

INDEPENDENT AUDITORS' REPORT

To The Members of Sasan Power Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Sasan 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.

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and in terms of the information and explanations sought by us and given by the Company and the books and the records examined by us in the normal course of audit and to the best of our knowledge and belief, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. Further to our 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) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2016 on its financial position (refer note 4) in the financial statements
 - ii. The Company has made a provision as at March 31, 2016, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
 - 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 and Shah
Firm Registration Number: 101720W
Chartered Accountants

Priyanshu Gundana
Partner
Membership Number: 109553

Vijay Napawaliya
Partner
Membership Number: 109859

Place: Mumbai
Date: May 27, 2016

Place: Mumbai
Date: May 27, 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 Sasan Power 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 Sasan 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 10 (f) of the Independent Auditors' Report of even date to the members of Sasan Power Limited on the financial statements for the year ended March 31, 2016

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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 (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (b) 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; (c) 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
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For Chaturvedi and Shah
Firm Registration Number: 101720W
Chartered Accountants

Priyanshu Gundana
Partner
Membership Number: 109553

Vijay Napawaliya
Partner
Membership Number: 109859

Place: Mumbai
Date: May 27, 2016

Place: Mumbai
Date: May 27, 2016

Annexure B to Independent Auditors' Report

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

Page 1 of 3

- 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 three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties other than self-constructed immovable property (buildings) as disclosed in fixed assets [Note 3.10] to the financial statements, are held in the name of the Company, except freehold land aggregating 13.44 hectares amounting to Rs. 150,861,910 which is pending for registration/mutation.

In respect of immovable properties been taken on lease and disclosed as fixed assets [Note 3.10] to the financial statements, the lease agreements are in the name of the Company.

- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, 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. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, except for dues in respect of Electricity Duty and Energy Development Cess, the Company is regular in depositing 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. The extent of the arrears of statutory dues outstanding as at March 31, 2016, for a period of more than six months from the date they became payable are as follows:

Annexure B to Independent Auditors' Report

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

Page 2 of 3

Name of the statute	Nature of dues	Amount Due (Rs.)	Amount Paid (Rs.)	Period to which the amount relates	Due date	Date of Payment
The Madhya Pradesh Gramin Avsanrachna Tatha Sadak Vikas Adhiniyam, 2005	Gramin Sarvachna Tax	107,994,393	Not Paid	2015-16	Quarterly	Not Paid
Electricity Duty Act, 2012	Electricity Duty	576,313,106	576,313,106	2015-16	Monthly	May 12, 2016
Madhya Pradesh Upkar (Sanshodhan) Adhiniyam, 2012 ("Amendment Act, 2012")	Energy Development Cess	760,757,712	760,757,712	2015-16	Monthly	May 12, 2016

- (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 explanations 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. Also refer note 22 to the financial statements.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans have been applied for the purposes for which they were obtained, except for the unutilized proceeds of term loan, to the extent of Rs. 8,386,700,000 that were obtained for capital expenditure but held in fixed deposit, mutual fund, current accounts and cash credit account held with banks at the year end.
- 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 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.

Annexure B to Independent Auditors' Report

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

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- 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 and Shah
Firm Registration Number: 101720W
Chartered Accountants

Priyanshu Gundana
Partner
Membership Number: 109553

Vijay Napawaliya
Partner
Membership Number: 109859

Place: Mumbai
Date: May 27, 2016

Place: Mumbai
Date: May 27, 2016

Sasan 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	794,995,000	770,495,000
Reserves and surplus	3.2	79,478,951,576	76,997,532,704
Non-current liabilities			
Long-term borrowings	3.3	171,893,030,318	159,240,538,106
Other long term liabilities	3.4	14,173,427,633	14,626,037,140
Long-term provisions	3.5	1,315,389,463	1,140,482,412
Current liabilities			
Short-term borrowings	3.6	4,753,018,482	1,400,000,000
Trade payables	3.7		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,305,686,877	40,997,997
Other current liabilities	3.8	18,647,178,038	20,287,691,446
Short-term provisions	3.9	11,080,783	9,066,164,184
Total		292,372,758,170	283,569,938,989
Assets			
Non-current assets			
Fixed assets			
Tangible assets	3.10	235,949,279,846	218,874,817,652
Intangible assets	3.10	301,360,861	315,529,739
Capital work-in-progress	3.11	4,775,836,600	27,334,361,615
Long-term loans and advances	3.12	8,355,156,810	7,949,457,363
Other non-current assets	3.13	455,360,535	1,587,651,497
Current assets			
Current investments	3.14	8,625,666,393	7,229,514,836
Inventories	3.15	4,058,662,837	2,887,728,080
Trade receivables	3.16	18,503,461,294	9,943,805,562
Cash and bank balances	3.17	7,501,541,462	1,108,755,492
Short-term loans and advances	3.18	2,348,378,988	1,981,544,421
Other current assets	3.19	1,498,052,544	4,356,772,732
Total		292,372,758,170	283,569,938,989

The notes are an integral part of these financial statements.

Sasan Power Limited

As per our attached report of even date

For Price Waterhouse

Chartered Accountants

Firm Registration Number: 301112E

For and on behalf of the Board of Directors

Priyanshu Gundana

Partner

Membership Number: 109553

Ashok Karnavat

Director

DIN No.07098455

For Chaturvedi & Shah

Chartered Accountants

Firm Registration Number: 101720W

N. Venugopala Rao

Director

DIN No.03143364

Vijay Napawaliya

Partner

Membership Number: 109859

Ashutosh Agarwala

Director

DIN No.03151103

Srikant D Kulkarni

Director

DIN No.05136399

Laxmi Dutt Vyas

Chief Financial Officer

Paresh Rathod

Company Secretary

FCS 3476

Place: Mumbai

Date: May 27, 2016

Place: Mumbai

Date: May 26, 2016

Sasan 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
Revenue from operations	3.20	47,029,683,260	430,592,040
Other income	3.21	1,082,989,316	228,974,460
Total revenue		48,112,672,576	659,566,500
Cost of fuel consumed	3.22	14,869,499,675	156,503,658
Employee benefits expense	3.23	792,244,784	8,656,519
Finance costs	3.24	13,917,316,341	184,386,837
Depreciation / amortisation		11,935,391,319	65,658,812
Generation, administration and other expenses	3.25	6,543,053,855	220,330,900
Total expenses		48,057,505,974	635,536,726
Profit before tax		55,166,602	24,029,774
Tax expense:			
Current tax		-	36,962,664
Income tax for earlier years		(752,270)	-
Profit / (loss) for the year		55,918,872	(12,932,890)
Earnings / (loss) per equity share: (face value of Rs.10 each)			
Basic		1.32	(0.36)
Diluted		0.72	(0.36)
(Refer note 9)			

