

## Independent Auditors' Report

To the Members  
Atos Trading Private Limited

### I. Report on the Financial Statements

We have audited the attached financial statements of Atos Trading Private Limited (hereinafter referred to as the Company), comprising of the Balance Sheet as at 31<sup>st</sup> March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended along with the Significant Accounting Policies and other explanatory information forming an integral part thereof.

### II. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 133 of the Companies Act, 2013 (hereinafter referred to as the Act), read with Rule 7 of the Companies (Accounts) Rules, 2014 and in accordance with the accounting principles generally accepted in India. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 internal financial control, 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.

### III. Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

#### IV. Opinion

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 31<sup>st</sup> March 2016 and its Loss and its cash flows for the year ended on that date.

#### V. Report on Other Legal and Regulatory Requirements

1. 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, we enclose in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable to the Company during the year under review.
2. Further to our comments in the Annexure A referred to in 1. above as per the requirements of Section 143(3) of the Act, we report as follows:
  - (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as 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 Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of written representations received from the respective directors as on 31<sup>st</sup> March 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2016 from being appointed as a director in terms of sub-section (2) of Section 164 of the Act;

# Shyam Malpani & Associates

Chartered Accountants

- (f) With respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
  - i) The Company does not have any pending litigations which would impact its financial position;
  - ii) The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Shyam Malpani & Associates  
Chartered Accountants  
Firm Registration No. 120438 W

Shyam Malpani  
Proprietor  
Membership No. F- 34171

Place: Camp Chicago, USA  
Date: 20<sup>th</sup> May 2016

## Annexure A to the Auditors' Report

(Referred to in paragraph V(1) of our report of even date)

In terms of the information and explanations given to us and the books and records examined by us and on the basis of such checks as we considered appropriate, we further report as under:

1. Fixed Assets

There were no fixed assets with the Company at any time during the year..

2. Inventory

There was no inventory with the Company at any time during the year.

3. Loans to parties of Directors' interest

During the year, the Company has not granted any loans, secured or unsecured to the parties covered in the register maintained under Section 189 of the Act.

4. Loans/Guarantees/Investments in / Provision of Security to certain parties

Based on the information and explanations given to us and on the basis of records verified by us the Company has complied with the provisions of Sections 185 and 186 of the Act to the extent applicable

5. Acceptance of Deposits

According to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under.

6. Maintenance of Cost Records

As explained to us, maintenance of cost records has not been prescribed by the Central Government for the Company under Section 148(1) of the Act.

7. Undisputed & Disputed Statutory Dues

(a) According to the information and explanations given to us and as per the records verified by us, the Company has been regular in depositing undisputed statutory dues involving Income Tax and Service Tax with the appropriate authorities and there were no arrears under the above heads which were due for more than six months from the date they become payable as at the close of the year. Keeping in view the present operations of the Company, statutes relating to Provident Fund, Employees' State Insurance, Sales Tax, Custom Duty, Excise Duty and Cess are not applicable to the Company during the year under review.

b) As per the records, no disputed statutory dues have been lying pending with the Company as at the close of the year under review.

8. Loans from Banks/Financial Institutions/ Government/Debentures

As per the records verified by us, the Company has not availed any loan/facility from banks/financial institutions/Government and hence the question of default in repayment of the same does not arise. Further, no amounts were borrowed by the Company through debentures.

9. Proceeds of Public issue (including debt instruments) /Term Loans

The Company has not raised any money during the year through initial / further public offer (including debt instruments). Also, the Company has not availed any term loans during the current or earlier years and hence the matter of application of the same does not arise.

10. Frauds on or by the Company

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 fraud on or by the Company or its officers, noticed or reported during the year, nor have we been informed of such case by the management.

11. Managerial Remuneration

According to the information and explanations given to us and as per the records verified by us, the Company has not paid any managerial remuneration, which falls within the provisions of Section 197 of the Act read with Schedule V to the Act.

12. Nidhi Companies

The Company is not a Nidhi company during the year under review and hence, the criteria as stipulated under Nidhi Rules 2014 is not applicable to the Company.

