

FINANCIAL STATEMENT

2014-15

**DHURSAR SOLAR POWER PRIVATE
LIMITED**

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DHURSAR SOLAR POWER PRIVATE LIMITED (formerly known as Dahanu Solar Power Private Limited)

Report on the Financial Statements

1. We have audited the accompanying financial statements of Dhursar Solar Power Private Limited (formerly known as Dahanu Solar Power Private Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

INDEPENDENT AUDITORS' REPORT

To the members of Dhursar Solar Power Private Limited (formerly known as Dahanu Solar Power Private Limited)
Report on the financial statements
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Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company does not have any pending litigations as at March 31, 2015 which would impact its financial position.
 - ii. The Company has long-term contracts including derivative contracts as at March 31, 2015 for which there were no material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investors' Education and Protection Fund by the Company during the year ended March 31, 2015.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

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

Priyanshu Gundana
Partner
Membership Number : 109553

Place : Mumbai
Date : May 26, 2015

Vijay Napawaliya
Partner
Membership No. 109859

Place : Mumbai
Date : May 26, 2015

Annexure to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Dhursar Solar Power Private Limited (formerly known as Dahanu Solar Power Private Limited) on the financial statements for the year ended March 31, 2015

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- xi. In our opinion, and according to the information and explanations given to us, except for the unutilised proceeds of term loans, to the extent of Rs. 83,600,000, that were obtained for capital expenditure but held in fixed deposit and current accounts with banks at the year end, the term loans have been applied for the purposes for which they were obtained.
- xii. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

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

Priyanshu Gundana
Partner
Membership Number: 109553

Place : Mumbai
Date : May 26, 2015

Vijay Napawaliya
Partner
Membership No. 109859

Place : Mumbai
Date : May 26, 2015

Annexure to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Dhursar Solar Power Private Limited (formerly known as Dahanu Solar Power Private Limited) on the financial statements as of and for the year ended March 31, 2015

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- ii. The Company does not have any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for sale of energy. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified. During the year under audit, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vi. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been specified under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, income tax, service tax, works contract tax and professional tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including employees' state insurance, sales tax, wealth tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. There are no undisputed amounts payable in respect of such applicable statutory dues as at March 31, 2015 for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, duty of customs, and duty of excise or value added tax or cess which have not been deposited on account of any dispute.
- (c) There are no amounts required to be transferred by the Company to the Investors' Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- viii. The accumulated losses of the Company did not exceed fifty percent of its net worth as at March 31, 2015 and it has not incurred cash losses in the financial year ended on that date and in the immediately preceding financial year.
- ix. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date.
- x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.

Dhursar Solar Power Private Limited (formerly known as Dahanu Solar Power Private Limited)
Balance Sheet as at March 31, 2015

| Particulars | Note | As at March 31, 2015 Rupees | As at March 31, 2014 Rupees |
|--------------------------------|------|-----------------------------------|-----------------------------------|
| Equity and Liabilities | | | |
| Shareholders' funds | | | |
| Share capital | 3.1 | 17,980,000 | 17,980,000 |
| Reserves and surplus | 3.2 | 1,908,236,040 | 1,714,292,702 |
| Non-current liabilities | | | |
| Long-term borrowings | 3.3 | 5,068,435,366 | 5,252,949,007 |
| Other long term liabilities | 3.4 | 185,773,995 | 72,807,650 |
| Long-term provisions | 3.5 | 220,519 | 216,497 |
| Current liabilities | | | |
| Short-term borrowings | 3.6 | - | 300,000,000 |
| Trade payables | 3.7 | 9,828,060 | 5,179,680 |
| Other current liabilities | 3.8 | 507,958,718 | 479,777,083 |
| Short-term provisions | 3.9 | 46,741,418 | 1,275,810 |
| Total | | 7,745,174,116 | 7,844,478,429 |
| Assets | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 3.10 | 5,427,264,341 | 5,575,968,346 |
| Non-current investments | 3.11 | 451,102,000 | 451,102,000 |
| Long-term loans and advances | 3.12 | 68,846,302 | 123,088,367 |
| Other non-current assets | 3.13 | 142,316,833 | 1,799,106 |
| Current assets | | | |
| Current investments | 3.14 | 474,555,260 | 287,151,963 |
| Trade receivables | 3.15 | 199,506,763 | 203,429,029 |
| Cash and bank balances | 3.16 | 84,966,876 | 387,217,710 |
| Short-term loans and advances | 3.17 | 853,833,627 | 797,141,489 |
| Other current assets | 3.18 | 42,782,114 | 17,580,419 |
| Total | | 7,745,174,116 | 7,844,478,429 |

The notes are an integral part of these financial statements

Dhursar Solar Power Private Limited (formerly known as Dahanu Solar Power Private 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

Dagdulal K Jain
Director
DIN Number: 07134428

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

Vijay Napawaliya
Partner
Membership Number: 109859

Sunil K Agarwal
Director
DIN Number: 03636810

Place: Mumbai
Date: May 26, 2015

Place: Mumbai
Date: May 25, 2015

Dhursar Solar Power Private Limited (formerly known as Dahanu Solar Power Private Limited)
Statement of Profit and Loss for the year ended March 31, 2015

| Particulars | Note | Year ended March 31, 2015 Rupees | Year ended March 31, 2014 Rupees |
|--|------|--|--|
| Revenue from operations | 3.19 | 1,248,068,488 | 1,246,458,016 |
| Other income | 3.20 | 43,168,354 | 61,344,532 |
| Total revenue | | 1,291,236,842 | 1,307,802,548 |
| Operating expenditure | 3.21 | 82,987,215 | 82,103,684 |
| Employee benefits expense | 3.22 | 1,434,727 | 6,176,712 |
| Finance cost | 3.23 | 171,339,974 | 183,128,900 |
| Depreciation/ amortisation | | 689,128,545 | 1,353,283,823 |
| Administration and other expenses | 3.24 | 106,653,042 | 141,900,293 |
| Total expenses | | 1,051,543,503 | 1,766,593,412 |
| Profit / (loss) before tax | | 239,693,339 | (458,790,864) |
| Tax expense : | | | |
| Current tax | | 45,750,000 | 7,773,042 |
| Deferred tax | | - | (69,691,000) |
| Income tax for earlier years | | - | (464,996) |
| Profit / (loss) for the year | | 193,943,339 | (396,407,910) |
| Earnings/ (loss) per equity share: (Face value of Rs.10 each) | | | |
| Basic | | 214.54 | (438.50) |
| Diluted | | 213.38 | (438.50) |
| (Refer Note 11) | | | |

