

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF RAJASTHAN SUN TECHNIQUE ENERGY PRIVATE LIMITED**

#### **Report on the Indian Accounting Standards (Ind AS) Financial Statements**

1. We have audited the accompanying financial statements of Rajasthan Sun Technique Energy Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017 the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Ind AS 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 Ind AS financial statements to give a true and fair view of the State of affairs (financial position), loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

## INDEPENDENT AUDITORS' REPORT

To the Members of Rajasthan Sun Technique Energy Private Limited

Report on the Ind AS Financial Statements

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7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 (financial position) of the Company as at March 31, 2017, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### Other Matter

9. The financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 26, 2016 and May 23, 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not modified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (herein after 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 B a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. Further to our comment in the Annexure B, as required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

INDEPENDENT AUDITORS' REPORT

To the Members of Rajasthan Sun Technique Energy Private Limited

Report on the Ind AS Financial Statements

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- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at March 31, 2017 on its financial position in its Ind AS financial statements – Refer Note 6.
  - ii. The Company has long-term contracts including derivative contracts as at March 31, 2017 for which there were no material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017.
  - iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 – Refer Note 20.

For Price Waterhouse  
Firm Registration Number: 301112E  
Chartered Accountants

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

Priyanshu Gundana  
Partner  
Membership Number: 109553

Vijay Napawaliya  
Partner  
Membership Number: 109859

Place: Mumbai  
Date: April 12, 2017

Place: Mumbai  
Date: April 12, 2017

## **Annexure A to Independent Auditors' Report**

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Rajasthan Sun Technique Energy Private Limited on the Ind AS financial statements for the year ended March 31, 2017.

Page 1 of 2

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls over financial reporting of Rajasthan Sun Technique Energy Private Limited ("The Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## **Annexure A to Independent Auditors' Report**

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Rajasthan Sun Technique Energy Private Limited on the Ind AS financial statements for the year ended March 31, 2017.

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### **Meaning of Internal Financial Controls Over Financial Reporting**

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse  
Firm Registration Number: 301112E  
Chartered Accountants

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

Priyanshu Gundana  
Partner  
Membership Number: 109553

Vijay Napawaliya  
Partner  
Membership Number: 109859

Place: Mumbai  
Date: April 12, 2017

Place: Mumbai  
Date: April 12, 2017

#### **Annexure B to Independent Auditors' Report**

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Rajasthan Sun Technique Energy Private Limited on the Ind AS financial statements for the year ended March 31, 2017

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.  
(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.  
(c) The title deeds of immovable properties, as disclosed in fixed assets note 4.1 to the financial statements, are held in the name of the Company.
- ii. The Company does not have any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii) (a), (iii) (b) and (iii) (c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. During the year under audit, no order has been passed by the Company law board or National Company law tribunal or Reserve Bank of India or any court or any other Tribunal.
- vi. The Central Government of India, has specified maintenance of cost records under sub-section (1) of Section 148 of the Act, for the products of the Company. However, according to the information and explanation given to us, the prescribed accounts and records have not been made, since company has not stated commercial operations.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues in respect of professional tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, sales tax, income tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. There are no undisputed amounts payable in respect of such applicable statutory dues as at March 31, 2017 for a period of more than six months from the date they become payable.  
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service-tax, duty of customs, and duty of excise or value added tax which have not been deposited on account of any dispute.
- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government as at the balance sheet date.
- ix. In our opinion, and according to the information and explanation given to us, the Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans have been applied for the purpose for which they were obtained.

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Rajasthan Sun Technique Energy Private Limited on the financial statements for the year ended March 31, 2017.

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- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has not paid/provided for managerial remuneration. Therefore, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (AS) 24, Related Party Disclosures specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse  
Firm Registration Number: 301112E  
Chartered Accountants

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

Priyanshu Gundana  
Partner  
Membership Number: 109553

Vijay Napawaliya  
Partner  
Membership Number: 109859

Place: Mumbai  
Date: April 12, 2017

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Date: April 12, 2017

**Rajasthan Sun Technique Energy Private Limited**  
**Balance Sheet as at March 31, 2017**

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	Rupees in lakhs As at April 01, 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4.1	2,833	3,185	3,125
Capital work-in-progress	4.2	248,306	244,418	222,411
Other Intangible assets	4.3	62	-	1
<b>Financial assets</b>				
Derivative instruments	4.4(a)	1,104	1,958	1,134
Other financial assets	4.4(b)	4	4	4
Other non-current assets	4.5	7,831	9,612	13,043
<b>Current assets</b>				
<b>Financial assets</b>				
Investments	4.6(a)	-	-	8,559
Trade receivables	4.6(b)	4,637	820	-
Cash and cash equivalents	4.6(c)	332	11,251	1,746
Bank balances other than cash and cash equivalents	4.6(d)	9,954	-	-
Loans	4.6(e)	5	2	@
Other financial assets	4.6(f)	199	287	522
Other current assets	4.7	126	128	108
<b>Total Assets</b>		<b>275,393</b>	<b>271,665</b>	<b>250,653</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	4.8	286	286	286
<b>Other equity</b>				
Instrument entirely equity in nature	4.9.1	54,519	36,009	29
Reserves and surplus	4.9.2	65,314	66,525	65,941
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
<b>Financial liabilities</b>				
Borrowings	4.10(a)	134,650	147,976	149,377
Other financial liabilities	4.10(b)	-	-	4,914
Provisions	4.11	75	46	18
Other non-current liabilities	4.12	1,466	1,466	1,481
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
Borrowings	4.13	-	-	13,721
Other financial liabilities	4.14	18,399	18,747	13,972
Other current liabilities	4.15	374	423	386
Provisions	4.16	18	9	17
Current tax Liabilities (net)	4.17	292	178	511
<b>Total Equity and liabilities</b>		<b>275,393</b>	<b>271,665</b>	<b>250,653</b>

@ Amount is below the rounding off norm adopted by the Company.

Significant accounting policies

2

Notes on financial statements

1 to 20

The accompanying notes are an integral part of these financial statements.



**Rajasthan Sun Technique Energy Private Limited**

As per our Report of even date.

**For Price Waterhouse**  
Chartered Accountants  
Firm Registration No: 301112 E

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

**Priyanshu Gundana**  
Partner  
Membership No. 109553

**Mantu Kumar Ghosh**  
Director  
DIN Number 07644889

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

**Satyendra Mohanlal Sarupia**  
Director  
DIN Number 00270718

**Vijay Napawaliya**  
Partner  
Membership No. 109859

Place : Mumbai  
Date : April 12, 2017

Place : Mumbai  
Date : April 12, 2017

Rajasthan Sun Technique Energy Private Limited  
Statement of Profit and Loss for the year ended March 31, 2017

Particulars	Note No.	Rupees in lakhs	
		Year ended March 31, 2017	Year ended March 31, 2016
Other Income	4.18	697	1,804
<b>Total Income</b>		<b>697</b>	<b>1,804</b>
<b>Expenses</b>			
Finance costs	4.19	1,779	976
Depreciation and amortization expenses	4.1	129	145
<b>Total expenses</b>		<b>1,908</b>	<b>1,121</b>
<b>Profit/(Loss) before tax</b>		<b>(1,211)</b>	<b>683</b>
<b>Income tax expense</b>			
Current tax		-	99
<b>Profit/(Loss) for the year</b>		<b>(1,211)</b>	<b>584</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of net defined benefit plans		-	-
<b>Other Comprehensive Income for the year (B)</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the year (A+B)</b>		<b>(1,211)</b>	<b>584</b>
<b>Earnings/ (Loss) per equity share: (Face value of Rs. 10 each)</b>			
Basic (Rupees)	11	(42.39)	20.44
Diluted (Rupees)	11	(42.39)	10.22
Significant accounting policies	2		
Notes on financial statements	1 to 20		

The accompanying notes are an integral part of these financial statements

**Rajasthan Sun Technique Energy Private Limited**

As per our Report of even date.

**For Price Waterhouse**  
Chartered Accountants  
Firm Registration No: 301112 E

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

**Priyanshu Gundana**  
Partner  
Membership No. 109553

**Mantu Kumar Ghosh**  
Director  
DIN Number 07644889

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

**Satyendra Mohanlal Sarupria**  
Director  
DIN Number 00270718

**Vijay Napawaliya**  
Partner  
Membership No. 109859

Place : Mumbai  
Date : April 12, 2017

Place : Mumbai  
Date : April 12, 2017

**Rajasthan Sun Technique Energy Private Limited**  
**Cash Flow Statement for the year ended March 31, 2017**

	Year ended March 31, 2017	Rupees in lakhs Year ended March 31, 2016
<b>(A) Cash flow from/ (used in) Operating activities</b>		
Net Profit/ (Loss) before tax	(1,211)	683
Adjustments for:		
Dividend income	-	@
Interest income	(697)	(200)
Finance cost	1,779	976
Profit on sale of investment in mutual fund	-	(538)
Unrealised loss / (gain) on derivative contract	-	(1,066)
Depreciation and amortisation expenses	129	145
<b>Net cash generated from Operating activities</b>	<b>-</b>	<b>-</b>
<b>(B) Cash flow from/ (used in) Investing activities</b>		
Purchase of Property, plant and equipment (including Capital work-in-progress and Capital advances)	(631)	(2,268)
(Purchase)/ Sale of investments (Net)	-	9,096
Dividend received	-	@
Interest received	637	200
Taxes Paid net of refund	113	(56)
Increased / (Decrease) in Bank balances other than cash and cash equivalents	(9,894)	-
<b>Net cash flow (used in) Investing activities</b>	<b>(9,775)</b>	<b>6,974</b>
<b>(C) Cash flow from/ (used in) Financing activities</b>		
Inter corporate deposit received	18,910	22,359
Inter corporate deposit repaid	(400)	(100)
Repayment of borrowing - secured	(10,578)	(9,950)
Interest and finance charges paid	(9,076)	(9,777)
<b>Net cash generated/ (used in) Financing activities</b>	<b>(1,144)</b>	<b>2,532</b>
<b>Net Increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(10,919)</b>	<b>9,506</b>
<b>Cash and cash equivalents at the beginning of the year:</b>		
Bank balance - current account*	1,217	444
Bank balance - fixed deposits account*	10,034	1,302
<b>Cash and cash equivalents at the end of the year:</b>		
Bank balance - current account*	332	1,217
Bank balance - fixed deposits account*	-	10,034

\* including interest on fixed deposits classified as cash and cash equivalents.  
The accompanying notes are an integral part of these financials statements

**Rajasthan Sun Technique Energy Private Limited**

As per our Report of even date.

