

# **FINANCIAL STATEMENT**

**2014-15**

**TATO HYDRO POWER PRIVATE  
LIMITED**

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Tato Hydro Power Private Limited Report on the Financial Statements

1. We have audited the accompanying financial statements of Tato Hydro Power Private Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 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 that 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 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. 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.
4. 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.
5. 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

6. 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, 2015, and its loss and its cash flows for the year ended on that date.

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To the Members of Tato Hydro Power Private Limited  
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**Report on Other Legal and Regulatory Requirements**

7. 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.

8. 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 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 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 information and according to the explanations given to us:
  - i) The Company does not have any pending litigations which would impact its financial position of the Company.
  - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Chaturvedi and Shah  
Chartered Accountants  
Firm Registration No. 101720W

Vijay Napawaliya  
Partner  
Membership No. 109859

Place: Mumbai  
Date: May 23, 2015

**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT**

**Re: Tato Hydro Power Private Limited**

**Referred to in Paragraph 7 of our report of even date**

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- 1 (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 between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- 2 The Company does not have any inventory. Therefore the provisions of clause 3 (ii) of the Companies (Auditor's Report) Order, 2015 are not applicable.
- 3 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.
- 4 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 fixed assets/ capital work in progress. During the year, the Company did not undertake any activity of purchase of inventory, sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- 5 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 Company Law Board or National Company Law Tribunal or Reserve Bank Of India or any other Tribunal.
- 6 The Central Government of India pursuant to the Companies (Cost Records and Audit) Amendment Rules, 2014, ('Rules') has prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act to the Company. However, the Rules are not applicable to the Company, as the Company has not started commercial operations.
- 7 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues 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 or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of any dispute.
- (c) According to the information and explanations given to us, there is no outstanding amount, which is required to be transferred to investor education and protection fund in accordance with the relevant provision of the Companies Act, 1956 and rules made there under.

**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT**

**Re: Tato Hydro Power Private Limited**

**Referred to in Paragraph 7 of our report of even date**

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- 8 The Company has no accumulated losses as at March 31, 2015 and it has incurred cash losses in the financial year ended on that date, as well as in the immediately preceding financial year.
- 9 According to the records of the Company examined by us and the information and explanation given to us, the company has no dues to financial institutions banks and debentures holders; hence, question of default in repayment does not arise.
- 10 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.
- 11 According to the information and explanations given to us, no term loans have been raised by the Company during the year.
- 12 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 Chaturvedi & Shah**  
**Chartered Accountants**  
**Firm Registration Number: 101720W**

**Vijay Napawaliya**  
**Partner**  
**Membership Number: 109859**

**Place: Mumbai**  
**Date: May 23, 2015**

**Tato Hydro Power Private Limited**  
**Balance Sheet as at March 31, 2015**

Particulars	Note	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3.1	808,300	808,300
Reserves and surplus	3.2	629,784,688	632,245,090
<b>Non-current liabilities</b>			
Long term provisions	3.3	2,286,411	2,822,494
<b>Current liabilities</b>			
Short-term borrowings	3.4	48,500,000	-
Other current liabilities	3.5	14,047,050	35,767,851
Short-term provisions	3.6	482,821	330,565
<b>Total</b>		<b>695,909,270</b>	<b>671,974,300</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	3.7	5,614,092	6,938,425
Intangible Assets	3.7	387,415	774,829
Capital work-in-progress	3.8	671,891,382	642,005,510
Long-term loans and advances	3.9	9,795,235	10,117,943
Other non-current assets	3.10	10,000	10,000
<b>Current assets</b>			
Cash and bank balances	3.11	722,992	2,126,013
Short term loans and advances	3.12	7,483,476	7,496,721
Other current assets	3.13	4,678	2,504,859
<b>Total</b>		<b>695,909,270</b>	<b>671,974,300</b>

