

INDEPENDENT AUDITORS' REPORT

To The Members of Samalkot Power Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Samalkot Power 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.

Emphasis of Matter

9. We draw attention to Note 4 of the accompanying Notes to the financial statements for the year ended as on March 31, 2016, regarding continued uncertainty as to the availability of the natural gas supply and as such the accompanying financial statements do not include any adjustment that might result from the outcome of the said uncertainty on commissioning of the Company's plant. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. 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 explanation 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.
11. Further to our comment in the Annexure B, as required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) In our opinion as explained in paragraph 9 above, the functioning of the Company's plant would be effected by outcome of the said uncertainty as to the availability of the natural gas supply on commissioning of the Company's plant.
 - (f) 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.
 - (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

- (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2016, on its financial position in its financial statements – Refer Note 17;
 - ii. The Company has long term contracts but no 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

Priyadshu Gundana
Partner
Membership Number: 109553

Place: Mumbai
Date: May 27, 2016

Vijay Napawaliya
Partner
Membership Number 109859

Place: Mumbai
Date: May 27, 2016

Annexure A to Independent Auditors' Report

Referred to in paragraph 11(g) of the Independent Auditors' Report of even date to the members of Samalkot Power Limited on the financial statements for the year ended March 31, 2016

Page 1 of 2

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 Samalkot Power 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 (the "Guidance Note") 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 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 judgement, 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.

Annexure A to Independent Auditors' Report

Referred to in paragraph 11(g) of the Independent Auditors' Report of even date to the members of Samalkot Power Limited on the financial statements for the year ended March 31, 2016

Page 2 of 2

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are 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

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 27, 2016

Place: Mumbai
Date: May 27, 2016

Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Samalkot Power 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 are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 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.
- (c) The title deeds of immovable properties other than self-constructed immovable property (buildings) as disclosed in Note 3.9 on fixed assets to the financial statements, are held in the name of the Company, except for Freehold land includes land admeasuring 49.75 acres allotted by Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) for Rs. 220,865,187.
- ii. The Company does not hold 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. In our opinion, and according to the information and explanations given to us, the Company has not granted any loans or provided any guarantee or security to its director or any other person in whom director is interested. As the Company is engaged in providing infrastructure facilities as specified in Schedule VI of the Act, provisions of section 186 except sub-section (1) of the Act are not applicable to the Company. In our opinion and according to information and explanations given to us, the Company has complied with the provisions sub-section (1) of section 186 of the Act.
- 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, 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 rules made by Central Government of India with respect to maintenance of cost records pursuant to sub section (1) of Section 148 of the Act are not applicable as 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 the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales 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, 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.

Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Samalkot Power Limited on the financial statements as of and for the year ended March 31, 2016

Page 2 of 2

- 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 during the year under audit. The Company has raised moneys through term loans during the year, which, on an overall basis have been applied for the purpose for which they were raised.
- 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 managerial remuneration. Therefore, provisions of clause 3 (xi) of the order are 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 No: 109553

Place: Mumbai
Date: May 27, 2016

Vijay Napawaliya
Partner
Membership No: 109859

Place: Mumbai
Date: May 27, 2016

Samalkot Power 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	300,188,000	300,188,000
Reserves and surplus	3.2	29,741,323,661	29,671,455,649
Non-current liabilities			
Long term borrowings	3.3	28,190,726,712	29,925,421,071
Other long term liabilities	3.4	752,100,000	7,566,492,652
Long term provisions	3.5	5,561,039	3,909,839
Current liabilities			
Short term borrowings	3.6	6,038,600,000	1,386,900,000
Other current liabilities	3.7	30,798,828,075	21,664,930,290
Short term provisions	3.8	7,844,643	118,249
Total		95,835,172,130	90,519,415,750
Assets			
Non-current assets			
Fixed assets			
Tangible assets	3.9	468,168,701	474,427,614
Intangible assets	3.9	-	1,537,220
Capital work-in-progress	3.10	71,174,723,808	86,879,124,035
Non-current investments	3.11	10,000	10,000
Long term loans and advances	3.12	790,764,730	1,961,297,135
Other non-current assets	3.13	7,653,435	57,757,418
Current assets			
Current investments	3.14	-	49,254,636
Cash and bank balances	3.15	4,552,858	967,669,651
Short term loans and advances	3.16	2,532,760,652	59,632,407
Other current assets	3.17	20,856,537,946	68,705,634
Total		95,835,172,130	90,519,415,750