13. Related Party Transactions

As per the information and explanations given during the course of our verification, in our opinion, all transactions with the related parties made by the Company were in compliance with Sections 188 of the Act, to the extent applicable to the Company during the year. The relevant details in respect of the same have been appropriately disclosed as per the requirements of the Accounting Standard- 18. Further provision of Section 177 is not applicable to the Company.

14. Preferential Issue

During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures and hence the requirements of Section 42 of the Act are not applicable.

# Shyam Malpani & Associates

15. Non-cash Transactions with Directors, etc.

As per the information and explanations provided to us, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with the directors within the purview of Section 192 of the Act.

16. Provisions of 45-IA of the Reserve Bank of India Act, 1934

As per the information and explanations provided to us and based on the overall operations of the Company, the Company does not carry on NBFC activities and hence the question of registration under Section 45-IA of the Reserve Bank of India Act 1934 does not arise.

For Shyam Malpani & Associates  
Chartered Accountants  
Firm Registration No. 120438 W

Shyam Malpani  
Proprietor  
Membership No. F- 34171

Place: Camp Chicago, USA  
Date: 20<sup>th</sup> May 2016

Annexure B to the independent Auditor's Report of even date on the financial statement of Atos Trading Private Limited

Report on the Internal Financial Controls under Section 143(3)(i) of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Atos Trading Private Limited ("the Company") as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company comprising of the Balance Sheet as at March 31<sup>st</sup>, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the period then ended.

Management's Responsibility for Internal Financial Controls :

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the 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 Companies Act, 2013.

Auditors' Responsibility :

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by the ICAI deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 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.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting :**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting :**

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 :**

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<sup>st</sup>, 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 Shyam Malpani & Associates  
Chartered Accountants  
Firm Registration No. 120438W

Shyam Malpani  
Proprietor  
Membership No. F-34171

Place: Camp Chicago, USA  
Date: 20<sup>th</sup> May 2016

**Atos Trading Private Limited**  
**Balance Sheet as at March 31, 2016**

Particulars	Note	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
<b>Equity and liabilities</b>			
<b>Shareholders' Funds</b>			
Share capital	3.1	118,800	118,800
Reserves and surplus	3.2	43,884,518	44,398,713
<b>Current liabilities</b>			
Other current liabilities	3.3	768,487	213,101
<b>Total</b>		<b><u>44,771,805</u></b>	<b><u>44,730,614</u></b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and bank balances	3.4	501,864	460,653
Short term loans and advances	3.5	44,269,941	44,269,961
<b>Total</b>		<b><u>44,771,805</u></b>	<b><u>44,730,614</u></b>

The notes are an integral part of these Financial Statements.

Significant accounting policies  
Notes to financial statements

2  
3 to 13

**As per our attached report of even date.**

**For Shyam Malpani & Associates**  
Chartered Accountants  
Firm Registration No: 120438W

**For and on behalf of the Board of Directors**

**Shyam Malpani**  
Proprietor  
Membership No. 34171

**Paresh Rathod**  
Director  
(DIN: 00004357)

**Sudhir Jain**  
Director  
(DIN: 07072085)

Place: Camp Chicago, USA  
Date: 20.05.2016

Place: Mumbai  
Date: 20.05.2016

**Atos Trading Private Limited**  
**Statement of Profit and Loss for the year ended March 31, 2016**

Particulars	Notes	Year Ended March 31, 2016 Rupees	Year Ended March 31, 2015 Rupees
Revenue:			
Revenue from operations		-	-
<b>Total Revenue</b>		<u>-</u>	<u>-</u>
Expenses:			
Other expenses	3.6	514,195	96,349
<b>Total Expenses</b>		<u>514,195</u>	<u>96,349</u>
<b>Profit/(loss) before tax</b>		<u>(514,195)</u>	<u>(96,349)</u>
Provision for taxation			
<b>Loss for the year</b>		<u>(514,195)</u>	<u>(96,349)</u>
Earnings per equity share:(Face value of Rs. 10 each)			
-Basic and Diluted (Refer Note 7)		(51.42)	(9.63)

The notes are an integral part of these Financial Statements.