The notes are an integral part of these financial statements

As per our attached report of even date

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

For and on behalf of Board of Directors

Vijay Napawaliya  
Partner  
Membership No.: 109859

Nandkumar Deo  
Director  
DIN : 00931361

Ramaswami Kalidar  
Director  
DIN : 00203913

Place: Mumbai  
Date : May 23, 2015

Place: Mumbai  
Date : May 23, 2015

**Tato Hydro 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
Other income	3.14	93	1,083
<b>Total Revenue</b>		<b>93</b>	<b>1,083</b>
Expenses:			
Other expenses	3.15	2,782,366	1,530
<b>Total Expenses</b>		<b>2,782,366</b>	<b>1,530</b>
<b>Profit /(Loss) before tax</b>		<b>(2,782,273)</b>	<b>(447)</b>
Tax expense:			
Income tax for earlier years		(321,871)	(228,894)
<b>Profit/(Loss) for the year</b>		<b>(2,460,402)</b>	<b>228,447</b>
Earnings/(Loss) per equity share: (Face value Rs. 10 each)			
-Basic and Diluted		(115.51)	10.73
(Refer note 9)			

The notes are an integral part of these financial statements

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

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

**Vijay Napawaliya**  
Partner  
Membership No.: 109859

**Nandkumar Deo**  
Director  
DIN : 00931361

**Ramaswami Kalidas**  
Director  
DIN : 00203913

Place: Mumbai  
Date : May 23, 2015

Place: Mumbai  
Date : May 23, 2015



Tato Hydro 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
<b>A Cash Flow from/(used in) Operating Activities</b>		
Net Profit/(Loss) before tax	(2,782,273)	(447)
Adjusted for :		
Interest on fixed deposit / Inter corporate deposit	(93)	(1,083)
	<u>(2,782,366)</u>	<u>(1,530)</u>
Net cash used in operating activities	<u>(2,782,366)</u>	<u>(1,530)</u>
<b>B Cash Flow from/(used in) Investing Activities</b>		
Purchase of fixed assets (including capital work-in-progress)	(47,120,319)	(93,978,539)
Taxes Paid	(336)	(280,793)
Net cash from / (used in) investing activities	<u>(47,120,655)</u>	<u>(94,259,332)</u>
<b>C Cash Flow from/(used in) Financing Activities</b>		
Inter Corporate Deposits taken from Holding Company	48,500,000	-
Proceeds from issue of Preference Share (including Premium)	-	95,300,000
Net cash from financing activities	<u>48,500,000</u>	<u>95,300,000</u>
Net Increase/(Decrease) in cash and cash equivalents	(1,403,021)	1,039,138
Cash and Cash equivalents at the beginning of the year :		
Bank Balance - Current Account	2,126,013	1,086,875
Cash and Cash equivalents at the end of the year :		
Bank Balance - Current Account	722,992	2,126,013

Previous Year figures have been regrouped/ rearranged wherever necessary to confirm to the current year classification.

As per our attached report of even date

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

For and on behalf of Board of Directors

Vijay Napawaliya  
Partner  
Membership No.: 109859

Nandkumar Deo  
Director  
DIN : 00931361

Ramaswami Kalidas  
Director  
DIN : 00203913

Place: Mumbai  
Date : May 23, 2015

Place: Mumbai  
Date : May 23, 2015



**Tato Hydro Power Private Limited**

**Notes to the financial statements as of and for the year ended March 31, 2015**

**1. General information**

Tato Hydro Power Private Limited is a wholly owned subsidiary of Reliance Power Limited. The Company has been set up as a special purpose vehicle to develop and generate a "700 Mega watt run of the river" hydroelectric power project on the Siyom River in West Siang, Arunachal Pradesh.

**2. Significant Accounting Policies**

**a) Basis of Preparation**

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

**b) Use of Estimates**

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

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

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

All project related expenditure, viz, civil works, machinery under erection, construction and erection materials, pre-operative expenditure incidental/attributable to construction of project and borrowing cost incurred prior to the date of commercial operation are shown under capital work-in-progress. These expenses are net of recoveries and income (net of tax) from surplus funds arising out of project specific borrowings.

**d) Intangible Assets:**

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization 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.

**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:**

Depreciation on Tangible Assets is provided to the extent of depreciable amount on Straight Line Method (SLM) based on useful life of the assets as prescribed in Part C of Schedule II to the Companies Act, 2013 except in case of motor vehicles where the estimated useful life has been considered as five year based on technical evaluation by the management.

**(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) Foreign currency transactions**

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

**j) Revenue recognition**

Profit on sale / redemption of investments is accounted on sale / redemption of such investments. Dividend on Investments is accounted when the right to receive payment is established in the entity's favour.