The notes are an integral part of these financial statements

Samalkot Power Limited

As per our attached report of even date

For Price Waterhouse

Chartered Accountants

Firm Registration Number: 301112E

Priyanshu Gundana

Partner

Membership Number: 109553

For Chaturvedi & Shah

Chartered Accountants

Firm Registration Number: 101720W

Vijay Napawaliya

Partner

Membership Number: 109859

Place: Mumbai

Date: May 27, 2016

For and on behalf of the Board of Directors

Ashok Karnavat

Director

DIN No. ' 07098455

Suresh Joshi

Director

DIN No. ' 07143407

N. Venugopala Rao

Director

DIN No. ' 03143364

Shrikant D Kulkarni

Director

DIN No. ' 5136399

Ashwin Purohit

Chief Financial Officer

Nilakshi Sagvekar

Company secretary

Place: Mumbai

Date: May 26, 2016

Samalkot Power Limited
Statement of Profit and Loss for the year ended March 31, 2016

Particulars	Note	Year ended March 31, 2016 Rupees	Year ended March 31, 2015 Rupees
Other income	3.18	90,892,120	1,254,636
Total Revenue		90,892,120	1,254,636
Finance cost	3.19	2,456,824	-
Other expenses	3.20	215,816	4,286
Total Expenses		2,672,640	4,286
Profit before tax		88,219,480	1,250,351
Tax expense:			
For the current year		18,351,468	-
Profit for the year		69,868,012	1,250,351
Earnings per equity share: (Face value of Rs. 10 each)			
Basic		4.65	0.08
Diluted		2.33	0.08
(Refer note 9)			

The notes are an integral part of these financial statements

Samalkot Power Limited

As per our attached report of even date

For Price Waterhouse

Chartered Accountants

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Company secretary

Place: Mumbai

Date: May 26, 2016

Samalkot Power Limited
Cash Flow Statement for the year ended March 31, 2016

Particulars	Year ended March 31, 2016 Rupees	Year ended March 31, 2015 Rupees
(A) Cash flow from/ (used in) Operating activities		
Profit/ (Loss) before tax	88,219,480	1,250,351
Adjusted for:		
Interest on Buyers' credit	2,456,824	-
Interest income	(1,440,180)	-
Dividend on current investments	(2,230,296)	(1,254,636)
Unrealised Exchange rate fluctuation	(87,221,644)	-
Net cash (used in) Operating activities	(215,816)	(4,285)
(B) Cash flow from/ (used in) Investing activities		
Purchase of fixed assets (including Capital work-in-progress and Capital advances)	(1,460,334,400)	(518,500,378)
Redemption / (purchase) of current investments	49,254,636	(49,254,636)
(Increase) / decrease in non-current bank balances	50,103,983	(35,315,708)
(Increase) / decrease in other bank balances	945,000,000	(945,000,000)
Interest received	39,509,669	89,443,368
Dividend received	2,230,296	1,254,636
Taxes paid	(5,163,472)	(22,119,138)
Net cash (used in) Investing activities	(379,399,288)	(1,479,491,856)
(C) Cash flow from/ (used in) Financing activities		
Inter corporate deposit received	4,651,700,000	-
Proceeds from long term borrowings - secured	-	1,181,655,662
Repayment of long term borrowings - secured	(3,412,541,289)	-
Interest and finance charges paid	(877,711,487)	(35,636,544)
Net cash generated from Financing activities	361,447,224	1,146,019,118
Net decrease in cash and cash equivalents (A+B+C)	(18,167,880)	(333,477,023)
Cash and cash equivalents at the beginning of the year		
Bank balances - current account	22,669,651	305,872,789
Bank balances - deposits account	-	50,273,885
Cash and cash equivalents at the end of the year		
Bank balances - current account	4,501,771	22,669,651

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

Samalkot Power Limited

As per our attached report of even date

For Price Waterhouse

Chartered Accountants

Firm Registration Number: 301112E

Priyanshu Gundana

Partner

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Director

DIN No. ' 5136399

Ashwin Purohit

Chief Financial Officer

Nilakshi Sagvekar

Company secretary

Place: Mumbai

Date: May 26, 2016

1. General information

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

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 borrowing cost are disclosed as Capital Work-in-Progress.

Items of tangible assets that have been retired from active use or are to be transferred are stated at lower of their net book value and net realizable value and are shown separately in the financial statements under the head "other current assets". Any expected loss is recognized immediately in the Statement of Profit and Loss.

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.

f) Depreciation/ Amortization:

(i) Tangible Assets:

Tangible Assets are depreciated on Straight Line Method (SLM) as per useful life prescribed in part C of Schedule II to the Companies Act, 2013.

