

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF ROSA POWER SUPPLY COMPANY LIMITED**

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

1. We have audited the accompanying financial statements of Rosa Power Supply Company 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 financial position, 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.

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 of the Company as at March 31, 2017, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### Other Matter

9. The financial statements 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 Price Waterhouse, Chartered Accountants and Chaturvedi & Shah Chartered Accountants, on which they expressed an unmodified opinion dated May 26, 2016 and May 25, 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 this matter.

### 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 ("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. 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 Rosa Power Supply Company 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, if any, 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 but no 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 8

For Price Waterhouse  
Firm Registration Number: 301112E  
Chartered Accountants

For Pathak H.D. & Associate  
Firm Registration Number: 107783W  
Chartered Accountants

Priyanshu Gundana  
Partner  
Membership Number: 109553

Vishal D. Shah  
Partner  
Membership Number: 119303

Place: Mumbai  
Date: April 13, 2017

Place: Mumbai  
Date: April 13, 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 Rosa Power Supply Company Limited on the financial statements for the year ended March 31, 2017.

### **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 Rosa Power Supply Company 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.

#### **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.

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

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Rosa Power Supply Company Limited on the financial statements for the year ended March 31, 2017

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### **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 Pathak H.D. & Associate  
Firm Registration Number: 107783W  
Chartered Accountants

Priyanshu Gundana  
Partner  
Membership Number: 109553

Vishal D. Shah  
Partner  
Membership Number: 119303

Place: Mumbai  
Date: April 13, 2017

Place: Mumbai  
Date: April 13, 2017

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

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Rosa Power Supply Company Limited on the financial statements as of and 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 are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.  
  
(c) The title deeds of immovable properties, as disclosed in Note no. 4.1 on Property, plant & equipment and immovable property classified under Finance lease receivable in Note no. 4.3(b) to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- 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.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, except for dues in respect of income tax, the Company is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, sales 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 explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Rosa Power Supply Company Limited on the financial statements as of and for the year ended March 31, 2017  
Page 2 of 2

- ix. In our opinion, and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer during the year under audit. The Company raised money through term loan during the year, which on overall basis have been applied for the purposes for which they were raised.
- 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 managerial remuneration. Therefore, 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 (Ind 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 45-1A 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 Pathak H.D. & Associate  
Firm Registration Number: 107783W  
Chartered Accountants

Priyanshu Gundana  
Partner  
Membership Number: 109553

Vishal D. Shah  
Partner  
Membership Number: 119303

Place: Mumbai  
Date: April 13, 2017

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Date: April 13, 2017

**Rosa Power Supply Company Limited**  
**Balance Sheet as at March 31, 2017**

Particulars	Note	As at	As at	Rupees in lakhs
		March 31, 2017	March 31, 2016	As at April 01, 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4.1	572	590	396
Intangible assets	4.2	1	15	44
Financial assets :				
Investments	4.3(a)	47,849	47,849	47,849
Finance lease receivables	4.3(b)	507,161	531,798	545,666
Other financial assets	4.3(c)	2	2	328
Other non-current assets	4.4	359	450	2,762
<b>Current assets</b>				
Inventories	4.5	35,785	58,518	54,690
Financial assets				
Trade receivables	4.6(a)	160,174	120,354	145,557
Cash and cash equivalents	4.6(b)	833	7,552	7,723
Bank balances other than cash and cash equivalents	4.6(c)	6,739	6,401	6,378
Loans	4.6(d)	326,982	276,767	261,126
Finance lease receivables	4.3(b)	27,515	25,221	26,975
Other financial assets	4.6(e)	-	-	27
Other current assets	4.7	4,343	4,586	4,200
<b>Total Assets</b>		<b>1,118,315</b>	<b>1,080,103</b>	<b>1,103,621</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	4.8	42,441	42,441	42,441
Other equity				
Instruments entirely equity in nature	4.9	42	42	42
Reserves and surplus	4.10	418,436	348,704	334,690
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings	4.11(a)	324,207	383,386	377,985
Other financial liabilities	4.11(b)	48	77	153
Provisions	4.12	482	308	185
Deferred tax liabilities (net)	4.13	84,403	82,946	79,908
Other non-current liabilities	4.14	3,629	2,016	-
<b>Current liabilities</b>				
Financial liabilities				
Borrowings	4.16(a)	127,665	99,471	110,542
Trade payables	4.15(b)	14,977	25,097	42,084
Other financial liabilities	4.15(c)	88,543	92,797	113,251
Other current liabilities	4.18	621	506	375
Provision	4.17	17	13	10
Current tax liabilities (net)	4.18	14,904	2,299	1,945
<b>Total Equity and Liabilities</b>		<b>1,118,315</b>	<b>1,080,103</b>	<b>1,103,621</b>
Significant accounting policies	2			
Notes to financial statements	1 to 26			

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



**Rosa Power Supply Company Limited**

As per our Report of even date.

**For Price Waterhouse**

Firm Registration No: 301112 E  
Chartered Accountants

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

**Vibhav Agarwal**

Director  
DIN 03174271

**Priyanshu Gundana**

Partner  
Membership No. 109553

**Ashok Kachardas Karnavat**

Director  
DIN 07098455

**For Pathak H.D. & Associates**

Chartered Accountants  
Firm Registration No: 107783 W

**D J Kakalla**

Director  
DIN 00029159

**Vishal D. Shah**

Partner  
Membership No. 119303

**Laxmi Vyas**

Chief Financial Officer

**Priyadarshini Mahapatra**

Company Secretary and Manager  
Membership No. ACS 18722

Place : Mumbai

Date : April 13, 2017

Place : Mumbai

Date : April 12, 2017



**Rosa Power Supply Company Limited**  
**Statement of Profit and Loss for the year ended March 31, 2017**

Particulars	Note	Rupees in lakhs	
		Year ended March 31, 2017	Year ended March 31, 2016
Revenue from operations	4.19	360,250	354,732
Other income	4.20	690	1,417
<b>Total Income</b>		<b>360,940</b>	<b>356,149</b>
Expenses:			
Cost of fuel consumed (Refer note 22)		204,142	207,495
Employee benefits expense	4.21	3,780	3,978
Finance costs	4.22	53,996	55,594
Depreciation and amortisation expenses		32	47
Other expenses	4.23	15,726	22,297
<b>Total expenses</b>		<b>277,676</b>	<b>289,411</b>
<b>Profit before tax</b>		<b>83,264</b>	<b>66,738</b>
Tax expense:			
Current tax		17,770	13,089
Deferred tax		1,457	3,038
<b>Profit for the year (A)</b>		<b>64,037</b>	<b>50,611</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
Remeasurements of net defined benefit plan	9	(35)	(19)
<b>Other Comprehensive Income for the year (B)</b>		<b>(35)</b>	<b>(19)</b>
<b>Total Comprehensive Income for the year (A+B)</b>		<b>64,002</b>	<b>50,592</b>
<b>Earnings per equity share: (Face value of Rs. 10 each)</b>			
- Basic		15.09	7.54
- Diluted		15.07	7.54
(Refer note 12)			

Significant accounting policies 2  
Notes on financial statements 1 to 25

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

**Rosa Power Supply Company Limited**

As per our Report of even date.

**For Price Waterhouse**

Firm Registration No: 301112 E  
Chartered Accountants

**Priyanshu Gundana**

Partner  
Membership No. 109553

**For Pathak H.D. & Associates**

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Firm Registration No: 107783 W

**Vishal D. Shah**

Partner  
Membership No. 119303

Place : Mumbai

Date : April 13, 2017

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

**Vibhav Agarwal**

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Company Secretary and Manager  
Membership No. ACS 18722

Place : Mumbai

Date : April, 12, 2017

**Rosa Power Supply Company Limited**  
**Cash Flow Statement for the year ended March 31, 2017**

Particulars	Rupees in lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
<b>(A) Cash flow from/(used in) Operating Activities</b>		
Net Profit before tax	83,264	66,738
Adjusted for :		
Interest and Other finance cost	53,996	55,594
Depreciation	32	47
Receivable written off	-	3,619
Interest Income	(480)	(598)
Amortisation of forex loss	3,349	4,163
Operating Profit before working capital changes	140,161	129,563
Changes in Working Capital:		
(Increase) / decrease in trade receivables	(39,820)	21,584
(Increase) / decrease in inventories	22,732	(3,928)
(Increase) / decrease in financial and other assets	226	(302)
Increase / (decrease) in trade and other liabilities	(5,128)	(8,165)
Increase / (decrease) in provision for gratuity and leave encashment	142	108
(Increase) / decrease in other receivables	22,342	15,622
	494	24,919
Taxes paid (net of refunds)	(5,165)	(12,735)
<b>Net cash generated from operating activities</b>	<b>135,490</b>	<b>141,747</b>
<b>(B) Cash flow from/(used in) Investing Activities</b>		
Payments for Property, plant and equipment	(1,576)	(24,078)
Inter corporate deposits given to the Holding Company	(114,085)	(180,289)
Inter corporate deposits refunded by the Holding Company	63,885	164,542
Inter corporate deposits refunded by fellow Subsidiary	-	100
Margin Money / Deposits for a period of more than three months	(278)	262
Interest received	421	589
<b>Net cash used in investing activities</b>	<b>(51,633)</b>	<b>(38,874)</b>
<b>(C) Cash flow from/(used in) financing Activities</b>		
Repayment of long term borrowings	(64,509)	(68,278)
Proceeds of long term borrowings	-	64,981
Repayment of short term borrowings	(9,550)	(11,071)
Proceeds from borrowings - Unsecured	37,743	-
Proceeds from short term borrowings	(54,260)	(54,979)
Interest and other finance cost paid	-	(27,997)
Dividend Paid	-	(5,700)
Dividend distribution tax	-	-
<b>Net cash used in financing activities</b>	<b>(90,576)</b>	<b>(103,044)</b>
<b>Net Increase/(decrease) in Cash and Cash equivalents (A+B+C)</b>	<b>(6,719)</b>	<b>(171)</b>
<b>Cash and Cash equivalents at the beginning of the year:</b>		
Bank Balance - Current Account	7,552	7,723
<b>Cash and Cash equivalents at the end of the year:</b>		
Bank Balance - Current Account	833	7,552