The notes are an integral part of these financial statements

Dhursar Solar Power Private Limited (formerly known as Dahanu Solar Power Private 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

Dagdulal K Jain
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Membership Number: 109859

Sunil K Agarwal
Director
DIN Number: 03638810

Place: Mumbai
Date: May 26, 2015

Place: Mumbai
Date: May 25, 2015

Dhursar Solar Power Private Limited (formerly known as Dahanu Solar Power Private Limited)
Cash Flow Statement for the year ended March 31, 2015

| | Year ended March 31, 2015 Rupees | Year ended March 31, 2014 Rupees |
|--|--|--|
| (A) Cash Flow from/ (used in) operating activities | | |
| Profit before tax | 239,693,339 | (458,790,864) |
| Adjustments for: | | |
| Depreciation/ amortisation | 689,128,545 | 1,353,283,823 |
| Finance cost | 171,339,974 | 183,128,900 |
| Interest income | (15,745,257) | (37,758,148) |
| Dividend income on current investments (non trade) | (21,596,389) | (23,586,384) |
| Profit on sale of current investment (non trade) | (5,404,117) | |
| Premium on amortisation of forward contracts | 9,048,092 | 10,995,100 |
| Provision for leave encashment and gratuity | 923 | 10,073 |
| Provision for diminution in the value of non-current investments | | 40,188,000 |
| Operating profit before working capital changes | 1,066,465,110 | 1,067,470,500 |
| Adjusted for: | | |
| Trade payables | 4,648,380 | 319,440 |
| Other liabilities | (29,235,802) | (22,668,187) |
| Trade receivables | 3,922,266 | 20,978,710 |
| Loans and advances | (15,892,376) | 75,878,889 |
| | 1,029,907,578 | 1,141,979,352 |
| Taxes paid (net of refunds) | (281,293) | (7,043,701) |
| Net cash from Operating Activities | 1,029,626,285 | 1,134,935,651 |
| (B) Cash Flow from/ (used in) Investing activities | | |
| Purchase of Fixed assets | (260,666,825) | (224,686,719) |
| Sale/(Purchase) of current investments (non trade) (net) | (187,403,297) | 63,788,890 |
| Dividend income from current investments (non trade) | 21,596,389 | 23,586,384 |
| Profit on sale of current investment (non trade) | 5,404,117 | |
| Interest received from deposits | 18,056,877 | 41,874,457 |
| Inter corporate deposit given | (471,100,000) | (829,000,000) |
| Refund of inter corporate deposit | 408,500,000 | 44,000,000 |
| Net cash used in Investing Activities | (465,612,739) | (880,436,988) |
| (C) Cash Flow from/ (used in) financing activities | | |
| Repayment of short term borrowings | (300,000,000) | |
| Proceeds from short term borrowings | | 300,000,000 |
| Repayment of long term borrowings | (394,180,585) | (312,331,486) |
| Inter corporate deposits received | | 8,000,000 |
| Inter corporate deposit refunded | | (201,800,000) |
| Interest and finance charges paid | (172,083,793) | (182,457,467) |
| Net cash (used in) / from Financing Activities | (866,264,378) | (388,588,953) |
| Net Increase in cash and cash equivalents (A+B+C) | (302,250,832) | (134,090,290) |
| Cash and cash equivalents at the beginning of the year: | | |
| Bank balance - current account | 2,217,710 | 1,308,000 |
| Bank balance - fixed deposit account | 385,000,000 | 520,000,000 |
| Cash and cash equivalents at the end of the year: | | |
| Bank balance - current account | 1,366,876 | 2,217,710 |
| Bank balance - fixed deposit account | 83,600,000 | 385,000,000 |

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

Dhursar Solar Power Private Limited (formerly known as Dahanu Solar Power Private Limited)

As per our attached report of even date

For Price Waterhouse
Chartered Accountants
Firm Registration Number: 301112E

Priyanshu Gundana
Partner
Membership Number: 109553

For Chaturvedi & Shah
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Vijay Napawaliya
Partner
Membership Number: 109859

Place: Mumbai
Date: May 26, 2015

For and on behalf of the Board of Directors

Dagdulal K Jain
Director
DIN Number: 07134428

Sunil K Agarwal
Director
DIN Number: 03636810

Place: Mumbai
Date: May 25, 2015

Dhursar Solar Power Private Limited (formerly known as Dahanu Solar Power Private Limited)
Notes to the financial statements as of and for the year ended March 31, 2015

1. General Information

Dhursar Solar Power Private Limited is a wholly owned subsidiary of Reliance Power Limited. The Company had developed and is operating a 40 MW Solar Photo-Voltaic Power Plant at Dhursar, District Jaisalmer, Rajasthan. The Company has entered into long term Power Purchase Agreement (PPA) with Reliance Infrastructure Limited (R-Infra) for its entire capacity. The Company has declared commercial operation from March 28, 2012.

The Company's name was changed to Dhursar Solar Power Private Limited from Dahanu Solar Power Private Limited with effect from September 2, 2013.

2. Significant Accounting Policies:

(a) Basis of accounting

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

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

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

(e) Impairment of assets

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

(f) Depreciation / Amortisation

Tangible Assets:

Depreciation on tangible assets is provided to the extent of depreciable amount on Written Down Value Method (WDV) based on useful life of the assets as prescribed in Part C of Schedule II to the Companies Act, 2013 except in respect of the Plant and equipment where useful life has been estimated as 25 years based on internal assessment and technical evaluation by management.

In respect of additions or extensions forming an integral part of existing assets and insurance spares, including incremental cost arising on account of translation of foreign currency liabilities for acquisition of Fixed Assets, depreciation is provided as aforesaid over the residual life of the respective assets.

Lease hold land is amortised over the lease period from the date of receipt of advance possession or execution of lease deed, whichever is earlier.

(g) Investments

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

(h) Provisions and contingent liabilities

(i) Provisions:

Provisions are recognised when there is present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which reliable estimate can be made of the amount of the obligation.

(ii) Contingent Liabilities:

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or reliable estimate of the amount cannot be made, is termed as contingent liability.