**For Price Waterhouse**  
Chartered Accountants  
Firm Registration No. 301112 E

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

**Priya X Shu Gundana**  
Partner  
Membership No. 109553

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**For Chaturvedi & Shah**  
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**Satyendra Mohanlal Sarupria**  
Director  
DIN Number: 00270718

**Vijay Napawaliya**  
Partner  
Membership No. 109859

Place : Mumbai  
Date : April 12, 2017

Place : Mumbai  
Date : April 12, 2017

**Rajasthan Sun Technique Energy Private Limited**  
Statement of changes in equity for the year ended March 31, 2017

**A. Equity Share Capital (refer note 4.8)**

	Rupees in lakhs
Balance as at 1 April 2015	286
Changes in equity share capital	-
Balance as at 31 March 2016	286
Changes in equity share capital	-
Balance as at 31 March 2017	286

**B. Other Equity**

	Rupees in lakhs			
	Instrument entirely equity in nature		Reserves and Surplus	
	Preference Shares Capital (refer note 4.9.1.1)	Inter Corporate Deposit (refer note 4.9.1.2)	Securities Premium Account (refer note 4.9.2.1)	Retained Earnings (refer note 4.9.2.2)
				Total
Balance as at 01 April 2015	29	-	56,714	9,227
Profit for the year	-	-	-	584
Other Comprehensive Income for the year	-	-	-	-
Total Comprehensive Income for the year	-	-	-	584
Addition during the year (net)	-	35,980	-	-
Balance as at 31 March 2016	29	35,980	56,714	9,811
Profit for the year	-	-	-	(1,211)
Other Comprehensive Income for the year	-	-	-	-
Total Comprehensive Income for the year	-	-	-	(1,211)
Addition during the year (net)	-	18,510	-	-
Balance as at 31 March 2017	29	54,490	56,714	8,600
				119,833

**Rajasthan Sun Technique Energy Private Limited**

As per our Report of even date

**For Price Waterhouse**  
Chartered Accountants  
Firm Registration No: 301112 E

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

**Priyanshu Gundana**  
Partner  
Membership No. 109553

**Mantu Kumar Ghosh**  
Director  
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**For Chaturvedi & Shah**  
Chartered Accountants  
Firm Registration No: 101720 W

**Satyendra Mohanlal Sarupria**  
Director  
DIN Number 00270718

**Vijay Napawaliya**  
Partner  
Membership No. 109859

Place : Mumbai  
Date : April 12, 2017

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Date : April 12, 2017

**1) General information**

Rajasthan Sun Technique Energy Private Limited is a wholly owned subsidiary of Reliance Power Limited. The Company is a Special Purpose Vehicle to develop and generate 100 mega watt (MW) Solar Concentrated Thermal Power Project at Dhursar, Near Pokhran, District Jaisalmer, Rajasthan. The Company has entered into a Power Purchase Agreement (PPA) for 100 MW capacity with NTPC Vidyut Vyapar Nigam Limited (NVVN).

The Company is a private limited company which is incorporated and domiciled in India under the provisions of the Companies Act. The registered office of the Company is located at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai - 400710.

These financial statements were authorised for issue by the board of directors on April 12, 2017.

**2) Significant accounting policies and critical accounting estimates and judgments:**

**2.1 Basis of preparation, measurement and significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Basis of preparation**

**Compliance with Indian Accounting Standards**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant provisions of the Companies Act, 2013 ("the Act"). These are the Company's first Ind AS financial statements and Ind AS 101, 'First-time Adoption of Indian Accounting Standards' has been applied. The policies set out below have been consistently applied during the year presented.

For all periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act ("Previous GAAP").

These financial statements for the year ended March 31, 2017 are the first the Company has prepared in accordance with Ind AS. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows including reconciliations and descriptions of the effect of the transition are provided in note 3 below.

**Historical cost convention**

The financial statements have been prepared under the historical cost convention, as modified by the following:

- Certain financial assets and financial liabilities at fair value;
- Defined benefit plans – plan assets that are measured at fair value;

**Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable



**Current vis-à-vis non-current classification**

The assets and liabilities reported in the balance sheet are classified on a "current/non-current basis", with separate reporting of assets held for sale and liabilities. Current assets, which include cash and cash equivalents, are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Company or in the 12 months following the balance sheet date; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Company or within the 12 months following the close of the financial year.

**(b) Recent accounting pronouncements**

**Standards issued but not yet effective**

**Amendment to Ind AS 7:**

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

**(c) Property, plant and equipment**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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

Accordingly all project related expenditure viz. civil works, machinery under erection, construction and erection materials, pre-operative expenditure incidental / directly attributable to construction of project, borrowing cost, construction stores, and direct operational expenses (net of revenue during constructions) related to the units of power generated in the interim period, pending capitalisation, are disclosed as Capital work-in-progress

**Transition to Ind AS:**

On transition to Ind AS, the Company has elected to avail fair value of all of its property plant and equipment recognised as at April 1, 2015 as deemed cost.

**Depreciation methods, estimated useful lives and residual value:**

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

Particulars	Estimated useful lives
Buildings	3 to 30 years
Lease hold land	30 years
Property, plant and equipment	3 to 25 years
Furniture and fixtures	10 years
Motor Vehicles	3 to 8 years
Office equipments	3 to 10 years
Computers	3 to 5 years

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

Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

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

**(d) Intangible assets:**

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

Expenditure incurred on acquisition of intangible assets which are not ready to use at the reporting date is disclosed under "Intangible assets under development"

**Amortisation method and periods**

Amortization is charged on a straight-line basis over a period of three years. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

**Transition to Ind AS:**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets

**(e) Impairment of non-financial assets**

Assets which are subject to depreciation or amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**(f) Trade Receivable**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**(g) Financial instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instruments of another entity.

**Investments and other financial assets**

**I. Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Company has elected to account for investments in equity instruments of fellow subsidiaries at cost in its financial statements.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

**ii. Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

**Debt instruments:** Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises. Interest income from these financial assets is included in other income.

**iii. Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**iv. Derecognition of financial assets**

A financial asset is derecognised only when:

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**v. Income recognition**

**Interest income**

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

**Dividend**

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

**vi. Derivative Financial Instruments:**

Derivative are initially recognised at fair value on the date of derivative contract is entered into and are subsequently re-measure to their fair value at the end of the each reporting period. Further gain / (losses) arising on settlement and fair value change on derivative contracts are classified to finance cost.

**(h) Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**(i) Contributed equity**

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds

**(j) Financial liabilities**

**i. Classification as debt or equity**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

**ii. Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

**iii. Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Borrowings:** Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit and loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.



**Trade and other payable:** These amounts represents obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These payable are classified as current liabilities if payment is due within one year or less otherwise they are presented as non-current liabilities. Trade and payables are subsequently measured at amortised cost using the effective interest method.

**Financial guarantee contracts:** Financial guarantee contract are subsequently measured at the higher of the amount determined in accordance with Ind AS 37 and the amount initially recognised less cumulative amortisation where appropriate.

Where guarantees in relation to loans of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment. On transition to Ind AS, the Company has recognised fair value changes as part of the retained earnings.

#### iv. Derecognition

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses). When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach..

#### (k) Provisions, Contingent Liabilities and Contingent Assets:

##### Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

##### 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. 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.

##### Contingent Assets:

A contingent asset is disclosed, where an inflow of economic benefits is probable.

#### (l) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

**(m) Foreign currency translation:**

**i. Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Indian Rupees' (INR), which is the Company's functional and the Company's presentation currency.

**ii. Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

All exchange differences arising on reporting of short term foreign currency monetary items other than derivative contracts at rates different from those at which they were initially recorded are recognised in the Statement of Profit and Loss/ Capital Work-in-Progress.

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 Ind AS-101 to continue the policy adopted in Previous GAAP for accounting of exchange differences arising from translation of long-term foreign currency monetary items outstanding as on March 31, 2016, 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. 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.

**(n) Revenue recognition:**

Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities. Amounts disclosed as revenue are net of discounts, returns, value added taxes and amounts collected on behalf of third parties.