(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, Contingent Liabilities and Contingent Assets:

(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 required as per the terms of agreement. Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised 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 rate different from those at which they were initially recorded are recognised in the Statement of Profit and Loss/ Capital Work-in-Progress, as applicable.

(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.

k) Revenue Recognition:

Profit on sale/ redemption of investment is accounted on sale/ redemption of such investments. Dividend on investments 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.

l) Employee benefits:

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

(i) Defined contribution plans:

Contributions to defined contribution schemes such as provident fund and superannuation are charged off to the Statement of Profit and Loss/ Capital Work-In-Progress, as applicable, 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 an actuarial valuation using the projected unit credit method. Such defined benefits are charged off to the Statement of Profit and Loss/ Capital work-in-progress, as applicable. Actuarial gain/ losses are recognised in the year in which they arise.

(iii) Short term/ long term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service including performance incentives and compensated absences are classified as short term employee benefits. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are charged off to the Statement of Profit and Loss/ Capital Work-in-Progress, 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.

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 reflect 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.

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
3.1 Share capital		
Authorised		
15,025,000 (Previous year: 15,025,000) equity shares of Rs. 10 each	150,250,000	150,250,000
15,025,000 (Previous year: 15,025,000) preference shares of Rs. 10 each	150,250,000	150,250,000
	300,500,000	300,500,000
Issued, subscribed and fully paid up capital		
15,009,400 (Previous year: 15,009,400) equity shares of Rs. 10 each fully paid up	150,094,000	150,094,000
15,009,400 (Previous year: 15,009,400) preference shares of Rs. 10 each fully paid up [Refer note 3.1.2(b)]	150,094,000	150,094,000
	300,188,000	300,188,000
3.1.1 Reconciliation of number of shares		
Equity shares		
Balance at the beginning of the year 15,009,400 (Previous year: 15,009,400) shares of Rs.10 each	150,094,000	150,094,000
Balance at the end of the year 15,009,400 (Previous year: 15,009,400) shares of Rs.10 each	150,094,000	150,094,000
Preference shares (Refer note 3.1.2(b))		
Balance at the beginning of the year 15,009,400 (Previous year: 15,009,400) shares of Rs.10 each	150,094,000	150,094,000
Balance at the end of the year 15,009,400 (Previous year: 15,009,400) share of Rs. 10 each	150,094,000	150,094,000

3.1.2 Terms/ rights attached to shares**a) Equity shares**

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of the equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

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

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

Samalkot Power 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
3.1.3 Shares held by holding company and ultimate holding company		
Equity shares		
Reliance CleanGen Limited - 9,009,400 (Previous year: 9,009,400) equity shares of Rs.10 each	90,094,000	90,094,000
(Of the above 9,009,394 (Previous year: 9,009,394) shares are held by Reliance CleanGen Limited, the holding Company and 6 shares are jointly held by Reliance CleanGen Limited and it's nominees)		
Reliance Power Limited - 6,000,000 (Previous year: 6,000,000) equity shares of Rs.10 each	60,000,000	60,000,000
	<u>150,094,000</u>	<u>150,094,000</u>
Preference shares [Refer Note 3.1.2 (b)]		
Reliance CleanGen Limited - 15,009,400 (Previous year: 15,009,400) preference shares of Rs.10 each	150,094,000	150,094,000
	<u>150,094,000</u>	<u>150,094,000</u>
	<u>300,188,000</u>	<u>300,188,000</u>

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

	As at March 31, 2016		As at March 31, 2015	
	Percentage of share holding	No. of Shares	Percentage of share holding	No. of Shares
Equity shares				
Reliance CleanGen Limited - Holding Company	60%	9,009,400	60%	9,009,400
Reliance Power Limited - Ultimate Holding Company	40%	6,000,000	40%	6,000,000
		<u>15,009,400</u>		<u>15,009,400</u>
Preference shares [Refer Note 3.1.2(b)]				
Reliance CleanGen Limited - Holding Company	100%	15,009,400	100%	15,009,400
		<u>15,009,400</u>		<u>15,009,400</u>
		<u>30,018,800</u>		<u>30,018,800</u>