The accompanying notes are an integral part of these financial statements

**Notes:**

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) "Statement of cash flows".

**Rosa Power Supply Company Limited**

As per our Report of even date.

**For Price Waterhouse**

Firm Registration No: 301112 E  
Chartered Accountants

For and on behalf of the Board of Directors

**Vibhav Agarwal**

Director  
DIN 03174271

**Priyanshu Gundana**

Partner  
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**Laxmi Wyas**

Chief Financial Officer

**Priyadarshini Mahapatra**

Company Secretary and Manager  
Membership No. ACS 18722

Place : Mumbai

Date : *April 13, 2017*

Place : Mumbai

Date : *April 12, 2017*

**Rosa Power Supply Company Limited**  
Statement of changes in equity for the year ended March 31, 2017

**A. Equity share capital**

Particulars	Rupees in lakhs Amount
Balance as at April 01, 2015	42,441
Changes in equity share capital	-
Balance as at March 31, 2016	42,441
Changes in equity share capital	-
Balance as at March 31, 2017	42,441

**B Other Equity**

Particulars	Instruments entirely equity in nature Preference Shares (Refer Note 4.9.3)	Reserves and surplus				Total equity
		Securities premium account	Foreign currency monetary item translation difference account	Retained earnings	Total	
<b>Balance as at April 01, 2015</b>	42	116,088	(13,532)	232,134	334,690	334,732
Profit for the year	-	-	-	50,611	50,611	50,611
Other Comprehensive Income for the year	-	-	-	(19)	(19)	(19)
Total Comprehensive Income for the year	-	-	-	50,592	50,592	50,592
Additions during the year	-	-	(7,044)	-	(7,044)	(7,044)
Amortisation during the year	-	-	4,163	-	4,163	4,163
Dividend paid	-	-	-	(27,997)	(27,997)	(27,997)
Dividend distribution tax paid	-	-	-	(5,700)	(5,700)	(5,700)
<b>Balance as at March 31, 2016</b>	42	116,088	(16,413)	249,029	348,704	348,746
Profit for the year	-	-	-	64,037	64,037	64,037
Other Comprehensive Income for the year	-	-	-	(35)	(35)	(35)
Total Comprehensive Income for the year	-	-	-	64,002	64,002	64,002
Additions during the year	-	-	2,381	-	2,381	2,381
Amortisation during the year	-	-	3,349	-	3,349	3,349
<b>Balance as at March 31, 2017</b>	42	116,088	(10,663)	313,031	418,436	418,478

Rupees in lakhs

**Rosa Power Supply Company Limited**

As per our Report of even date.

**For Price Waterhouse**

Firm Registration No: 301112 E  
Chartered Accountants

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

**Vibhav Agarwal**

Director  
DIN 03174271

**Priyanshu Gundana**

Partner  
Membership No. 109553

**Ashok Kachardas Karnavat**

Director  
DIN 07098455

**For Pathak H.D. & Associates**

Chartered Accountants  
Firm Registration No: 107783 W

**D J Kakalla**

Director  
DIN 00029159

**Vishal D. Shah**

Partner  
Membership No. 119303

**Laxmi Wās**

Chief Financial Officer

**Priyadarshini Mahapatra**

Company Secretary and Manager  
Membership No. ACS 18722

Place : Mumbai

Date : April 13, 2017

Place : Mumbai

Date : April 12, 2017

## **1) General Information**

Rosa Power Supply Company Limited, a wholly owned subsidiary of Reliance Power Limited, has set up a Power Project of 1,200 Mega Watt (MW) at Shahjahanpur district, Uttar Pradesh. The entire power generated is being sold to Uttar Pradesh Power Corporation Limited (UPPCL) as per the terms of Power Purchase Agreement (PPA) read with the regulation issued by Uttar Pradesh Electricity Regulatory Commission (UPERC).

The Company is a public limited Company and is incorporated and domiciled in India under the provisions of the Companies Act. The registered office of the Company is located at 3<sup>rd</sup> Floor, South Wing, Reliance Centre, Near Prabhat Colony, Off Western Express Highway, Santacruz (East), Mumbai – 400055.

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 judgements:**

### **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 Ind AS**

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 financial statements which 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.

##### **Functional and presentation currency**

The financial statements are presented in 'Indian Rupees', which is also the Group's functional currency. All amounts are rounded to the nearest lakhs, unless otherwise stated.

##### **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, maximizing 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 realised, 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. The deferred tax assets and liabilities are classified as non-current assets and liabilities.

**(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:**

All Items of Property, plant and equipment (PPE) are stated at cost net of recoverable taxes, duties, trade discounts and rebates, less accumulated depreciation and impairment loss, if any. The cost of PPE comprises of its purchase price and capitalised borrowing costs, including any cost directly attributable to bringing the assets to their working condition for their intended use.

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 repairs and maintenance are charged to Statement of Profit and Loss during the reporting period in which they are incurred.

Spare parts are recognised when they meet the definition of PPE, otherwise, such items are classified as inventory.

**Transition to Ind AS:**

On transition to Ind AS, the Company has elected to adopt carrying value of all of its PPE as at April 01, 2015, as deemed cost.

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

Depreciation on PPE is provided to the extent of depreciable amount on Straight Line Method (SLM) based on useful lives of the following assets as prescribed in Part C of Schedule II to the Companies Act, 2013.

Particulars	Estimated useful lives
Buildings	60 years
Motor vehicles	8 years

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.

**(d) Intangible assets:**

- (i). 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.
- (ii). Expenditure incurred on acquisition of intangible assets which are not ready to use at the reporting date is disclosed under "Intangible assets under development".

**Transition to Ind AS:**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets, recognised as at April 01, 2015 measured as per the Previous GAAP and use that carrying value as the deemed cost of Intangible assets.

**Amortisation:**

Amortisation is charged on a straight-line basis over the estimated useful lives. The estimated useful life and amortisation 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.

Computer software is amortised over an estimated useful life of 3 years.

**(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 they are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets that suffered 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 instrument of another entity.

**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 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 (FVPL)**

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. 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.

**Equity investments**

The Company subsequently measures all equity investments in fellow subsidiaries at cost. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

**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 require 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. While 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.

**(h) 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.

**(i) 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, loan and borrowings including bank overdrafts.

**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 payables:**

These amounts represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These payables 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.

**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 and 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.

**(j) 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.

**(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) 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' (Rs.), which is the Company's functional and presentation currency.

**ii. Transactions and balances**

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

(ii) All exchange differences arising on reporting of short term foreign currency monetary items at rates different from those at which they were initially recorded are recognised in the Statement of Profit and Loss.

(iii) In respect of foreign exchange differences arising on revaluation or settlement of long term foreign currency monetary items, the Company has availed the option available in the 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.

(iv) Non-monetary items denominated in foreign currency are stated at the rates prevailing on the date of the transactions / exchange rate at which transaction is actually effected.

**(m) Revenue Recognition:**

The Company recognises revenue when the amount of revenue can be reliably measured at fair value of consideration received or receivable, 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, as described below. The Company bases its estimate on historical results, taking into consideration the type of transactions and specifics of each arrangement.

### **Sale of energy**

Revenue from sale of energy is recognised on an accrual basis as per the tariff rates approved by Uttar Pradesh Electricity Regulatory Commission (UPERC) in accordance with the provisions of Power Purchase Agreement (PPA) with Uttar Pradesh Power Corporation Limited (UPPCL). In case where final tariff rates are yet to be approved / agreed, provisional tariff is adopted based on provisional tariff order issued by UPERC. Further, the revenue is also recognised towards truing up of fixed charges as per the petitions filed based on the principles enunciated in the PPA.