**i. Sale of energy**

Revenue from sale of energy is recognised on an accrual basis and in accordance with the provisions of Power Purchase Agreement (PPA) with NTPC Vidyut Vyapar Nigam Limited (NVVN) read with Central Electricity Regulatory Commission (CERC) regulations (Also refer note 2.1 (c) above).

**ii. Other operating income**

Revenue from certified reduction units is recognised as per terms and conditions agreed with trustee on future sale of certified emission reduction units.

**(o) Employee benefits:**

**Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss/ Capital Work-in-Progress.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

#### Post employee obligations

The Company operates the following post-employment schemes:

- defined benefit plans such as gratuity
- defined contribution plans such as provident fund.

#### Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in rupees is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss/ capital work in progress.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

#### Defined contribution plans

##### Provident fund

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

##### Superannuation

Certain employees of the Company are participants in a defined contribution plan. The Company has no further obligations to the plan beyond its monthly contributions which are contributed to a trust fund, the corpus of which is invested with Reliance Life Insurance Company Limited.

#### (p) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**(q) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less from date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(r) Earnings per share**

**Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year

**Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**(s) 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.

**(t) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer and the chief financial officer that makes strategic decisions.

**(u) Dividends:**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.



## 2.2 Critical accounting estimates and judgments

Preparing the financial statements under Ind AS requires management to take decisions and make estimates and assumptions that may impact the value of revenues, costs, assets and liabilities and the related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

### (a) Useful lives of Power plant and depreciation method

Management of the Company decided the estimated useful lives of power plant and respective depreciation. The accounting estimate is based on the expected wears and tears incurred during power generation. Wears and tears can be significantly different following renovation each time. When the useful lives differ from the original estimated useful lives, management will adjust the estimated useful lives accordingly. It is possible that the estimates made based on existing experience are different to the actual outcomes within the next financial period and could cause a material adjustment to the carrying amount of Property, plant and equipments (Refer note 4.1).

### (b) Income taxes

There are transactions and calculations for which the ultimate tax determination is uncertain and would get finalized on completion of assessment by tax authorities. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax on temporary differences reversing within the tax holiday period is measured at the tax rates that are expected to apply during the tax holiday period, which is the nil tax rate. Deferred tax on temporary differences reversing after the tax holiday period is measured at the enacted or substantively enacted tax rates that are expected to apply after the tax holiday period (Refer note 12).

### (c) Fair value measurement and valuation process

The management determines the appropriate valuation technique and inputs for fair value measurement. In estimating the fair value, the management engages third party qualified valuer to perform the valuations if require.

Estimates and judgements are continuously evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances (Refer note 13 and 14).

### (d) Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its Property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount of Property, plant and equipment is the higher of its fair value less costs of disposal and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on anticipated efficiency of the plant, fuel availability at economical rates, economic and regulatory environment, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact the carrying value of assets.

### 3) Transition to Ind AS:

These are the Company's first financial statements prepared in accordance with Ind AS. The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from April 01, 2016, with a transition date of April 01, 2015. These financial statements for the year ended March 31, 2017 are the first the Company has prepared under Ind AS. For all periods upto and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with the previously applicable Indian GAAP (previous GAAP).

The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements be applied retrospectively and consistently for all financial years presented. Accordingly, the Company has prepared financial statements which comply with Ind AS for year ended March 31, 2017, together with the comparative information as at and for the year ended March 31, 2016. The Company's opening Ind AS Balance Sheet has been prepared as at April 01, 2015, the date of transition to Ind AS.

#### A. Exemptions and exceptions availed

In preparing these Ind AS financial statements, the Company has availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). This note explains the adjustments made by the Company in restating its previous GAAP financial statements, including the Balance Sheet as at April 01, 2015 and the financial statements as at and for the year ended March 31, 2016.

##### (a) Ind AS optional exemptions

###### i. Deemed cost

Ind AS 101 permits a first-time adopter to measure all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS at fair value or previous GAAP carrying value and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 "Intangible Assets". Accordingly, the Company has elected to measure all of its property, plant and equipment (PPE) at their fair values. The Company has elected to use previous GAAP carrying value as deemed cost for Intangible Assets covered by Ind AS 38 "Intangible Assets".

###### ii. Long term foreign currency monetary items

Ind AS 101 permits a first time adopter to continue the accounting policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognized in the financial statements for the year ending March 31, 2016. The Company has opted to follow this exemption.

##### (b) Ind AS mandatory exemptions

The Company has applied the following exceptions from full retrospective application of Ind AS as mandatorily required under Ind AS 101:

###### i. Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 01, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Impairment of financial assets based on expected credit loss model

###### ii. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Consequently, the Company has applied the above assessment based on facts and circumstances exist at the transition date.

**B.1 Reconciliation of total equity as at March 31, 2016 and April 01, 2015**

Particulars	Note No.	Rupees in lakhs	
		March 31, 2016	April 01, 2015
Total equity (shareholder's funds) as per previous GAAP		58,781	58,286
<b>Adjustments</b>			
Borrowings at amortised cost	C2	3,721	3,721
Classification of debt instruments as equity	C4	35,980	-
Changes in fair value of Retention Money	C3	418	418
Fair value of derivative contracts	C1	3,919	3,830
<b>Total adjustments</b>		<b>44,038</b>	<b>7,969</b>
<b>Total equity as per Ind AS</b>		<b>102,819</b>	<b>66,255</b>

**B.2 Reconciliation of total comprehensive income for the year ended 31 March 2016**

Particulars	Note No.	Rupees in lakhs
		March 31, 2016
Profit after tax as per previous GAAP		494
<b>Adjustments:</b>		
Changes in fair value of derivative contracts	C1	90
<b>Total adjustments</b>		<b>90</b>
<b>Profit after tax as per Ind AS</b>		<b>584</b>

**B.3 Impact of Ind AS adoption on the statements of cash flows for the year ended 31 March 2016**

Particulars	Rupees in lakhs		
	As per Previous GAAP*	Effect of transition to Ind AS	As per Ind AS
Net cash flow from operating activities	-	-	-
Net cash flow from investing activities	6,974	-	6,974
Net cash flow from financing activities	2,532	-	2,532
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>9,506</b>	<b>-</b>	<b>9,506</b>
Cash and cash equivalents as at April 01, 2015	1,745	-	1,745
<b>Cash and cash equivalents as at March 31, 2016</b>	<b>11,251</b>	<b>-</b>	<b>11,251</b>

**B.4 Analysis of changes in cash and cash equivalents for the purposes of statement of cash flows under Ind AS**

Particulars	Rupees in lakhs	
	March 31, 2016	April 01, 2015
Cash and cash equivalents as per previous GAAP	11,251	1,745
<b>Cash and cash equivalents for the purpose of statement of cash flows</b>	<b>11,251</b>	<b>1,745</b>

**C: Notes to first-time adoption:**

**C.1: Derivative Instruments**

Under Ind AS, all the derivative instruments are fair valued with recognition of both gains and losses in Statement of Profit and Loss as against under Previous GAAP only losses on derivative contracts are recognised on marking them to market (as per the announcement by Institute of Chartered Accountants of India) and in case of forward contracts, premium/discount on such contracts were amortized as expense/income over the life of contract.

Consequent to above, the total equity as at 31 March 2016 increased by Rs. 3,919 lakhs (1 April 2015 - Rs. 3,830 lakhs) and profit for the year ended March 31, 2016 is increased by Rs. 90 lakhs

**C 2: Borrowings at amortised cost**

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

Consequent to above, the total equity as at March 31, 2016 is increased by Rs. 3,721 lakhs (April 01, 2015 - Rs. 3,721 lakhs).

**C 3: Other long-term financial liabilities at amortized cost**

Under Previous GAAP, all interest free long-term financial liabilities were carried at transaction value. However, under Ind AS, as the long-term financial liabilities are measured at fair value on initial recognition and has been discounted using incremental borrowing rate which will be unwind subsequently

Consequent to above, the total equity as at March 31, 2016 is increased by Rs. 418 lakhs (April 01, 2015 - Rs. 418 lakhs)

**C 4: Classification of inter-corporate deposits to equity**

Ind AS 32 requires classification of financial instruments issued into financial liabilities or equity. Inter-corporate deposits received from the Holding Company meet the definition of an equity, as the terms do not cast any contractual obligation on the Company to make any payment. Accordingly the same has been classified as equity under Ind AS.

Consequent to above, the total equity as at March 31, 2016 is increased by Rs. 35,980 lakhs (April 01, 2015 - Rs. Nil).

Rajasthan Sun Technique Energy Private Limited  
Notes to the financial statements as of and for the year ended March 31, 2017 (continued)

4.1 Property, Plant and Equipment

	Leasehold Land	Plant and equipment	Buildings	Furniture and fixtures	Motor Vehicles	Office equipment	Computers	Total
Rupees in lakhs								
Gross carrying amount								
Fair value as deemed cost as at April 01, 2015	50	1,330	1,709	4	@	28	4	3,125
Additions during the year	301	96	17	6	10	33	4	467
Adjustments	-	-	-	-	-	-	-	-
Carrying amount as at March 31, 2016	351	1,426	1,726	10	10	61	8	3,592
Additions during the year	-	-	-	10	-	1	1	12
Adjustments	-	(1)	-	-	-	-	-	(1)
Carrying amount as at March 31, 2017	351	1,425	1,726	20	10	62	9	3,603
Accumulated depreciation								
Balance as at April 01, 2015	-	-	-	-	-	-	-	-
For the year	2	148	228	2	2	23	2	407
Balance as at March 31, 2016	2	148	228	2	2	23	2	407
For the year	2	144	170	3	2	39	3	363
Balance as at March 31, 2017	4	292	398	5	4	62	5	770
Net carrying amount								
As at April 01, 2015	50	1,330	1,709	4	@	28	4	3,125
As at March 31, 2016	349	1,278	1,498	8	8	38	6	3,185
As at March 31, 2017	347	1,133	1,328	15	6	-	4	2,833

@ Amount is below the rounding off norm adopted by the Company.