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
3.2 Reserves and surplus		
3.2.1 Securities premium account		
Balance at the beginning of the year	29,669,112,000	29,669,112,000
Balance at the end of the year	29,669,112,000	29,669,112,000
3.2.2 Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	2,343,649	1,093,298
Profit for the year	69,868,012	1,250,351
Balance at the end of the year	72,211,661	2,343,649
	29,741,323,661	29,671,455,649
3.3 Long-term borrowings		
Secured		
Term loans:		
Foreign currency term loan from financial institution	28,190,726,712	29,925,421,071
	28,190,726,712	29,925,421,071
3.3.1 Nature of security for term loan		
a) Term loans from financial institution of Rs. 31,714,567,371 (Previous year Rs. 33,250,468,007) is secured/ to be secured by first charge on all the immovable and movable assets and intangible asset of the Company and pledge of 100% of the total issued share capital of the Company held by the Holding Company and Ultimate Holding Company.		
b) The Ultimate Holding Company has given financial commitments/ guarantees to the lender of the Company. [Refer Note 8D(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 and interest		
Foreign currency term loan from financial institution is repayable in 23 semi-annual installments commencing from April 25, 2015 after the initial moratorium period upto October 25, 2014. Said facility carries fixed interest rate of 2.65% per annum payable on semi-annually basis..		
3.4 Other long term liabilities		
Retention money payable (Refer note 11)	752,100,000	7,566,492,652
	752,100,000	7,566,492,652
3.5 Long-term provisions		
Provision for employee benefits (Refer Note 7)		
Provision for gratuity	2,216,408	1,669,421
Provision for leave encashment	3,344,631	2,240,418
	5,561,039	3,909,839

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
3.6 Short-term borrowings		
Unsecured		
Inter corporate deposit received (Refer Note 8) (repayable within one year)	6,038,600,000	1,386,900,000
	6,038,600,000	1,386,900,000
3.7 Other current liabilities		
Current maturities of long term borrowings	3,523,840,659	3,325,046,936
Interest accrued but not due on borrowings	363,805,170	405,178,213
Interest Payable to holding company	280,578,554	133,509,198
Security deposits	-	219,022
Creditors for capital expenditure (Refer Note 11 and 12) [For amount payable to related parties (Refer Note 8)]	897,883,883	17,767,746,925
Retention money payable	2,518,751	2,160,647
Employee benefits payable	8,227,604	6,976,667
Others (Including provident fund, tax deducted at source and other miscellaneous payables)	16,875,035	24,092,682
Other payables (Refer note 12)	25,705,098,419	-
	30,798,828,075	21,664,930,290
3.8 Short-term provisions		
Provision for employee benefits (Refer note 7)		
Provision for gratuity	161,225	15,032
Provision for leave encashment	151,367	103,217
Provision for income tax (net of advance tax of Rs. 28,694,814, Previous year: Rs. NIL)	7,532,051	-
	7,844,643	118,249

3.9 Tangible and Intangible assets

Particulars	Gross block (at cost)				Depreciation/ amortisation				Net block	
	As at April 1, 2015	Additions during the year	Deduction during the year	As at March 31, 2016	As at April 1, 2015	For the Year	Deduction during the year	Up to March 31, 2016	As at March 31, 2016	As at March 31, 2015
Tangible assets										
Freehold land *	448,277,761	-	-	448,277,761	-	-	-	-	448,277,761	448,277,761
Buildings	23,982,140	-	-	23,982,140	3,405,698	5,765,533	-	9,171,231	14,810,909	20,576,442
Plant and machinery	4,842,595	-	-	4,842,595	311,122	306,757	-	617,879	4,224,716	4,531,473
Furniture and fixtures	1,046,192	-	-	1,046,192	329,529	40,439	-	369,968	676,224	716,663
Office equipments	369,461	85,267	27,500	427,228	176,212	113,205	19,967	269,450	157,778	193,249
Computers	367,100	-	-	367,100	235,074	110,713	-	345,787	21,313	132,026
Total tangible assets	478,885,249	85,267	27,500	478,943,016	4,457,635	6,336,647	19,967	10,774,315	468,168,701	474,427,614
Previous year	455,660,855	23,224,394	-	478,885,249	728,832	3,728,803	-	4,457,635	474,427,614	-
Intangible assets										
Softwares	4,583,799	-	-	4,583,799	3,046,579	1,537,220	-	4,583,799	-	1,537,220
Total intangible assets	4,583,799	-	-	4,583,799	3,046,579	1,537,220	-	4,583,799	-	1,537,220
Previous year	4,583,799	-	-	4,583,799	1,508,582	1,537,997	-	3,046,579	1,537,220	-

* Freehold land includes land admeasuring 49.75 acres allotted by Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) for Rs. 220,865,187. As per the agreement for sale dated May 2, 2011 with APIIC, the land shall be registered in the name of the Company on commencement of commercial operations.