Revenue from sale of energy referred to above includes fixed charges considered as minimum lease payments in accordance with appendix "C" to Ind AS-17 'Determining whether an arrangement contains a lease', which is apportioned between finance income and reduction of finance lease receivables and finance income is disclosed as 'Finance Income' under "Other Operating Revenue" (Refer note 2.1 (o) below). Revenue towards truing up of fixed charges is recognized as operating income in the Statement of Profit and Loss in the year of truing up. In case of difference between the revenue recognized based on provisional tariff order/petitions filed and final tariff order, minimum lease payments is adjusted to the extent of difference for balance period of lease to arrive at revised internal rate of return based on which minimum lease payments is apportioned between finance income and reduction of finance lease receivables.

### **(n) Leases:**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is (or contains) a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

These leases are analysed based on the situations and indicators set out in Ind AS-17 in order to determine whether they constitute operating leases or finance leases.

A finance lease is defined as a lease which transfers substantially all the risks and rewards incidental to the ownership of the related asset to the lessee. All leases which do not comply with the definition of a finance lease are classified as operating leases.

The following main factors are considered by the Company to assess if a lease transfers substantially all the risks and rewards incidental to ownership: whether

- (i) the lessor transfers ownership of the asset to the lessee by the end of the lease term;
- (ii) the lessee has an option to purchase the asset and if so, the conditions applicable to exercising that option;
- (iii) the lease term is for the major part of the economic life of the asset;
- (iv) the asset is of a highly specialized nature; and
- (v) the present value of minimum lease payments amounts to at least substantially all of the fair value of the leased asset.

### **As a lessor (Finance lease)**

Appendix "C" of Ind AS 17 deals with the identification of services and take-or-pay sales or purchasing contracts that do not take the legal form of a lease but convey rights to customers / suppliers to use an asset or a group of assets in return for a payment or a series of fixed payments. Contracts meeting these criteria are identified as either operating leases or finance leases. In the later case, a finance lease receivable is recognized to reflect the financing deemed to be granted by the Company where it is considered as acting as lessor and its customers as lessees.

The Company has assessed finance lease with respect to the terms of PPA, where the agreement conveys to the purchaser of the energy an exclusive right to use generated energy.

In case of finance leases, where assets are leased out under a finance lease, the amount recognised under finance lease receivables is an amount equal to the net investment in the lease.

Minimum lease payment made under finance lease is apportioned between the finance income and the reduction of the outstanding receivables. The finance income is allocated to each period during the lease terms so as to produce a constant periodic rate of interest on the remaining balance of the lease receivable.

### **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.

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.
- superannuation 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.

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 fund**

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 taxes:**

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 on 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 bases 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 authorized 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.

**(v) Inventories:**

Inventories of tools, stores, spares parts, consumable supplies and fuel are valued at lower of weighted average cost, which includes all non refundable duties and charges incurred in bringing the goods to their present location and condition, and net realizable value after providing for obsolescence and other losses.



**(w) Government grant:**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

The benefit of interest free government loan in form of deferred payments of local sales tax and entry tax is treated as government grant. The deferred payment liabilities are recognised and measured in accordance with Ind AS 109, "Financial Instruments" where the benefit of the below market rate of interest shall be measured as the difference between the initial carrying value determined in accordance with Ind AS 109, and the proceeds received.

**Transition to Ind AS**

On transition to Ind AS, the Company has availed the optional exemption of applying the requirements of Ind AS 109, "Financial Instruments" and Ind AS 20, "Accounting for Government Grants" prospectively on deferred sales and entry tax liabilities existing at April 01, 2015.

**2.2 Critical accounting estimates and judgements**

The preparation of 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 makes 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 assets and plants given on finance lease classified as finance lease receivables:**

The Company has independently estimated the useful life of property, plant and equipment based on the expected wear and tear, industry trends etc. In actual, the wear and tear can be different. 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 equipment and unguaranteed finance lease receivables. (Refer note 4.1 and 4.3(b))

**(b) Impairment of assets:**

At the end of each reporting period, the Company reviews the carrying amounts of its Property, plant and equipment and the unguaranteed residual value of assets given on lease 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 / residual value is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates.

**(c) Defined benefit obligations:**

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for post employment plans include the discount rate. Any changes in these assumptions will impact the carrying amount of such obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds of maturity approximating the terms of the related plan liability.

**(d) Income taxes:**

There are transactions and calculations for which the ultimate tax determination is uncertain and would be 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. (Refer note 14)

**(e) Deferred tax**

The Company has deferred tax liabilities which are expected to be realised through the Statement of Profit and Loss over the extended periods of time in the future. In calculating the deferred tax items, the Company is required to make certain assumptions and estimates regarding the future tax consequences attributable to differences between the carrying amounts of liabilities as recorded in the financial statements and their tax bases. Assumptions made include the expectation that future operating performance will be consistent with historical levels of operating results and that existing tax laws and rates will remain unchanged into foreseeable future. (Refer note 4.13 and 14)

**(f) Revenue Recognition:**

Revenue from Sale of Energy is recognised on an accrual basis as per the tariff rates approved by Uttar Pradesh Electricity Regulatory Commission (UPERC) in accordance with the provisions of power purchase agreement (PPA) with Uttar Pradesh Power Corporation Limited (UPPCL). [In case where tariff rates are yet to be approved/agreed, provisional rates are adopted based on the principals enunciated in PPA and UPERC regulations. Deviation from such estimate could result in significant adjustment to the revenue recognition/receivables of the Company. (Refer note 17)]

**(g) Application of lease accounting:**

Significant judgement is required to apply lease accounting rules under Appendix "C" of Ind AS 17 "Determining whether an Arrangement contains a Lease". In assessing the applicability to arrangements entered into by the Company, management has exercised judgement to evaluate customer's right to use the underlying assets, substance of the transaction including legally enforced arrangements and other significant terms and conditions of the arrangement to conclude whether the arrangements meet the criteria under Appendix "C".

**Classification of lease**

Significant judgement has been applied by the Company in determining whether substantially all the significant risks and rewards of ownership of the lease assets are transferred to the other entities.

**(h) Application of "Service concession arrangements" accounting**

In assessing the applicability the arrangement, management has exercised significant judgement in relation to the underlying ownership of the assets, the ability to enter into power purchase arrangements with any customer, ability to determine prices etc. In concluding that the arrangements do not meet the criteria for recognition as service concession arrangements.

**3) Transition to 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. For all the 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 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 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 as deemed cost on transition date. The Company has elected to use previous GAAP carrying value as deemed cost for Intangible Assets covered by Ind AS 38 "Intangible Assets".

**ii. Leases**

Appendix "C" to Ind AS 17 'Determining whether an Arrangement contains a Lease', requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to apply this exemption for such contracts or arrangements.

**iii. 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 recognised in the financial statements for the year ending March 31, 2016. The Company has opted to follow this exemption.

**iv. Government Grant**

Ind AS 101 permits the first-time adopter who did not, under its Previous GAAP, recognise and measure a government loan at a below-market rate of interest on a basis consistent with Ind AS requirements, it shall use its previous GAAP carrying amount of the loan at the date of transition to Ind ASs as the carrying amount of the loan in the opening Ind AS Balance Sheet. An entity shall apply Ind AS 109 to the measurement of such loans after the date of transition to Ind AS. Consequently, the Company has applied the above requirement prospectively.

**v. Investments in fellow subsidiaries**

When an entity prepares separate financial statements, Ind AS 27 requires it to account for its investments in subsidiaries, joint ventures and associates either at cost or in accordance with Ind AS 109. Ind AS 101 provides an option to measures such an investment as on transition date as follows:

- a) cost determined in accordance with Ind AS 27; or
- b) deemed cost. The deemed cost of such an investment shall be its:
  - (i) fair value as at the date of transition to Ind ASs in its separate financial statements; or
  - (ii) previous GAAP carrying amount at that date.

The Company has elected to account for the investment in associates and joint ventures at cost in its financial statements.

**(b) Ind AS mandatory exceptions:**

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 AS 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 existing at the transition date.

**B. Reconciliations between Previous GAAP and Ind AS**

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The regrouped Previous GAAP information is derived based on the audited financial statement of the Company for the year ended March 31, 2016.

The following tables represent the reconciliations from Previous GAAP to Ind AS.