Rajasthan Sun Technique Energy Private Limited  
Notes to the financial statements as of and for the year ended March 31, 2017 (Continued)  
4.2 Capital Work-In -progress

Particulars	Rupees in lakhs			
	As at April 01, 2015	Incurred during the year	Capitalised /Adjusted	As at March 31, 2016
A. Assets under construction	166,387	4,030	5	170,412
B. Incidental expenditure pending allocation				
(i) Expenses				
Interest and Finance Charges	26,494	9,736	-	36,230
Employee benefit expenses				
- Salary, bonus and other allowance	2,163	574	-	2,737
- Contribution to provident and other funds	78	26	-	104
- Leave encashment and gratuity (Refer Note 8)	35	27	-	62
Legal and professional fees (including share service charges)	2,006	191	-	2,197
Depreciation/ amortisation expenses	880	262	-	1,142
Exchange loss/(gain) (net) (refer Note 2.1.(m) and 17)	15,339	8,080	-	23,419
Other direct and incidental expenditure	10,860	2,824	-	13,684
<b>Sub total</b>	<b>57,855</b>	<b>21,720</b>	<b>-</b>	<b>79,575</b>
(ii) Incidental income during construction	1,831	3,738	-	5,569
<b>Net expenditure pending allocation (i) - (ii)</b>	<b>56,024</b>	<b>17,982</b>	<b>-</b>	<b>74,006</b>
<b>Total (A+B)</b>	<b>222,411</b>	<b>22,012</b>	<b>5</b>	<b>244,418</b>

Rajasthan Sun Technique Energy Private Limited  
Notes to the financial statements as of and for the year ended March 31, 2017 (continued)

4.2 Capital Work in Progress

Particulars	Rupees in lakhs			
	As at April 01, 2016	Incurred during the year	Capitalised / Adjusted	As at March 31, 2017
A. Assets under construction	170,412	2,384	-	172,796
B. Incidental expenditure pending allocation				
(i) Expenses				
Interest and Finance Charges	36,230	8,840	-	45,070
Employee benefit expenses				
- Salary, bonus and other allowance	2,737	697	-	3,434
- Contribution to provident and other funds	104	30	-	134
- Leave encashment and gratuity (Refer Note 8)	62	43	-	105
Legal and professional fees (including share service charges)	2,197	290	-	2,487
Depreciation/ amortisation expenses	1,142	266	-	1,408
Exchange loss/(gain) (net) (refer Note 2.1.(m) and 17)	23,419	(3,051)	-	20,368
Other direct and incidental expenditure	13,684	2,068	-	15,752
<b>Sub total</b>	<b>79,575</b>	<b>9,183</b>	<b>-</b>	<b>88,758</b>
(ii) Incidental income during construction	5,569	7,679	-	13,248
<b>Net expenditure pending allocation (I) - (II)</b>	<b>74,006</b>	<b>1,504</b>	<b>-</b>	<b>75,510</b>
<b>Total (A+B)</b>	<b>244,418</b>	<b>3,888</b>	<b>-</b>	<b>248,306</b>

## 4.3 Other Intangible assets

	Rupees in lakhs
	Computer Software
Gross carrying amount	
Deemed cost as at April 01, 2015	1
Additions during the year	1
Carrying amount as at March 31, 2016	2
Additions during the year	94
Carrying amount as at March 31, 2017	96
Accumulated amortisation	
Balance as at April 01, 2015	
For the year	2
Balance as at March 31, 2016	2
For the year	32
Balance as at March 31, 2017	34
Net carrying amount	
As at April 01, 2015	1
As at March 31, 2016	-
As at March 31, 2017	62



Particulars	Rupees in lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>4.4(a) Finance assets - Non-current</b> (Unsecured and considered good)			
4.4(a) Derivative assets (Mark to Market) on derivative instruments (Net)	1,104	1,958	1,134
	<u>1,104</u>	<u>1,958</u>	<u>1,134</u>
<b>4.4(b) Security deposits</b>	4	4	4
	<u>4</u>	<u>4</u>	<u>4</u>
<b>4.5 Other non-current assets</b> (Unsecured and considered good)			
Capital advances (Refer note 10)	7,931	9,312	13,043
	<u>7,931</u>	<u>9,312</u>	<u>13,043</u>
<b>Finance assets - Current</b>			
<b>4.6(a) Investments (Non-trade) - Current</b>			
Unquoted - Mutual fund units	-	-	8,559
Reliance liquid fund - direct growth plan - growth option (Number of units: Nil (31 April, 2016; Nil Units, 1 April 2015; 250,899 Units) (face value of Rs 1,000 each)	-	-	-
	<u>-</u>	<u>-</u>	<u>8,559</u>
Aggregate amount of quoted investments	-	-	8,559
<b>4.6(b) Trade receivables</b> (Unsecured and considered good)			
Others	4,637	820	-
	<u>4,637</u>	<u>820</u>	<u>-</u>
<b>4.6(c) Cash and cash equivalents</b>			
Balance with banks:			
in current account	332	1,217	444
in deposit account with original maturity of less than three months	-	10,034	1,302
	<u>332</u>	<u>11,251</u>	<u>1,746</u>
<b>4.6(d) Bank balances other than cash and cash equivalents</b> Deposits with original maturity of more than three months but less than twelve months	9,954	-	-
	<u>9,954</u>	<u>-</u>	<u>-</u>
<b>4.6(e) Loans - Current</b> (Unsecured and considered good)			
Loans / advances to employees	5	2	@
	<u>5</u>	<u>2</u>	<u>@</u>
<b>4.6(f) Other current financial assets</b> (Unsecured and considered good)			
Security deposits	149	149	149
Advance recoverable in cash	50	106	273
Derivative assets (Mark to Market) on derivative instruments (Net)	-	32	-
	<u>199</u>	<u>287</u>	<u>522</u>
<b>4.7 Other current assets</b> (Unsecured and considered good)			
Balance with statutory authorities (includes service tax credit and VAT recoverable)	2	-	-
Prepaid expenses	124	128	108
	<u>126</u>	<u>128</u>	<u>108</u>

**Rajasthan Sun Technique Energy Private Limited**  
**Notes to the financial statements as of and for the year ended March 31, 2017 (continued)**

**4.8 Share capital**

<b>Authorised</b>			
4,000,000 (March 31, 2016: 4,000,000; April 01, 2015: 4,000,000) equity shares of Rs. 10 each	400	400	400
	400	400	400

**Issued, subscribed and paid up capital**

2,856,350 (March 31, 2016: 2,856,350; April 01, 2015: 2,856,350) equity shares of Rs. 10 each fully paid-up	286	286	286
	286	286	286

**4.8.1 Reconciliation of number of shares**

**Equity shares**

Balance at the beginning of the year - 2,856,350 (March 31, 2016: 2,856,350; April 1, 2015: 2,856,350) shares of Rs. 10 each	29	29	29
Balance at the end of the year - 2,856,350 (March 31, 2016: 2,856,350; April 01, 2015: 2,856,350) shares of Rs. 10 each	29	29	29

**4.8.2 Rights, preference and restriction attached to equity shares**

**Equity shares**

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

**4.8.3 Shares held by Holding Company**

<b>Equity shares</b>			
Reliance Power Limited - Holding Company	29	29	29
2,856,350 (March 31, 2016: 2,856,350; April 01, 2015: 2,856,350) shares of Rs. 10 each fully paid (Out of the above 2,856,349 (March 31, 2016: 2,856,349; April 01, 2015: 2,856,349) equity shares are by Reliance Power Limited, the Holding Company and 1 Equity Share was jointly held by Reliance Power Limited and its Nominees)	29	29	29

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

**Equity shares**

Equity shares of Rs. 10 each fully paid up held by Reliance Power Limited - Holding Company	100%	100%	100%
Percentage of holding in the class -	2,856,350	2,856,350	2,856,350
Number of shares			