Significant accounting policies	2
Notes on financial statements	3 to 13

**As per our attached report of even date.**

**For Shyam Malpani & Associates**  
Chartered Accountants  
Firm Registration No: 120438W

**For and on behalf of the Board of Directors**

**Shyam Malpani**  
Proprietor  
Membership No. 34171

**Paresh Rathod**  
Director  
(DIN: 00004357)

**Sudhir Jain**  
Director  
(DIN: 07072085)

Place: Camp Chicago, USA  
Date: 20.05.2016

Place: Mumbai  
Date: 20.05.2016

**Atos Trading Private Limited**  
**Cash Flow Statement for the year ended March 31, 2016**

	<b>Year ended March 31, 2016 Rupees</b>	<b>Year ended March 31, 2015 Rupees</b>
<b>(A) Cash flow from/(used in) operating activities:</b>		
Net Profit/(loss) before taxation	(514,195)	(96,349)
Adjustments for:		
Other creditors	555,385	85,066
Net Cash used in operating activities	41,190	(11,283)
<b>(B) Cash flow from/(used in) investing activities</b>	-	-
<b>(C) Cash flow from financing activities:</b>		
Repayment of / Proceeds from Unsecured loan	-	-
Net cash from financing activities	-	-
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	<b>41,190</b>	<b>(11,283)</b>
<b>Opening balance in cash and cash equivalents</b>		
Balance in current account	460,653	471,936
<b>Closing balance in cash and cash equivalents</b>	501,864	460,653
Balance in current account		

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

As per our report of even date attached.

**For Shyam Malpani & Associates**  
Chartered Accountants  
Firm Registration No: 120438W

**For and on behalf of the Board of Directors**

**Shyam Malpani**  
Proprietor  
Shyam Malpani

**Paresh Rathod**  
Director  
(DIN: 00004357)

**Sudhir Jain**  
Director  
(DIN: 07072085)

Place: Camp Chicago, USA  
Date: 20.05.2016

Place: Mumbai  
Date: 20.05.2016

## **1 General Information**

Atos Trading Private Limited, a wholly owned subsidiary of Reliance Power Limited, was incorporated on January 12, 2010. It is engaged in the business of exploration and prospecting activities on Coal Bed Methane (CBM) and has 45% share on the Coal Bed Methane (CBM) Blocks - (BS (4)CBM-2005/III and BS (5) CBM-2005/II) situated in Barmer District, Rajasthan.

## **2 Significant accounting policies**

### **a) Basis of preparation:**

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

### **b) Use of estimates:**

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

### **c) Tangible Assets and Capital Work-in-Progress:**

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

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

### **d) Intangible assets:**

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

Expenditure incurred on acquisition of intangible assets which are not ready to use at the reporting date is disclosed under capital work-in-progress.

**e) Impairment of assets:**

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

**f) Depreciation / Amortization:**

**(i) Tangible assets:**

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

**(ii) Intangible assets:**

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

**g) Investments:**

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

**h) Provisions, Contingent Liabilities and Contingent Assets:**

**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.

**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”.

**Contingent Assets:**

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

**i) Borrowing Costs:**

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

**j) Revenue recognition:**

Revenue from operations is recognized on accrual basis.

**k) 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.

**(iii) Short term/ long term employee benefits:**

All employee benefits payable wholly within twelve months of rendering the service including performance incentives and compensated absences are classified as short term employee benefits. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are charged off to the Statement of Profit and Loss / capital work-in-progress, as applicable. The employee benefits which are not expected to occur within twelve months are classified as long term benefits and are recognised as liability at the net present value.

**l) Accounting for taxes on income:**

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

**m) 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.

**n) 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.

**o) 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.

**p) Accounting for oil and gas activity:**

The company follows "Successful Efforts Method" for accounting of oil and gas exploration activities as set out by the Guidance Note issued by the Institute of Chartered Accountants of India on oil and natural gas producing activities. The cost of survey and prospecting activities conducted in search of oil and gas are expensed out in the year in which the same are incurred. Oil and Gas Joint operations are in the nature of Joint controlled operations. Accordingly assets and liabilities are accounted on the basis of statement of accounts of Joint operations on line by line basis according to the participating interest of the Company.