Samalkot Power 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 Asset under Construction *	70,123,471,268	1,353,286,722	-	71,476,757,990
B Expenditure pending allocation/ capitalisation				
(i) Expenses				
Interest and finance charges	4,708,303,691	983,407,800	-	5,691,711,491
Insurance	693,018,182	75,063,968	-	768,082,150
Employee benefit expenses:				
- Salaries, bonus and other allowances	238,424,250	48,481,314	-	286,905,564
- Contribution to provident and other funds (Refer Note 7)	10,008,744	1,885,772	-	11,894,516
- Gratuity and leave encashment (Refer Note 7)	5,687,946	2,791,409	-	8,479,355
Bank and corporate guarantee charges	136,287,704	23,359,786	-	159,647,490
Depreciation and amortisation	7,504,215	7,873,867	-	15,378,082
Foreign exchange loss/ (gain) net - [Refer Note 2(j) and 16]	10,572,411,449	2,742,941,717	-	13,315,353,166
Legal and professional fees (including shared service charges)	193,049,493	10,061,999	-	203,111,492
Other expenses	191,460,645	14,247,757	-	205,708,402
Subtotal	16,756,156,319	3,910,115,389	-	20,666,271,708
(ii) Income				
Interest received on deposits	160,660,876	24,020,653	-	184,681,529
Less: Income tax	17,875,397	-	-	17,875,397
Insurance claim received	-	85,622,938	-	85,622,938
Subtotal	142,785,479	109,643,591	-	252,429,070
Net expenditure pending allocation (i) - (ii)	16,613,370,840	3,800,471,798	-	20,413,842,638
C Construction stores	142,281,927	-	1,721,377	140,560,550
Total (A+B+C)	86,879,124,035	5,153,758,519	1,721,377	92,031,161,177
D Less : Assets for Bangladesh Project (Refer note 4)	-	-	-	20,856,437,369
Total Capital work-in-progress (A+B+C-D)	86,879,124,035	5,153,758,519	1,721,377	71,174,723,808
Previous year	82,335,290,700	4,572,505,269	28,671,934	86,879,124,035

* Including material amounting to Rs. 20,531,926,742 (Previous year Rs. 20,531,926,742) lying in custom bonded warehouse (Refer Note 17)

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
3.11 Non-current investments (Non-trade)		
Investments in Government securities (Unquoted, at cost)	10,000	10,000
National Savings Certificate (deposited with Sales Tax Authorities)		
	10,000	10,000
3.12 Long term loans and advances		
(Unsecured and considered good unless stated otherwise)		
Capital advances (Refer Note 11)	752,100,000	1,884,977,104
Security deposits	38,664,730	60,069,725
Advances recoverable in cash or in kind	-	267,417
Advance income tax and tax deducted at source [net of provision for tax Rs. NIL (Previous year Rs. 17,875,397)]	-	15,982,889
	790,764,730	1,961,297,135
3.13 Other non-current assets		
Fixed deposits (deposited with Excise Authorities and for Bank guarantees)	7,653,435	22,441,710
Margin money deposits	-	35,315,708
	7,653,435	57,757,418
3.14 Current investments		
Mutual fund(unquoted, at lower of cost and fair value)		
Reliance liquid fund - direct daily dividend plan	-	49,254,636
[Number of units NIL (Previous year 32,219 units), face value of Rs. 1000 each]		
	-	49,254,636
3.15 Cash and bank balances		
Cash and cash equivalents		
Bank balance in current accounts	4,501,771	22,669,651
Other bank balances		
Term deposits with original maturity of more than three months but less than twelve months	51,087	945,000,000
	4,552,858	967,669,651
3.16 Short term loans and advances		
(Unsecured and considered good unless stated otherwise)		
Prepaid expenses	29,108,702	59,577,407
Loans/ advances to employees	481,558	55,000
Inter corporate deposits given (Refer Note 12)	2,503,170,392	-
	2,532,760,652	59,632,407
3.17 Other current assets		
Assets for Bangladesh project (Refer note 4)	20,856,437,369	-
Interest accrued on deposits	99,077	14,147,913
Income accrued - Others	1,500	1,500
Other receivables	-	54,556,221
	20,856,537,946	68,705,634