Where there is a possible obligation or a present obligation but the likelihood of outflow of resources is remote, no provision or disclosure is made as specified in Accounting standard 29 – "Provisions, Contingent Liability and Contingent Assets".

(iii) Contingent Assets:

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

(i) Borrowing costs

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

(i) 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.

Dhursar Solar Power Private Limited (formerly known as Dahanu Solar Power Private Limited)
Notes to the financial statements as of and for the year ended March 31, 2015 (Continued)

- In other cases, foreign exchange difference is accumulated in "foreign currency monetary item translation difference account" and amortised over the balance period of such long term asset/liabilities.
 - An asset or liability is designated as a long term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of twelve months or more at the date of origination of the asset or the liability, which is determined taking into consideration the terms of the payment/settlement as defined under the respective agreement/memorandum of understanding.
- (iv) The premium or discount arising at the inception on forward exchange contracts entered into, to hedge an existing asset/liability is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the 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 Institute of Chartered Accountants of India. Any unrealised gain arising on such contracts are not recognised.

(k) Revenue recognition

- (i) Revenue from sale of energy is recognised on an accrual basis as per the tariff rate notified by Central Electricity Regulatory Commission (CERC) in accordance with the provisions of PPA with R-Infra.
- (ii) Profit on sale/redemption of investment is accounted on sale/redemption of such investments. Dividend on investment is accounted when the right to receive payment is established in the entity's favour. Interest on deposits is accounted for on an accrual basis.
- (iii) Revenue from certified reduction units is recognised as per terms and conditions agreed with trustee on future sale of certified emission reduction units.

(l) Employee benefits

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

- (i) Defined contribution plans:
Contributions to defined contribution schemes such as provident fund and superannuation are charged off to the Statement of Profit and Loss during the year in which the employee renders the related service.
- (ii) Defined Benefit Plans:
The Company also provides employee benefits in the form of gratuity and leave encashment, the liability for which as at the year-end is determined by independent actuaries based on actuarial valuation using the projected unit credit method. Such defined benefits are charged off to the Statement of Profit and Loss. Actuarial gain / losses are recognised in 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. The employee benefits which are not expected to occur within twelve months are classified as long term benefits and are recognised as liability at the net present value.

(m) Accounting for taxes on income

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred income tax reflects the current 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.

Dhursar Solar Power Private Limited (formerly known as Dahanu Solar Power Private Limited)
Notes to the financial statements as of and for the year ended March 31, 2015 (Continued)

(n) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash Equivalents are short-term balances (with an original maturity of three months or less from date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(o) Cash Flow Statement

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

(p) Earnings per share

Basic earnings per share are computed by dividing the net profit or loss by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share are the net profit for the year after deducting preference share dividend and attributable tax for the year. The weighted average number of equity shares outstanding during the year and for all years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

Dhruva Solar Power Private Limited (formerly known as Dahanu Solar Power Private Limited)
Notes to the financial statements as of and for the year ended March 31, 2015 (Continued)

3.1 Share Capital

Authorised Share Capital

1,000,000 (Previous Year: 1,000,000) equity Shares of Rs.10 each

1,000,000 (Previous Year: 1,000,000) preference Shares of Rs.10 each

Issued, subscribed and paid up capital

904,000 (Previous Year: 904,000) equity Shares of Rs.10 each fully paid up

894,000 (previous Year: 894,000) preference Shares of Rs.10 each fully paid up

[refer note 3.1.2(b) below]

3.1.1 Reconciliation of number of shares

Equity shares

Balance at the beginning of the year 904,000 (Previous Year: 904,000) shares of Rs.10 each

Balance at the end of the year - 904,000 (Previous Year: 904,000) shares of Rs.10 each

Preference shares [Refer Note 3.1.2(b)]

Balance at the beginning of the year 894,000 (Previous Year: 894,000) shares of Rs.10 each

Balance at the end of the year 894,000 (Previous Year: 894,000) shares of Rs.10 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 share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

b) Preference shares

As on March 31, 2014 - 7.6% non-cumulative non-convertible redeemable preference shares (NCRPS)

The Company has only one class of NCRPS having par value of Rs.10 per share which have been issued at a premium of Rs. 990 per share. These shares are redeemable within twenty years from the date of their issue. NCRPS however can be redeemed earlier at the option of the Company or the shareholder or completion of fifteen years from the date of allotment at an issue price of Rs. 1,000 per share. Dividend on NCRPS shall be payable on the issue price of Rs.1,000 subsequent to commencement of commercial operation on declaration.

As on March 31, 2015 - 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 30, 2015, the Company has made modifications in the terms and conditions of NCRPS issued which are summarized below. Consequent to the modification/variations, NCRPS are termed now as 7.5% Compulsory Convertible Redeemable Non-Cumulative Preference Shares (CCRPS).

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

3.1.3 Shares held by Holding Company

Equity shares

Reliance Power Limited - Holding Company

904,000 (Previous Year: 904,000) shares of Rs.10 each fully paid

(Of the above, 903,999 (Previous year: 903,999) shares are held by Reliance Power Limited and 1 share is jointly held by Reliance Power Limited and its nominees)

Preference shares [Refer Note 3.1.2(b)]

Reliance Power Limited - Holding Company

894,000 (previous year : 894,000) preference shares of Rs.10 each fully paid

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

Equity Shares

Reliance Power Limited (Equity shares of Rs.10 each fully paid-up)

Preference shares [Refer Note 3.1.2(b)]

Reliance Power Limited (Preference shares of Re.10 each)

| As at March 31, 2015 Rupees | As at March 31, 2014 Rupees |
|-----------------------------------|-----------------------------------|
| 10,000,000 | 10,000,000 |
| 10,000,000 | 10,000,000 |
| 20,000,000 | 20,000,000 |
| 9,040,000 | 9,040,000 |
| 8,940,000 | 8,940,000 |
| 17,980,000 | 17,980,000 |

| | |
|------------------|------------------|
| 9,040,000 | 9,040,000 |
| 9,040,000 | 9,040,000 |
| 8,940,000 | 8,940,000 |
| 8,940,000 | 8,940,000 |

| As at March 31, 2015 Rupees | As at March 31, 2014 Rupees |
|-----------------------------------|-----------------------------------|
| 9,040,000 | 9,040,000 |
| 9,040,000 | 9,040,000 |
| 8,940,000 | 8,940,000 |
| 8,940,000 | 8,940,000 |

| As at March 31, 2015 No. of shares | As at March 31, 2014 No. of shares |
|--|--|
| 904,000 | 904,000 |
| 894,000 | 894,000 |