(a) Reconciliation of total equity as at March 31, 2016 and April 01, 2015

		Rupees in lakhs	
	Notes to first-time adoption	March 31, 2016	April 01, 2015
Total equity (shareholder's funds) as per previous GAAP		445,158	430,613
<b>Adjustments</b>			
Recognition of financial liabilities at amortised cost	C(i)	747	1,574
Arrangement accounted as finance lease	C(ii)	28,110	24,894
Tax adjustment on account of finance lease	C(iii)	(82,946)	(79,908)
Government grant	C(iv)	118	-
<b>Total adjustments</b>		<b>(53,971)</b>	<b>(53,440)</b>
<b>Total equity as per Ind AS</b>		<b>391,187</b>	<b>377,173</b>

(b) Reconciliation of total comprehensive income for the year ended March 31, 2016

		Rupees in lakhs	
	Notes to first-time adoption	March 31, 2016	
Profit after tax as per previous GAAP		48,242	
<b>Adjustments:</b>			
Recognition of financial liabilities at amortised cost	C(i)	(828)	
Arrangement accounted as finance lease	C(ii)	6,098	
Tax adjustment on account of finance lease	C(iii)	(3,038)	
Government grant	C(iv)	118	
Actuarial gains on defined benefit plans recognised in other comprehensive income	C(v)	19	
<b>Total adjustments</b>		<b>2,369</b>	
<b>Profit after tax as per Ind AS</b>		<b>50,611</b>	

(c) Impact of Ind AS adoption on the statements of cash flows for the year ended March 31, 2016

	Rupees in lakhs		
	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	152,739	(10,992)	141,747
Net cash flow from investing activities	(52,102)	13,228	(38,874)
Net cash flow from financing activities	(100,808)	(2,236)	(103,044)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(171)</b>	<b>-</b>	<b>(171)</b>
Cash and cash equivalents as at 1 April 2015			7,723
<b>Cash and cash equivalents as at 31 March 2016</b>			<b>7,552</b>

C. Notes to first-time adoption of Ind AS:

i. 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.

Consequently, the total equity as at March 31, 2016 increased by Rs. 747 lakhs (April 01, 2015 – Rs. 1,574 lakhs) and profit for the year ended March 31, 2016 decreased by Rs. 828 lakhs.

**ii. Arrangement accounted as finance Lease**

Under Previous GAAP, the agreement for sale of energy as per the applicable tariff rate and in accordance with the terms of PPA was recognized as revenue from operation and the power plant was considered as PPE. Under Ind AS, in accordance with Appendix "C" of Ind AS17 'Determining whether an Arrangement contains a Lease', these arrangements do not take the legal form of a lease but which convey rights to use assets in return for a payment or series of payments in the nature of finance lease.

Accordingly, on the date of transition, Property, plant and equipment capitalised under Previous GAAP aggregating Rs. 593,823 lakhs have been derecognised and finance lease receivable of Rs.572,641 lakhs has been recognized to give the retrospective effect from the date of plants / units declared commercially operational with corresponding adjustment to equity.

On account of the above adjustments, the total equity as at March 31, 2016 has been increased by Rs. 28,110 lakhs (April 01, 2015 - Rs. 24,894 lakhs) and profit for the year ended March 31, 2016 increased by Rs. 6,098 lakhs (including amortisation of Foreign Currency Monetary Items difference a/c by Rs. 4,631 lakhs).

Considering there are no depreciable assets, the Company has accumulated the exchange differences in the long-term foreign currency monetary item in the other reserve and accordingly, the equity as at March 31, 2016 has been adjusted by an amount of Rs.16,413 lakhs (April 01, 2015 - Rs. 13,532 lakhs) included in the above adjustment.

**iii. Deferred tax**

Deferred tax asset / liability has been recognized on all temporary differences, arising on account of the aforesaid adjustments and on account of temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

Consequent to above adjustments, the total equity as at March 31, 2016 has been decreased by Rs. 82,946 lakhs (April 01, 2015 - Rs. 79,908 lakhs) and profit for the year ended March 31, 2016 decreased by Rs. 3,038 lakhs.

**iv. Government Grant**

Deferment of local sales tax and entry tax liability payable to State Government was recognized as interest free loan under Previous GAAP. Under Ind AS, as these deferment schemes are assessed as Government grant, liabilities towards sales tax and entry tax recognized are measured at fair value and are discounted using incremental borrowing rate which will unwind subsequently.

Consequent to above adjustments, the total equity as at March 31, 2016 has been increased by Rs. 118 lakhs (April 01, 2015 - Rs. nil) and profit for the year ended March 31, 2016 increased by Rs. 118 lakhs.

**v. Remeasurements of post-employment benefit obligations**

Under Ind AS, remeasurements i.e. actuarial gains or losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the Previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 increased by Rs. 19 lakhs. There is no impact on the total equity as at March 31, 2016.

**vi. Other equity**

Other equity including retained earnings as at April 01, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

## 4.1 Property, plant and equipment

Particulars	Rupees in lakhs		
	Buildings	Motor vehicles	Total
Gross carrying amount			
Deemed cost as at April 01, 2015	396	-	396
Additions during the year	-	212	212
Carrying amount as at March 31, 2016	396	212	608
Additions during the year	-	-	-
Carrying amount as at March 31, 2017	396	212	608
Particulars	Buildings	Motor Vehicles	Total
Accumulated depreciation at April 1, 2015	-	-	-
Depreciation for the year	16	2	18
Balance as at March 31, 2016	16	2	18
Depreciation for the year	16	2	18
Balance as at March 31, 2017	32	4	36
Net Carrying Amount			
As at April 1, 2015	396	-	396
As at March 31, 2016	380	210	590
As at March 31, 2017	364	208	572

## 4.2 Intangible assets

Particulars	Rupees in lakhs Computer Software
Gross carrying amount	
Deemed cost as at April 01, 2015	44
Additions during the year	-
Carrying amount as at March 31, 2016	44
Additions during the year	-
Carrying amount as at March 31, 2017	44
Particulars	Computer Software
Accumulated amortisation at April 01, 2015	
For the year	29
Balance as at March 31, 2016	29
For the year	14
Balance as at March 31, 2017	43
Net carrying amount	
As at April 01, 2015	44
As at March 31, 2016	15
As at March 31, 2017	1



Rosa Power Supply Company Limited  
Notes to the financial statements as of and for the year ended March 31, 2017 (Continued)

	As at March 31, 2017	As at March 31, 2016	Rupees in lakhs As at April 01, 2015
<b>Non-current Financial assets</b>			
<b>4.3(a) Non-current investments</b>			
<b>A) Equity share (unquoted, fully paid-up)</b>			
In Associate Company:			
Vidarbha Industries Power Limited - 384,970 (March 31, 2016: 384,970 ; April 1, 2015: 384,970) shares at face value Rs. 10 each	3,650	3,650	3,650
In Joint Venture:			
Reliance Geothermal Power Private Limited - 5,000 (March 31, 2016: 5,000; April 01, 2015: 5,000) shares at face value Rs. 10 each	1	1	1
<b>B) Preference shares (unquoted, fully paid up)<sup>1</sup></b>			
In Associate Company:			
Preference shares: <sup>1</sup>			
Vidarbha Industries Power Limited - 4,020,202 (March 31, 2016: 4,020,202; April 01, 2015: 4,020,202) shares at face value of Rs. 10 each	40,202	40,202	40,202
In Fellow Subsidiary:			
Kalai Power Private Limited - 1,000,000 (March 31, 2016: 1,000,000; April 01, 2015: 1,000,000) shares at face value of Rs. 10 each	3,996	3,996	3,996
	<u>47,849</u>	<u>47,849</u>	<u>47,849</u>
Aggregate book value of unquoted investments	47,849	47,849	47,849
<b>4.3(b) Finance Lease Receivable</b>			
Finance Lease Receivable (Refer Note 23)	534,676	557,019	572,641
	<u>534,676</u>	<u>557,019</u>	<u>572,641</u>
Finance Lease Receivable -Non current	507,161	531,798	545,666
Finance Lease Receivable -current	27,515	25,221	26,975
<b>4.3(c) Other financial assets</b> (Unsecured and considered good unless stated otherwise)			
Security deposits	2	2	52
Others	-	-	276
	<u>2</u>	<u>2</u>	<u>328</u>
<b>4.4 Other non-current assets</b> (Unsecured and considered good unless stated otherwise)			
Capital advances	359	460	2,762
	<u>359</u>	<u>460</u>	<u>2,762</u>

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

<sup>(1)</sup> The issuer companies shall have a call option on the CCRPS which can be exercised by them in one or more tranches and in part or in full before the end of agreed tenure (20 years) of the said shares. In case the call option is exercised, the CCRPS shall be redeemed at an issue price (i.e. face value and premium). The Company, however, shall have an option to convert the CCRPS into equity shares at any time during the tenure of such CCRPS. At the end of tenure and to the extent the issuer Companies or the CCRPS holders thereof have not exercised their options, the CCRPS shall be compulsorily converted into equity shares. On conversion, in either case, each CCRPS shall be converted into equity shares of corresponding value (including the premium applicable thereon). In case the issuer companies declare dividend on their equity shares, the CCRPS holders will also be entitled to the equity dividend in addition to the coupon rate of dividend.