**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

**Tato Hydro Power Private Limited**

**Notes to the financial statements as of and for the year ended March 31, 2015 (Continued)**

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) 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. 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.

**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.

**Tato Hydro 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
<b>3.1 Share capital</b>		
<b>Authorised share capital</b>		
95,000,000 (Previous year : 95,000,000) equity shares of Rs. 10 each	950,000,000	950,000,000
50,000,000 (Previous year : 50,000,000) preference shares of Re. 1 each	50,000,000	50,000,000
	<u>1,000,000,000</u>	<u>1,000,000,000</u>
<b>Issued, subscribed and fully paid up capital</b>		
21,300 (Previous year: 21,300) equity shares of Rs. 10 each fully paid-up	213,000	213,000
595,300 (Previous Year: 595,300) Preference shares of Re.1 each fully paid-up [refer note no. 3.1.2(b)]	595,300	595,300
	<u>808,300</u>	<u>808,300</u>
<b>3.1.1 Reconciliation of number of shares</b>		
<b>Equity shares</b>		
Balance at the beginning of the year - 21,300 (Previous year : 21,300) shares of Rs. 10 each	213,000	213,000
Balance at the end of the year - 21,300 (Previous Year: 21,300) shares of Rs. 10 each	<u>213,000</u>	<u>213,000</u>
<b>Preference shares [refer note no. 3.1.2(b)]</b>		
Balance at the beginning of the year		
595,300 (Previous Year: 500,000) shares of Re. 1 each fully paid-up	595,300	500,000
Add: issued during the year Nil (Previous year : 95,300) share of Re.1 each at premium of Rs.999 per share		95,300
Balance at the end of the year - 595,300 (Previous Year: 595,300) shares of Re. 1 each	<u>595,300</u>	<u>595,300</u>

**3.1.2 Terms/ rights attached to shares**

**a) Equity Shares**

The Company has only one class of equity shares having face value of Rs.10 per share. Each holder of the equity 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**

**As on March 31, 2014 -7.5% Non-Cumulative Non-Convertible Redeemable Preference Shares (NCRPS)**

The Company has only one class of 7.5% Non-Cumulative Non-Convertible Redeemable Preference shares (NCRPS) having face value of Re. 1 per share which have been issued at a premium of Rs. 999 per share. These shares have a maturity period of twenty years from the date of allotment. NCRPS, however, can be early redeemed on completion of 15 years at the option of the Company or shareholder at the issue price of Rs. 1000 per share. Dividend on NCRPS is payable on the issue price of Rs. 1,000 per share.

**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 as also by the equity share holders on March 26, 2015, the Company has made modifications in the terms and conditions of the preference shares 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 the shares 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, the shares shall be redeemed at an issue price (i.e face value and premium). The holders of the preference shares however, shall have an option to convert the shares 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 share holder has not exercised their options, the preference shares shall be compulsorily converted into equity shares. On conversion, in either case, each preference share shall be converted into one fully paid equity share of Rs. 10 each at a premium of Rs. 999 per share. If during the tenure of the preference shares, the Company declares equity dividend, the preference share 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.

Tato Hydro 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
<b>3.1.3 Shares held by Holding Company / Subsidiaries of Holding Company</b>		
<b>Equity Shares</b>		
Reliance Power Limited - 21,300 (Previous year: 21,300) shares of Rs. 10 each fully paid-up (Of the above 21,299 (previous year : 21,299) equity shares are held by Reliance Power Limited, the holding company and the balance 1 share is jointly held by Reliance Power Limited and its nominee)	213,000	213,000
	<u>213,000</u>	<u>213,000</u>
<b>Preference shares [refer note no. 3.1.2(b)]</b>		
Reliance Power Limited - 95,300 (Previous year : 95,300) preference shares of Re.1 each fully paid-up	95,300	95,300
Dhursar Solar Power Private Limited - 500,000 (Previous year : 500,000) preference shares of Re.1 each fully paid-up	500,000	500,000
	<u>595,300</u>	<u>595,300</u>