Particulars	Rupees in lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Other equity			
Balance at the end of the year			
4.9.1 Instrument entirely equity in nature			
Preference Shares	29	29	29
Inter-corporate deposits	54,490	35,980	-
	<u>54,519</u>	<u>36,009</u>	<u>29</u>
4.9.1.1 Preference Shares			
Authorised 10,000,000 (March 31, 2016: 10,000,000; April 01, 2015: 10,000,000) preference shares of Rs. 1 each	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>
Issued, subscribed and paid up capital 2,856,350 (March 31, 2016: 2,856,350; April 01, 2015: 2,856,350) shares of Rs. 1 each	29	29	29
	<u>29</u>	<u>29</u>	<u>29</u>
Reconciliation of number of shares			
Preference shares (refer note 4.9.1.1 (a))			
Balance at the beginning of the year 2,856,350 (March 31, 2016: 2,856,350; April 01, 2015: 2,856,350) shares of Rs. 1 each	29	29	
Balance at the end of the year - 2,856,350 (March 31, 2016: 2,856,350; April 01, 2015: 2,856,350) shares of Rs. 1 each	<u>29</u>	<u>29</u>	
4.9.1.1 (a) Terms/ rights attached to preference shares			
7.5% Compulsory Convertible Redeemable Non-Cumulative Preference Shares (CCRPS)			
The Company shall have a call option on CCRPS which can be exercised by the Company in one or more tranches and in part or in full before the end of agreed tenure (20 years) of the said shares. In case the call option is exercised, CCRPS shall be redeemed at an issue price (i.e. face value and premium). The holders of CCRPS however, shall have an option to convert CCRPS into equity shares at any time during the tenure of such shares. At the end of tenure and to the extent the Company or the shareholder has not exercised their options, CCRPS shall be compulsorily converted into equity shares. On conversion, in either case, each CCRPS shall be converted into one fully paid equity share of Rs. 10 each at a premium of Rs. 99C share. If during the tenure of CCRPS, the Company declares equity dividend, CCRPS holders shall also be entitled to dividend on their shares at the same rate as the equity dividend and this dividend will be over and above the coupon rate of 7.5%. These preference shares shall continue to be non-cumulative.			
Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company			
Preference shares 4.9.1.1 (a))			
Preference Shares of Rs. 1 each fully paid up held by Reliance Power Limited - Holding company	100%	100%	100%
Percentage of holding in the class	2,856,350	2,856,350	2,856,350
Number of shares			
	<u>2,856,350</u>	<u>2,856,350</u>	<u>2,856,350</u>
4.9.1.2 Inter Corporate Deposit (Refer note 10)			
Opening balance (including reclassified during the previous year)	35,380	13,721	
Add : received during the year	19,910	22,359	
Less : repaid during the year	(400)	(100)	
	<u>54,490</u>	<u>35,980</u>	
4.9.2 Reserves and surplus			
Balance at the end of the year			
Securities premium account	56,714	56,714	56,714
Retained earnings	8,600	9,811	9,227
Total reserves and surplus	<u>65,314</u>	<u>66,525</u>	<u>65,941</u>
4.9.2.1 Securities premium account			
Balance at the beginning of the year	56,714	56,714	
Balance at the end of the year	<u>56,714</u>	<u>56,714</u>	
4.9.2.2 Retained earnings			
Balance at the beginning of the year	9,811	9,227	
Profit/(Loss) for the year	(1,211)	584	
Balance at the end of the year	<u>8,600</u>	<u>9,811</u>	
	<u>110,832</u>	<u>102,534</u>	
Nature and purpose of other reserves			
Securities premium account			
Security Premium account is created with premium on issue of shares. The reserve is used in accordance with the provision of the Companies Act, 2013			

Particulars	Rupees in lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Financial Liabilities</b>			
<b>4.10(a) Borrowings - Non-current</b>			
<b>Secured - at amortised cost</b>			
Term loans:			
Rupee loans from banks	8,796	9,500	9,929
Foreign currency loans from financial institution/ other parties	125,854	138,467	130,448
	<b>134,650</b>	<b>147,967</b>	<b>149,377</b>

**4.10.1 Nature of security:**

- Term loans from all banks/ financial institution/ other parties of Rs. 148,071 lakhs (March 31, 2016: Rs. 161,643 lakhs; April 01, 2015: Rs. 182,791 lakhs) is secured to be secured by first charge on all the immovable and movable assets of the Company on pari passu basis and pledge of 100% of the total issued share capital of the
- The Holding Company has given financial commitments/ guarantee to the lender of the Company. (Refer Note 10)
- Current liabilities of long term borrowings have been classified as other current liabilities (Refer Note 4.14)

**4.10.2 Terms of repayment of loans and rate of interest:**

- The Rupee loan has a tenure of upto 15 years from the date of first disbursement. It will be repaid in 54 unequal quarterly instalments starting from January 7, 2014 and interest rate is a floating rate linked to Axis Bank base rate plus 3%, payable on monthly basis. The outstanding balance as on year end is Rs. 9,725 lakhs (March 31, 2016: Rs. 10,181 lakhs; April 01, 2015: Rs. 10,637 lakhs)
- Foreign currency loan from financial institution/ other parties of has a tenure of upto 17.36 years from the date of first disbursement. It will be repaid in 33 unequal half yearly instalments starting from January 24, 2014 and carry fixed of 2.55% per annum payable half yearly. The outstanding balance as on year end is Rs. 27,544 lakhs (March 31, 2016: Rs. 30,455 lakhs; April 01, 2015: Rs. 30,923 lakhs)
- Foreign currency loan from financial institution/ other parties has a tenure of upto 17.45 years from the date of first disbursement. It will be repaid in 33 unequal half yearly instalments starting from January 7, 2014 and carry interest rate of LIBOR plus 365 basis points per annum payable half yearly. The outstanding balance as on year end is Rs. 52,993 lakhs (March 31, 2016: Rs. 68,382 lakhs; April 01, 2015: Rs. 59,283 lakhs)
- Foreign currency loan from financial institution/ other parties has a tenure of upto 14.45 years from the date of first disbursement. It will be repaid in 27 unequal half yearly instalments starting from January 7, 2014 and carry fixed interest rate of 5.05% per annum w.e.f July 08, 2013, prior to that it was LIBOR plus 365 basis points per annum payable half yearly. The outstanding balance as on year end is Rs. 49,018 lakhs (March 31, 2016: Rs. 63,431 lakhs; April 01, 2015: Rs. 52,952 lakhs).
- Foreign currency loan from financial institution/ other parties has a tenure of upto 17.53 years from the date of first disbursement. It will be repaid in 33 unequal half yearly instalments starting from February 6, 2014 and carry fixed interest rate of 7.1% per annum w.e.f July 08, 2013, prior to that it was LIBOR plus 500 basis points per annum payable half yearly. The outstanding balance as on year end is Rs. 8,691 lakhs (March 31, 2016: Rs. 9,194 lakhs; April 01, 2015: Rs. 8,960 lakhs)

**4.10.3 The amortised cost disclosed above is net off incidental cost of borrowings aggregating of Rs. 2,868 lakhs (March 31, 2016: Rs. 3,283 lakhs; April 01, 2015: Rs. 3,721 lakhs)**

Particulars	Rupees in lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>4.10(b) Financial liabilities - Non-current</b>			
Retention money payable (Refer note 10)	-	-	4,914
	-	-	4,914
<b>4.11 Provisions - Non-current</b>			
Provision for gratuity (Refer note 9)	40	21	3
Provision for leave encashment (Refer note 6)	35	26	15
	75	46	18
<b>4.12 Other liabilities - Non-current</b>			
Advance against certified emission reduction	1,466	1,466	1,481
	1,466	1,466	1,481
<b>4.13 Borrowings - Current</b> (Unsecured and considered good)			
Loans from related parties (Refer note 10)	-	-	13,721
	-	-	13,721
<b>4.14 Other financial liabilities - Current</b>			
Current maturities of long-term borrowings	10,354	10,364	8,663
Interest accrued but not due on borrowings	1,473	1,611	1,523
Interest accrued and due on borrowings	-	106	114
Security deposits received	35	35	-
Creditors for capital expenditure	511	840	1,493
Retention money payable (Refer note 10)	5,607	5,584	10
Derivative liabilities (Mark to Market) on derivative instruments (Net)	82	-	209
Other payables	152	181	984
	18,399	18,747	13,972
<b>4.15 Other liabilities - Current</b>			
Advance against certified emission reduction	329	320	314
Other payables*	45	94	72
*(including provident fund, tax deducted at source and other miscellaneous payables)			
	374	423	386
<b>4.16 Provisions - Current</b>			
Provision for gratuity (Refer note 8)	7	6	11
Provision for leave encashment (Refer note 8)	11	3	6
	18	9	17
<b>4.17 Current tax liability</b>			
Income tax (net of advance tax Rs. 232 lakhs (March 31, 2016 Rs. 345 lakhs, April 01, 2015 Rs. 280 lakhs))	292	178	511
	292	178	511

Rajasthan Sun Technique Energy Private Limited

Notes to the financial statements as of and for the year ended March 31, 2017 (continued)

Particulars	Rupees in lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
<b>4.18 Other income</b>		
Interest Income:		
Bank deposits	674	200
Other	23	
Dividend Income:		
On current investment in mutual funds	-	②
Net gain on sale / accrual of income on investments:		
Current investment in mutual funds	-	538
Net gain on settlement and fair value change arising on derivative contracts	-	1,066
	<u>697</u>	<u>1,804</u>
<b>4.19 Finance cost</b>		
Net loss on settlement and fair value change arising on derivative contracts	1,779	976
	<u>1,779</u>	<u>976</u>

5) Project status

The Company has declared its Concentrated Solar Power (CSP) plant as commercially operational (COD) on November 17, 2014, as per the terms of power purchase agreement (PPA) against the scheduled commissioning date of March 07, 2014. The Expert Committee constituted by Ministry of New and Renewable Energy (MNRE) has recommended extension of Scheduled Commercial Date (SCD) till December 31, 2014 without levy of any penalty. Accordingly, the Company, along with other CSP developers, has filed an application/petition with Central Electricity Regulatory Authority (CERC) for extension of SCD and the final order is awaited. The Company is of the opinion that there will not be any financial implications due to delay in achieving COD.