Rosa Power Supply Company Limited

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

	As at March 31, 2017	As at March 31, 2016	Rupees in lakhs As at April 01, 2015
<b>4.5 Inventories</b>			
Fuel (Including material in transit of Rs. nil (March 31, 2016: Rs. 687 lakhs; April 01, 2015 :Rs. 196 lakhs))	26,130	48,987	45,283
Stores and spares (including material in transit of Rs. nil (March 31, 2016:168 lakhs; April 01, 2015: nil))	9,656	9,531	9,307
	<u>35,785</u>	<u>58,518</u>	<u>54,590</u>
<b>Current financial assets</b>			
<b>4.6(a) Trade receivables</b> (Unsecured and considered good unless stated otherwise)			
Trade Receivables (Including Rs 26,796 lakhs (March 31, 2016: Rs. 29,932 lakhs; April 01, 2015: Rs.28,071 lakhs) billed subsequent to the year end.) (Including accrued revenue of Rs. 2,482 lakhs (March 31, 2016: Rs. 1,175 lakhs; April 01, 2015: nil))	160,174	120,354	145,557
	<u>160,174</u>	<u>120,354</u>	<u>145,557</u>
<b>4.6(b) Cash and cash equivalents</b>			
Balance with banks In current accounts	833	7,552	7,723
	<u>833</u>	<u>7,552</u>	<u>7,723</u>
<b>4.6(c) Bank balances other than cash and cash equivalents</b>			
Deposits with maturity period of more than three months but less than twelve months	6,714	6,376	5,805
Fixed deposits with bank towards margin money	25	25	573
	<u>6,739</u>	<u>6,401</u>	<u>6,378</u>
<b>4.6(d) Loans</b> (Unsecured, considered good)			
Inter corporate deposits to Holding Company (Refer note 11) (interest free deposit repayable on demand)	326,956	276,756	261,008
Advances to employees	16	1	8
Inter corporate deposits (Refer note 11) (interest free deposit repayable on demand)	10	10	110
	<u>326,982</u>	<u>276,767</u>	<u>261,126</u>
<b>4.6(e) Other Financial Assets</b> (Unsecured and considered good unless stated otherwise)			
Receivables from related party (Refer note 11)	-	-	27
	<u>-</u>	<u>-</u>	<u>27</u>
<b>4.7 Other current assets</b> (Unsecured and considered good unless stated otherwise)			
Balance with Government authorities	2	-	12
Advance recoverable in kind	3,841	3,912	3,875
Prepaid expenses	500	674	313
	<u>4,343</u>	<u>4,586</u>	<u>4,200</u>

	As at March 31, 2017	As at March 31, 2016	Rupees in lakhs As at April 01, 2015
<b>4.8 Equity Share capital</b>			
<b>Authorised</b>			
1,400,000,000 (March 31, 2016: 1,400,000,000; April 01, 2015: 1,400,000,000) equity shares of Rs. 10 each	140,000	140,000	140,000
	<u>140,000</u>	<u>140,000</u>	<u>140,000</u>
<b>Issued, subscribed and paid up capital</b>			
424,405,000 (March 31, 2016: 424,405,000; April 01, 2015: 424,405,000) equity shares of Rs. 10 each fully paid up	42,441	42,441	42,441
	<u>42,441</u>	<u>42,441</u>	<u>42,441</u>

**4.8.1 Reconciliation of number of shares**

<b>Equity shares</b>			
Balance at the beginning of the year - 424,405,000 (March 31, 2016: 424,405,000; April 01, 2015: 424,405,000) shares of Rs. 10 each	42,441	42,441	42,441
Balance at the end of the year - 424,405,000 (March 31, 2016: 424,405,000; April 01, 2015: 424,405,000) shares of Rs. 10 each	<u>42,441</u>	<u>42,441</u>	<u>42,441</u>

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

	As at March 31, 2017	As at March 31, 2016	Rupees in lakhs As at April 01, 2015
<b>Equity shares</b>			
Reliance Power Limited - 424,405,000 (March 31, 2016: 424,405,000; April 01, 2015: 424,405,000) shares of Rs. 10 each fully paid up	42,441	42,441	42,441
(Out of shares held, 424,404,994 (March 31, 2016: 424,404,994; April 01, 2015: 424,404,994) shares are held by Reliance Power Limited, the holding Company and 6 shares are jointly held by Reliance Power Limited and its nominees)	<u>42,441</u>	<u>42,441</u>	<u>42,441</u>

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

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of shares	Percentage of shareholding	No. of shares	Percentage of shareholding	No. of shares	Percentage of shareholding
<b>Equity shares</b>						
Reliance Power Limited *	424,405,000	100%	424,405,000	100%	424,405,000	100%
Equity shares of Rs. 10 each fully paid up held by Reliance power Limited - Holding Company						

	As at March 31, 2017	As at March 31, 2016	Rupees in lakhs As at April 01, 2015
<b>Other Equity</b>			
<b>4.9 Instruments entirely equity in nature</b>			
<b>4.9.1 Preference shares</b>			
Authorised			
1,000,000,000 (March 31, 2016: 1,000,000,000; April 01, 2015: 1,000,000,000) preference shares of Re. 1 each	10,000	10,000	10,000
	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Issued, subscribed and paid up capital			
Compulsory Convertible Redeemable Non-Cumulative Preference Shares <sup>1)</sup>			
4,183,000 (March 31, 2016: 4,183,000; April 01, 2015: 4,183,000) Preference Shares of Re 1 each fully paid up	42	42	42
	<u>42</u>	<u>42</u>	<u>42</u>
<b>4.9.2 Reconciliation of number of shares</b>			
Preference shares (Refer note 4.9.3 below)			
Balance at the beginning of the year - 4,183,000 (March 31, 2016: 4,183,000 ; April 01, 2015: 4,183,000) shares of Re. 1 each	42	42	42
Balance at the end of the year - 4,183,000 (March 31, 2016: 4,183,000 ; April 01, 2016: 4,183,000) shares of Re. 1 each	<u>42</u>	<u>42</u>	<u>42</u>

**4.9.3 Rights, preference and restriction attached to preference shares**

<sup>1)</sup>7.5% Compulsory Convertible Redeemable Non-Cumulative Preference Shares (CCRPS)

The Company has only one class of 7.5 % Compulsory Convertible Redeemable Non-Cumulative Preference Shares (CCRPS) having par value of Re.1 per share which have been issued at a premium of Rs.999 per share.

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

**4.9.4 Shares held by Holding Company**

	As at March 31, 2017	As at March 31, 2016	Rupees in lakhs As at April 1, 2015
Preference shares (Refer note 4.9.3)			
Reliance Power Limited - 4,183,000 (March 31, 2016: 4,183,000; April 01, 2016: 4,183,000) shares of Rs. 10 each fully paid up	42	42	42
	<u>42</u>	<u>42</u>	<u>42</u>

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

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of shares	Percentage of shareholding	No. of shares	Percentage of shareholding	No. of shares	Percentage of shareholding
Preference shares (Refer note 4.9.3)						
Reliance Power Limited	4,183,000	100%	4,183,000	100%	4,183,000	100%
Preference shares of Re. 1 each fully paid up held by Reliance Power Limited - Holding Company						

**Rosa Power Supply Company Limited**
**Notes to the financial statements as of and for the year ended March 31, 2017 (Continued)**

	As at March 31, 2017	As at March 31, 2016	Rupees in lakhs As at April 01, 2015
<b>4.10 Reserve and surplus</b>			
<b>Balance at the end of the year</b>			
4.10.1 Securities premium account	116,088	116,088	116,088
4.10.2 Foreign Currency Monetary Item translation difference account	(10,683)	(16,413)	(13,532)
4.10.3 Retained earnings	313,031	249,029	232,134
<b>Total</b>	<b>418,436</b>	<b>348,704</b>	<b>334,690</b>
<b>4.10.1 Securities premium account</b>			
Balance at the beginning of the year	116,088	116,088	
Additions during the year	-	-	
<b>Balance at the end of the year</b>	<b>116,088</b>	<b>116,088</b>	
<b>4.10.2 Foreign Currency Monetary Item translation difference account</b>			
Balance at the beginning of the year	(16,413)	(13,532)	
Addition during the year	2,381	(7,044)	
Less: Amortisation during the year	3,349	4,163	
<b>Balance at the end of the year</b>	<b>(10,683)</b>	<b>(16,413)</b>	
<b>4.10.3 Retained earnings</b>			
Balance at the beginning of the year	249,029	232,134	
Add: Profit for the year	64,037	50,611	
Less: Appropriations			
Dividend on equity shares	-	12,520	
Dividend on preference shares	-	15,477	
Dividend distribution tax on:			
Dividend on equity shares	-	2,549	
Dividend on preference shares	-	3,151	
Remeasurements of net defined benefit plan	35	19	
<b>Balance at the end of the year</b>	<b>313,031</b>	<b>249,029</b>	
	<b>418,436</b>	<b>348,704</b>	

**Nature and purpose of other reserves:**
**a) Securities premium account**

Securities premium account is created to record premium received on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.