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

	Percentage of Share holding	As at March 31, 2015 No. of Shares	Percentage of Share holding	As at March 31, 2014 No. of Shares
<b>Equity Shares</b>				
Reliance Power Limited - (Equity shares of Rs. 10 each fully paid up)	100%	21,300	100%	21,300
	<u>100%</u>	<u>21,300</u>	<u>100%</u>	<u>21,300</u>
<b>Preference shares [refer note no. 3.1.2(b)]</b>				
Reliance Power Limited	16%	95,300	16%	95,300
Dhursar Solar Power Private Limited	84%	500,000	84%	500,000
	<u>100%</u>	<u>595,300</u>	<u>100%</u>	<u>595,300</u>

**Tato Hydro 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
<b>3.2 Reserves and surplus</b>		
<b>Securities premium account</b>		
Balance at the beginning of the year	605,891,700	510,687,000
Add: Premium on Issue of Nil (Previous Year: 95,300) Preference shares	-	95,204,700
Balance at the end of the year	<u>605,891,700</u>	<u>605,891,700</u>
<b>Surplus/(Deficit) in the Statement of Profit and Loss</b>		
Balance at the beginning of the year	26,353,390	26,124,943
Add: Profit/(Loss) for the year	(2,460,402)	228,447
Balance at the end of the year	<u>23,892,988</u>	<u>26,353,390</u>
	<u><b>629,784,688</b></u>	<u><b>632,245,090</b></u>
<b>3.3 Long term provisions</b>		
Provision for gratuity (Refer note 7)	337,629	481,643
Provision for leave encashment (Refer note 7)	1,948,782	2,340,851
	<u><b>2,286,411</b></u>	<u><b>2,822,494</b></u>
<b>3.4 Short-term borrowings</b>		
Loan and Advances from related party		
- Inter corporate deposits taken from holding company (Interest free deposit for a period upto one year) (Refer note 8)	48,500,000	-
	<u><b>48,500,000</b></u>	<u>-</u>
<b>3.5 Other current liabilities</b>		
Retention money payable	8,022,600	8,454,434
Creditors for supplies and services (Refer note 11)	5,460,796	25,867,111
Dues to Holding Company (Refer note 8)	-	561,750
Others*	563,654	884,556
*(Including provident fund, tax deducted at source)	<u><b>14,047,050</b></u>	<u><b>35,767,851</b></u>
<b>3.6 Short Term Provisions</b>		
Provision for gratuity (Refer note 7)	10,966	174,724
Provision for leave encashment (Refer note 7)	471,856	111,442
Provision for taxes [net of advance tax of Rs.336 (Previous year: Rs. 1,145,601)]	-	44,399
	<u><b>482,821</b></u>	<u><b>330,565</b></u>



Tato Hydro Power Private Limited

Notes to the financial statements as of and for the year ended March 31, 2015 (Continued)

3.7 Tangible Assets

Particulars	Gross block (at cost)		Depreciation/Amortisation				Net block	
	As at April 1, 2014	Additions during the year	As at March 31, 2015	As at April 1, 2014	For the year	Upto March 31, 2015	As at March 31, 2015	As at March 31, 2014
<b>Tangible assets</b>								
Leasehold land	2,846,956	-	2,846,955	307,919	51,245	359,164	2,487,792	2,539,037
Plant and machinery	1,149,452	-	1,149,452	191,685	139,622	331,307	818,145	957,767
Furniture and fixtures	155,736	68,733	224,469	66,948	25,199	92,147	132,322	88,788
Motor vehicles	3,109,282	-	3,109,252	880,050	582,953	1,463,003	1,646,259	2,229,212
Office equipments	818,852	-	818,852	152,825	279,072	431,897	386,355	666,027
Computers	959,866	-	959,866	502,272	314,975	817,247	142,619	457,594
<b>Total</b>	<b>9,040,124</b>	<b>68,733</b>	<b>9,108,857</b>	<b>2,101,699</b>	<b>1,393,055</b>	<b>3,494,764</b>	<b>5,614,092</b>	<b>6,938,425</b>
Previous Year	8,942,124	98,000	9,040,124	1,714,221	387,478	2,101,699	6,938,425	
<b>Intangible asset</b>								
Computer software	1,162,186	-	1,162,186	387,357	387,414	774,771	387,415	774,829
<b>Total Intangible asset</b>	<b>1,162,186</b>	<b>-</b>	<b>1,162,186</b>	<b>387,357</b>	<b>387,414</b>	<b>774,771</b>	<b>387,415</b>	<b>774,829</b>
Previous year	-	1,162,186	1,162,186	-	387,357	387,357	774,829	-