**Atos Trading Private Limited**

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

	<b>As at March 31, 2016 Rupees</b>	<b>As at March 31, 2015 Rupees</b>
<b>3.1 Share Capital</b>		
<b>Authorised Share Capital</b>		
25,000 (Previous year: 25,000) equity shares of Rs. 10 each	250,000	250,000
250,000 (Previous year: 250,000) preference shares of Re. 1 each	250,000	250,000
	<b><u>500,000</u></b>	<b><u>500,000</u></b>
<b>Issued, Subscribed and Fully paid up capital</b>		
10,000 (Previous year : 10,000) equity shares of Rs. 10 each	100,000	100,000
18,800 (Previous year : 18,800) preference shares of Re. 1 each [Refer Note 3.1.2 (b)]	18,800	18,800
	<b><u>118,800</u></b>	<b><u>118,800</u></b>
<b>3.1.1 Reconciliation of number of shares</b>		
<b>Equity shares</b>		
Balance at the beginning of the year	100,000	100,000
10,000 (Previous year : 10,000) shares of Rs. 10 each		
Balance at the end of the year	<b><u>100,000</u></b>	<b><u>100,000</u></b>
10,000 (Previous year : 10,000) shares of Rs. 10 each		
<b>Preference shares</b>		
Balance at the beginning of the year	18,800	18,800
18,800 (Previous year : 18,800) shares of Re. 1 each		
Balance at the end of the year	<b><u>18,800</u></b>	<b><u>18,800</u></b>
18,800 (Previous year : 18,800) shares of Re. 1 each		

**3.1.2 Terms/ rights attached to shares**

**a) Equity shares**

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

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

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

The Company shall have a call option on CCRPS which can be exercised by the Company in one or more tranches and in part or in full before the end of agreed tenure (20 years) of the said shares. In case the call option is exercised, CCRPS shall be redeemed at an issue price (i.e face value and premium). The holders of CCRPS however, shall have an option to convert CCRPS into equity shares at any time during the tenure of such shares. At the end of tenure and to the extent the Company or the shareholder has not exercised their options, CCRPS shall be compulsorily converted into equity shares. On conversion, in either case, each CCRPS shall be converted into one fully paid equity share of Rs. 10 each at a premium of Rs. 990 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**

	<b>As At March 31, 2016 Rupees</b>	<b>As At March 31, 2015 Rupees</b>
Reliance Power Limited 10,000 (Previous year : 10,000) shares of Rs. 10 each fully paid-up (Of the above 9,999 (Previous year: 9,999) Equity Shares were held by Reliance Power Limited, the Holding Company and 1 Equity Share was jointly held by Reliance Power Limited and its Nominee)	100,000	100,000
	<b>100,000</b>	<b>100,000</b>
<b>Preference Shares [Refer Note 3.1.2 (b)]</b>		
Reliance Power Limited 18,800 (Previous year : 18,800) shares of Re. 1 each fully paid-up	18,800	18,800
	<b>18,800</b>	<b>18,800</b>

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

	<b>Percentage of share holding</b>	<b>As at March 31, 2016 No. of Shares</b>	<b>As at March 31, 2015 No. of Shares</b>
<b>Equity Shares of Rs. 10 each fully paid</b>			
Reliance Power Limited	100%	10,000	10,000
		<b>10,000</b>	<b>10,000</b>
<b>Preference Shares of Re. 1 each fully paid [Refer Note 3.1.2 (b)]</b>			
Reliance Power Limited	100%	18,800	18,800
		<b>18,800</b>	<b>18,800</b>