The notes are an integral part of these financial statements

Sasan Power Limited

As per our attached report of even date

For Price Waterhouse

Chartered Accountants

Firm Registration Number: 301112E

For and on behalf of the Board of Directors

Priyanshu Gundana

Partner

Membership Number: 109553

Ashok Karnavat

Director

DIN No.07098455

For Chaturvedi & Shah

Chartered Accountants

Firm Registration Number: 101720W

N. Venugopala Rao

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Chief Financial Officer

Paresh Rathod

Company Secretary

FCS 3476

Place: Mumbai

Date: May 27, 2016

Place: Mumbai

Date: May 26, 2016

Sasan Power Limited
Cash flow statement for the year ended March 31, 2016

	Year ended March 31, 2016 Rupees	Year ended March 31, 2015 Rupees
(A) Cash flow from / (used in) operating activities		
Profit before tax	55,166,602	24,029,774
Adjustments for:		
Profit on redemption of current investments (non trade)	(659,469,621)	(212,275,992)
Depreciation / Amortisation	11,935,391,319	65,658,812
Cost of fuel consumed	6,394,806,671	63,251,318
(Includes amortisation of mining property and depreciation)		
Finance cost	13,917,316,341	184,386,837
Interest income	(159,773,464)	(8,285,028)
Provision no longer required written-back	(160,762,714)	-
Dividend income on current investment (non trade)	(15,271,013)	(8,413,440)
Provision for gratuity and leave encashment	43,305,771	121,626
Provision for contingency	-	160,728,049
Operating Profit / (loss) before working capital changes	31,350,709,892	269,201,956
Adjustment for :		
Trade receivables	(8,559,655,732)	(430,592,040)
Loans and advances and other assets	3,887,686,539	-
Trade payable	1,264,688,881	40,997,997
Other liabilities and provisions	2,716,345,491	203,963,869
Inventories	(1,170,934,757)	(41,682,658)
	29,488,840,314	41,889,124
Taxes paid (net of refund)	(31,944,766)	(19,718,045)
Net cash from / (used in) operating activities	29,456,895,548	22,171,079
(B) Cash flow from / (used in) investing activities		
Purchase of fixed assets (including capital work-in-progress and capital advances)	(18,100,784,263)	(7,770,879,641)
Sale / (purchase) of current investments (non trade) (net)	(736,681,936)	(7,014,584,403)
Dividend income on current investments (non trade)	15,271,013	10,434,242
(Increase) / decrease in non-current bank deposits	1,075,741,936	(1,421,088,470)
Decrease in other bank balances	(2,431,700,449)	96,825,661
Interest received	146,701,379	46,226,918
Net cash from / (used in) investing activities	(20,031,452,320)	(16,053,065,693)
(C) Cash flow from / (used in) financing activities		
Share application money received	2,450,000,000	9,472,000,000
Proceeds from long term borrowings - secured	9,530,046,122	29,343,655,190
Repayment of long term borrowings - secured	(8,048,640,098)	(9,970,864,199)
Proceeds from short term borrowings - (net of repayment)	4,753,018,482	-
Inter corporate deposit received / paid (net)	600,000,000	1,400,000,000
Interest and finance charges paid	(14,748,782,213)	(13,284,575,802)
Net cash from / (used in) financing activities	(5,464,357,707)	16,960,215,189
Net increase / (decrease) in cash and cash equivalents (A+B+C)	3,961,085,521	929,320,575
Cash and cash equivalents at the beginning of the year		
Bank balances		
- in current accounts	108,755,492	179,434,917
- in fixed deposits	1,000,000,000	-
Cash and cash equivalents at the end of the year		
Bank balances		
- in current accounts	4,247,802,612	108,755,492
- in fixed deposits	822,038,401	1,000,000,000

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

Sasan Power Limited

As per our attached report of even date

For Price Waterhouse

Chartered Accountants

Firm Registration Number: 301112E

For and on behalf of the Board of Directors

Priyanshu Gundana

Partner

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Place: Mumbai

Date: May 27, 2016

Place: Mumbai

Date: May 26, 2016

Sasan Power Limited**Notes to the financial statements as of and for the year ended March 31, 2016****1. General Information**

Sasan Power Limited, a wholly owned subsidiary of Reliance Power Limited, has set up an Ultra Mega Power project of 3,960 Mega Watt (MW) (6X660 MW) at Sasan, Madhya Pradesh. A power purchase agreement (PPA) has been executed with 14 procurers located in 7 States, based on which the generated power is sold. The project has been allotted captive coal blocks to meet its fuel requirements. The commercial operation of all the six units have commenced in financial year 2014-15.

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:

- (i) Tangible assets are stated at cost net of recoverable taxes, duties, trade discounts and rebates, less accumulated depreciation and impairment 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 under Capital Work-in-Progress.

- (ii) The Company has setup an Ultra Mega Power Plant (UMPP) which comprises of six units each capable of generating 660 MW of Power. On a technical evaluation, inter alia, of the integrated nature of the plant and the commercial terms of PPA with the procurers, the Company has concluded that the entire power plant taken as a whole constitutes the unit of measurement and hence, under Accounting Standard – 10 "Accounting for Fixed Assets" as prescribed under Companies (Accounting Standards) Rules - 2006, and has been capitalised on completion of the power plant consisting of all six units. Also refer note 14 below.

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, coal mine development expenses, construction stores, revenues and direct operational expenses related to the units of power generated in the interim period, pending capitalisation, are disclosed as Capital Work-in-Progress.

Deposits, payments / liabilities made provisionally towards compensation, rehabilitation and other expenses relatable to land in possession are treated as cost of land.

d) Mining Properties under Tangible Assets:

(i) Overburden removal costs

Removal of overburden and other waste material, referred to as "stripping activity", is necessary to extract the coal reserves in case of open pit mining operations. The stripping ratio, as approved by the regulatory authorities, for the life of the mine is obtained by dividing the estimated quantity of overburden by the estimated quantity of mineable coal reserve to be extracted over the life of the mine. This ratio is periodically reviewed and changes, if any, are accounted for prospectively.

~~The overburden removal costs are included in mining properties under tangible assets and amortised based on stripping ratio on the quantity of coal excavated.~~

(ii) Mine closure obligation

The liability to meet the obligation of mine closure has been estimated based on the mine closure plan in the proportion of total area exploited to the total area of the mine as a whole. These costs are updated annually during the life of the mine to reflect the developments in mining activities.

The mine closure obligation cost has been included in mining properties under tangible assets and amortised over the life of the mine on a unit of production basis.

(iii) Mine development expenditure

Expenditure incurred on development of coal mine is grouped under Capital Work-in-Progress till the coal mine is ready for its intended use. Once the mine is ready for its intended use, such mine development expenditure is capitalised and included in mining properties under tangible assets.

Mine development expenditure is amortised over the life of the mine on a unit of production basis.

e) Intangible Assets:

- (i) Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization/depletion and impairment loss, if any. The cost comprises of purchase price, borrowing costs and any cost directly attributable to bringing the asset to its working condition for the intended use and adjustment arising from exchange rate variation attributable to the intangible assets.
- (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.
- (iii) Mining right represents directly attributable cost (other than the land cost) incurred for obtaining the mining rights for a period of thirty years and disclosed as part of intangible assets in line with the requirements of the Act.

f) 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.

g) Inventories:

Inventories of tools, stores, spare parts, consumable supplies and fuel are valued at lower of weighted average cost, which includes all non-refundable duties and charges incurred in bringing the goods to their present location and condition, and net realizable value after providing for obsolescence and other losses. In case of coal stock, the measured stock is based on a verification process adopted and the variation between measured stock and book stock is charged to Statement of Profit and Loss / Capital Work-in-Progress.

h) Depreciation / Amortization:

(i) Tangible Assets

Depreciation in respect of major tangible assets of power plant comprising of Boiler Turbine and Generator Units (employing super critical technology), Ash Handling Plants and Coal Handling Plants has been provided on Written Down Value (WDV) method over the useful life of the assets as prescribed in Part C of Schedule II to the Companies Act, 2013 supported by an independent and internal technical evaluation.

~~Depreciation on tangible assets other than specified above is provided on Straight Line Method (SLM)-based on useful life of the assets as prescribed in Part C of Schedule II to the Companies Act, 2013 except in respect of the Coal Mine HEMM Equipment, where useful life has been estimated as 30 years based on internal assessment and independent technical evaluation.~~

In respect of additions or extensions forming an integral part of existing assets and insurance spares, including adjustment to 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, except leasehold land for coal mining, which is amortised over the period of mining rights.

Freehold land acquired for coal mining activity is amortised over the period of mining rights, considering the same cannot be used for any other purpose other than mining.