Necessary technical upgrades of the plant is under process to operate the plant at its intended capacity. Accordingly, the Company has continued capitalization of preoperative expenditure and interest during construction (net of revenue during constructions) as capital work in progress.

6) Contingent liabilities and commitments

- (a) As per the terms of the PPA entered with NTPC Vidyut Vyapar Nigam Limited (NVVN), the Company was required to generate minimum committed energy in the contract year subsequent to declaration of commercial operation date (COD). The Company has received a demand of Rs 8,536 lakhs (31 March 2016 of Rs. 2,424 lakhs, 1 April, 2015 of Rs. Nil) towards shortfall in minimum energy supply for period from November 17, 2014 (date of COD as per the terms of PPA) to March 31, 2017. In the response to said demand, the Company has communicated NVVN that the shortfall is due to factors beyond the control of the Company. Considering the said facts and the terms of the PPA, the Company has disputed the demand raised and no provision has been made in the financial statements for the said period and the current financial year.

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

- (b) Estimated amount of contracts remaining unexecuted on capital account (net of advances paid) and not provided for Rs. 1,538 lakhs (March 31, 2016 Rs. 718 lakhs, April 01, 2015 Rs. 484 lakhs).

7) Details of remuneration to auditors:

	Rupees in lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
(a) As auditors		
For statutory audit	32	30
For others	1	1
(b) Out-of-pocket expenses	1	1

8) Employee benefit obligations

The Company has classified various employee benefits as under:

a) Leave obligations

The leave obligations cover the Company liability for sick and privileged leave

Provision for leave encashment	Rupees in lakhs		
	March 31, 2017	March 31, 2016	April 01, 2015
Current*	11	3	6
Non-current	35	25	15

\* The Company does not have an unconditional right to defer the settlements.

b) Defined contribution plans

- (i) Provident fund
- (ii) Superannuation fund
- (iii) 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 and the superannuation fund is administered by the trust. Under the schemes the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.

The Company has recognised the following amounts in the Capital work-in-progress for the year:

Particulars	Rupees in lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
(i) Contribution to provident fund	15	14
(ii) Contribution to employees' superannuation fund	3	2
(iii) Contribution to employees' pension scheme 1995	10	8
(iv) Contribution to employees' deposit linked insurance scheme	2	2

c) Post employment obligation

Gratuity

The Company has a defined benefit plan in India governed by the payment of Gratuity Act, 1972. The plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days basic salary for every completed years of services or part thereof in excess of six months, based on the rate of basic salary last drawn by the employee concerned.

(i) Significant estimates: actuarial assumptions

Valuations in respect of gratuity have been carried out by an independent actuary, as at the Balance Sheet date, based on the following assumptions:

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Discount rate (per annum)	7.05%	7.80%	7.85%
Rate of increase in compensation levels	7.50%	7.50%	7.50%
Rate of return on plan assets	7.05%	7.80%	8.25%
Expected average remaining working lives of employees in number of years	10.22	10.09	9.69

The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

@ Amount is below the rounding off norm adopted by the Company.



(ii) Balance sheet amount (Gratuity Plan)

Rupees in lakhs		
Particulars	Present value of obligation	Net amount
April 01, 2015	14	14
Current service cost	4	4
Interest cost	@	@
Total amount recognised in profit and loss/ Capital work-in-progress	4	4
Remeasurements		
(Gain) / loss from change in financial assumptions	1	1
Experience (gains) / losses	8	8
Total amount recognised in other comprehensive income/ Capital work-in-progress	9	9
Employer contributions	-	-
Benefit payments	-	-
March 31, 2016	27	27

Rupees in lakhs		
Particulars	Present value of obligation	Net amount
April 01, 2016	27	27
Current service cost	6	6
Interest cost	2	2
Total amount recognised in profit and loss / Capital work-in-progress	8	8
Remeasurements		
Return on plan assets, excluding amount included in interest expense/(income)	-	-
(Gain) / loss from change in demographic assumptions	-	-
(Gain) / loss from change in financial assumptions	4	4
Experience (gains) / losses	8	8
Total amount recognised in other comprehensive income / Capital work-in-progress	12	12
Employer contributions	-	-
Benefit payments	-	-
March 31, 2017	47	47

The net liability disclosed above relates to funded and unfunded plans are as follows:

Rupees in lakhs			
Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Present value of funded obligations	-	-	-
Fair value of plan assets	-	-	-
Deficit of gratuity plan	-	-	-
Unfunded plans	47	27	14
Deficit of gratuity plan	47	27	14

(iii) Sensitivity analysis:

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Change in assumptions		Increase in assumptions		Decrease in assumptions	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Discount rate	0.50%	0.50%	-5.23%	-4.81%	5.71%	5.23%
Rate of increase in compensation levels	0.50%	0.50%	5.66%	5.21%	-5.24%	-4.85%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(iv) Defined benefit liability and employer contributions:

The Company has agreed that it will aim to eliminate the deficit in defined benefit plan in subsequent years. Funding levels are monitored on an annual basis and the current agreed contribution rate is 8.33% of the basic salaries.

The weighted average duration of the defined benefit obligation is 10.93 years (2016 – 10.03 years, 2015- 5.34 years)

(v) The Company has seconded certain employees to the subsidiaries. As per the terms of the secondment, liability towards Salaries, Provident fund and leave encashment will be provided and paid by the respective subsidiaries and gratuity will be paid / provided by the Company. Accordingly, provision for gratuity as disclosed includes cost of employees seconded as well.

(vi) For unfunded plan, the Company has no compulsion to pre fund the liability of the plan. The Company's policy is not to externally fund these liabilities but instead recognizes the provision and pay the gratuity to its employees directly from its own resources as and when the employee leaves the Company.

9) Assets pledged as security

	Rupees in Lakhs		
Particulars	March 31, 2017	March 31, 2016	April 01, 2015
<b>Non-current</b>			
<b>Financial assets</b>			
First charge			
Derivative instruments	1,104	1,958	1,134
Other financial assets	4	4	4
<b>Non-financial assets</b>			
First charge			
Property, plant and equipment	2,833	3,185	3,125
Capital work-in-progress	248,306	244,418	222,411
Other Intangible assets	62	-	1
Other non-current assets	7,831	9,612	13,043
<b>Total Non-current assets pledged as security</b>	<b>260,140</b>	<b>259,177</b>	<b>239,718</b>
<b>Current</b>			
<b>Financial assets</b>			
First charge			
Investments	-	-	8,559
Trade receivables	4,637	820	-
Cash and bank balances	10,286	11,251	1,746
Loans	5	2	@
Other financial assets	199	287	522
<b>Non-financial assets</b>			
Other current assets	126	128	108
<b>Total non-current assets pledged as security</b>	<b>15,253</b>	<b>12,488</b>	<b>10,935</b>
<b>Total assets pledged as security</b>	<b>275,393</b>	<b>271,665</b>	<b>250,653</b>

10) Related party transactions:

As per Indian Accounting Standard 24 (Ind AS-24) 'Related Party Transactions' as prescribed by Companies (Indian Accounting Standards) Rules, 2015, the Company related parties and transactions are disclosed below:

A. Investing Parties/Promoters having significant influence on the Company directly or indirectly

Companies

Reliance Infrastructure Limited (R Infra)

Individual

Shri Anil D. Ambani (Chairman)

B. Parties where control exists:

Holding Company

Reliance Power Limited (RPower)

Fellow subsidiaries:

Dhursar Solar Power Private Limited (DSPL)

Rosa Power Supply Company Limited (RPSCL)

Coastal Andhra Power Limited (CAPL)

Jharkhand Integrated Power Limited (JIPL)

Sasan Power Limited (SAPL)

Samalkot Power Limited (SMPL)

Reliance Natural Resources Limited (RNRL)

C Details of transactions during the year and closing balance at the end of the year:			
		Rupees in lakhs	
		March 31, 2017	March 31, 2016
(I) Transactions during the year:			
Reimbursement of expenses and advances			
- R Power	107	165	
- SAPL	@	@	
- RPSCL	@	1	
- SMPL	-	@	
Reimbursement of expenses and advances given			
- SAPL	-	@	
- R Power	-	30	
Material / Service received			
- CAPL	-	9	
- JIPL	-	11	
Material / Service billed against EPC Contract			
- R Infra	2,047	1,377	
Legal and Professional charges paid towards shared services			
- R Power	58	57	
Inter Corporate Deposit Received			
- R Power	18,910	22,359	
Inter corporate deposit repaid			
- R Power	400	100	

@ Amount is below the rounding off norm adopted by the Company.

Rajasthan Sun Technique Energy Private Limited  
Notes to the financial statements as of and for the year ended March 31, 2017 (continued)

		Rupees in lakhs		
		March 31, 2017	March 31, 2016	April 01, 2015
(ii)	Closing Balance :			
	Equity share capital (excluding premium)			
	- R Power	286	286	286
	Preference share capital (excluding premium)			
	- R Power	29	29	29
	Retention payable towards EPC			
	- R Infra	5,532	5,542	4,914
	Other current liabilities			
	- RNRL	-	-	107
	Advance against EPC contract			
	- R Infra	7,831	9,596	13,043
	Inter Corporate Deposit Payable			
	- R Power	54,490	35,980	13,721
	Guarantees Issued on behalf of the Company			
	- R Power	11,471	11,471	11,471

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

(iv) The above disclosures do not include transactions with public utility service providers, viz, electricity, telecommunications in the normal course of business.