**Atos Trading Private Limited**

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

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
<b>3.2 Reserves and surplus</b>		
<b>General reserve - pursuant to the composite scheme of arrangement</b>		
Balance at the beginning of the year	40,060,932	40,060,932
Balance at the end of the year	<u>40,060,932</u>	<u>40,060,932</u>
<b>Surplus/(Deficit) in the statement of Profit and Loss</b>		
Balance at the beginning of the year	(14,443,419)	(14,347,070)
Add: profit/(loss) for the year	(514,195)	(96,349)
Balance at the end of the year	<u>(14,957,614)</u>	<u>(14,443,419)</u>
<b>Securities Premium account</b>		
Balance at the beginning of the year	18,781,200	18,781,200.00
Balance at the end of the year	<u>18,781,200</u>	<u>18,781,200</u>
	<u>43,884,518</u>	<u>44,398,713</u>
<b>3.3 Other current liabilities</b>		
Inter corporate deposit received from related party	650,000	100,000
Statutory dues including Provident Fund and TDS	3,100	-
Other Payables	115,387	113,101
	<u>768,487</u>	<u>213,101</u>
<b>3.4 Cash and bank balances</b>		
Balance with banks in current account (Includes Rs. 336,58 (Previous Year: Rs. 4,846) represents share in Joint Operations)	501,864	460,653
	<u>501,864</u>	<u>460,653</u>
<b>3.5 Short term loans and advances</b> (Unsecured and considered good unless stated otherwise)		
Loans & Advances to related parties (Refer Note 6)	35,826,974	35,826,974
Others (Includes Rs. 3,60,000 (Previous Year Rs. 360,000) represents share in Joint Operations) Refer Notes 2(q) and 9)	8,442,967	8,442,987
	<u>44,269,941</u>	<u>44,269,961</u>
	<b>Year ended March 31, 2016 Rupees</b>	<b>Year ended March 31, 2015 Rupees</b>
<b>3.6 Other expenses</b>		
Legal and professional charges	46,346	36,354
Rates and Taxes	433,300	2,500
Exploration expenses	31,749	35,169
Miscellaneous expenses	2,800	22,326
	<u>514,195</u>	<u>96,349</u>

**Atos Trading Private Limited****Notes to financial statements for the year ended March 31, 2016 (Continued)****C Details of transactions during the year and closing balance at the end of the year**

<b>Particulars</b>	<b>Rupees</b>	
	<b>2015-2016</b>	<b>2014-2015</b>
<b>(i) Transactions during the year :</b>		
<b>Reimbursement on behalf of</b>		
R Power	28,322	-
<b>Inter-corporate deposits received</b>		
R Power	550,000	100,000
<b>Advance refunded</b>		
<b>(ii) Balance as at the year end :</b>		
<b>Equity share capital (excluding premium)</b>		
R Power	100,000	100,000
<b>Preference share capital (excluding premium)</b>		
R Power	18,800	18,800
<b>Advance recoeverable</b>		
CAPIL	35,826,974	35,826,974
<b>Short-term borrowings - Inter corporate deposits received</b>		
R Power	650,000	100,000

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

**Atos Trading Private Limited****Notes to the financial statements as of and for the year ended March 31, 2016****4 Project Status**

In term of the Composite Scheme of Arrangement between Reliance Natural Resources Limited (RNRL) and Reliance Power Limited (R Power) and others, as sanctioned by the Honorable High Court of Judicature at Bombay vide order dated October 15, 2010, inter alia 45% non-operating participating interest in each of CBM blocks BS(4)-CBM-2005/III and BS(5)-CBM-2005/IV, was vested into the Company. The Consortium led by RNRL with Geopetrol International Inc. (Operator) and Reliance Infrastructure Limited was awarded the CBM Block BS(4)-CBM-2005/III under 3rd round of CBM bidding in 2006 by Ministry of Petroleum and Natural Gas (MoPNG), Government of India. The Blocks BS(4) and BS (5) cover an area of 1168 and 739 square kilometers respectively and are situated in the State of Rajasthan.

The consortium had experienced inordinate delays in receipt of clearances/permissions. Timely grant of requisite approvals was beyond the control of the Consortium and the abnormal delay in the grant of requisite approvals/clearances, made the Consortium incapable of performance. Keeping in view the extraordinary circumstances faced by the Consortium, the Company has relinquished all its rights with respect to both the CBM blocks. In view of the above, no liability (firm or contingent) have been provided in the books of account.