(ii) Intangible Assets

Software expenses are amortised on a straight line basis over a period of three years. Mining rights are amortised on a straight line basis over the period of thirty years i.e. the period over which the Company has right to carry out mining activities.

i) 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.

j) 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.

k) 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.

l) Foreign currency transactions:

- (i) ~~Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.~~
- (ii) All exchange differences arising on reporting of short term foreign currency monetary items at rates different from those at which they were initially recorded are recognised in the Statement of Profit and Loss.
- (iii) In respect of foreign exchange differences arising on revaluation or settlement of long term foreign currency monetary items, the Company has availed the option available in the Companies (Accounting Standards) (Second Amendment) Rules 2011, wherein
 - Foreign exchange differences on account of depreciable asset, is adjusted in the cost of depreciable asset and would be depreciated over the balance life of asset.
 - In other cases, foreign exchange difference is accumulated in "foreign currency monetary item translation difference account" and amortised over the balance period of such long term asset/liabilities.
 - An asset or liability is designated as a long term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of twelve months or more at the date of origination of the asset or the liability, which is determined taking into consideration the terms of the payment/settlement as defined under the respective agreement/memorandum of understanding.
- (iv) The premium or discount arising at the inception on forward exchange contracts entered into, to hedge an existing asset/ liability is amortised as an 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 period.
- (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.

m) Revenue recognition:

- (i) Revenue from sale of energy is recognized when it is measurable and there is reasonable certainty for collection, in accordance with the tariff provided in the PPA and considering the petitions filed with regulatory authorities for tariff as per the terms of PPA. The revenue accounted/ accrued till the commissioning of power plant as a whole is accounted for as per the accounting policy as defined above in note 2(c).
- (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.

n) 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 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.

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.

o) Accounting for taxes on income:

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

p) 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.

q) Cash flow statement:

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

r) 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		
5,000,000,000 (previous year : 5,000,000,000) equity shares of Rs.10 each	50,000,000,000	50,000,000,000
1,000,000,000 (previous year : 1,000,000,000) preference shares of Rs.10 each	10,000,000,000	10,000,000,000
	60,000,000,000	60,000,000,000
Issued, subscribed and paid up capital		
43,710,750 (previous year: 41,260,750) equity shares of Rs.10 each fully paid up	437,107,500	412,607,500
35,788,750 (previous year: 35,788,750) preference shares of Rs.10 each fully paid up [refer note 3.1.2(b) below]	357,887,500	357,887,500
	794,995,000	770,495,000
3.1.1 Reconciliation of number of shares		
Equity shares		
Balance at the beginning of the year - 41,260,750 (previous year: 33,788,750) shares of Rs.10 each	412,607,500	337,887,500
Add: Issued during the year - 2,450,000 (previous year: 7,472,000) shares of Rs.10 each	24,500,000	74,720,000
Balance at the end of the year - 43,710,750 (previous year: 41,260,750) shares of Rs.10 each	437,107,500	412,607,500
Preference shares [refer note 3.1.2(b)]		
Balance at the beginning of the year - 35,788,750 (previous year: 33,788,750) shares of Rs.10 each	357,887,500	337,887,500
Add: Issued during the year - Nil (previous year: 2,000,000) shares of Rs.10 each	-	20,000,000
Balance at the end of the year - 35,788,750 (previous year: 35,788,750) shares of Rs.10 each	357,887,500	357,887,500
3.1.2 Rights, preference and restriction attached to shares		
a) Equity shares		
The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of the equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts.		
b) 7.5% Compulsory Convertible Redeemable Non-Cumulative Preference Shares (CCRPS)		
The Company has 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 - Holding Company	437,107,500	412,607,500
43,710,750 (previous year : 41,260,750) equity shares of Rs.10 each fully paid [Out of the above, 7 (previous year: 7) shares are jointly held by Reliance Power Limited and its nominees]	437,107,500	412,607,500
Preference shares [refer note 3.1.2(b)]		
Reliance Power Limited - Holding Company	357,887,500	357,887,500
35,788,750 (previous year : 35,788,750) preference shares of Rs.10 each fully paid	357,887,500	357,887,500
3.1.4 Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company		
Equity shares		
Equity shares of Rs.10 each fully paid up held by Reliance Power Limited - Holding Company		
Percentage of holding in the class	100%	100%
Number of shares	43,710,750	41,260,750
Preference shares [refer note 3.1.2(b)]		
Preference shares of Rs.10 each fully paid up held by Reliance Power Limited - Holding Company		
Percentage of holding in the class	100%	100%
Number of shares	35,788,750	35,788,750

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
3.2 Reserves and surplus		
3.2.1 Securities premium account		
Balance as per last balance sheet	76,229,505,000	66,852,225,000
Add: Equity shares issued during the year	2,425,500,000	7,397,280,000
Add: Preference shares issued during the year [refer note 3.1.2(b)]	-	1,980,000,000
Balance at the end of the year	78,655,005,000	76,229,505,000
3.2.2 Surplus in the statement of profit and loss		
Balance as per last balance sheet	768,027,704	780,960,594
Profit / (loss) for the year	55,918,872	(12,932,890)
Balance at the end of the year	823,946,576	768,027,704
	79,478,951,576	76,997,532,704
3.3 Long-term borrowings		
Secured		
Term loans:		
Rupee loans from banks	37,677,800,005	34,903,544,623
Foreign currency loans from banks	38,810,405,965	36,473,232,300
Rupee loans from financial institutions / other parties	40,113,082,107	33,416,151,929
Foreign currency loans from financial institutions / other parties	53,291,742,241	54,447,609,254
Unsecured		
Inter corporate deposit from Holding Company (refer note 8)	2,000,000,000	-
(interest free deposit, repayable by the Company after repayment of outstanding long term rupee loan on or after April 01, 2036)		
	171,893,030,318	159,240,538,106

3.3.1 Nature of security for term loans

- a) Term loans from all banks, financial Institution/other parties of Rs. 176,667,440,127 (previous year Rs. 169,746,746,223) 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 on pari passu basis with working capital lenders, permitted bank guarantee providers and hedge counterparties.
- b) The Holding Company has given financial commitments/guarantees to the lenders of the Company. [refer note 8(d)(iii)].
- c) Current maturities of long term borrowings have been classified as other current liabilities (refer note 3.8)

3.3.2 Terms of Repayment and Interest

- a) Rupee Term Loan outstanding as at the year end of Rs. 39,067,986,725 (previous year Rs. 38,553,544,623) has been obtained from banks for the project. Earlier 50% of the loan was repayable in 40 quarterly instalments and remaining 50% in one single bullet payment at the end of ten years from March 31, 2015 which has now been refinanced under flexible structuring scheme of Reserve Bank of India and the outstanding balance as on October 01, 2015 is repayable in 82 structured quarterly instalments commenced from December 31, 2015 and carry an interest rate of 12.30% per annum payable on a monthly basis.
- b) The foreign currency loan from banks outstanding as at the year end of Rs. 38,810,405,965 (previous year Rs. 36,473,232,300) are in the nature of buyer's credit availed in foreign currency to be refinanced through long term rupee term loans and carry an interest rate of USD LIBOR plus 50 basis points.
- c) Rupee Term Loan outstanding as at the year end of Rs. 11,369,052,337 (previous year Rs. 11,113,015,880) has been obtained from financial institutions for the project. Earlier 50% of the loan was repayable in 40 quarterly instalments and remaining 50% in one single bullet payment at the end of ten years from March 31, 2015 which has now been refinanced under flexible structuring scheme of Reserve Bank of India and the outstanding balance as on October 01, 2015 is repayable in 82 structured quarterly instalments commenced from December 31, 2015 and carry an interest rate of 12.30% per annum payable on a monthly basis. (refer note 22)
- d) Rupee Term Loan outstanding as at the year end of Rs. 29,584,187,063 (previous year Rs. 24,981,952,049) has been obtained from financial institutions for the project. Earlier the loan was repayable in 60 quarterly instalments starting from March 31, 2015 which has now been refinanced under flexible structuring scheme of Reserve Bank of India and the outstanding balance as on October 01, 2015 is repayable in 82 structured quarterly instalments commenced from quarter ended December 31, 2015 and carry an interest rate of 13.00% to 13.50% per annum payable on a quarterly basis.
- e) 50 % of Foreign Currency Loan from financial Institutions/other parties outstanding as at the year end of Rs. 22,720,788,883 (previous year Rs. 22,617,793,950) is repayable in 40 quarterly instalments commenced from 31st March 2015. Remaining 50% is repayable in one single bullet at the end of ten years from March 31, 2015 and carry an interest rate of USD LIBOR plus 305 basis points per annum payable on a monthly basis.
- f) Foreign currency loan from financial institution / other parties outstanding as at the year end of Rs. 29,879,363,357 (previous year Rs. 30,604,995,473) is repayable in 24 semi-annual instalments commenced from March 20, 2015 and carry fixed interest rate of 3.66% per annum payable on a semi annual basis.
- g) Foreign currency loan from financial institution / other parties on consortium basis outstanding as at the year end of Rs. 5,235,655,797 (previous year Rs. 5,402,211,948) is repayable in 19 semi-annual instalments commenced from March 20, 2015 and carry an interest rate of USD LIBOR plus 4 percent per annum payable on a semi annual basis.

