

FINANCIAL STATEMENT

2014-15

**URTHING SOBLA HYDRO POWER
PRIVATE LIMITED**

INDEPENDENT AUDITOR'S REPORT

To the Members of Urthing Sobla Hydro Power Private Limited Report on the Financial Statements

1. We have audited the accompanying financial statements of Urthing Sobla Hydro Power Private Limited ("the Company"), which comprise the Balance Sheet as at 31st 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 there under. 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 31st March, 2015, and its loss and its cash flows for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT

To the Members of Urthing Sobla Hydro Power Private Limited
Report on the Financial Statements
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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 22, 2015

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT
Re: Urthing Sobla 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. 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.
- 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.
- 8 The Company's accumulated losses as at March 31, 2015 are less than fifty percent of its net worth. The Company 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.

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

Re: Urthing Sobla Hydro Power Private Limited

Referred to in Paragraph 7 of our report of even date

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- 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 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 22, 2015

Urthing Sobla 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
Equity and Liabilities			
Shareholders' Funds			
Share Capital	3.1	342,760	342,760
Reserves and Surplus	3.2	166,310,570	168,792,599
Current liabilities			
Short-term borrowings	3.3	2,500,000	-
Other Current liabilities	3.4	186,052	1,093,338
Total		169,339,382	170,228,697
Assets			
Non-current assets			
Fixed assets			
Tangible Assets	3.5	256,297	349,545
Capital work-in-progress	3.6	168,743,386	168,993,386
Current assets			
Cash and Bank balances	3.7	314,448	819,246
Short term loans and advances	3.8	25,251	66,520
Total		169,339,382	170,228,697

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 the Board of Directors

Vijay Napawaliya
Partner
Membership No. 109859

Ashwin Purohit
Director
DIN : 07062599

Paresh Rathod
Director
DIN : 00004357

Place : Mumbai
Date : May 22, 2015

Place : Mumbai
Date : May 22, 2015

Urthing Sobla 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
Revenue		-	-
Total Revenue		<u>-</u>	<u>-</u>
Expenses			
Depreciation (Refer note 11)		93,248	-
Other Expenses	3.9	2,388,781	1,020
Total Expenses		<u>2,482,029</u>	<u>1,020</u>
Loss before tax		(2,482,029)	(1,020)
Tax expense		-	-
Loss for the year		<u>(2,482,029)</u>	<u>(1,020)</u>
Earnings/(Loss) per equity share : (Face value of Rs. 10 each)			
-Basic and Diluted (Refer Note 8)		(137.58)	(0.10)

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 the Board of Directors

Vijay Napawaliya
Partner
Membership No. 109859

Ashwin Purohit
Director
DIN : 07062599

Paresh Rathod
Director
DIN : 00004357

Place : Mumbai
Date : May 22, 2015

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Date : May 22, 2015

Urthing Sobla Hydro Power Private Limited
Cash Flow Statement for the year ended March 31, 2015

Particulars	Year ended March 31, 2015 Rupees	Year ended March 31, 2014 Rupees
(A) Cash Flow from/ (used in) Operating Activities		
Loss before tax	(2,482,029)	(1,020)
Adjustment For:		
Depreciation	93,248	-
Net Cash used in Operating Activities	<u>(2,388,781)</u>	<u>(1,020)</u>
(B) Cash Flow from/ (used in) Investing Activities		
Purchase of Fixed Assets (Including Capital Work-in-Progress)	(616,017)	(3,340,149)
Net Cash used in Investing Activities	<u>(616,017)</u>	<u>(3,340,149)</u>
(C) Cash Flow from/ (used in) Financing Activities		
Proceeds from issue of Equity Share (including Premium)	-	3,700,000
Inter Corporate Deposits taken from Holding Company	2,500,000	-
Net Cash from Financing Activities	<u>2,500,000</u>	<u>3,700,000</u>
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	(504,798)	358,831
Cash and Cash equivalents as at the beginning of the year		
Bank Balance - Current Account	819,246	460,415
Cash and Cash equivalents as at the end of the year		
Bank Balance - Current Account	314,448	819,246