Dhursar Solar Power Private Limited (formerly known as Dahanu Solar Power Private Limited)
Notes to the financial statements as of and for the year ended March 31, 2015 (Continued)

| | As at March 31, 2015 Rupees | As at March 31, 2014 Rupees |
|--|-----------------------------------|-----------------------------------|
| 3.2 Reserves and surplus | | |
| Securities premium account | 1,770,120,000 | 1,770,120,000 |
| Capital Reserve (arisen pursuant to scheme of amalgamation and arrangement with Maharashtra Energy Generation Infrastructure Limited) (Refer Note 5) | 491,240,148 | 491,240,149 |
| Surplus/ (deficit) in the Statement of profit and loss | | |
| Balance at the beginning of the year | (547,067,447) | (150,658,537) |
| Add: Profit/ (loss) for the year | 193,943,339 | (396,407,910) |
| Balance at the end of the year | <u>(353,124,108)</u> | <u>(547,067,447)</u> |
| | <u>1,908,236,040</u> | <u>1,714,292,702</u> |
| 3.3 Long term borrowings | | |
| Secured | | |
| Term loans | | |
| - Foreign currency loans from financial institutions/ other parties | 5,068,435,366 | 5,252,949,007 |
| | <u>5,068,435,366</u> | <u>5,252,949,007</u> |

3.3.1 Nature of security for Term Loans:

- Term loans from financial Institution/ other parties of Rs. 5,470,671,795 (Previous Year Rs. 5,639,177,167) is secured / to be secured by first charge on all the immovable and movable assets and intangible asset of the Company on pari passu basis and pledge of 99.99% of the total issued share capital of the Company held by the Holding Company.
- The Holding Company has given financial commitments/ guarantees to the lender of the Company. [refer note 10(D)(iii)].
- 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

- The foreign currency loan from financial Institution/ other parties of Rs. 3,319,349,895 (Previous Year Rs. 2,218,716,250) is repayable over a period of sixteen and half years in half-yearly installments commencing from September 25, 2012 and Interest is payable based on Commercial Interest Reference Rate which is 2.97% per annum.
- The foreign currency loan from financial Institution/ other parties of Rs. 2,151,321,900 (previous Year Rs. 3,420,458,917) is repayable over a period of sixteen and half years in half-yearly installments commencing from September 25, 2012 and interest at the rate of 6 months USD LIBOR plus 2.5% per annum.

Dhursar Solar Power Private Limited (formerly known as Dahanu Solar Power Private Limited)
Notes to the financial statements as of and for the year ended March 31, 2015 (Continued)

| | As at March 31, 2015 Rupees | As at March 31, 2014 Rupees |
|---|-----------------------------------|-----------------------------------|
| 3.4 Other long term liabilities | | |
| Advance for contracted certified emission reduction | 43,457,162 | 65,257,400 |
| Others (Including hedging premium) | 142,316,833 | 7,550,250 |
| | <u>165,773,995</u> | <u>72,807,650</u> |
| 3.5 Long term provisions | | |
| Provision for gratuity (Refer Note 9) | 179,517 | 106,540 |
| Provision for leave encashment (Refer Note 9) | 41,002 | 109,957 |
| | <u>220,519</u> | <u>216,497</u> |
| 3.6 Short-term borrowings | | |
| Unsecured | | |
| Short term loan from bank | | 300,000,000 |
| (Carries interest rate of 8.51% p.a. and repayable on demand) | | |
| | <u>-</u> | <u>300,000,000</u> |
| 3.7 Trade payables | | |
| Trade payable for goods and services (Refer Note 14) | 9,828,060 | 5,179,680 |
| | <u>9,828,060</u> | <u>5,179,680</u> |
| 3.8 Other current liabilities | | |
| Current maturities of long term borrowings (Refer Note 3.3) | 402,236,429 | 386,228,160 |
| Interest accrued but not due on borrowings | 3,127,877 | 3,871,696 |
| Advance for contracted certified emission reduction | 10,039,600 | 10,039,600 |
| Creditors for capital expenditure (Refer Note 14) | 4,360,000 | 7,395,889 |
| (Including Rs. Nil (Previous Year Rs. 7,395,889) due to related party (Refer Note 10)) | | |
| Creditors for services | 35,753,558 | 32,295,581 |
| (Including Rs. 21,503,279 (Previous Year Rs. 16,781,138) due to related party (Refer Note 10)) | | |
| Advance from holding company (Refer Note 10) | - | 1,404,359 |
| Retention money payable (Capital Expenditure) | 13,244,829 | 10,368,507 |
| Others | 39,196,425 | 28,173,291 |
| *(Including hedging premium, provident fund, tax deducted at source and other miscellaneous payables) | | |
| | <u>507,958,718</u> | <u>479,777,083</u> |
| 3.9 Short-term provisions | | |
| Provision for leave encashment (Refer Note 9) | 1,893 | 5,399 |
| Provision for gratuity (Refer Note 9) | 1,133 | 726 |
| Provision for tax [net of advance tax of Rs.4,000,000 (Previous Year Rs. 19,680,226)] | 46,738,392 | 1,269,685 |
| | <u>46,741,418</u> | <u>1,275,810</u> |

Dhursar Solar Power Private Limited (formerly known as Dahanu Solar Power Private Limited)
Notes to the financial statements as of and for the year ended March 31, 2015 (Continued)