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
3.4 Other long term liabilities		
Retention money payable (refer note 19)	9,227,700,668	12,630,321,395
Creditors for capital expenditure	-	30,167,084
Deferred premium on hedging instruments	4,945,726,965	1,965,548,661
	14,173,427,633	14,626,037,140
3.5 Long-term provisions		
Provision for gratuity (refer note 10)	29,160,575	4,712,807
Provision for leave encashment (refer note 10)	37,283,377	30,831,749
Provision for mine closure expenses (refer note 2(d)(ii) and 12)	1,100,107,904	932,541,630
Other Provisions	148,837,607	172,396,226
	1,315,389,463	1,140,482,412
3.6 Short-term borrowings		
Cash credit facility from bank	4,753,018,482	-
Inter corporate deposit received from Holding Company (refer note 8)	-	1,400,000,000
Nature of security, interest and terms of repayment:		
- Cash credit facility is secured / to be secured by first charge on all current and fixed assets of the Company and pledge of 100% of the total issued share capital of the Company held by the Holding Company on pari passu basis with term loan lenders, permitted bank guarantee providers and hedge counterparties.		
- Cash Credit facility carry an average interest rate of 11.8% per annum.		
- Interest free inter corporate deposit, repayable within one year		
	4,753,018,482	1,400,000,000
3.7 Trade payables		
Total outstanding dues of micro enterprises and small enterprises (refer note 7)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (refer note 7)	1,305,686,877	40,997,997
	1,305,686,877	40,997,997
3.8 Other current liabilities		
Current maturities of long term borrowings (refer note 3.3)	6,774,409,809	10,506,208,117
Interest accrued but not due on borrowings	563,723,500	405,419,822
Security deposits received	33,585,056	14,761,366
Creditors for capital expenditure (refer note 19)	3,353,782,701	4,375,598,168
Retention money payable	401,747,284	199,802,013
Dues to Holding Company (refer note 8)	109,647,949	505,282,076
Dues to fellow subsidiary (refer note 8)	48,985,133	171,620,019
Creditors for supplies and services	296,405,076	-
Statutory dues (including electricity duty and energy development cess, provident fund, tax deducted at source)	5,359,098,579	2,672,328,535
Employee benefits payable	180,694,594	120,696,305
Others (including hedging premium)	1,525,098,357	1,315,975,025
	18,647,178,038	20,287,691,446
3.9 Short-term provisions		
Provision for leave encashment (refer note 10)	11,080,783	4,443,654
Provision for regulatory matter (refer note 17)	-	9,061,720,530
	11,080,783	9,066,164,184

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

3.10 Tangible and intangible assets

Rupees

Particulars	Gross block (at cost)			Depreciation / amortisation			Net block	
	As at April 1, 2015	Additions during the year	Adjustment ¹	As at April 1, 2015	For the year	Upto March 31, 2016	As at March 31, 2016	As at March 31, 2015
Tangible assets								
Freehold land ²	3,767,250,235	84,650,375	-	48,197,481	16,704,118	64,901,599	3,786,999,011	3,719,052,754
Leasehold land	2,000,345,315	81,159,323	-	126,712,936	52,177,079	178,890,015	1,902,614,623	1,873,632,379
Buildings	4,552,012,913	1,394,517,103	-	31,776,866	328,972,316	360,749,182	5,585,780,834	4,520,236,047
Plant and equipment	206,227,374,863	32,315,871,698	(3,078,429,936)	2,822,134,821	12,452,436,071	15,274,570,892	220,190,245,733	203,405,240,042
Mining properties ³	10,443,009,366	5,407,258,725	-	5,265,181,264	6,285,612,864	11,550,794,128	4,289,473,963	5,177,828,102
Furniture and fixtures	183,621,724	4,769,222	-	35,236,243	17,584,625	52,820,868	135,470,078	148,285,481
Motor vehicles	27,327,705	1,445,423	-	10,320,404	5,773,085	16,093,489	12,679,639	17,007,301
Office equipments	8,453,122	25,609,975	-	3,250,213	1,996,373	5,246,586	28,816,511	5,202,909
Computers	22,301,196	3,015,527	-	13,968,559	4,148,710	18,117,269	7,199,454	8,332,637
Total tangible assets	227,231,596,439	39,318,297,371	(3,078,429,936)	8,356,778,787	19,165,405,241	27,522,184,028	235,949,279,846	218,874,817,652
Previous year	27,586,222,998	199,645,373,441	-	3,386,582,296	4,970,196,491	8,356,778,787	218,874,817,652	
Intangible assets								
Computer software	8,983,764	158,100	-	3,671,756	3,264,066	6,935,822	2,206,042	5,312,008
Mining rights	351,013,500	-	-	40,795,769	11,062,912	51,858,681	299,154,819	310,217,731
Total intangible assets	359,997,264	158,100	-	44,467,525	14,326,978	58,794,503	301,360,861	315,529,739
Previous year	359,997,264	-	-	32,338,763	12,128,762	44,467,525	315,529,739	

Notes:

- 1 Represents adjustments (added/ (reduced)) towards exchange differences amounting to Rs. 5,822,562,545 (refer note 2 (i) and 11) and reversal of provision for regulatory matter amounting to (Rs. 8,900,992,481) (refer note 17).
- 2 Refer note 2(h)
- 3 Mining properties includes expenses incurred towards removal of over burden (refer note 3.11(a))

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

3.11 Capital Work in Progress

Rupees				
Particulars	As at April 1, 2015	Incurred/Adjusted during the year	Capitalised /Adjusted	As at March 31, 2016
A. Assets under Construction	18,166,127,013	10,272,530,536	24,653,033,299	3,785,624,250
B. Incidental Expenses				
Interest and Finance Charges	6,405,306,385	630,141,738	6,410,712,023	624,736,100
Employee Benefit expense:				
- Salaries and Other Costs	254,762,270	-	229,228,755	25,533,515
- Contribution to Provident and Other Funds	11,886,508	-	10,695,184	1,191,324
- Gratuity and Leave Encashment	9,407,106	-	8,464,280	942,826
Depreciation/Amortisation	20,372,744	-	18,330,888	2,041,856
Insurance Charges	186,638,183	-	167,842,418	18,695,765
Bank and Corporate Guarantee Charges	171,247,131	-	116,075,423	55,171,708
Foreign Exchange Loss/ (Gain) (Net) (Refer note no. 2(L) and 11)	1,483,888,111	-	1,365,035,049	118,853,062
Legal and Professional Charges (including shared service charges)	253,707,831	-	228,279,997	25,427,834
Expenditure towards acquisition of Land	47,083,670	-	34,826,063	12,257,607
Survey and Investigation Expenses	36,815,345	-	33,125,532	3,689,813
Travelling and Conveyance	121,982,084	-	109,756,446	12,225,638
Miscellaneous Expenses	217,796,213	69,028,541	264,996,157	21,828,597
	9,220,793,581	699,170,279	8,997,368,215	922,595,645
Less: Income				
Interest on Fixed Deposit	105,133,515	-	105,133,515	-
Gain on sale/redemption of Mutual Funds - Current Investment	1,092,481	-	1,092,481	-
Dividend Income on Current (Non -Trade) Investments	36,646,947	-	36,646,947	-
Miscellaneous Income	39,135,209	-	39,135,209	-
	182,008,152	-	182,008,152	-
	9,038,785,429	699,170,279	8,815,360,063	922,595,645
C. Construction stores	129,449,173			67,618,705
Total Capital Work in Progress (A+B+C)	27,334,361,615	10,971,700,815	33,468,393,362	4,775,836,600
Previous Year	198,967,910,364	26,308,766,742	195,854,434,153	27,334,361,615