Samalkot Power 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
3.18 Other income		
Dividend income on current investment (non trade)	2,230,296	1,254,636
Interest on Inter corporate deposit	1,440,180	-
Gain on foreign exchange fluctuation	87,221,644	-
	90,892,120	1,254,636
3.19 Finance Cost		
Interest on Buyers' credit (Refer note 12)	2,456,824	-
	2,456,824	-
3.20 Other expenses		
Stamp duty and filing fees	11,400	4,286
Directors sitting fee	204,416	-
	215,816	4,286

4. Project status:

The Company is in the process of constructing a gas based power plant at Kakinada, which based on the current circumstances, has planned its construction work and consequential commercial operations thereafter progressively starting from 2017 – 2018. The Company has applied for allocation of gas and Ministry of Petroleum and Gas (MoPNG) is yet to allocate the gas linkage. Considering that the gas availability in the country has dropped significantly and also based on gas availability projected scenarios in subsequent years, the Company is actively pursuing / making representations with various government authorities to secure the gas linkage / supply and is evaluating alternative arrangements / various approaches to deal with the situation in respect of its 2262 MW (754 MW X 3) gas based power project.

The Company is also exploring options for relocating the project, partially or fully, to other countries and in this context Reliance Power Limited, ultimate holding Company, has entered into a Memorandum of Understanding with Government of Bangladesh (GoB) for developing gas project of 3,000 MW capacity. Subsequent to the year end, GoB has given in principal approval for setting up of a 754 MW project at Meghnaghat, together with setting up of a Floating Storage and Regasification Unit (FSRU) based Liquefied Natural Gas (LNG) terminal at Maheshkhali, for which project agreements are being negotiated. In view of the above developments, the Company is presently continuing with implementation of 1,508 MW (754 MW X 2) at existing location and plans to relocate the balance 754 MW capacity (754 MW X 1) to Bangladesh.

The Company has done a preliminary assessment of the assets that would be transferred to a wholly owned subsidiary of RPower to be incorporated in Bangladesh for implementing the 754 MW project, the aggregate value of which is Rs. 20,856,437,369. Considering the above facts, the Company has classified these equipments under "Other current assets" as "Assets for Bangladesh Project" which was earlier shown as "Capital work in progress", at cost or net realizable value whichever is lower.

Based on the business plans and valuation assessment, the management of the Company is confident that the carrying value of the assets proposed to retain at Kakinada, India and those proposed to be shifted to Meghnaghat, Bangladesh are appropriate and does not require any material adjustments in the financial statements.

5. Contingent Liabilities and Commitments:

The Bank guarantees issued on behalf of the Company is Rs. 2,387,605. Estimated amount of contracts remaining unexecuted on capital account (net of advances paid) and not provided for Rs. 9,744,503,957 (Previous year: Rs. 9,506,916,433).

6. Details of remuneration to auditors:

Particulars	Year ended March 31, 2016	Rupees Year ended March 31, 2015
As auditors		
- For statutory audit	5,400,000	5,400,000
- For others	-	60,000
Out of pocket expenses	-	101882

7. Disclosure under Accounting Standard 15 "Employee benefits" (AS – 15):

The Company has classified various employee benefits as under:

(A) Defined contribution plans

- a. Provident fund
- b. Superannuation fund
- c. State defined contribution plans
 - 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 Life Insurance Corporation of India. 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 Capital work-in-progress:

	Year ended March 31, 2016	Rupees Year ended March 31, 2015
Contribution to provident fund and employees' pension scheme 1995	1,806,511	1,885,322
Contribution to employees' superannuation fund	79,261	216,157

(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:

	Year ended March 31, 2016		Year ended March 31, 2015	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Discount rate (Per annum)	7.80%	7.80%	7.85%	7.85%
Rate of increase in compensation levels	7.50%	7.50%	7.50%	7.50%
Expected average remaining working lives of employees in number of years	10.09	-	9.69	-

	Year ended March 31, 2016		Rupees 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	1,684,453	2,343,635	1,326,356	2,756,221
Current service cost	638,634	1,121,623	504,979	1,315,054
Interest cost	181,772	267,971	151,747	356,316
Actuarial losses/ (gains)	(127,226)	708,635	(53,019)	(1,174,226)
Benefits paid	-	(945,867)	(245,610)	(909,730)
Closing balance of present value of obligation	2,377,633	3,495,997	1,684,453	2,343,635
(ii) Amounts recognised in the Balance Sheet				
Closing balance of present value of obligation	2,377,633	3,495,997	1,684,453	2,343,635
Unfunded liabilities recognised in the Balance Sheet	2,377,633	3,495,997	1,684,453	2,343,635
Recognised as under:				
- Long term provisions (Refer Note 3.5)	2,216,408	3,344,631	1,669,421	2,240,418
- Short term provisions (Refer Note 3.8)	161,225	151,366	15,032	103,217
(iii) Expenses recognised in the Capital work-in-progress				
Current service cost	638,634	1,121,623	504,979	1,315,054
Interest cost	181,772	267,971	151,747	356,316
Actuarial losses/ (gains)	(127,226)	708,635	(53,019)	(1,174,225)
Total expense recognised in Capital work-in-progress (Refer note 3.10)	693,180	2,098,229	603,707	497,145
(iv) Expected employer's contribution for the next year	161,225	151,366	15,032	103,217