3.10 Tangible assets

| Particulars | Gross block (at cost) | | | Depreciation/ amortisation | | Net block | |
|------------------------------|-----------------------|---------------------------|--------------------------|----------------------------|---------------------------|----------------------|----------------------|
| | As at April 1, 2014 | Additions during the year | Adjustments ¹ | As at April 1, 2014 | For the ² Year | Up to March 31, 2015 | As at March 31, 2015 |
| Freehold land | 2,133,000 | - | - | - | - | - | 2,133,000 |
| Leasehold land | 2,376,237 | - | - | 194,795 | 79,186 | 273,981 | 2,102,256 |
| Buildings | 124,519,160 | - | - | 23,797,561 | 27,198,747 | 50,996,308 | 73,522,852 |
| Plant and equipment | 7,262,937,261 | 325,439,014 | 214,974,326 | 1,793,387,069 | 661,152,604 | 2,454,539,673 | 5,348,810,928 |
| Furniture and fixtures | 331,777 | 11,200 | - | 147,413 | 62,681 | 210,094 | 132,883 |
| Motor vehicles | 987,964 | - | - | 430,284 | 185,429 | 615,713 | 372,251 |
| Office equipment | 153,250 | - | - | 36,951 | 70,019 | 106,970 | 46,280 |
| Computers | 716,405 | - | - | 192,635 | 379,879 | 572,514 | 143,891 |
| Total Tangible Assets | 7,394,155,054 | 325,450,214 | 214,974,326 | 1,818,186,708 | 689,128,545 | 2,507,315,253 | 5,427,264,341 |
| Previous year | 6,823,083,896 | 30,475,968 | 540,595,190 | 464,902,885 | 1,353,283,823 | 1,818,186,708 | 5,575,968,346 |

Note

1. Refer Note 13.

2. Refer Note 2(f) and Note 4.

Dhursar Solar Power Private Limited (formerly known as Dahanu Solar Power Private Limited)
Notes to the financial statements as of and for the year ended March 31, 2015 (Continued)

| | As at March 31, 2015 Rupees | As at March 31, 2014 Rupees |
|---|-----------------------------------|-----------------------------------|
| 3.11 Non-current Investments (Non-trade) | | |
| In fellow subsidiaries (Unquoted, fully paid up valued at cost) | | |
| Preference shares | | |
| Tato Hydro Power Private Limited 5,00,000 shares (previous year: 5,00,000 shares) face value of Re. 1 each | 423,290,000 | 423,290,000 |
| Siyom Hydro Power Private Limited - 68,000 shares (previous year: 68,000 shares) face Value of Re. 1 each | 68,000,000 | 68,000,000 |
| Less: Provision for diminution in the value of Investment in Siyom Hydro Power Private Limited | (40,188,000) | (40,188,000) |
| | <u>451,102,000</u> | <u>451,102,000</u> |
| Aggregate book value of Unquoted Non Current Investments | 451,102,000 | 451,102,000 |
| The above preference shares have been acquired pursuant to the scheme of amalgamation and arrangement. Refer Note 5 | | |
| 7.5% Compulsory Convertible Redeemable Non-Cumulative Preference Shares (CCRPS) (Previous year known as 7.5% Non-Cumulative Non-Convertible Redeemable Preference Shares (NCRPS)) | | |
| During the year, the terms and conditions of the investment made in preference shares have been modified wherein the issuer companies shall have a call option on the CCRPS which can be exercised by them in one or more tranches and in part or in full before the end of agreed tenure (20 years) of the said shares. In case the call option is exercised, the CCRPS shall be redeemed at an issue price (i.e. face value and premium). The Company, however, shall have an option to convert the CCRPS into equity shares at any time during the tenure of such CCRPS. At the end of tenure and to the extent the issuer Companies or the share holders thereof have not exercised their options, the CCRPS shall be compulsorily converted into equity shares. On conversion, in either case, each preference share shall be converted into equity shares of corresponding value (including the premium applicable thereon). In case the issuer companies declare dividend on their equity shares, the CCRPS will also be entitled to the equity dividend in addition to the coupon rate of dividend. | | |
| 3.12 Long-term loans and advances (Unsecured and considered good unless stated otherwise) | | |
| Capital advance [including Rs. 63,501,010 (Previous Year: 115,500,000) paid to related party] (Refer Note 10) | 68,798,302 | 123,036,367 |
| Security deposit | 50,000 | 50,000 |
| | <u>68,848,302</u> | <u>123,086,367</u> |
| 3.13 Other non-current assets (Unsecured and considered good unless stated otherwise) | | |
| Others | 142,316,833 | 1,799,106 |
| | <u>142,316,833</u> | <u>1,799,106</u> |
| 3.14 Current investments (Non trade) | | |
| Unquoted - Mutual fund units | | |
| Reliance liquidity fund - Direct Plan Daily Dividend Reinvestment Option [Number of units 184,626.62 (Previous Year: 281,301.24) face value of Rs. 1,000 each] | 184,721,086 | 281,444,701 |
| Reliance Liquid Fund - treasury plan - Direct Plan Daily Dividend Option [Number of units Nil (Previous Year: 3,733.11) face value of Rs. 1,000 each] | | 5,707,262 |
| Reliance Liquid Fund - treasury Plan - Direct Growth Plan - Growth Option [Number of units 84,995.18 (Previous Year: Nil) face value of Rs. 1,000 each] | 289,834,174 | |
| | <u>474,555,260</u> | <u>287,151,963</u> |
| Aggregate book value of Unquoted investments | 474,555,260 | 287,151,963 |
| 3.15 Trade receivables (Unsecured and considered good unless stated otherwise) | | |
| Others (including Rs. 10,840,052 (Previous Year: 111,958,079) billed subsequent to March 31, 2015) (Refer Note 10) | 199,506,763 | 203,429,029 |
| | <u>199,506,763</u> | <u>203,429,029</u> |

Dhursar Solar Power Private Limited (formerly known as Dahanu Solar Power Private Limited)
Notes to the financial statements as of and for the year ended March 31, 2015 (Continued)

| | As at March 31, 2015 Rupees | As at March 31, 2014 Rupees |
|--|-----------------------------------|-----------------------------------|
| 3.16 Cash and bank balances | | |
| Cash and cash equivalents | | |
| Balance with banks | | |
| - Bank balance in current accounts | 1,366,876 | 2,217,710 |
| - In deposit account with original maturity of less than 3 months | 83,600,000 | 385,000,000 |
| | <u>84,966,876</u> | <u>387,217,710</u> |
| 3.17 Short-term loans and advances (Unsecured and considered good unless stated otherwise) | | |
| Inter corporate deposit to holding company (Refer Note 10) (Interest free deposit for a period upto one year) | 847,600,000 | 785,000,000 |
| Security deposit | 5,515,000 | 10,515,000 |
| Prepaid expenses | 634,295 | 320,721 |
| Advance recoverable in cash or kind | 64,105 | 1,264,495 |
| Advance to employees | 20,227 | 41,273 |
| | <u>853,833,627</u> | <u>797,141,489</u> |
| 3.18 Other current assets (Unsecured and considered good) | | |
| Interest accrued on inter corporate deposits | 3,005,464 | 3,005,464 |
| Interest accrued on deposits | 3,215,243 | 5,526,863 |
| Others (including hedging premium) | 36,561,407 | 9,048,092 |
| | <u>42,782,114</u> | <u>17,580,419</u> |