3.11(a) Mining Properties - Overburden excavation expense:

Rupees		
Particulars	2015-16	2014-15
Fuel consumed	1,089,591,007	915,275,877
Stores and spares consumed	1,995,988,243	289,868,138
Employee benefit expense		
- Salaries and Other Costs	314,613,418	277,157,865
- Contribution to Provident and Other Funds (Refer note 10)	8,478,372	5,304,111
- Gratuity and Leave Encashment (Refer note 10)	3,074,592	2,620,075
Depreciation on mining assets	849,534,231	531,173,992
Mine Development charges	167,566,274	635,231,573
Rent expenses	11,360,777	10,528,412
Repairs and Maintenance		
- Plant and equipment	50,264,717	11,823,129
- Building	28,360,274	6,897,578
- Others	1,659,920	962,115
Legal and professional charges	9,235,861	-
Insurance	1,080,547	328,553
Travelling and conveyance	533,709	593,408
Other expenses	875,916,783	639,008,620
	5,407,258,725	3,326,773,446
Less : Transfer to Mining properties (Tangible assets)	(5,407,258,725)	(3,326,773,446)
Balance at the end of the year	-	-

Sasan 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
3.12 Long-term loans and advances		
(Unsecured and considered good unless stated otherwise)		
Capital advances (refer note 19)	3,442,674,229	5,200,103,113
Security deposits	287,385,578	428,649,837
Other advances		
- Advance recoverable in cash or in kind	30,154,281	27,132,415
- Prepaid expenses	2,960,551,598	-
- Balance with government authorities	1,559,152,369	2,251,030,279
- Advance income tax (net of provision for tax of Rs. 37,756,021 (previous year Rs. 47,208,067))	75,238,755	42,541,719
	8,355,156,810	7,949,457,363
3.13 Other non-current assets		
(Unsecured and considered good unless stated otherwise)		
Non-current bank balances (margin money deposits)	446,113,679	1,521,855,615
Interest accrued on deposits	9,246,856	65,795,882
	455,360,535	1,587,651,497
3.14 Current Investments (Non-trade)		
Unquoted - Mutual fund units		
Reliance liquidity fund - Direct Growth Plan Growth Option [Number of units 297,508 (previous year: 3,359,128) face value of Rs. 1000 each]	671,115,678	7,079,514,837
Reliance liquid fund - treasury plan - Direct Growth Plan - Growth Option [Number of units nil (previous year: 43,995) face value of Rs. 1000 each]	-	149,999,999
Reliance medium term fund -Direct Growth Plan - Growth Option [Number of units 95,193,152 (previous year: Nil) face value of Rs. 10 each]	2,954,550,715	-
JM High Liquidity Fund (Direct) - Growth Option [Number of units 60,426,320 (previous year: Nil) face value of Rs. 10 each]	2,500,000,000	-
SBI Magnum Insta Cash Fund - Regular Plan - Growth [Number of units 754,483 (previous year: Nil) face value of Rs. 1000 each]	2,500,000,000	-
	8,625,666,393	7,229,514,836
Aggregate book value of unquoted current investment	8,625,666,393	7,229,514,836
3.15 Inventories		
Fuel	687,218,091	394,075,987
Stores and spares	3,371,444,746	2,493,652,093
	4,058,662,837	2,887,728,080
3.16 Trade receivables		
(Unsecured and considered good unless stated otherwise)		
Outstanding for a period exceeding six months from the due date	8,046,146,371	3,125,259,370
Others*	10,457,314,923	6,818,546,192
	18,503,461,294	9,943,805,562

* Out of which Rs. 1,663,085,835 (previous year Rs. 323,538,464) has been billed subsequent to the year end

Sasan 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
3.17 Cash and bank balances		
Cash and cash equivalents		
Balance with banks		
- Bank balance in current accounts	4,247,802,612	108,755,492
- Deposits with original maturity of less than 3 months	822,038,401	1,000,000,000
	<u>5,069,841,013</u>	<u>1,108,755,492</u>
Other bank balances		
- Deposits with original maturity of more than 3 months but less than 12 months	30,464,013	-
- Margin money deposits	2,401,236,436	-
	<u>2,431,700,449</u>	<u>-</u>
	<u>7,501,541,462</u>	<u>1,108,755,492</u>
3.18 Short-term loans and advances		
(Unsecured and considered good unless stated otherwise)		
Other advances		
- Advance recoverable in cash or in kind	734,066,841	681,841,217
- Balance with government authorities	1,451,658,084	1,215,905,204
- Prepaid expenses	160,458,956	83,418,216
- Loans / advances to employees	2,195,107	379,784
	<u>2,348,378,988</u>	<u>1,981,544,421</u>
3.19 Other current assets		
(Unsecured and considered good)		
Interest accrued on deposits	69,819,193	198,082
Unbilled revenue (refer note 16)	599,933,308	3,957,479,685
Others (Including unamortised premium on hedging instruments)	828,300,043	399,094,965
	<u>1,498,052,544</u>	<u>4,356,772,732</u>

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

	Year ended March 31, 2016 Rupees	Year ended March 31, 2015 Rupees
3.20 Revenue from operations		
Sale of energy	47,029,683,260	430,592,040
	47,029,683,260	430,592,040
3.21 Other income		
Interest income on fixed deposits	159,773,464	8,285,028
Dividend income on current investment (non trade)	15,271,013	8,413,440
Profit on redemption of mutual funds from current investments (non trade)	659,469,621	212,275,992
Provision no longer required written-back (refer note 17)	160,762,714	-
Other non-operating income	87,712,504	-
	1,082,989,316	228,974,460
3.22 Cost of fuel consumed		
Opening balance of fuel	394,075,987	-
Add :		
Amortisation of mining properties	6,285,612,863	63,251,318
Taxes and duties	7,743,138,554	202,549,431
Fuel consumed	524,111,382	112,994,913
Stores and spares consumed	325,760,574	74,356,034
Depreciation	109,193,807	6,188,833
Other expenses	174,824,599	91,239,116
Cost of purchases/ production during the year	15,162,641,779	550,579,645
Less : Closing balance of fuel	687,218,091	394,075,987
	14,869,499,675	156,503,658
3.23 Employee benefits expense		
Salaries, bonus and other allowances	704,440,297	8,147,290
Contribution to provident fund and other funds (refer note 10)	28,184,699	387,603
Gratuity and leave encashment (refer note 10)	43,305,771	121,826
Staff welfare expenses	16,314,017	-
	792,244,784	8,656,519
3.24 Finance cost		
Interest on:		
Rupee term loans	9,249,069,371	134,551,180
Foreign currency loans	2,583,556,957	29,976,224
Working capital loans	231,911,124	-
Rebate to customers	398,724,736	3,263,536
Amortisation of forward contract premium	1,201,727,213	11,667,138
Other finance charges	252,326,940	4,928,759
(including losses on derivative contracts of Rs. 109,400,000 (previous year Rs. Nil))		
	13,917,316,341	184,386,837
3.25 Generation, administration and other expenses		
Stores and spares consumed	848,215,071	3,085,243
Rent expenses	30,038,575	-
Repairs and maintenance		
- Plant and equipment	415,104,077	5,810,316
- Building	34,415,236	-
- Others	198,216,166	72,532
Legal and professional charges (including shared service charges)(refer note 8)	379,281,241	2,221,345
Travelling and conveyance	141,580,146	89,590
Expenditure towards Corporate Social Responsibility (CSR) activities (refer note 18)	655,100	-
Rates and taxes	75,509,994	495,489
Insurance	405,095,000	3,169,504
Provision of regulatory matter (refer note 17)	-	160,728,049
Water expenses	573,840,642	9,075,125
Electricity duty and energy development cess	3,284,235,323	33,042,248
Miscellaneous expenses	156,867,284	2,541,459
	6,543,053,855	220,330,900