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

		Rupees									
(v)	Disclosure as required under Para 120 (n)	2015-2016		2014-2015		2013-2014		2012-2013		2011-2012	
		Gratuity	Leave encashment	Gratuity	Leave encashment	Gratuity	Leave encashment	Gratuity	Leave encashment	Gratuity	Leave encashment
(i)	Present value of the defined benefit obligation	2,377,633	3,495,997	1,684,453	2,343,635	1,326,356	2,756,221	935,778	2,632,270	48,446	1,404,237
	Deficit in the plan	2,377,633	3,495,997	1,684,453	2,343,635	1,326,356	2,756,221	935,778	2,632,270	48,446	1,404,237
(ii)	Experience adjustments										
	On plan liabilities (gain / (loss))	(143,193)	691,485	(311,919)	(1,479,199)	(154,418)	(1,145,642)	392,192	(31,006)	-	-

The actuarial valuation of gratuity liability does not include liability of seconded employees, as the gratuity will be paid by the Company seconding the employees.

8. Related party disclosures:

As per accounting standard-18 'Related Party Disclosures' as prescribed under Companies (Accounting Standards) Rules, 2014, the Company's related parties and transactions are disclosed below:

A. Parties where Control exists:

Ultimate Holding Company
Reliance Power Limited (RPower)
Holding Company
Reliance CleanGen Limited (RCGL)

B. Fellow subsidiaries

Sasan Power Limited (SAPL)
Rajasthan Sun Technique Energy Private Limited (RSTPL)
Dhursar Solar Power Private Limited (DSPL)
Vidarbha Industries Power Limited (VIPL)
Coastal Andhra Power Limited (CAPL)

C. Key management personnel:

1. Ashwin Purohit - Chief Financial Officer *
2. Paresh Rathod - Company Secretary and Manager *(upto February 12, 2015)
3. Ms Nilakshi Sagvekar - Company Secretary and Manager *(w.e.f. May 26, 2015)

* No transactions with the Company has taken during the year

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

		Rupees
	2015-2016	2014-2015
(i) Transactions during the year :		
Sale of materials/ construction stores		
SAPL	-	13,084,295
Purchase of materials/ services and related costs		
RCGL	135,000	135,000
Reimbursement of expenses paid by		
RPower	14,564,636	5,133,103
RSTL	-	3,836
VIPL	8,110,072	-
CAPL	1,489,131	-
Reimbursement of expenses paid for		
R power	1,524,709	-
RSTL	28,239	-
DSPL	600	-
VIPL	923,175	
Insurance premium		
RPower	512,012	2,053,350

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

	2015-2016	Rupees 2014-2015
Interest and finance charges		
RCGL	146,826,357	146,342,636
Inter-corporate deposits received		
RCGL	4,030,200,000	-
RPower	621,500,000	-
Guarantees issued on behalf of the Company		
RPower	16,526,671	2,770,696
(ii) Closing Balance		
Equity share capital (excluding premium)		
RPower	60,000,000	60,000,000
RCGL	90,094,000	90,094,000
Preference share capital (excluding premium)		
RCGL	150,094,000	150,094,000
Creditors for capital expenditure		
RPower	-	3,296,168
CAPL	1,481,139	-
RCGL	243,000	121,500
Interest payable on inter-corporate deposits		
RCGL	280,335,554	133,509,198
Other receivables		
SAPL	-	49,220,122
Short term borrowings – inter-corporate deposits received		
RCGL	5,417,100,000	1,386,900,000
RPower	621,500,000	
Guarantees issued on behalf of the Company		
RPower	26,046,578	9,519,907

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

9. Earnings per share:

	Year ended March 31, 2016	Year ended March 31, 2015
Profit attributable to equity shareholders (Rupees) (A)	69,868,012	1,250,351
Weighted average number of equity shares for basic earnings per share (B)	15,009,400	15,009,400
Weighted average number of equity shares for diluted earnings per share (C)	30,018,800	15,050,522
Earnings per share - basic (Rupees) (A/B)	4.65	0.08
Earnings per share - diluted (Rupees) (A/C)	2.33	0.08
Nominal value of an equity share (Rupees)	10	10