Dhursar Solar Power Private Limited (formerly known as Dahanu Solar Power Private Limited)
Notes to the financial statements as of and for the year ended March 31, 2015 (Continued)

| | Year ended March 31, 2015 Rupees | Year ended March 31, 2014 Rupees |
|---|--|--|
| 3.19 Revenue from Operation | | |
| Sale of energy | 1,227,137,341 | 1,246,458,016 |
| Other operating revenue - Carbon Credit Emission | 20,931,147 | |
| | <u>1,248,068,488</u> | <u>1,246,458,016</u> |
| 3.20 Other income | | |
| Interest income: | | |
| - Fixed deposits | 15,745,257 | 37,657,347 |
| - Others | 422,591 | 100,801 |
| Profit on redemption of mutual funds from current investments (non trade) | 5,404,117 | |
| Dividend income on current investments (non trade) | 21,596,389 | 23,586,384 |
| | <u>43,168,354</u> | <u>61,344,532</u> |
| 3.21 Operating expenditure | | |
| Transmission charges | 61,939,040 | 63,154,080 |
| Operation and maintenance service charges | 21,048,175 | 18,949,604 |
| | <u>82,987,215</u> | <u>82,103,684</u> |
| 3.22 Employee benefits expense | | |
| Salaries, bonus and other allowances | 1,310,126 | 5,916,799 |
| Contribution to provident fund and other funds (Refer Note 9) | 115,975 | 249,840 |
| Leave encashment and gratuity (Refer Note 9) | 8,626 | 10,073 |
| | <u>1,434,727</u> | <u>6,176,712</u> |
| 3.23 Finance cost | | |
| Interest on: | | |
| Short term loan | 167,906,449 | 182,318,507 |
| Foreign currency loans | 2,167,227 | 624,822 |
| Working capital loan | 1,266,298 | 185,571 |
| Other finance charges | | |
| | <u>171,339,974</u> | <u>183,128,900</u> |
| 3.24 Administration and other expenses | | |
| Rent expenses | 4,998,613 | 11,687,189 |
| Repair and maintenance on plant and machinery | 645,268 | 2,346,930 |
| Legal and professional charges (including shared service charges) (Refer Note 10) | 31,192,503 | 24,619,873 |
| Rates and taxes | 1,337,800 | 2,623,831 |
| Insurance | 6,955,290 | 8,423,576 |
| Loss on derivative contracts | 51,351,565 | 32,325,353 |
| Premium of amortisation of forward contract | 9,048,092 | 16,487,369 |
| Provision for diminution in the value of non-current investments | | 40,188,000 |
| Miscellaneous expenses | 1,123,911 | 3,198,172 |
| | <u>106,653,042</u> | <u>141,900,293</u> |

Dhursar Solar Power Private Limited (formerly known as Dahanu Solar Power Private Limited)
Notes to the financial statements as of and for the year ended March 31, 2015 (Continued)

4. Change in accounting policy

Consequent to the Companies Act, 2013, being effecting from April 01, 2014, the Company has provided depreciation based useful life as prescribed under Part C of Schedule II of the Act. Had the Company continue the earlier accounting policy, depreciation for the year would have been higher by Rs. 141,911,993. (Effect of change in policy in the previous year had the Company continued with the earlier method of depreciation, the depreciation charges would have been higher by Rs. 841,781,808 and Profit before tax of previous year would have been lower by equivalent amount).

5. Capital Reserve (arisen pursuant to Scheme of Amalgamation)

The Capital reserve of Rs. 491,240,149 had arisen pursuant to the scheme of amalgamation with Erstwhile Maharashtra Energy Generation Infrastructure Limited (MEGIL), sanctioned by the Hon'ble High Court of Bombay vide order dated April 12, 2013. The scheme was effective from January 1, 2013.

6. 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 power generated is sold within India, there are no other primary reportable segments. Therefore the segment revenue, segment results, segment assets, segment liabilities, total cost incurred to acquire segment assets, depreciation charge are all as is reflected in the financial statement.

7. Capital Commitments

Estimated amount of contracts (net of capital advance) remaining to be executed on capital account and not provided for as on March 31, 2015 Rs. 140,000,000 (Previous Year: Rs. 177,804,096).

8. Details of Remuneration to Auditors:

| Particulars | Year ended March 31, 2015 | Rupees Year ended March 31, 2014 |
|--------------------------|------------------------------|--|
| As auditors | | |
| For statutory audit fees | 2,000,000 | 2,000,000 |
| For others | 45,000 | 60,000 |
| Out of pocket expenses | 46,157 | 57,670 |

9. Disclosure under Accounting Standard 15 (revised 2005) "Employee Benefits"

The Company has classified various employee benefits as under:

(A) Defined contribution plans

- a) Provident fund
- b) State defined contribution plans
 - Employees Pension Scheme, 1995

The provident fund is operated by the Regional Provident Fund Commissioner. 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 recognized the following amounts in the Statement of Profit and Loss for the year:

| Particulars | Year ended March 31, 2015 | Rupees Year ended March 31, 2014 |
|--|------------------------------|--|
| (a) Contribution to provident fund | 75,201 | 192,948 |
| (b) Contribution to employees' pension scheme, 1995 | 26,365 | 38,952 |
| (c) Contribution to employees' deposit linked insurance scheme | 14,409 | 17,940 |

(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.