4. Contingent liabilities and commitments:

- a) The Company has received a claim of Rs. 132,610,500 (previous year Rs. Nil) from a party alleging delay in declaration of commercial operation, which has been disputed by the company and is pending before the high court.
- b) The Company has received claims amounting to Rs. 348,500,000 (Previous year Rs. 348,500,000) from a contractor towards deductions made by the Company due to non-performance of certain obligations under the terms of arrangement for the construction of certain works at the plant. The matter is under dispute and arbitration proceedings are going on.
- c) The Company has received claims amounting to Rs. 1,225,168,663 (Previous year Rs. 1,156,008,400) from a party towards consultancy and advisory services provided by them. As per the terms of arrangement between both the parties, the same would be settled by an arbitration process. The dispute also involves the jurisdiction wherein arbitration would be held between both the parties. Considering the issue is pending before the Supreme Court, the Arbitral Tribunal has not yet finalized the terms of reference.

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

- d) Estimated amount of contracts (net of capital advance) remaining to be executed on capital account and not provided for Rs. 2,619,497,891 (previous year Rs. 3,453,002,181).

	Year ended March 31, 2016	Rupees Year ended March 31, 2015
5. A. CIF value of imports:		
Capital goods (Including coal mining equipments imported through a contractor)	784,973,530	3,610,308,687
Stores and spares	512,177,840	-
B. Expenditure in foreign currency:		
Legal and professional fees	53,286,812	46,403,774
Traveling and conveyance	1,640,786	-
Interest and finance charges	2,580,475,244	2,794,474,091
Repairs to machinery	14,955,144	-
Premium on derivative contract	-	3,305,629,970

C. Value of imported and indigenous material consumed:

	Year ended March 31, 2016		Year ended March 31, 2015	
	Rupees	%	Rupees	%
Cost of fuel consumed				
Imported	491,983,551	3.31%	139,544,352	1.67%
Indigenous	14,377,516,124	96.69%	8,220,250,902	98.33%
Stores and consumables for Overburden excavation				
Imported	362,289,071	18.15%	113,278,155	39.08%
Indigenous	1,633,699,171	81.85%	176,589,982	60.92%
Other stores and consumables				
Imported	202,428,894	23.87%	-	-
Indigenous	645,786,177	76.13%	-	-

Sasan Power Limited**Notes to the financial statements as of and for the year ended March 31, 2016 (continued)****6. Details of remuneration to auditors:**

	Year ended March 31, 2016	Rupees Year ended March 31, 2015
As auditors		
For statutory audit fees	10,000,000	9,300,000
For others	7,704,722	3,480,000
Out of pocket expenses	281,442	178,129

7. 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 vendors 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.

8. Related party disclosures:

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

A. Parties where control exists:**Holding Company**

Reliance Power Limited (R Power)

B. Key management personnel:

Paresh Rathod - Manager and Company Secretary (w.e.f.13.02.2015)*

Umesh Mooteri - Manager and Company Secretary (upto 12.02.2015)*

Laxmi Dutt Vyas - Chief Financial Officer (w.e.f. 11.11.2014)

Venugopala Naredla Rao - Chief Executive Officer (w.e.f. 26.09.2014 till 2.11.2015)

Asim De - Chief Executive Officer (w.e.f. 2.11.2015)

* No transactions with the Company during the year.

C. Other related parties with whom transactions have taken place during the year / closing balances existed at the year end:**(i) Fellow subsidiaries**

- (a) Reliance Coal Resources Private Limited (RCRL)
- (b) Rosa Power Supply Company Limited (RPSL)
- (c) Vidarbha Industries Power Limited (VIPL)
- (d) Rajasthan Sun Technique Energy Private Limited (RSTEPL)
- (e) Tato Hydro Power Private Limited (THPPL)
- (f) Samalkot Power Limited (SMPL)
- (g) Jharkhand Integrated Power Limited (JIPL)
- (h) Coastal Andhra Power Limited (CAPL)
- (i) Dhursar Solar Power Private Limited (DSPPL)
- (j) Reliance Natural Resources Limited (RNRL)
- (k) Chitrangi Power Private Limited (CPPL)

Sasan Power Limited
Notes to the financial statements as of and for the year ended March 31, 2016 (continued)
D. Details of transactions and closing balances:

Particulars		March 31, 2016	Rupees March 31, 2015
(i) Transactions during the year :			
Legal and professional fees (including shared service charges)			
R Power		141,233,279	550,564,000
Remuneration to key management personnel			
Venugopala Naredla Rao		7,460,043	-
Asim De		4,240,057	-
Laxmi Dutt Vyas		3,662,535	1,028,269
Reimbursement of expenditure paid by			
R Power		50,498,835	20,862,470
VIPL		158,496	217,157
RCRL		1,502,057	3,044,664
RPSL		165,350	-
THPPL		-	37,816
DSPPL		-	61,640
RSTEPL		4,481	50,784
RNRL		48,985,133	117,657,416
Reimbursement of expenditure paid for			
CPPL		816,105	-
RSTEPL		10,192	10,170
VIPL		121,562	41,606,205
RPSL		154,284	68,612
CAPL		911,388	-
THPPL		-	11,774
DSPPL		75,000	-
JIPL		2,916,948	-
Guarantee charges			
R Power		54,518,177	24,241,406
Material / services received			
RPSL		-	9,976,037
CAPL		-	2,277,070
SMPL			13,084,295
Assets acquired			
CAPL		98,041	-
JIPL		541,063	-
Inter- corporate deposits received			
R Power		3,204,300,000	1,400,000,000
Inter- corporate deposits refund			
R Power		154,300,000	-
Share application money received (Issue of Shares)			
R Power		-	9,472,000,000

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

Particulars		Rupees	
	March 31, 2016	March 31, 2015	
(ii) Balance as at the year end			
Other current liabilities			
R Power	109,647,949	505,282,076	
RNRL	48,985,133	117,657,416	
RPSL	-	2,296,753	
SMPL	-	49,220,122	
CAPL	-	2,277,070	
RCRL	-	73,849	
VIPL	-	94,809	
Long-term borrowings			
R Power	2,000,000,000	-	
Short-term borrowings			
R Power	-	1,400,000,000	
Equity share capital (excluding premium)			
R Power	437,107,500	412,607,500	
Preference share capital (excluding premium)			
R Power (refer note 3.1.2(b))	357,887,500	357,887,500	
Guarantees issued on behalf of the Company			
R Power	1,688,927,735	5,144,784,402	

- (iii) The Holding Company has entered into agreements with the lenders of the Company wherein it has committed/ guaranteed to extend financial support in the form of equity or debt as per the agreed means of finance, in respect of the project being undertaken, including any capital expenditure for regulatory compliance and to meet shortfall in the expected revenues/debt servicing based on the future outcome of various uncertainties.