Previous Year figures have been regrouped/ recasted wherever necessary 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

Ashwin Purohit
Director
DIN :07062599

Paresh Rathod
Director
DIN : 00004357

Place : Mumbai
Date : May 22, 2015

Place : Mumbai
Date : May 22, 2015

1. General Information

Urthing Sobla Hydro Power Private Limited is a subsidiary of Reliance Power Limited. The company has been set up as a Special Purpose Vehicle to develop a 400 MW run-of-the-river Hydro Electric Project on river Dhauliganga, a tributary of Sarda River and is situated in Pithoragarh District of Uttarakhand.

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) 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.

e) Depreciation

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.

f) 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

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

j) Employee benefits:

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

(i) Defined contribution plans:

Contributions to defined contribution schemes such as provident fund and superannuation are charged off to the Statement of Profit and Loss/ Capital Work-In-Progress, as applicable, during the year in which the employee renders the related service.

(ii) Defined Benefit Plans:

The Company also provides employee benefits in the form of gratuity and leave encashment, the liability for which as at the year-end is determined by independent actuaries based on actuarial valuation using the projected unit credit method. Such defined benefits are charged off to the Statement of Profit and Loss / capital work-in-progress, as applicable. Actuarial gain / losses are recognised in the year in which they arise.

(iii) Short term/ long term employee benefits:

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

k) 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.

l) 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.

m) 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.

n) Cash Flow Statement

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

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

value of long-term investments and made for each investment individually. Current investments are valued at lower of cost and fair value.

g) 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 assets is neither recognised nor disclosed in the Financial Statements.

h) 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.

i) 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.

	As At March 31, 2015 Rupees	As At March 31, 2014 Rupees
3.1 Share Capital		
Authorised Share Capital		
5,000,000 (Previous Year : 5,000,000) equity shares of Rs. 10 each	50,000,000	50,000,000
200,000,000 (Previous Year : 200,000,000) preference shares of Re. 1 each	200,000,000	200,000,000
	<u>250,000,000</u>	<u>250,000,000</u>
Issued, Subscribed and paid up capital		
18,040 (Previous Year : 18,040) equity shares of Rs. 10 each fully paid up	180,400	180,400
162,360 (Previous Year : 162,360) Preference Shares of Re. 1 each [refer note no. 3.1.2(b)]	162,360	162,360
	<u>342,760</u>	<u>342,760</u>
3.1.1 Reconciliation of subscribed and paid up capital		
Equity shares		
Balance at the beginning of the year	180,400	100,000
18,040 (Previous Year : 10,000) shares of Rs. 10 each		
Add : Issued during the year - Nil (Previous year : 8,040) equity shares of Rs. 10 each	-	80,400
Balance at the end of the year - 18,040 (Previous year : 18,040) equity shares of Rs. 10	<u>180,400</u>	<u>180,400</u>
Preference shares [refer note no. 3.1.2(b)]		
Balance at the beginning of the year	162,360	-
Add: Issued during the year Nil (Previous year : 162,360) share of Re.1 each at premium of Rs.999 per share	-	162,360
Balance at the end of the year - 162,360 (Previous year : 162,360) shares of Re. 1 each	<u>162,360</u>	<u>162,360</u>

3.1.2 Terms/ rights attached to equity 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 28, 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. 990 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.

Urthing Sobla Hydro Power Private Limited

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

3.1.3 Shares held by Holding Company

Equity Shares

Reliance Power Limited - 16,040 (Previous Year: 16,040) equity shares of Rs. 10 each fully paid up.
(Of the above, 16,039 (Previous Year : 16,039) shares are held by Reliance Power Limited, the Holding Company and 1 Share is jointly held by Reliance Power Limited and its nominee)

As At March 31, 2015	As At March 31, 2014
160,400	160,400
<u>160,400</u>	<u>160,400</u>

Preference shares [refer note no. 3.1.2(b)]

Reliance Power Limited - 162,360 (Previous Year : 162,360) shares of Re. 1 each fully paid up