Dhursar Solar Power Private Limited (formerly known as Dahanu Solar Power Private Limited)
Notes to the financial statements as of and for the year ended March 31, 2015 (Continued)

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, 2015 | | Year ended March 31, 2014 | |
|--|------------------------------|---------------------|------------------------------|---------------------|
| | Gratuity | Leave encashment | Gratuity | Leave encashment |
| a) Discount rate (per annum) | 7.85% | 7.85% | 8.90% | 8.90% |
| b) Rate of increase in compensation levels | 7.50% | 7.50% | 7.50% | 7.50% |
| c) Expected average remaining period | 9.69 years | - | 9.69 years | - |

(i) Changes in present value of obligation

| | Rupees | | Rupees | |
|--|----------|---------------------|----------|---------------------|
| | Gratuity | Leave encashment | Gratuity | Leave encashment |
| Opening balance of present value of obligation | 107,266 | 115,356 | 53,462 | 159,087 |
| Current service cost | 69,722 | 154,710 | 53,462 | 174,035 |
| Interest cost | 15,720 | 23,796 | 8,539 | 26,371 |
| Actuarial (gain) / loss | (12,058) | (243,264) | (8,197) | (244,137) |
| Benefits paid | - | (7703) | - | - |
| Closing balance of present value of obligation | 180,650 | 42,895 | 107,266 | 115,356 |

(ii) Amounts recognised in the Balance Sheet

| | | | | |
|--|---------|--------|---------|---------|
| Closing balance of present value obligation | 180,650 | 42,895 | 107,266 | 115,356 |
| Unfunded liability recognised in the balance sheet | 180,650 | 42,895 | 107,266 | 115,356 |

(iii) Expenses recognised in Statement of Profit and Loss

| | | | | |
|---|----------|-----------|---------|-----------|
| Current service cost | 69,722 | 154,710 | 53,462 | 174,035 |
| Interest cost | 15,720 | 23,796 | 8,539 | 26,371 |
| Net actuarial (gain)/loss | (12,058) | (243,264) | (8,197) | (244,137) |
| Total expenses recognised in the Statement of Profit and Loss | 73,384 | (64,758) | 53,804 | (43,731) |

(iv) Expected employer's contribution for the next year

| | | | |
|-------|-------|-----|-------|
| 1,133 | 1,893 | 726 | 5,399 |
|-------|-------|-----|-------|

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

| | | | | Rupees 2011-12 |
|---|----------------|----------------|----------------|-------------------|
| Gratuity | 2014-15 | 2013-14 | 2012-13 | |
| Present value of the defined benefit obligation | 180,650 | 107,266 | 53,462 | - |
| Fair value of the plan assets | - | - | - | - |
| (Surplus) / deficit in the plan | 180,650 | 107,266 | 53,462 | - |
| Experience adjustments | | | | |
| On plan liabilities | 30,866 | 4,403 | - | - |
| Total experience adjustment | 30,866 | 4,403 | - | - |
| | | | | |
| Leave encashment | 2014-15 | 2013-14 | 2012-13 | Rupees 2011-12 |
| Present value of the defined benefit obligation | 42,895 | 115,356 | 159,807 | 72,940 |
| Fair value of the plan assets | 42,895 | - | - | - |
| (Surplus) / deficit in the plan | - | 115,356 | 159,807 | 72,940 |
| Experience adjustments | | | | |
| On plan liabilities | 249,586 | 230,469 | 2,163 | - |
| Total experience adjustment | 249,586 | 230,469 | 2,163 | - |

There were no employees prior to year 2011-12. Hence disclosure in Para 120 (n) of AS - 15 is provided for four years.

Dhursar Solar Power Private Limited (formerly known as Dahanu Solar Power Private Limited)
Notes to the financial statements as of and for the year ended March 31, 2015 (Continued)

The actuarial valuation of gratuity liability does not include liability of seconded employees, as the gratuity will be paid by the Holding Company as per the terms of Secondment. Since, there were no employees on the payroll (other than seconded employees) of the company in the year 2011-12, no provision was made towards gratuity.

10. Related party disclosures:

As per Accounting Standard - 18 "Related Party Disclosures" as prescribed under the 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 (RPower)

B. Investing Parties/Promoters having significant influences on the Holding Company directly or indirectly

Companies
Reliance Infrastructure Limited (RIinfra)

Individual
Shri Anil D. Ambani

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

(i) Enterprises over which individual mentioned in clause B above has control:
Reliance General Insurance Company Limited (RGICL)
Reliance Infocomm Infrastructure Private Limited (RIIPL)

(ii) Fellow subsidiaries:
Rajasthan Sun Technique Energy Private Limited (RSTL)
Tato Hydro Power Private Limited (THPPL)
Siyom Hydro Power Private Limited (SHPPL)
Sasan Power Limited (SPL)

Dhursar Solar Power Private Limited (formerly known as Dahanu Solar Power Private Limited)
Notes to the financial statements as of and for the year ended March 31, 2015 (Continued)

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

| Particulars | 2014-15 | Rupees 2013-14 |
|--|---------------|-------------------|
| (i) Transactions during the year | | |
| Sale of Energy | | |
| RIinfra | 1,227,137,340 | 1,246,458,016 |
| Reimbursement of expenditure paid by | | |
| RPower | 216,800 | 486,209 |
| RSTL | 1,012,549 | 103,000 |
| Reimbursement of expenditure paid for | | |
| RSTL | | 88 |
| SPL | 61,640 | - |
| Material / Service received | | |
| RIinfra | 325,439,014 | 29,828,857 |
| RIIPL | 4,723,825 | 11,337,192 |
| Insurance premium | | |
| RGICL | | 14,506 |
| Legal and professional fees (including shared service charges) | | |
| RPower | 5,618,000 | 5,618,000 |
| Advances paid | | |
| RIinfra | 252,810,000 | 137,000,000 |
| Inter corporate deposits received | | |
| RPower | | 8,000,000 |
| Inter corporate deposits repaid | | |
| RPower | | 201,800,000 |
| Inter corporate deposits given to | | |
| RPower | 476,100,000 | 829,000,000 |
| Refund of Inter corporate deposits given to | | |
| RPower | 413,500,000 | 44,000,000 |
| Diminution in the value of investment in preference shares | | |
| SHPPL | | 40,188,000 |

Dhursar Solar Power Private Limited (formerly known as Dahanu Solar Power Private Limited)
Notes to the financial statements as of and for the year ended March 31, 2015 (Continued)

(ii) Closing Balances

Equity share capital (excluding premium)

| | | |
|--------|-----------|-----------|
| RPower | 9,040,000 | 9,040,000 |
|--------|-----------|-----------|

Preference share capital (excluding premium)

| | | |
|--------|-----------|-----------|
| RPower | 8,940,000 | 8,940,000 |
|--------|-----------|-----------|