**b) Foreign currency monetary item translation difference account**

The Company has opted to continue the previous gaap policy for accounting of foreign exchange differences on long term monetary items. This reserve represents foreign exchange accumulated on long term monetary items which are for other than depreciable assets. The same is amortised over the balance period of such long term monetary assets. (Refer note 2.1(m ii))

	As at March 31, 2017	As at March 31, 2016	Rupees in lakhs As at April 01, 2015
<b>Non-current financial liabilities</b>			
<b>4.11(a) Borrowings</b>			
At amortised cost			
<b>Secured</b>			
Term Loans:			
Rupee loans from banks	200,821	247,961	243,916
Foreign currency loans from banks	96,858	110,388	110,851
	<u>297,477</u>	<u>358,349</u>	<u>354,767</u>
<b>Unsecured</b>			
Deferred payment liabilities:			
Deferred entry tax (Refer note 13)	24,913	23,244	21,610
Deferred value added tax (Refer note 13)	1,817	1,793	1,618
	<u>26,730</u>	<u>25,037</u>	<u>23,228</u>
	<u>324,207</u>	<u>383,386</u>	<u>377,995</u>

**4.11(a1) Nature of security for Term Loans**

- Term loans from all banks, financial institution/other parties of Rs. 306,793 lakhs (March 31, 2016: Rs. 350,263 lakhs; April 01, 2015: Rs. 376,708 lakhs) is secured / to be secured by first charge on all the immovable and movable assets and intangible asset of the Company on pari passu basis.
- Term loans from all banks, financial institution/other parties of Rs. 55,000 lakhs (March 31, 2016: Rs. 80,000 lakhs; April 01, 2015: Rs. 50,122 lakhs) is secured / to be secured by residue charge on all the movable assets and current assets of the Company on pari passu basis.
- The Holding Company has given financial commitments/guarantee to the lender of the Company. (Refer note 11 G).
- Current maturities of long term borrowings have been classified as other current financial liabilities (Refer note 4.15(c)).
- A negative lien by Reliance Power Limited (Holding Company) on 51% of its equity shares in the company.
- The amortised cost disclosed above is net off incidental cost of borrowings aggregating of Rs. 2,027 lakhs (March 31, 2016: Rs. 3,607 lakhs; April 01, 2015: Rs. 3,918 lakhs).

**4.11(a2) Terms of Repayment and Interest**

- Rupee Term Loans outstanding as at the year end Rs. 167,138 lakhs (March 31, 2016: 196,543 lakhs; April 01, 2015: Rs. 218,563 lakhs) has been obtained from Banks and Financial Institutions for Phase I and Phase II of the project. The loans are repayable in 48 quarterly installments commenced from October 01, 2010 and January 01, 2012, respectively, and carry an average rate of interest 11.10% per annum payable on a monthly basis.
- Rupee term loan outstanding as at the year end Rs. 30,685 lakhs (March 31, 2016: 34,777 lakhs; April 01, 2015: Rs.38,668 lakhs) has been obtained from Bank towards making investments in fellow subsidiaries. The loan is repayable in 48 quarterly installments commenced from June 30, 2013 and carry an interest rate of 11.65 % per annum payable on a monthly basis.
- Rupee term loan outstanding as at the year end Rs. nil (March 31, 2016: Rs. 25,000 lakhs; April 01, 2015: Rs.50,122 lakhs) has been obtained for onlending as subordinate debt / Inter Corporate Deposit / Loans and advances to its holding Company. The loan is repayable in 5 structured installments within two years from the date of disbursement and carry an interest rate of 10.50% per annum payable on a monthly basis.
- Rupee term loan outstanding as at the year end Rs. 30,000 lakhs (March 31, 2016: 30,000 lakhs; April 01, 2015: Rs. nil) has been obtained for onlending as subordinate debt / Inter Corporate Deposit / Loans and advances to its holding Company. The loan is repayable in 12 equal quarterly installments starting from December 2017 and carries an interest rate of 10.85% per annum payable on a monthly basis.
- Rupee term loan outstanding as at the year end Rs. 25,000 lakhs (March 31, 2016: 25,000 lakhs; April 01, 2015: Rs. nil) has been obtained for meeting cash flow mismatches and for funding financing expenses of the facility. The loan is repayable in 8 equal quarterly installments starting from June 2017 and carry an interest rate of 11.35% per annum payable on a monthly basis.
- Foreign currency loan outstanding as at the year end Rs.14,183 lakhs (March 31, 2016: 17,274 lakhs; April 01, 2015: Rs.18,907 lakhs) has been obtained for Phase I of the project. The loan is repayable in 48 quarterly installments commenced from October 1, 2010 and carries an interest rate of USD LIBOR plus 460 basis points per annum, payable on a quarterly basis.
- Foreign currency loan outstanding as at the year end Rs. 30,595 lakhs (March 31, 2016: 35,999 lakhs; April 01, 2015: Rs. 38,402 lakhs) has been obtained for Phase II of the project. The loan is repayable in 48 quarterly installments commenced from January 1, 2012 and carries an interest rate of USD LIBOR plus margin ranging from 415 basis points to 475 basis points per annum, payable on a quarterly basis.
- Foreign currency loan outstanding as at the year end Rs. 64,190 lakhs (March 31, 2016: 65,669 lakhs; April 01, 2015: Rs. 61,964 lakhs) has been obtained for Phase II of the project. The loan is repayable in 16 quarterly installments commencing from February 2018 and carries an interest rate of USD LIBOR plus 454 basis points per annum, payable on a quarterly basis.
- The amortised cost disclosed above is net off incidental cost of borrowings aggregating of Rs. 2,027 lakhs (March 31, 2016: Rs. 3,607 lakhs; April 01, 2015: Rs. 3,918 lakhs).

**Rosa Power Supply Company Limited**
**Notes to the financial statements as of and for the year ended March 31, 2017 (Continued)**

	As at March 31, 2017	As at March 31, 2016	Rupees in lakhs As at April 01, 2015
<b>4.11(b) Other financial liability</b>			
Retention money payable	48	77	153
	<u>48</u>	<u>77</u>	<u>153</u>
<b>4.12 Provisions (Refer note 9)</b>			
Provision for Employee Benefits			
Gratuity	202	104	34
Leave encashment	280	204	151
	<u>482</u>	<u>308</u>	<u>185</u>
<b>4.13 Deferred tax liabilities</b>			
Net deferred tax liability due to temporary difference ( Refer note 14)	129,188	127,731	124,693
Less: Recoverable from beneficiaries	44,785	44,785	44,785
	<u>84,403</u>	<u>82,946</u>	<u>79,908</u>
Note : As per the terms of the PPA executed with Uttar Pradesh Power Corporation Limited, the Company is eligible for refund of taxes on income from electricity generation business. Hence, the deferred tax liability originated as at the year end and reversing after the tax holiday period, falling within the tenure of PPA and to the extent expected to be recovered through future tariff has been disclosed as recoverable from the beneficiary			
<b>4.14 Other non-current liability</b>			
Government Grant (Refer note 13)	3,529	2,016	-
	<u>3,529</u>	<u>2,016</u>	<u>-</u>
<b>Current financial liabilities</b>			
<b>4.15(a) Borrowings</b>			
Secured			
Working Capital loan from banks	127,865	99,471	107,278
Buyer's credit facility from bank	-	-	3,266
	<u>127,865</u>	<u>99,471</u>	<u>110,542</u>

**4.15 (a1) Nature of security for short term borrowings**

- Working Capital facilities from banks is secured pari passu with term loan lenders by first mortgage/hypothecation/charge on all the immovable and movable assets and intangible assets of the Company.
- A negative lien by Reliance Power Limited (Holding Company) on 51% of its equity in the company.

**4.15 (a2) Interest**

Working Capital facilities have a tenure of twelve months from the date of sanction and are repayable on demand and carry an average rate of interest 11.70% per annum.

Buyer's credit facility obtained for Import of coal, is repayable upto a period of 140 days from the drawdown date and carries an interest rate of USD 6 Month LIBOR plus 38 basis points per annum.