162,360	162,360
<u>162,360</u>	<u>162,360</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	As at March 31, 2014
	As At March 31, 2015	As at March 31, 2014	No. of shares	No. of shares
Equity Shares				
Reliance Power Limited (Equity shares of Rs. 10 each fully paid up)	88.91%	88.91%	16,040	16,040
Reliance Infrastructure Limited (Equity shares of Rs. 10 each fully paid up)	11.09%	11.09%	2,000	2,000
	<u>100.00%</u>	<u>100.00%</u>	<u>18,040</u>	<u>18,040</u>
Preference shares [refer note no. 3.1.2(b)]				
Reliance Power Limited	100%	100%	162,360	162,360
	<u>100%</u>	<u>100%</u>	<u>162,360</u>	<u>162,360</u>

Urthing Sobla 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
3.2 Reserves and Surplus		
Securities Premium Account		
Balance at the beginning of the year	170,157,240	-
Add: Premium on issue of Nil (Previous year :8,040) equity shares	-	7,959,600
Add: Premium on issue of Nil (Previous year :162,360) Preference shares	-	162,197,640
Closing Balance	170,157,240	170,157,240
Surplus/(Deficit) in the statement of Profit and Loss		
Balance at the beginning of the year	(1,364,641)	(1,363,621)
Add: Loss for the year	(2,482,029)	(1,020)
Balance at the end of the year	(3,846,670)	(1,364,641)
	166,310,570	168,792,599
3.3 Short-term borrowings		
Loan and Advances from related party.		
- Inter corporate deposits from related parties(Refer Note 7)	2,500,000	-
(Interest free deposit for a period upto one year)	2,500,000	-
3.4 Other Current Liabilities		
Creditors for supplies and services (Refer Note 10)	176,052	479,423
Dues to Holding Company (Refer note 7)	-	561,750
Others (Including Tax Deducted at Source)	10,000	52,165
	186,052	1,093,338

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

3.5 Tangible Assets

Particulars	Gross Block (at cost)			Depreciation		Net Block	
	As at April 1, 2014	Additions during the year	As At March 31, 2015	Upto April 1, 2014	For the year	Upto March 31, 2015	As At March 31, 2015
Plant and Equipment	484,212	-	484,212	144,079	91,517	235,596	248,616
Furniture and Fixtures	15,172	-	15,172	5,760	1,731	7,491	7,681
Total	499,384	-	499,384	149,839	93,248	243,087	256,297
Previous Year	499,384	-	499,384	125,879	23,960	149,839	349,545

Rupees

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

3.6 Capital Work-in-progress

Rupees				
Particulars	As at April 1, 2014	Incurred during the year	Capitalised/ Adjusted	As At March 31, 2015
Expenditure pending allocation/Capitalisation				
Electricity Expenses	166,013	-	-	166,013
Rent	5,368,616	-	-	5,368,616
Repairs and Maintenance - Others	690,306	-	-	690,306
Employee Benefit expense:				
- Salaries and Other Costs	3,353,304	-	-	3,353,304
- Contribution to Provident and Other Funds	74,573	-	-	74,573
Depreciation	149,839	-	-	149,839
Insurance Charges	17,615	-	-	17,615
Rates and Taxes	63,517	-	-	63,517
Bank and Corporate Guarantee Charges	60,939	-	-	60,939
Communication Expenses	1,524,196	-	-	1,524,196
Legal and Professional Charges (including shared service charges)	88,622,317	-	250,000	88,372,317
Premium Paid to State Government (Refer note 4)	55,600,000	-	-	55,600,000
Printing and Stationary	438,558	-	-	438,558
Security Expenses	1,643,992	-	-	1,643,992
Site Expenses	5,757,327	-	-	5,757,327
Social Welfare Expenses	200	-	-	200
Travelling and Conveyance	4,719,273	-	-	4,719,273
Miscellaneous Expenses	722,801	-	-	722,801
Total Capital work-in-progress	168,993,386	-	250,000	168,743,386
Previous Year	165,208,787	3,784,599	-	168,993,386