(Rupees)



Tato Hydro Power Private Limited  
Notes to the financial statements as of and for the year ended March 31, 2015 (Continued)

3.8 Capital work-in-progress

Rupees				
Particulars	As at April 1, 2014	Incurred during the year	Capitalised/ Adjusted	As at March 31, 2015
<b>Expenditure pending allocation</b>				
Electricity expenses	3,998,668	159,762	-	4,158,430
Rent	37,374,548	906,123	-	38,280,671
Repairs and maintenance - Others	11,751,695	562,696	-	12,314,391
Employee benefit expense:				
- Salaries and other costs	121,220,089	22,231,329	-	143,451,418
- Contribution to provident and other funds (Refer note 7 )	3,957,594	903,921	-	4,861,515
- Gratuity and leave encashment (Refer note 7)	3,253,587	235,563	-	3,489,150
Staff welfare	897,422	980	-	898,402
Depreciation (Refer note 12)	2,489,056	1,780,480	-	4,269,536
Insurance Charges	265,779	94,070	-	359,849
Rates and taxes	2,345,804	64,399	-	2,410,203
Advertisement expenses	1,233,111	-	-	1,233,111
Bank and corporate guarantee charges	4,678,984	60,349	-	4,739,333
Communication expenses	8,028,202	887,510	4,000	8,911,712
Legal and professional charges (including shared service charges)	332,257,203	5,526,078	5,040,000	332,743,281
Premium paid to regulatory authority / state government	29,400,000	-	-	29,400,000
Printing and stationary	638,699	17,335	-	656,034
Security expenses	5,500,483	1,051,727	374,121	6,178,089
Site expenses	27,692,114	1,222,016	-	28,914,130
Social welfare expenses	28,269,651	886,810	2,020,611	27,155,850
Travelling and conveyance	14,653,640	485,014	-	15,138,654
Miscellaneous expenses	2,079,161	248,442	-	2,327,603
<b>Total Capital work-in-progress</b>	<b>642,005,510</b>	<b>37,324,604</b>	<b>7,436,732</b>	<b>671,891,382</b>
Previous year	541,906,572	101,261,124	1,162,186	642,005,510

**Tato Hydro 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
<b>3.9 Long - term loans and advances</b> (Unsecured and considered good unless stated otherwise)		
Capital advance	9,637,600	9,710,308
Prepaid expenses	157,635	407,635
	<u>9,795,235</u>	<u>10,117,943</u>
<b>3.10 Other non-current assets</b>		
Non-current bank balances	10,000	10,000
	<u>10,000</u>	<u>10,000</u>
<b>3.11 Cash and bank balances</b>		
Cash and Cash equivalents:		
Bank balance in current account	722,992	2,126,013
	<u>722,992</u>	<u>2,126,013</u>
<b>3.12 Short term loans and advances</b> (Unsecured and considered good unless stated otherwise)		
Security deposit	6,165,438	6,165,438
Advance recoverable in cash or kind (Refer note 8)	1,007,034	981,283
Prepaid expenses	250,000	250,000
Loans/advance to employees	61,004	100,000
	<u>7,483,476</u>	<u>7,496,721</u>
<b>3.13 Other current assets</b> (Unsecured and considered good unless stated otherwise)		
Interest accrued on inter corporate deposits	-	2,500,274
Income accrued on fixed deposit	4,678	4,585
	<u>4,678</u>	<u>2,504,859</u>

**Tato Hydro 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
<b>3.14 Other income</b>		
Interest:		
- on bank deposits	93	1,083
	<u>93</u>	<u>1,083</u>
<b>3.15 Other expenses</b>		
Interest Receivable written off	2,778,082	-
Filling fees	4,284	1,530
	<u>2,782,366</u>	<u>1,530</u>

**Tato Hydro Power Private Limited**  
**Notes to the financial statements as of and for the year ended March 31, 2015 (Continued)**

**4. Capital commitments**

Estimated amount of contracts (net of capital advances) remaining to be executed on capital account and not provided for is Rs. 586,691,191 (Previous Year Rs. 587,418,271).