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

@ Amount is below the rounding off norm adopted by the Company.

11) Earnings/ (Loss) per share:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Profit available to equity shareholders		
Net profit after tax (A) (Rupees in lakhs)	(1,211)	584
Weighted average number of equity shares (B)	2,856,350	2,856,350
Basic earnings per share (A/B) ((Rupees)	(42.43)	20.41
Weighted average number of potential equity shares on account of conversion of preference shares (C)	2,856,350	2,856,350
Weighted average number of shares for Diluted EPS(D=B+C)	5,712,700	5,712,700
Diluted earnings per share (A/D) ( Rupees)	(42.43)*	10.21
Nominal value of an equity share (Rupees)	10	10

\*7.5% compulsory convertible redeemable non-cumulative preference shares had anti-dilutive effect on earnings per share and have not been considered for the purpose of computing diluted earning per share.

12) Income taxes

The major components of income tax expense for the years ended March 31, 2017 and March 31, 2016 are as under:

(a) Income tax recognised in statement of profit and loss		Rupees in lakhs
Particulars	March 31, 2017	March 31, 2016
Income tax expense		
Current year tax	-	99
Total	-	99

(b) The reconciliation of tax expense and the accounting profit multiplied by tax rate :		Rupees in lakhs
Particulars	March 31, 2017	March 31, 2016
Profit before tax (A)	(1,212)	683
Tax at the Indian tax rate of 34.608%	(419)	236
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax impact on disallowed expenses (net)	(1,997)	(2,226)
MAT credit entitlement not recognised	-	99
Unused tax losses for which no deferred assets has been recognised	2,416	1990
Income tax expense	-	99

(c) Tax liabilities/ (Assets):		Rupees in lakhs
Provision for income tax (advance tax) – Opening balances	178	511
Taxes paid (net of refund)	114	(56)
Current tax payable for the year	-	99
Excess provision written off	-	(376)
Provision for income tax (advance tax) – Closing balances	292	178

\*The unused tax losses were incurred which is not likely to generate taxable income in the foreseeable future.

13) Fair value measurements

(a) Financial Instruments by category

	Rupees in lakhs					
	March 31, 2017		March 31, 2016		April 1, 2015	
	FVPL	Amortised cost	FVPL	Amortised cost	FVPL	Amortised cost
<b>Financial assets</b>						
<b>Investments</b>						
Mutual funds	-	-	-	-	-	8,559
Security Deposit	-	153	-	153	-	154
Derivative assets	1,104	-	1,990	-	1,134	-
Trade receivables	-	4,637	-	820	-	-
Cash and cash equivalents	-	332	-	11,251	-	1,745
Bank deposits with more than 12 months maturity	-	9,954	-	-	-	-
Loans / advances to employees	-	5	-	2	-	@
Advance recoverable in cash	-	50	-	106	-	373
<b>Total financial assets</b>	<b>1,104</b>	<b>15,131</b>	<b>1,990</b>	<b>12,332</b>	<b>1,134</b>	<b>10,831</b>
<b>Financial liabilities</b>						
Borrowings	-	146,682	-	160,077	-	160,667
Loans from related parties	-	-	-	-	-	13,721
Security deposits received	-	35	-	35	-	-
Creditors for capital expenditure	-	511	-	846	-	1,499
Retention money payable	-	5,607	-	5,584	-	4,925
Derivatives Liabilities	62	-	-	-	209	-
Other financial liabilities	-	152	-	181	-	964
<b>Total financial liabilities</b>	<b>62</b>	<b>152,987</b>	<b>-</b>	<b>166,723</b>	<b>209</b>	<b>181,776</b>

(b) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table

	Rupees in lakhs			
Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2017	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Derivatives	-	1,104	-	1,104
<b>Total financial assets</b>	-	1,104	-	1,104
<b>Financial liabilities</b>				
Derivatives	-	62	-	62
<b>Total financial liabilities</b>	-	62	-	62

	Rupees in lakhs			
Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2017	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Security deposits	-	-	4	4
<b>Total financial assets</b>	-	-	4	4
<b>Financial Liabilities</b>				
Borrowings	-	148,617	-	148,617
<b>Total financial liabilities</b>	-	148,617	-	148,617

	Rupees in lakhs			
Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2016	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Derivatives	-	1,990	-	1,990
<b>Total financial assets</b>	-	1,990	-	1,990

	Rupees in lakhs			
Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2016	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Security deposit	-	-	4	4
<b>Total financial assets</b>	-	-	4	4
<b>Financial Liabilities</b>				
Borrowings	-	165,849	-	165,849
<b>Total financial liabilities</b>	-	165,849	-	165,849

	Rupees in lakhs			
Financial assets and liabilities measured at fair value - recurring fair value measurements as at April 01, 2015	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Derivatives	-	1,134	-	1,134
Mutual Fund	-	8,559	-	8,559
<b>Total financial assets</b>		9,693		9,693
<b>Financial liabilities</b>				
Derivatives		209		209
<b>Total financial liabilities</b>		209		209



	Rupees in lakhs			
Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at April 01, 2015	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Security deposit	-	-	4	4
<b>Total financial assets</b>	-	-	4	4
<b>Financial Liabilities</b>				
Borrowings	-	168,366	-	168,366
Retention money payable	-	-	4,914	4,914
<b>Total financial liabilities</b>	-	168,366	4,914	173,280

**(c) Valuation processes**

The Company obtains assistance of independent and competent third party valuation experts to perform the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. Discussions of valuation processes and results are held between the Company and the valuer on periodically basis.

Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

**(d) Valuation technique used to determine fair values**

Specific valuation techniques used to value financial instruments include:

- The mutual funds are valued using the closing Net Assets Value (NAV). NAV represents the price at which the issuer will issue these units and will redeem such units of mutual fund to and from the investor.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable curves.
- The fair value of forward foreign exchange contracts is determined using Bloomberg forward contract pricing model, which determines fair value on a discounted cash flow basis.
- The fair value of foreign currency option contracts is determined using the Black Scholes valuation model.
- The fair value of remaining financial instruments is determined using discounted cash flow analysis.

**(e) Fair value of financial assets and liabilities measured at amortised cost**

	Rupees in lakhs					
	March 31, 2017		March 31, 2016		April 01, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair Value
<b>Financial Assets</b>						
Security deposits	4	4	4	4	4	4
<b>Total financial assets</b>	4	4	4	4	4	4
<b>Financial Liabilities</b>						
Borrowings*	146,682	148,617	160,077	165,849	160,667	168,366
Retention money payable	-	-	-	-	4,914	4,914
<b>Total financial liabilities</b>	146,682	148,617	160,077	165,849	165,581	173,280

\*Carrying amount of borrowing includes long term borrowing, current maturity of long term borrowing and interest accrued but not due on borrowing.

The carrying amount of current financial assets and liabilities (other than current maturity of long term borrowing and interest accrued but not due on borrowing which have been considered as part of borrowing) are considered to be the same as their fair values, due to their short term nature.

The fair value of the long-term Borrowings with floating-rate of interest is not impacted due to interest rate changes, and will not be significantly different from their carrying amounts as there is no significant change in the underlying credit risk of the Company borrowing (since the date of inception of the loans).

For financial assets and liabilities that are measured at fair value, the carrying amount is equal to the fair values.



**Rajasthan Sun Technique Energy Private Limited**  
**Notes to the financial statements as of and for the year ended March 31, 2017 (continued)**

**Note**

Level 1 : Level 1 hierarchy includes financial instruments measured using quoted prices

Level 2: The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities which are included in level.

There were no transfers between any levels during the year

The Company's policy is to recognise transfer into and transfer out of fair value hierarchy levels as at the end of the reporting period.

#### 14) Financial risk management

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging analysis	only high rated banks/institutions are accepted.
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Sensitivity analysis	Partly hedge by foreign exchange forward, cross currency and call spread contract
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Partly hedge by interest rate swap

##### (a) Credit risk

The Company is exposed to credit risk, which is the risk that counterparty will default on its contractual obligation resulting in a financial loss to the Company. Credit risk arises from cash and cash equivalents, financial assets carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to trade customers including outstanding receivables.

##### Credit risk management

Credit risk is managed at Company level depending on the policy surrounding credit risk management. For banks and financial institutions, only high rated banks/institutions are accepted. Generally all policies surrounding credit risk have been managed at company level except for those surrounding accounts receivable balances.

The Company's policy to manage this risk is to invest in debt securities that have a good credit rating.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

A significant increase in credit risk is presumed if a debtor is more than 360 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 360 days of when they fall due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company.

Trade receivables consists of Power Procurers with whom Company has entered into Power Purchase agreement (PPA) in order to sell the electricity generated at its power station. Credit risk in case of trade receivables would arise if the counter party would not be able to settle their obligations as agreed in the Power Purchase agreement (PPA). To manage the above risk the Company on a monthly basis assesses the financial reliability of the customers, taking into account the financial condition, current economic trends and analysis of bad-debts and ageing of accounts receivables. In addition the receivable balances are monitored by the Company on an ongoing basis, with the result that the Company's exposure to bad-debts is not significant.

Further trade receivable of the Company consists of customers which are mainly state government owned power distribution Companies.

##### Liquidity risk

- (i) Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Company in accordance with practice and limits set by the company. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financial ratios.