Urthing Sobla 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
3.7 Cash and Cash Equivalents		
Cash and cash equivalents		
Bank balance in current account	314,448	819,246
	<u>314,448</u>	<u>819,246</u>
3.8 Short term loans and advances		
Loans/Advance to other	25,251	66,520
	<u>25,251</u>	<u>66,520</u>

Urthing Sobla 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
3.9 Other expenses		
Repairs and Maintainances		
Plant & Machinery	2,700	-
Legal and Professional Charges	2,353,560	-
Postage and Courier	198	-
Travelling and Conveyance	2,000	-
Rates and Taxes	2,500	-
Site Expenses	21,091	-
Filing fees	6,732	1,020
	<u>2,388,781</u>	<u>1,020</u>

Urthing Sobla Hydro Power Private Limited**Notes to the financial statements as of and for the year ended March 31, 2015 (Continued)****4. Project Status**

The Company has a 400 MW (4*100MW) run-of-the-river Hydro Electric Project on river Dhauliganga, a tributary of Sarda River and is situated in Pithoragarh District of Uttarakhand which was awarded in April 2005 by the Government of Uttarakhand (GoU) on Build Own Operate and Transfer (BOOT) basis. Pursuant to the said award, Rs. 5,56,00,000 (Rupees Five Crore and fifty six Lacs Only) was paid to Government of Uttarakhand as processing and Upfront fee for Development and commissioning of the project. A Project Development Agreement (PDA) was entered into with the Government of Uttarakhand to carry out studies and investigations for preparation of Detailed Project Report (DPR) and to develop and operate the project. SMEC, Australia has been appointed as the consultant for preparation of DPR. The project is located in Ashok Musk Deer Sanctuary and requires re-demarcation of sanctuary and the matter has been placed with the Honorable Supreme Court of India. The Government of Uttarakhand has also recommended for approval of re-demarcation.

5. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for is Nil (Previous Year Rs. 250,000).

6. Details of Remuneration to Auditors

Particulars	Year ended March 31, 2015	Rupees Year ended March 31, 2014
As Statutory Auditors		
- For Statutory Audit	100,000	100,000

7. Related party disclosure

As per Accounting Standard – 18 prescribed by Companies (Accounting Standards) Rules, 2006, the Company's related parties and transactions are disclosed below :

A. Parties where Control exists

- (i) 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) Fellow Subsidiaries :
Reliance Cleangen Limited (RCGL)

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

C. Details of transactions and closing balances:

Particulars	2014-15	Rupees 2013-14
(i) Transactions during the year :		
Legal and professional fees (including shared service charges)		
R Power	2,247,200	2,247,200
Inter- corporate deposits received		
R Power	2,500,000	-
RCGL	500,000	-
Inter- corporate deposits refund to		
RCGL	500,000	-
Share application money received		
R Power	-	3,700,000
(ii) Balance as at the year end		
Inter- corporate deposits payable		
R Power	2,500,000	-
Other current liabilities		
R Power	-	561,750
Equity share capital (excluding premium)		
R Power	160,400	160,400
R Infra	20,000	20,000
Preference share capital (excluding premium)		
R Power	162,360	162,360

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

8. Earning/(Loss) Per Share

	Year ended March 31, 2015	Year ended March 31, 2014
Profit/(Loss) for the year (Rupees) (A)	(2,232,029)	(1,020)
Weighted average number of equity shares – (B)	18,040	10,066
Earning/(Loss) Per Share - Basic and Diluted (Rupees) (A/B)	(123.73)	(0.10)
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.

9. 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 further 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.

Urthing Sobla Hydro Power Private Limited

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

10. Micro and Small Scale Business Entities

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

11. 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 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.69,179.

12. Previous Year figures have been regrouped / recasted wherever necessary 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

Ashwin Purohit
Director
DIN :07062599

Paresh Rathod
Director
DIN : 00004357

Place : Mumbai
Date : May 22, 2015

Place : Mumbai
Date : May 22, 2015