premium on hedging instruments	-	251,776,549

12 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 regards in respect of payments made during the year or brought forward from previous years.

13 Exchange differences on foreign currency monetary items

The Company has availed the option available with respect to accounting for exchange difference arising on long term foreign currency monetary items in the Companies (Accounting Standards) (Second Amendment), Rules, 2011. Due to exercise of the said option as explained in Note 2(j) above, the Company has adjusted the value of Capital work-in-progress by Rs. 841,426,521 (loss) [(Previous Year Rs 592,808,378 (loss))] towards the exchange difference arising on long term foreign currency monetary liabilities.

14 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 would be 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.

15 Previous year figures have been regrouped/ recasted wherever necessary to make them comparable to those for the current year.

Rajasthan Sun Technique Energy 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

Satyendra Sarupria

Director

DIN Number: 00270718

Vijay Napawaliya

Partner

Membership No. 109859

Sunil K Agarwal

Director

DIN Number: 03636810

Place: Mumbai

Date: May 26, 2016

Place: Mumbai

Date: May 26, 2016