9. Earnings per share:

	Year ended March 31, 2016	Rupees Year ended March 31, 2015
Profit / (Loss) attributable to equity shareholders (Rupees) (A)	55,918,872	(12,932,890)
Weighted average number of equity shares for basic earnings per share (B)	42,305,012	35,808,882
Add; Adjustment on account of Compulsorily Convertible Redeemable Non Cumulative Preference Shares	35,788,750	98,051
Weighted average number of equity shares for diluted earnings per share (C)	78,093,762	35,906,933
Earnings / (Loss) per share- basic (Rupees) (A/B)	1.32	(0.36)
Earnings / (Loss) per share- diluted (Rupees) (A/C)	0.72	(0.36) *
Nominal value of an equity share (Rupees)	10	10

*7.5% Compulsory Convertible Redeemable Non-Cumulative Preference Shares had an anti-dilutive effect on earnings per share in the previous year and hence have not been considered for the purpose of computing dilutive earnings per share.

10. Disclosure under Accounting Standard - 15 "Employee Benefit" (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
 - Employers' contribution to employees' deposit linked insurance
 - Employers' contribution to employees' pension scheme 1995

The provident fund and the state defined contribution plan are operated by the Regional Provident Fund Commissioner and the superannuation fund is administered by the 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.

The Company has recognised the following amounts in the statement of profit and loss /Overburden excavation expense /Capital Work-in-Progress for the year:

	Year ended March 31, 2016	Rupees Year ended March 31, 2015
Contribution to provident fund	21,742,534	22,761,531
Contribution to employee's superannuation fund	1,139,126	630,730
Contribution to employee's deposit linked insurance scheme	459,876	22,200
Contribution to employee's pension scheme 1995	13,321,535	8,184,927

(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 an independent actuary, as at the balance sheet date, based on the following assumptions:

	Year ended March 31, 2016		Year ended March 31, 2015	
	Gratuity	Leave encashment	Gratuity	Leave encashment
a) Discount rate (per annum)	7.80%	7.80%	7.85%	7.85%
b) Rate of increase in compensation levels	7.50%	7.50%	7.50%	7.50%
c) Rate of return on plan assets	8.25%	-	8.25%	-
d) Expected average remaining working lives of employees in number of years	10.09	-	11.15	-

(i) Changes in present value of obligation

	Rupees			
Opening balance of present value of obligation	34,221,225	35,275,403	23,910,467	31,227,742
Liability on transfer of employees (net)	254,873	559,932	-	-
Interest cost	3,467,280	4,495,733	2,731,250	3,985,232
Current service cost	11,564,881	24,216,908	8,100,375	15,683,212
Actuarial (gain) / loss	9,447,074	(6,525,273)	(70,683)	(8,960,191)
Benefits paid	(3,783,390)	(9,658,543)	(450,184)	(6,660,592)
Closing balance of present value of obligation	55,171,943	48,364,160	34,221,225	35,275,403

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

	Year ended March 31, 2016		Year ended March 31, 2015	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Rupees				
(ii) Changes in fair value of plan assets				
Opening balance of present value of plan assets	29,508,518	-	24,028,837	-
Expected return on plan assets	2,434,453	-	1,982,379	-
Actuarial gain / (loss)	(2,148,213)	-	3,947,486	-
Employers' contributions	-	9,658,543	-	6,660,592
Benefits paid	(3,783,390)	(9,658,543)	(450,184)	(6,660,592)
Closing balance of fair value of plan assets	26,011,368	-	29,508,518	-
(iii) Percentage of each category of plan assets to total fair value of plan assets administered by Reliance Life Insurance Company Limited	100%	-	100%	-
(iv) Reconciliation of the present value of defined present obligations and the fair value of assets				
Present value of funded obligation	55,171,943	-	34,221,325	-
Fair value of plan assets	(26,011,368)	-	(29,508,518)	-
Present value of unfunded obligation	29,160,575	48,364,160	4,712,807	35,275,403
Unfunded net liability recognised in the balance sheet	-	48,364,160	-	35,275,403
(v) Amounts recognised in the Balance Sheet				
Present value of obligation	55,171,943	48,364,160	34,221,325	35,275,403
Fair value of plan assets	(26,011,368)	-	(29,508,518)	-
Liability recognised in the balance sheet	29,160,575	48,364,160	4,712,807	35,275,403
(vi) Expenses recognised in the Statement of Profit and Loss/ Overburden excavation expense/Capital Work-in-Progress				
Current service cost	11,564,881	24,216,908	8,100,375	15,683,212
Interest cost	3,467,280	4,495,733	2,731,250	3,985,232
Expected return on plan assets	(2,434,453)	-	(1,982,379)	-
Net actuarial (gain) / losses	11,595,287	(6,525,273)	(4,018,169)	(8,960,191)
Total expenses recognised in Statement of Profit and Loss / Overburden excavation expense/ Capital Work-in-Progress	24,192,995	22,187,368	4,831,077	10,708,253
(vii) Actuarial (gain) / loss on obligations				
Net actuarial (gain) / loss due to experience	11,254,572	(6,742,053)	(7,990,461)	(12,310,788)
Net actuarial (gain) / loss due to change in assumption	340,715	216,780	3,972,292	3,350,597
(viii) Expected employer's contribution for the next year	5,000,000	-	5,000,000	-

Sasan Power Limited
Notes to the financial statements as of and for the year ended March 31, 2016 (continued)
Disclosure as required under para 120 (n) of AS -15:

Sr. Gratuity	2015-16	2014-15	2013-14	2012-13	Rupees 2011-12
i Present value of the defined benefit obligation	55,171,943	34,221,325	23,910,467	15,407,790	5,000,968
Fair value of the plan assets	(26,011,368)	(29,508,518)	(24,028,837)	(19,155,340)	(10,461,027)
(Surplus) / deficit in the plan	29,160,575	4,712,807	(118,370)	(3,747,550)	(5,460,059)
ii Experience adjustments					
On plan liabilities (gain / (loss))	(9,106,359)	4,042,975	(5,100,219)	(5,339,962)	(14,452)
On plan assets (gain / (loss))	(2,148,213)	3,947,486	(583,127)	641,787	(126,858)
Net experience adjustment (gain / (loss))	(11,254,572)	7,990,461	(5,683,346)	(4,698,175)	(141,310)

Sr. Leave encashment	2015-16	2014-15	2013-14	2012-13	Rupees 2011-12
i Present value of the defined benefit obligation	48,364,160	35,275,403	31,227,742	26,474,823	15,038,283
Fair value of the plan assets	-	-	-	-	-
(Surplus) / deficit in the plan	48,364,160	35,275,403	31,227,742	26,474,823	15,038,283
ii Experience adjustments					
On plan liabilities	6,742,053	12,310,788	6,833,313	(93,311)	(8,160,977)
On plan assets	-	-	-	-	-
Net experience adjustment (gain / (loss))	6,742,053	12,310,788	6,833,313	(93,311)	(8,160,977)

The actuarial valuation of gratuity liability does not include liability of seconded employees, as the gratuity will be paid by the respective company which has seconded the employees as per the terms of secondment.

11. 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(i) above, the Company has adjusted exchange loss of Rs. 5,822,562,545 (Previous year Rs. 4,083,264,955) to the cost of tangible asset / capital work in progress towards the exchange difference arising on long term foreign currency monetary liabilities. The amount capitalised in the current year also includes exchange difference defined as interest cost under para 4 (e) of Accounting Standard 16 "Borrowing Costs", pursuant to circular dated August 9, 2012 from Ministry of Company Affairs.

12. Provision for Mine closure expenses:

	As at March 31, 2016	Rupees As at March 31, 2015
Balance as at beginning of the year	932,541,630	347,436,229
Additions	167,566,274	585,105,401
Amount used / reversed	-	-
Balance as at the end of the year	1,100,107,904	932,541,630

Provision for mine closure obligation represents estimates made towards the expected expenditure for restoring the mining area and other obligatory expenses as per the approved mine closure plan. The timing of the outflow with regard to the said matter would be in a phased manner based on the progress of excavation of coal and consequential restoration cost.