**Rosa Power Supply Company Limited**

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

	As at March 31, 2017	As at March 31, 2016	Rupees in lakhs As at April 01, 2015
<b>Current financial liabilities (continued)</b>			
<b>4.15(b) Trade payables</b>			
Total outstanding dues of micro and small enterprises; and (Refer note 16)	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	14,977	25,097	42,084
	<b>14,977</b>	<b>25,097</b>	<b>42,084</b>
<b>4.15(c) Other financial liabilities</b>			
Current maturities of long-term borrowings	62,290	68,308	68,143
Interest accrued but not due on borrowings	968	1,232	616
Creditors for capital expenditure (Refer note 16)	3,174	4,764	16,611
Employee benefit payable	618	547	398
Retention money payable	1,842	1,894	16,147
Creditors for supplies and services (Refer note 16)	3,348	3,532	1,255
Earnest money Deposit	26	-	-
Others	14,277	12,520	10,081
(Including unscheduled interchange charges and other miscellaneous payables)			
	<b>86,643</b>	<b>92,797</b>	<b>113,251</b>
<b>4.16 Other current liabilities</b>			
Statutory dues (including provident fund, tax deducted at source and other miscellaneous payables)	92	201	375
Government Grant (Refer note 13)	529	305	-
	<b>621</b>	<b>506</b>	<b>375</b>
<b>4.17 Provisions</b>			
Provision for employee benefits:			
Leave encashment (Refer note 9)	17	13	10
	<b>17</b>	<b>13</b>	<b>10</b>
<b>4.18 Current tax liability (net)</b>			
Provision for income tax (Net of advance tax of Rs. 75,086 lakhs) (March 31, 2016: Rs. 69,921 lakhs; April 01, 2015: Rs. 57,186 lakhs)	14,904	2,299	1,945
	<b>14,904</b>	<b>2,299</b>	<b>1,945</b>



**Rosa Power Supply Company Limited**

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

	Year ended March 31, 2017	Rupees in lakhs Year ended March 31, 2016
<b>4.19 Revenue from operations</b>		
Sale of energy	288,155	284,999
Other operating revenues:		
- Finance Income	72,095	69,733
	<b>360,250</b>	<b>354,732</b>
<b>4.20 Other income</b>		
Interest:		
- on bank deposits	480	598
Claims received from Insurance Company	-	430
Miscellaneous income	210	389
	<b>690</b>	<b>1,417</b>
<b>4.21 Employee benefit expenses</b>		
Salaries, wages and other allowances	3,222	3,490
Contribution to provident and other funds (Refer note 9)	127	121
Gratuity and leave encashment (Refer note 9)	150	124
Staff welfare expenses	281	243
	<b>3,780</b>	<b>3,978</b>
<b>4.22 Finance cost</b>		
Interest expenses on:		
- Rupee term loans	32,600	35,316
- Foreign currency loans	6,294	6,348
- Working capital loans	13,261	11,879
Other finance charges	1,841	2,251
	<b>53,996</b>	<b>55,594</b>
<b>4.23 Other expenses</b>		
Stores and spares consumed	3,775	3,818
Rent expenses	129	26
Receivables written off	-	3,619
Repairs and maintenance:		
- Plant and machinery	3,569	3,434
- Building	148	80
- Others	43	17
Legal and professional charges	432	1,936
Travelling and conveyance	189	206
Directors sitting fees	6	5
Rates and taxes	25	288
Insurance	1,359	1,446
Loss on foreign exchange fluctuations (net)	16	399
Amortisation of Foreign currency monetary item translation difference account	3,349	4,163
Expenditure towards Corporate Social Responsibility (Refer note 24)	1,687	1,837
Miscellaneous expenses	999	1,023
	<b>16,726</b>	<b>22,297</b>

5) **Contingent liabilities and commitments:**

Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 334 lakhs (March 31, 2016: Rs. 1,663 lakhs, April 01, 2015: Rs. 799 lakhs).

- 6) The Company has received notice of demand from Shahjahanpur division of Forest Department, for levy of transit fees under Indian Forest Act, 1927 on transport of coal. The levy of transit fee has been challenged by the Company along with other affected parties before various judicial bodies. Presently, the matters are pending before the Honorable Supreme Court of India. The Honorable Supreme Court has pronounced Interim order. As per Interim order, the State of Uttar Pradesh shall be free to recover transit fee for Forest Produce removed within the State of Uttar Pradesh. As the Company's coal is sourced from states other than the State of Uttar Pradesh, the Company is not subjected to such levy. Further, in the eventuality of any liability accruing on this matter and this being part of cost of fuel, is recoverable from the procurer as per the terms of the PPA.

7) **Details of remuneration to auditors:**

Particulars	Rupees in lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
(a) As auditors :		
For statutory audit	109	102
For Others	3.5	-
(b) Out-of-pocket expenses	-	1.5

- 8) 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 08, 2016 to December 30, 2016.

9) **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*	17	13	10
Non-current	280	204	151

\* 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
  - Employer's Contribution to Employees' Deposit Linked Insurance
  - Employer's Contribution to 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 Trustees of the Reliance Life Insurance Company Limited. 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 Statement of Profit and Loss for the year:

Particulars	Rupees in lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
Contribution to provident fund	81	74
Contribution to employees' superannuation fund	5	6
Employer's contribution to Employees' Deposit Linked Insurance	2	2
Employer's contribution to Employees' Pension Scheme 1995	39	39

(c) Post employment obligations

**Gratuity:**

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

**(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%	7.00%
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.

**(ii) Gratuity Plan**

Rupees in lakhs			
Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>As at April 01, 2015</b>	216	(182)	34
Current service cost	49	-	49
Interest on net defined benefit liability / assets	17	(15)	2
<b>Total amount recognised in Statement of Profit and Loss</b>	<b>66</b>	<b>(15)</b>	<b>51</b>
<b>Remeasurements</b>			
Return on plan assets, excluding amount included in interest expense / (income)	-	12	12
(Gain) / loss from change in financial assumptions	2	-	2
Experience (gains) / losses	5	-	5
<b>Total amount recognised in Other Comprehensive Income</b>	<b>7</b>	<b>12</b>	<b>19</b>
Benefit payments	(9)	9	-
<b>As at March 31, 2016</b>	<b>280</b>	<b>(176)</b>	<b>104</b>

Rupees in lakhs			
Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>As at April 01, 2016</b>	280	(176)	104
Current service cost	57	-	57
Interest on net defined benefit liability / assets	21	(15)	6
<b>Total amount recognised in Statement of Profit and Loss</b>	<b>78</b>	<b>(15)</b>	<b>63</b>
<b>Remeasurements</b>			
Return on plan assets, excluding amount included in interest expense / (income)	-	(8)	(8)
(Gain) / loss from change in financial assumptions	36	-	36
Experience (gains) / losses	7	-	7
<b>Total amount recognised in Other Comprehensive Income</b>	<b>43</b>	<b>(8)</b>	<b>35</b>
Benefit payments	(7)	7	-
<b>As at March 31, 2017</b>	<b>394</b>	<b>(192)</b>	<b>202</b>

**Rosa Power Supply Company Limited**  
**Notes to the financial statements for the year ended March 31, 2017 (continued)**

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

Particulars	Rupees in lakhs		
	March 31, 2017	March 31, 2016	April 01, 2015
Present value of funded obligations	394	280	216
Fair value of plan assets	(192)	(176)	(182)
<b>Deficit of funded plan</b>	<b>202</b>	<b>104</b>	<b>34</b>
Unfunded plans	-	-	-
<b>Deficit of gratuity plan</b>	<b>202</b>	<b>104</b>	<b>34</b>
Current portion	-	-	-
Non-current portion	202	104	34

**(iii) Sensitivity analysis**

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

Particulars	Change In assumptions		Impact on closing balance of provision for defined benefit obligation			
			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%	-6.19%	-6.19%	6.78%	6.78%
Rate of increase in compensation levels	0.50%	0.50%	6.72%	6.76%	-6.20%	-6.23%

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. While 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) The above defined benefit gratuity plan was administrated 100% by Life insurance Corporation of India (LIC) as at March 31, 2017, March 31, 2016 as well as April 01, 2015.

**(v) Defined benefit liability and employer contribution :**

The Company will pay based on demand raised by LIC towards gratuity liability on time to time basis to eliminate the deficit in defined benefit plan.

The weighted average duration of the defined benefit obligation is 12.95 years (2016 – 10.09 years, 2015 – 9.69 years).

(vi) The actuarial valuation of gratuity liability does not include liability of seconded employees, as the gratuity will be paid by the Holding Company as per the terms of Secondment.

Rosa Power Supply Company Limited  
Notes to the financial statements for the year ended March 31, 2017 (continued)

10) Assets pledged as security:

				Rupees in lakhs
Particulars	Note No.	March 31, 2017	March 31, 2016	April 01, 2015
<b>Non-current</b>				
<b>First charge</b>				
<b>Financial assets</b>				
Investments	4.3(a)	47,849	47,849	47,849
Finance lease receivables	4.3(b)	507,161	531,798	545,666
Other financial assets	4.3(c)	2	2	328
<b>Non-financial assets</b>				
Property, plant and equipment	4.1	572	590	396
Other Intangible assets	4.2	1	15	44
Other non-current assets	4.4	359	450	2,762
<b>Total Non-current assets pledged as security (A)</b>		<b>555,944</b>	<b>580,704</b>	<b>597,045</b>
<b>Current</b>				
<b>First charge</b>				
<b>Financial assets</b>				
Trade receivables	4.6(a)	160,174	120,354	145,567
Cash and bank balances	4.6(b)	7,572	13,953	14,101
Loans	4.6(c)	326,982	276,767	261,126
Finance lease receivables	4.6(d)	27,515	25,221	26,975
Other financial assets	4.3(b)	-	-	27
<b>Non-financial assets</b>				
Inventories	4.6(e)	35,785	58,518	54,590
Other current assets	4.5	4,343	4,586	4,200
<b>Total Current assets pledged as security (B)</b>		<b>562,371</b>	<b>499,399</b>	<b>506,576</b>
<b>Total assets pledged as security (A+B)</b>		<b>1,118,315</b>	<b>1,080,103</b>	<b>1,103,621</b>