(ii) Maturities of financial liabilities

The amounts disclosed in the below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Rupees in lakhs

March 31, 2017	Less than 1 years	Between 1 year and 5 years	More than 5 years	Total
<b>Non-derivatives Financial liabilities</b>				
Borrowings*	18,123	69,907	110,065	198,096
Security deposits received	35	-	-	35
Creditors for capital expenditure	511	-	-	511
Retention money payable	5,607	-	-	5,607
Other financial liabilities	152	-	-	152
<b>Total Non-derivatives Financial liabilities</b>	<b>24,428</b>	<b>69,907</b>	<b>110,065</b>	<b>204,401</b>
<b>Derivatives Financial liabilities</b>				
Forward				
Inflow	(1,203)	-	-	(1,203)
Outflow	1,267	-	-	1,267
<b>Total Derivatives Financial liabilities</b>	<b>64</b>	<b>-</b>	<b>-</b>	<b>64</b>

Rupees in lakhs

March 31, 2016	Less than 1 years	Between 1 year and 5 years	More than 5 years	Total
<b>Non-derivatives Financial liabilities</b>				
Borrowings*	18,851	73,177	129,584	221,613
Security deposits received	35	-	-	35
Creditors for capital expenditure	846	-	-	846
Retention money payable	5,584	-	-	5,584
Other financial liabilities	181	-	-	181
<b>Total Non-derivatives Financial liabilities</b>	<b>25,497</b>	<b>73,177</b>	<b>129,584</b>	<b>228,258</b>

Rupees in lakhs

April 01, 2015	Less than 1 years	Between 1 year and 5 years	More than 5 years	Total
<b>Non-derivatives Financial liabilities</b>				
Borrowings*	17,953	69,651	138,779	226,383
Loans from related parties	13,721	-	-	13,721
Security deposits received	-	-	-	-
Creditors for capital expenditure	1,499	-	-	1,499
Retention money payable	10	5,332	-	5,342
Other financial liabilities	964	-	-	964
<b>Total Non-derivatives Financial liabilities</b>	<b>34,147</b>	<b>74,983</b>	<b>138,779</b>	<b>247,909</b>
<b>Derivatives Financial liabilities</b>				
Forward				
Inflow	(4,846)	-	-	(4,846)
Outflow	5,062	-	-	5,062
<b>Total Derivatives Financial liabilities</b>	<b>216</b>	<b>-</b>	<b>-</b>	<b>216</b>

\*Includes contractual interest payments based on the interest rate prevailing at the reporting date.

(b) Market risk

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of volatility of prices in the financial markets. Market risk can be further segregated as: a) Foreign currency risk and b) Interest rate risk.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has long term monetary liabilities which are in currency other than its functional currency. Foreign currency risk, as defined in Ind AS 107, arises as the value of recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates.

While the Company has direct exposure to foreign exchange rate changes on the price of non-Indian Rupee-denominated securities and borrowings, it may also be indirectly affected by the impact of foreign exchange rate changes on the earnings of companies in which the Company invests. For that reason, the below sensitivity analysis may not necessarily indicate the total effect on the Company's net assets attributable to holders of equity shares of future movements in foreign exchange rates.

• Foreign currency risk exposure:

The Company's exposure to foreign currency risk (all in USD \$) at the end of the reporting period expressed in INR, are as follows.

	Rupees in lakhs		
	March 31, 2017	March 31, 2016	April 01, 2015
<b>Financial liabilities</b>			
Borrowings	139,824	153,073	153,637
Retention money	2,464	2,521	2,379
Creditors	-	18	870
Commitment Fees	22	23	55
<b>Total Financial liabilities</b>	<b>142,310</b>	<b>155,635</b>	<b>156,941</b>
<b>Covered by Derivative</b>			
Forward contracts	8,189	13,562	17,482
Call spread	15,237	16,915	17,212
Cross Currency Swap	8,078	8,899	9,036
<b>Covered by derivatives</b>	<b>31,504</b>	<b>39,376</b>	<b>43,730</b>
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>110,806</b>	<b>116,259</b>	<b>113,211</b>

• Sensitivity of foreign currency exposure

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

	Impact on profit before tax / Capital work-in- progress**	
	March 31, 2017	March 31, 2016
<b>USD sensitivity</b>		
FX rate – increase by 6% on closing rate on reporting date*	(7,336)	(8,135)
FX rate– decrease by 6% on closing rate on reporting date *	7,220	8,099
* Holding all other variables constant		

\*\*The above impact has been assessed taking into consideration the accounting policy adopted by the Company for the accounting for foreign exchange differences. (Refer note 2.1(m) above)

(ii) Interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During March 31, 2016 and March 31, 2015 the Company's borrowings at variable rate were mainly denominated in USD

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

• Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

	Rupees in lakhs		
	March 31, 2017	March 31, 2016	April 01, 2015
Variable rate borrowings	61,852	67,560	68,789

• Sensitivity of Interest

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates

	Rupees in lakhs	
	Impact on profit before tax	
	March 31, 2017	March 31, 2016
Interest sensitivity		
Interest cost – increase by 5% on existing Interest cost*	(166)	(181)
Interest cost – decrease by 5% on existing Interest cost*	166	181
* Holding all other variables constant		

15) Capital Management

(a) Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on basis of total equity and debt on a periodic basis. Equity comprises all components of equity includes the fair value impact. The following table summarizes the capital of the Company:

	Rupees in lakhs		
	March 31, 2017	March 31, 2016	March 31, 2015
Equity (excluding other reserves)	120,119	102,820	66,256
Debt	145,204	158,360	172,751
Total	265,323	261,180	239,007

(b) The Company is generally regular in payment of its debt service obligation and the Company has not received any communication from lenders for non-compliance of significant debt covenant.

16) Segment reporting

Presently, the Company is engaged in only one segment viz 'Generation of Power' and as such there is no separate reportable segment as per Ind AS 108 'Operating Segments'. Presently, the Company's operations are predominantly confined in India.

Information about major customers

Revenue for the year ended March 31, 2017 and March 31, 2016 were from customers located in India. Customers include private distribution entities. Revenue to specific customers exceeding 10% of total revenue for the years ended March 31, 2017 and March 31, 2016 were as follows (refer note 2(o)(i))

	March 31, 2017		March 31, 2016	
Customer Name	Revenue in lakhs	Percent	Revenue in lakhs	Percent
NTPC Vidyut Vyapar Nigam Limited	7,585	100%	1,699	100%



17) Exchange Difference on Long Term Monetary Items

As explained above in note 2.1(m) with respect to exchange differences, the Company has adjusted the value of Capital work-in-progress by Rs. 3.051 lakhs (March 31, 2016 is Rs. 8.080 lakhs (loss), April 1, 2015 is Rs. 5,928 lakhs (loss)) towards the exchange difference arising on long term foreign currency monetary liabilities towards depreciable assets.

18) Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

Disclosure of amounts 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. 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.

19) Offsetting of financial assets and financial liabilities

The following table presents the derivative financial instruments that are offset as at March 31, 2017, March 31, 2016 and April 01, 2015 where as per the terms of the agreement the net position owing / receivable to a single counterparty in the same currency has been offsetted and presented at net amount in the balance sheet.

Rupees in lakhs			
Particulars	Gross amounts	Gross amount sett-off in balance sheet	Net balance presented in balance sheet
<b>As at March 31, 2017</b>			
<b>Financial Liabilities</b>			
Derivative Liabilities	(957)	895	(62)
<b>Total Financial Liabilities</b>	<b>(957)</b>	<b>895</b>	<b>(62)</b>
<b>Financial Assets</b>			
Derivative Assets	1,999	(895)	1,104
<b>Total Financial Assets</b>	<b>1,999</b>	<b>(895)</b>	<b>1,104</b>
<b>As at March 31, 2016</b>			
<b>Financial Liabilities</b>			
Derivative Liabilities	(557)	557	-
<b>Total Financial Liabilities</b>	<b>(557)</b>	<b>557</b>	<b>-</b>
<b>Financial Assets</b>			
Derivative Assets	2,548	(557)	1,990
<b>Total Financial Assets</b>	<b>2,548</b>	<b>(557)</b>	<b>1,990</b>
<b>As at April 01, 2015</b>			
<b>Financial Liabilities</b>			
Derivative Liabilities	(620)	411	(209)
<b>Total Financial Liabilities</b>	<b>(620)</b>	<b>411</b>	<b>(209)</b>
<b>Financial Assets</b>			
Derivative Assets	1,545	(411)	1,134
<b>Total Financial Assets</b>	<b>1,545</b>	<b>(411)</b>	<b>1,134</b>

- 20) During the year, the Company had no specified bank notes or no other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 and there were no transaction during the period from November 8, 2016 to December, 30 2016.



**Rajasthan Sun Technique Energy Private Limited**  
**Notes to the financial statements as of and for the year ended March 31, 2017**

As per our attached report of even date

**For Price Waterhouse**  
Chartered Accountants  
Firm Registration Number: 301112E

For and on behalf of the Board of Directors

**Priyanshu Gundana**  
Partner  
Membership Number: 109553

**Mantu Kumar Ghosh**  
Director  
DIN Number: 07644889

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

**Vijay Napawaliya**  
Partner  
Membership No 109859

**Satyendra Mohanlal Sarupria**  
Director  
DIN Number: 00270718

Place: Mumbai  
Date: April 12, 2017

Place: Mumbai  
Date: April 12, 2017