**5. Details of remuneration to auditors**

Particulars	Year ended March 31, 2015	Rupees Year ended March 31, 2014
As statutory auditor - For Statutory Audit	150,000	150,000

**6. Project status**

The Company is developing a "700 mega watt run of the river" hydroelectric power project on the Siyom River in West Siang, Arunachal Pradesh.

A memorandum of agreement (MoA) was signed in February 2006 with the Government of Arunachal Pradesh (GoAP). The Company has submitted the detailed project report to Central Electricity Authority (CEA). Most of the statutory clearances including CEA concurrence, Environmental clearance, Defence Clearance, State level NOCs/clearances available except Forest Clearance. Proposal for forest clearance is in process with MoEF. The Company has initiated process for grant of Connectivity & Long Term access to the project, tie-up for sale of power through long term PPA and debt tie-up.

**7. 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 and the state defined contribution plan are operated by the Regional Provident Fund Commissioner. The Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.

The Company has recognised the following amounts in the Capital Work-in-Progress for the year:

Particulars	Year ended March 31, 2015	Rupees Year ended March 31, 2014
Contribution to provident fund	757,261	1,043,741
Contribution to Employees' Pension Scheme 1995	104,995	107,003
Contribution to Superannuation Fund	41,665	83,330

**B. Defined Benefit Plans**

- (a) Gratuity
- (b) Leave Encashment

Leave encashment is payable to eligible employees who have earned leave, during the employment and/or on separation as per the Company's policy.

Valuations in respect of Gratuity and Leave Encashment have been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

	Gratuity		Leave Encashment	
	2014-2015	2013-14	2014-2015	2013-14
Discount rate (per annum)	7.85%	8.90%	7.85%	8.90%
Rate of increase in compensation levels	7.50%	7.50%	7.50%	7.50%
Expected average remaining working lives of employees in number of years	9.69 Years	9.55 Years	-	-

Tato Hydro Power Private Limited

Notes to the financial statements as of and for the year ended March 31, 2015 (Continued)

		Rupees			
		Gratuity		Leave Encashment	
		2014-2015	2013-2014	2014-2015	2013-2014
(i)	Changes in present value of obligation				
	Opening balance of present value of obligation	656,367	491,487	2,452,293	2,686,768
	Interest cost	65,224	59,011	284,323	298,729
	Current service cost	163,846	248,671	798,073	1,102,052
	Actuarial (gain) / loss	(536,843)	(102,503)	(539,060)	(1,561,324)
	Liabilities Assumed on Acquisition	-	26,145	-	5,829
	Benefits Paid	-	(66,444)	(574,991)	(79,761)
	Closing balance of present value of obligation	348,594	656,367	2,420,638	2,452,293
(ii)	Amounts recognised in the balance sheet				
	Present value of obligation	348,594	656,367	2,420,638	2,452,293
	Unfunded liability recognised in the balance sheet	348,594	656,367	2,420,638	2,452,293
(iii)	Expenses recognised in the Capital work-in-progress				
	Current service cost	163,846	248,671	798,073	1,102,052
	Interest cost	65,224	59,011	284,323	298,729
	Net actuarial (gain) / loss	(536,843)	(102,503)	(539,060)	(1,561,324)
	Total expenses recognised in the Capital work-in-progress	(307,773)	205,179	543,336	(160,543)
(iv)	Expected employers' contribution/ benefits for the next year	10,965	174,724	471,856	111,442

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

		Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011
<b>Gratuity</b>						
(i)	a. Present value of the defined benefit obligation	348,594	656,367	491,487	241,956	47,848
	b. Fair value of the plan assets	-	-	-	-	-
	c. Surplus/(deficit) in the plan	(348,594)	(656,367)	(491,487)	(241,956)	(47,848)
(ii)	a. Experience adjustment on plan liabilities	(573,810)	(52,259)	(17,813)	32,318	-
	b. Experience adjustment on plan assets	-	-	-	-	-
<b>Leave Encashment</b>						
(i)	a. Present value of the defined benefit obligation	2,420,638	2,452,293	2,686,768	1,517,836	66,186
	b. Fair value of the plan assets	-	-	-	-	-
	c. Surplus/(deficit) in the plan	(2,420,638)	(2,452,293)	(2,686,768)	(1,517,836)	(66,186)
(ii)	a. Experience adjustment on plan liabilities	(703,329)	(1,371,002)	(140,899)	1,089,194	-
	b. Experience adjustment on plan assets	-	-	-	-	-

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.