13. 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	Principal Notional Amount (USD)	No. of instruments	Principal Notional Amount (USD)
Interest rate swap	4	194,767,500	3	44,437,500
Call spread	18	424,858,223	9	609,199,481
Long term forward contract	5	100,000,000	-	-
Short term forward contract	11	489,618,799	23	185,800,774
Seagull option	-	-	2	135,166,790

No derivative instruments are acquired for speculation purposes.

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	In USD	Amount in Rupees	In USD	Amount in Rupees
Borrowings including interest accrued but not due	445,090,641	29,524,152,999	592,119,746	37,061,248,578
Creditors and retention	169,855,944	11,267,037,342	189,000,897	11,829,717,373
Premium payable in foreign currency	34,960,534	2,319,033,591	38,742,392	2,424,917,332

14. Capitalisation of Tangible Assets:

While determining the accounting policy for capitalisation considering the plant as unit of measurement (refer note no. 2(c) (ii) above), the Company, after considering the opinions taken from the experts in accounting and technical and also views expressed by the industry association, has concluded that the entire plant, as envisaged in the PPA, would be taken as a unit of measurement for the purpose of capitalisation rather than unit wise completion. Accordingly, the whole power plant consisting of all six units on commencement of commercial production, i.e., where in commercial feasible quantities are produced in a commercially practicable manner, for the plant as a whole as determined by the PPA has been considered as the date of capitalisation.

Accordingly, upto the date of capitalisation, the revenues and direct operational expenses related to the units of power generated in the interim period are adjusted to the Capital Work-in-Progress. In the previous year the whole power plant consisting of all six units has commenced commercial operation and accordingly has been capitalised.

15. The Company based on the technical assessment on expected pattern of consumption of assets, considering future economic benefits and to present the assets in more appropriate manner, has changed the accounting policy of depreciation for certain assets (BTG, AHP and CHP) of power plant from Straight Line Method to Written down method, over the useful life prescribed under Part C of Schedule II of the Act which is also supported by an independent technical evaluation (Refer note 2 (h)). Had the Company continued following earlier accounting policy, depreciation charge during the year would have been lower by Rs. 6,849,700,000.

16. Revenue Recognition:

The revenue recognised under Statement of Profit and Loss/ tangible assets (capitalised) / de-capitalised during the year includes:

- a) Amount of Rs. 6,956,309,217 (net) (Statement of Profit and Loss Rs. 7,626,507,411 ; Tangible assets Rs. (670,198,194)) for the period August 2013 to March 2016 towards increase in clean energy cess, royalty, excise duty, electricity duty and energy development cess based on the CERC order dated February 19, 2016 and December 31, 2015 towards compensation on account of change in law.
- b) Amount of Rs. 157,553,916 (Statement of Profit and Loss Rs. 106,199,673 ; Tangible assets Rs. 51,354,243) for the period August 2013 to March 2016 towards reimbursement of expenses incurred for sustainable allowance, pension and school expenses as per CERC Order dated November 18, 2015.
- c) Amount of Rs. 315,157,624 towards District Mineral Foundation (DMF) and National Mineral Exploration Trust (NMET) contribution amount payable to Government and excise duty payable on coal due to difference in valuation Rs. 129,787,192 (Statement of Profit and Loss Rs. 50,158,927; Tangible assets Rs. 79,628,265) for which the petition is in the process of being filed based on the same principles as approved by CERC earlier in its order dated February 19, 2016.

The above amounts have been recognised in the Statement of Profit and Loss / Tangible assets based on the accounting policy (refer note 2 (c) and 2 (m)). Also as on March 31, 2016, the Company has not billed revenue amounting to Rs. 506,781,745 and has disclosed the said amount as 'Unbilled revenue' under the head 'other current assets'.

17. Provision for regulatory matter:

The Company has reversed a provision of Rs. 9,061,720,530 made towards a regulatory matter with respect to commercial operation date for first unit of the project as per the terms of PPA based on an order dated March 31, 2016 received from Appellate Tribunal of Electricity (ATE). The Company has adjusted Rs. 8,900,992,481 against the cost of assets and the balance amount of Rs. 160,728,049 has been credited to the Statement of Profit and Loss Account, considering the said revenue / provision pertains to a period prior/ post date of capitalisation of project.

- 18. As per the section 135 of the Companies Act, 2013, the Company is required to incur an expenditure of Rs. 502,721 being 2% of the average profit during the three immediately preceding years towards Corporate Social Responsibility, calculated in the manner as stated in the Act. Accordingly the Company has spent Rs. 655,100 for this purposes other than acquisition /construction of asset during the financial year.
- 19. The Company has entered into a tripartite Engineering, Procurement and Construction (EPC) contract in year 2008 with Reliance Infrastructure Limited (R Infra) and Reliance Infra Projects (UK) Limited (RIPUL) for construction/ supply of equipments of the power plant and coal mine. As per the terms of the said contract and subsequent amendments / memorandum of understanding thereto, the Company has accounted an additional capital work in progress / tangible assets aggregating to Rs. 9,952,603,214 and Rs. 193,334,319 (Previous year: Rs. 6,026,978,907 and Rs. 3,321,227,021) towards material / services and other allied cost received from R Infra and RIPUL, respectively. As against the above referred contract, the Company has paid during the year an additional advance of Rs. 2,095,893,340 (Previous Year: 397,342,959 and the closing outstanding balance for R Infra : Creditors Rs. Nil (Previous year: Rs. 178,453,091) ; Retention Money Rs. 720,192,918 (Previous year Rs. 4,602,301,199) ; Advance Rs. 2,815,604,642 (Previous year Rs. 5,178,097,250) and for RIPUL : Creditors Rs. 1,744,747,002 (Previous year: Rs. 1,864,573,291) ; Retention Money Rs. 8,507,989,366 (Previous year Rs. 8,028,020,195).

Sasan Power Limited

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

20. 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 statements.
21. The Company is eligible for tax holiday under Section 80- IA of Income Tax Act, 1961. Deferred tax liability due to timing difference on account of depreciation, originating as on the Balance Sheet date and reversing after the tax holiday period amounting to Rs. 14,587,285,044 has been set off against deferred tax asset on accumulated business loss and unabsorbed depreciation under Income Tax Act, 1961. The Company has not recognised deferred tax asset on balance business loss and unabsorbed depreciation based on consideration of prudence and virtual certainty.
22. The Company has obtained approval from its lead banker on December 12, 2015 for refinancing of its long term rupee loans as per the flexible structuring scheme of Reserve Bank of India. Pursuant to this refinancing, the Company has repaid principal installments as per the revised repayment schedule w.e.f. October 01, 2015 and has executed requisite individual documentation with all the lenders in the consortium on similar terms, except in case of one of the lender where this process is being completed.
23. Previous year figures have been regrouped/ rearranged, wherever necessary to make them comparable to those for the current year.

Sasan Power Limited

As per our attached report of even date

For Price Waterhouse

Chartered Accountants

Firm Registration Number: 301112E

For and on behalf of the Board of Directors

Priyanshu Gundana

Partner

Membership Number: 109553

Ashok Karnavat

Director

DIN No.07098455

For Chaturvedi & Shah

Chartered Accountants

Firm Registration Number: 101720W

N. Venugopala Rao

Director

DIN No.03143364

Vijay Napawaliya

Partner

Membership Number: 109859

Ashutosh Agarwala

Director

DIN No.03151103

Srikant D Kulkarni

Director

DIN No.05136399

Laxmi Dutt Vyas

Chief Financial Officer

Paresh Rathod

Company Secretary

FCS 3476

Place: Mumbai

Date: May 27, 2016

Place: Mumbai

Date: May 26, 2016