	<b>Year Ended March 31, 2016 Rupees</b>	<b>Year Ended March 31, 2015 Rupees</b>
<b>5 Details of remuneration to auditors</b>		
As statutory auditor (excluding service tax) (Included in Legal and Professional Expenses)	25,000	25,000
	<b>25,000</b>	<b>25,000</b>

**6 Employment benefits**

As there are no employees on the payroll of the Company, no provision has been done for Gratuity and Leave Encashment in terms of Accounting Standard 15 - Employee benefits.

**7 Related Party Disclosures**

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

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

Reliance Power Limited (R Power)

**B. (I) Investing parties/promoters having significant influence on the Company directly or indirectly****Companies**

Reliance Infrastructure Limited (R Infra)

**Individual**

Shri Anil D Ambani

**B. (II) Other related parties with whom transactions have taken place during the year:****(i) Fellow subsidiary**

Coastal Andhra Power Infrastructure Limited (CAPIL)

**(ii) Joint Ventures**

BS (4) CBM-2005/III

BS (5) CBM-2005/III

**Atos Trading Private Limited****Notes to the financial statements as of and for the year ended March 31, 2016****8 Earnings Per share**

	<b>Year ended March 31, 2016</b>	Year ended March 31, 2015
Profit/(loss) for the year (Rupees)	(514,195)	(96,349)
Profit after Tax (Rupees) (A)	(514,195)	(96,349)
Less: Preference Dividend	-	-
Number of equity shares (B)	10,000	10,000
Earnings per share - basic and diluted (A/B) (Rs.)	(51.42)	(9.63)
Nominal value of an equity share (Rs.)	10	10

**9 Segment Reporting**

Since the commercial Operations of the company has not commenced, there are no separate reportable segments as defined under Accounting Standard - 17 'Segment Reporting' as prescribed by Companies (Accounting Standard) Rules, 2006.

**10 Interest in Joint Operations**

During the year, the company has accounted for Rs. 31,749 (Previous Year: Rs. 35,169) towards its share of expenditure on survey and prospecting activities on the Coal Bed Methane (CBM) blocks transferred to the company pursuant to the composite scheme of arrangement.

Disclosure of the Company share in Joint Operations:-

<b>Name of the field</b>	<b>Location</b>	<b>Participating Interest %</b>
BS (4) CBM-2005/III	Barmer, Rajasthan	45
BS (5) CBM-2005/III	Barmer, Rajasthan	45

The above joint ventures are unincorporated joint ventures carrying out controlled Operations. Based on the statement of accounts of consortium, the Company account for its share of assets, liabilities, income and expenditure of Joint Operations in which it holds a participating interest. The Company's share of assets and liabilities of Joint Operations is given below:

	<b>As At March 31, 2016</b>		<b>As At March 31, 2015</b>	
	<b>BS-4</b>	<b>BS-5</b>	<b>BS-4</b>	<b>BS-5</b>
<b>Assets</b>				
Short term loans and advances	180,000	180,000	180,000	180,000
Cash and bank balance	15,243	18,415	2,977	6,358
<b>Liabilities</b>				
Other current liabilities	42,657	40,335	42,416	40,094

**Atos Trading Private Limited**

**Notes to the financial statements as of and for the year ended March 31, 2016**

**11 Micro and Small Scale Business Entities**

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

**12** In the opinion of the Board, Current as well as Non-current Assets have a value on realization in the ordinary course of business, at least equal to the amount at which they are stated.

**13** Previous year figures have been regrouped and recast wherever necessary to the current year classification.

**As per our attached report of even date**

**For Shyam Malpani & Associates For and on behalf of the Board of Directors**

Chartered Accountants

Firm Registration No: 120438W

**Shyam Malpani**

Proprietor

Membership No. 34171

Place: Camp Chicago, USA

Date: 20.05.2016

**Paresh Rathod**

Director

(DIN: 00004357)

Place: Mumbai

Date: 20.05.2016

**Sudhir Jain**

Director

(DIN: 07072085)