**Tato Hydro Power Private Limited**

**Notes to the financial statements as of and for the year ended March 31, 2015 (Continued)**

**8. Related Party Disclosure**

As per Accounting Standard – 18 Related Party Disclosure prescribed by Companies (Accounting Standards) Rules, 2008, 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 party/promoters having significant influences on the Holding Company directly or indirectly:**

**Companies**

Reliance Infrastructure Limited (R Infra)

**Individuals**

Shri Anil D. Ambani

**B(II). Other related parties with whom transactions have taken place during the year/closing balance existed at the year end :**

**(i) Enterprises over which, person mentioned in B above, has control :**

Reliance General Insurance Company Limited (RGICL)

**(ii) Fellow subsidiaries :**

Dhursar Solar Power Private Limited (DSPPL)

Sasan Power Limited (SAPL)

Reliance Cleangen Limited (RCGL)

**C. Details of transactions and closing balance:**

Particulars	2014-15	Rupees 2013-14
<b>(i) Transactions during the year :</b>		
<b>Legal and professional fees (including shared service charges)</b>		
R Power	2,247,200	2,247,200
<b>Insurance Premium</b>		
RGICL	30,845	25,000
<b>Reimbursement of expenses / salary - paid by</b>		
R Power	1,648,620	1,974,209
SAPL	11,774	5,984
<b>Reimbursement of expenses - paid for</b>		
SAPL	37,816	5,548
<b>Inter- corporate deposits received</b>		
R Power	48,500,000	-
RCGL	8,500,000	-
<b>Inter- corporate deposits refund to</b>		
RCGL	8,500,000	-
<b>Issue of Preference shares (including securities premium)</b>		
R Power	-	95,300,000
<b>(ii) Balance as at the year end</b>		
<b>Inter- corporate deposits payable</b>		
R Power	48,500,000	-
<b>Other current liabilities</b>		
R Power	-	561,750
<b>Advance recoverable in cash or in kind</b>		
RGICL	27,961	2,210
<b>Equity share capital (excluding premium)</b>		
R Power	213,000	213,000
<b>Preference share capital (excluding premium)</b>		
R Power	95,300	95,300
DSPPL	500,000	500,000
<b>Guarantees</b>		
R Power	7,050,000	7,050,000

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

**Tato Hydro Power Private Limited**  
**Notes to the financial statements as of and for the year ended March 31, 2015 (Continued)**

**9. Earnings Per Share**

	Year ended March 31, 2015	Rupees Year ended March 31, 2014
Profit/(Loss) for the year (Rupees) (A)	(2,460,402)	228,447
Weighted average number of equity shares (B)	21,300	21,300
Earning per share- Basic and diluted (Rupees) (A/B)	(115.51)	10.73
Nominal value of an equity share (Rupees)	10	10

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

**10. Segment Reporting**

In accordance with Accounting Standard 17 "Segment Reporting" as prescribed under the Companies (Accounting Standard) Rules, 2006, the Company has determined its business segment as power generation. Since, there are no other business segments in which the Company operates and the power generated would be sold in 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 reported in the financial statements.

**11. Micro, Medium 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. Consequent to the Companies Act, 2013, being effective from April 1, 2014, the Company has provided depreciation based on useful life as prescribed under Part A and Part C of Schedule II of the Act. Had the Company continue the earlier accounting policy, depreciation for the year would have been lower by Rs.1,008,831.

13. Previous Year figures have been regrouped/ rearranged wherever necessary to confirm to the current year classification.

As per our attached report of even date.

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

For and on behalf of the Board of Directors

Vijay Napawaliya  
Partner  
Membership No: 109859

Nandkumar Deo  
Director  
DIN : 00931361

Ramaswami Kalidas  
Director  
DIN : 00203913

Place : Mumbai  
Date : May 23, 2015

Place : Mumbai  
Date : May 23, 2015