Non-current investments (Refer Note 3.11)

| | | |
|-------|-------------|-------------|
| THPPL | 423,290,000 | 423,290,000 |
|-------|-------------|-------------|

| | | |
|-------|------------|------------|
| SHPPL | 27,812,000 | 27,812,000 |
|-------|------------|------------|

Other current liabilities

| | | |
|-------|------------|------------|
| RIIPL | 21,503,279 | 16,781,138 |
|-------|------------|------------|

| | | |
|--------|----------|-----------|
| RInfra | (64,087) | 7,395,889 |
|--------|----------|-----------|

Advance from holding company

| | | |
|--------|---|-----------|
| RPower | - | 1,404,359 |
|--------|---|-----------|

Capital advance

| | | |
|--------|------------|-------------|
| RInfra | 63,501,010 | 115,500,000 |
|--------|------------|-------------|

Inter corporate deposit receivable

| | | |
|--------|-------------|-------------|
| RPower | 847,600,000 | 785,000,000 |
|--------|-------------|-------------|

Trade receivables

| | | |
|--------|-------------|-------------|
| RInfra | 199,506,762 | 203,429,029 |
|--------|-------------|-------------|

(iii) The Holding Company has entered into agreements with the lenders of the Company wherein it has committed to extend financial support in the form of equity or debt as per the agreed means of finance, in respect of the project being undertaken, including hedging support, investment support and project cost overrun support.

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

The Company has entered into a memorandum of understanding for sharing of certain assets between the Company and RSTEPL.

11. Earnings/(Loss) per share:

| Particulars | Year ended March 31, 2015 | Year ended March 31, 2014 |
|--|------------------------------|------------------------------|
| Net profit / (loss) for the year (A) (Rupees) | 193,943,339 | (396,407,910) |
| Weighted average number of equity shares (B) | 904,000 | 904,000 |
| Basic earnings / (loss) per share (A/B) (Rupees) | 214.54 | (438.50) |
| Weighted average number of potential equity shares on account of conversion of preference shares (C) | 4,898 | - |
| Weighted average number of shares for diluted EPS (D=B+C) | 908,844 | 904,000 |
| Diluted earnings/ (loss) per share (A/D) (Rupees) | 213.38 | (438.50) |
| Nominal value of an equity share (Rupees) | 10.00 | 10.00 |

Dhursar Solar Power Private Limited (formerly known as Dahanu Solar Power Private Limited)
Notes to the financial statements as of and for the year ended March 31, 2015 (Continued)

12. Foreign currency exposure

a) Particulars of derivative Instruments

| Instruments acquired for hedging | As at March 31, 2015 | | As at March 31, 2014 | |
|----------------------------------|-------------------------|-------------|-------------------------|-------------|
| | No. of instruments | Value (USD) | No. of instruments | Value (USD) |
| Interest rate swap | 1 | 12,750,000 | 1 | 13,650,000 |
| Cross currency swap | 1 | 10,090,778 | 1 | 10,829,127 |
| Forward contract | 1 | 1,250,000 | 1 | 3,750,000 |
| Call Spread | 2 | 19,460,000 | - | - |

No derivative instruments are acquired for speculation purpose.

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

| Sr. No | Particulars | Amount in USD | Amount in Rupees |
|--------|---|----------------------------|----------------------------------|
| 1 | Borrowings (including interest accrued but not due) | 56,652,964 (79,305,113) | 3,545,954,367 (4,766,221,434) |
| 2 | Creditors for capital expenditure, services and retention | (211,351) | (11,495,233) |
| 3 | Premium payable in foreign currency | 2,839,971 (-) | 177,756,057 (-) |

Figures in brackets represent previous year figures.

c) Expenditure in foreign currency

| Particulars | Year ended March 31, 2015 | Rupees Year ended March 31, 2014 |
|---------------------------------|------------------------------|--|
| Expenditure in foreign currency | | |
| Legal and professional fees | 2,204,340 | 1,178,660 |
| Interest and finance charges | 167,906,449 | 182,318,507 |
| Others | - | 1,105,279 |
| Premium on call spread | 16,112,845 | - |

13. Exchange differences on foreign currency monetary items

In respect of exchange rate differences arising on long term foreign currency monetary items, the Company has availed the option available in the Companies (Accounting Standards) (Second Amendment) Rules 2011, vide notification dated December 29, 2011 issued by Ministry of Corporate Affairs. Accordingly, the Company has adjusted exchange loss of Rs. 214,974,326 (Previous Year: Rs. 540,595,190) to cost of the tangible assets, as the long term monetary items relates to depreciable capital asset. Pursuant to circular dated August 9, 2012 from the Ministry of Corporate Affairs, the Company has capitalized the exchange difference which earlier would have been considered as an interest cost under para 4(e) of Accounting Standard 16 on Borrowing Costs.

14. Micro, small and medium enterprises

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.

Dhursar Solar Power Private Limited (formerly known as Dahanu Solar Power Private Limited)
Notes to the financial statements as of and for the year ended March 31, 2015 (Continued)

15. The information as required by para 35 of the Guidance Note on Accounting for Self-generated Certified Emission Reductions (CERs) relating to certified emission rights are as follows:-

| Sr. No. | Particulars | For the year ended 31st March 2015 | For the year ended 31st March 2014 |
|---------|---|---------------------------------------|---------------------------------------|
| a) | No. of CERs held as inventory and the basis of valuation | | |
| b) | No. of CERs under certification | 66,871 | 88,630 |
| c) | Depreciation and operating and maintenance costs of Emission Reduction equipment expensed during the year | - | - |

16. The Company's is eligible for a tax holiday under Section 80- IA of Income Tax Act, 1961. Considering the principles of prudence and virtual certainty, the Company has not recognised a net deferred tax asset amounting to Rs. 265,635,144.

17. Previous year figures have been regrouped/ recasted wherever necessary to current year presentation.

Dhursar Solar Power Private Limited (formerly known as Dahanu Solar Power Private Limited)
Notes to the financial statements as of and for the year ended March 31, 2015

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

Dagdulal K Jain
Director
DIN Number: 07134428

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

Vijay Napawaliya
Partner
Membership Number: 109859

Sunil K Agarwal
Director
DIN Number: 03636810

Place: Mumbai
Date: *May 26, 2015*

Place: Mumbai
Date: *May 25, 2015*