10. Foreign currency exposure:

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

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
(a)	Borrowings, including interest accrued but not due	483,596,691	32,078,370,976	537,864,846	33,665,391,028
(b)	Creditors for capital expenditure (net of advances) and retention payable	-	-	296,666,946	18,568,621,508
(c)	Creditors for Buyers' credit liability	387,479,540	25,702,641,579	-	-
II. Expenditure in foreign currency				Year ended March 31, 2016	Rupees Year ended March 31, 2015
	Interest and finance charges (including exposure fees)			855,793,156	1,042,724,621
	Engineering services (inspection)			48,894,855	47,361,624
	Legal and professional charges			-	674,945
	Membership and subscription fees			53,488	80,980

11. The Company had awarded a turnkey Engineering, Procurement and Construction (EPC) contract to Reliance Infra Structure Limited (RInfra). Based on the term of the said contract and subsequent amendments thereto, the Company has received material / Services during the year amounting to Rs. 1,279,972,119 (Previous year 1,043,838,996) which has been accounted for as Capital Work in Progress. As against the said contract, the outstanding balances as at the year end is – Creditors Rs. 886,018,720 (Previous year Rs.17,674,354,908), Retention money Rs. 752,100,000 (Previous year Rs. 75,666,492,652) and Advance Rs. 752,100,000 (Previous year Rs. 1,874,707,626). Also refer note 12 below.

12. Pursuant to an agreement dated March 29, 2016 between the Company and RInfra, the Company and R Infra have agreed to transfer certain assets and liabilities as follows :

- (a) The Company is discharged from its obligation to make payments amounting to Rs. 23,286,692,848 outstanding towards engineering procurement and construction contract dated June 30, 2010 (Refer note 11 above) to RInfra and has taken over Inter corporate deposit assets receivable from Crest Logistics and Engineers Private Limited amounting to Rs. 2,503,170,392.
- (b) The Company on an inter se basis has taken over an obligation for buyers credit amounting to USD 387,479,540 outstanding against lender SBI (USD in million) 223.64, Canara Bank (USD in million) 152.29, United overseas Bank (USD in million) 7.94, Deutsche Bank (USD in million) 2.59, HDFC (USD in million) 1.03, pending further approvals / consents, if any required.

Accordingly, these lender liabilities have been disclosed under "Other current liabilities" and ICD has been disclosed under "Short term loans and advances" in the financial statements.

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, as per the information available with the Company. There are no overdue principal amounts/ interest payable amounts for delayed payments to such vendors at the balance sheet date. There are no delays in payment made to such suppliers during the year or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payments made during the year or brought forward from previous years.

14. Segment Reporting:

In accordance with Accounting Standard 17 "Segment Reporting", 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 statement.

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

16. 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. 2,742,941,717 (Loss) [Previous year Rs. 2,088,489,432 (Loss)] towards the exchange difference arising on long term foreign currency monetary liabilities.

17. The project has received provisional mega power status certificate from the Ministry of Power/ Government of India which, interalia, entails the project to avail the exemptions/ benefits of Mega power projects. However, Customs authorities and Customs, Excise and Service Tax Appellate Tribunal have not considered the exemption and the Company has filed an appeal before the Honourable Supreme Court of India claiming the benefits of Mega project. Pending resolution of the matter, the Company is clearing the goods by paying the customs duty. The goods which have not been cleared have been stored in a customs bonded warehouse.
18. Previous year figures have been reclassified, wherever considered necessary, to conform to this year's classification.

Samalkot Power Limited

As per our attached report of even date

For Price Waterhouse

Chartered Accountants

Firm Registration Number: 301112E

Priyanshu Gundana

Partner

Membership Number: 109553

For Chaturvedi & Shah

Chartered Accountants

Firm Registration Number: 101720W

Vijay Napawaliya

Partner

Membership Number: 109859

Place: Mumbai

Date: May 27, 2016

For and on behalf of the

Ashok Karnavat

Director

DIN No. ' 07098455

Suresh Joshi

Director

DIN No. ' 07143407

N. Venugopala Rao

Director

DIN No. ' 03143364

Shrikant D Kulkarni

Director

DIN No. ' 5136399

Ashwin Purohit

Chief Financial Officer

Nilakshi Sagvekar

Company secretary

Place: Mumbai

Date: May 26, 2016