11) Related party transactions:

A. Parties where control exists:

Holding Company:

Reliance Power Limited (R Power)

B. Fellow Subsidiaries

Sasan Power Limited (SPL)

Vidarbha Industries Power Limited (VIPL)<sup>1</sup>

Coastal Andhra Power Infrastructure Limited (CAPIL)

Siyom Hydro Power Projects Limited (SHPPL)

Kalai Power Private Limited (KPPL)

Rajasthan Sun Technique Energy Power Limited (RSTEPL)

Reliance Natural Resources Limited (RNRL)

Jharkhand Integrated Power Limited (JIPL)

C. Joint venture

Reliance Geothermal Power Private Limited (RGTPPL)<sup>1</sup>

1. The Company also has a significant influence on the party as it holds an equity stake.

D. Investing parties/promoters having significant influence on the Company directly or indirectly:

Companies

Reliance Infrastructure Limited (R Infra)

Individual

Shri Anil D Ambani

E. Enterprises over which Companies/ individual described in clause (D) above have control / significant influences

Reliance General Insurance Co. Ltd. (RGICL)

Reliance Infocomm Infrastructure Pvt Ltd. (RIIPL)

F. Key Management Personnel

Smt. Priyadarshini Mahapatra – Manager and Company Secretary

Shri Arvind Singh – Chief Financial Officer (Till 06/02/2017)

Shri Laxmi Dutt Vyas – Chief Financial Officer (With effect from 07/02/2017)

Directors

Shri D J Kakadia

Shri Ashok Karnavat (w.e.f May 26, 2016)

Shri N Venugopala Rao (up to February 10, 2017)

Shri Ashutosh Agarwala (up to August 12, 2016)

Shri Shrikant D Kulkarni (w.e.f September 10, 2016)

Shri Vibhav Agarwal

Shri B S Prasad

Smt. Jyotsna Deepesh

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

		Rupees in Lakhs	
	Particulars	March 31, 2017	March 31, 2016
(I)	Transactions during the year :		
	<b>Remuneration to key management personnel</b>		
	Shri Arvind Singh (Till February 06, 2017)	32	41
	Shri L.D. Vyas ( With Effect from February 07, 2017)	4	-
	Leave Encashment( Arvind Singh)	1	1
	Leave Encashment( Laxmi Vyas)	1	-
	Gratuity ( Arvind Singh)	-	1
	Gratuity ( Laxmi Vyas)	2	-
	<b>Legal and professional fees (including shared service charges)</b>		
	R Power	115	1,114
	RIIPL	6	-
	RNRL	-	419
	<b>Corporate guarantee</b>		
	R Power	-	55,000
	<b>Insurance Premium</b>		
	RGICL	1,133	1,762
	<b>Rent Expenses</b>		
	R Infra	91	-
	<b>Reimbursement of expenses / salary - paid by</b>		
	R Power	72	62
	SPL	-	2
	CAPIL	-	@
	JIPL	-	10
	<b>Reimbursement of expenses - paid for</b>		
	R Power	-	60
	SPL	-	2
	VIPL	@	@
	RSTEPL	@	@
	RGTPPL	1	-
	<b>Transfer of stores</b>		
	JIPL	-	3
	<b>Insurance claim received</b>		
	RGICL	-	565
	<b>Inter- corporate deposits Given</b>		
	R Power	114,085	180,290
	<b>Inter- corporate deposits refunded to the Company</b>		
	R Power	63,885	164,542
	VIPL	-	100
	<b>Dividend paid on equity shares</b>		
	R Power	-	12,520
	<b>Dividend paid on preference shares</b>		
	R Power	-	15,477

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

		Rupees in lakhs		
	Particulars	March 31, 2017	March 31, 2016	April 01, 2015
(ii)	Closing Balance :			
	Investment in equity shares of fellow subsidiary			
	VIPL	3,650	3,650	3,650
	RGTPPL	1	1	1
	Investment in preference shares of fellow subsidiary			
	VIPL	40,202	40,202	40,202
	KPPL	3,996	3,996	3,996
	Other receivables			
	SPL	-	-	23
	VIPL	@	-	3
	RGTPPL	1	-	-
	Inter corporate deposits			
	R Power	326,956	276,756	261,008
	VIPL	-	-	100
	RGTPPL	10	10	10
	Equity share capital (excluding premium)			
	R Power	42,441	42,441	42,441
	Preference share capital (excluding premium)			
	R Power	42	42	42
	Corporate guarantee issued on behalf of the Company			
	R Power	55,000	80,000	50,000
	Other Current Liabilities			
	R Infra	26	-	1
	SPL	-	-	1
	RIIPL	-	-	369

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

#### H. Notes:

- The Holding Company has entered into agreements with the lenders of the Company wherein it has committed/ guaranteed to extend financial support in the form of equity or debt as per the agreed means of finance.
- The above disclosures do not include transactions with public utility service providers, viz. electricity and telecommunication in the normal course of business.

#### 12) Earnings per share:

	Year ended March 31, 2017	Year ended March 31, 2016
<b>Profit available to equity shareholders</b>		
Profit after tax (Rupees in lakhs)	64,037	50,611
Less: Dividend on preference shares (Rupees in lakhs) (Including Dividend distribution tax)	-	18,628
Adjusted net profit for the year (A) (Rupees in lakhs)	64,037	31,983
Weighted average number of equity shares (B)	424,405,000	424,405,000
Add: Adjustment on account of Compulsorily Convertible Redeemable Non Cumulative Preference Shares	418,300	418,300
Weighted average number of equity/preference shares (C)	424,823,300	424,823,300
Earnings per share – Basic (Rupees) (A/B)	15.09	7.54
Earnings per share – Diluted (Rupees) (A/C)	15.07	7.54
Nominal value of an equity share (Rupees)	10	10

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



### 13) Government Grants:

The Company is liable to pay entry tax on inter-state purchase of certain goods under "Uttar Pradesh Tax on Entry of Goods in Local Area Act, 2007". As per Uttar Pradesh Power Policy 2003 read with Notification 1770 dated July 05, 2004 issued by the Government of Uttar Pradesh, the Company is eligible for grant of a moratorium period of nine years from the date of commencement of operation for payment of entry tax on each phase of the project. Accordingly, considering the said policy, the Company is filing the returns and would make the payments to the regulatory authorities on completion of moratorium period.

The Company is liable to pay value added tax on purchase of goods under "Uttar Pradesh Value Added Tax Act, 2008". As per Uttar Pradesh Power Policy 2003 read with Notification 1772 dated July 05, 2004 issued by Government of Uttar Pradesh, the Company is eligible for grant of a moratorium period of nine years from the date of commencement of operation, for payment of Value added tax. Accordingly, considering the said policy, the Company is filing the returns and would make the payments to the regulatory authorities on completion of moratorium period.

The Company has been awarded the Government grant in the form of deferred payment benefits for Entry tax and Value added tax. The above two benefits have been accounted for as government grant in the books. (Refer note 3C (iv) and 2.1 (x) for further details).

	Rupees in lakhs	
	March 31, 2017	March 31, 2016
Opening balance	2,321	-
Grants during the year	2,266	2,626
Released to profit and loss	529	305
Closing balance	4,058	2,321

	Rupees in lakhs		
	March 31, 2017	March 31, 2016	April 01, 2015
Current portion	529	305	-
Non-current portion	3,529	2,016	-

### 14) 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 tax	17,770	13,089
Deferred tax	1,457	3,038
Total Income tax expense	19,227	16,127

(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	83,229	66,719
Tax at the Indian corporate tax rate of 34.608%	28,804	23,090
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Expenses (admissible) / inadmissible under Income tax act (net)	666	10,019
Effect of finance lease reduction from lease receivable	8,665	9,281
Effect of tax on account of available tax holiday under section 80IA of the Income tax Act	(36,678)	(39,352)
Minimum alternate tax on which no deferred tax has been recognised	17,770	13,089
Income tax expense	19,227	16,127

(c) Tax liabilities (net of assets)	Rupees in lakhs	
Particulars	March 31, 2017	March 31, 2016
Provision for income tax (advance tax) - Opening balance	2,299	1,945
Taxes paid (net of refund)	(5,166)	(42,735)
Current Tax payable for the year	17,770	13,089
Provision for income tax (advance tax) - Closing balance	14,904	2,299

**Rosa Power Supply Company Limited**  
**Notes to the financial statements for the year ended March 31, 2017 (continued)**

**(d) Deferred tax assets / (liabilities) { Refer note 4.13}**

	Rupees in lakhs
	Finance lease receivables
<b>At April 01, 2015</b>	<b>(79,908)</b>
(Charged) to Statement of Profit and Loss	(3,038)
<b>At March 31, 2016</b>	<b>(82,946)</b>
(Charged) to Statement of Profit and Loss	(1,457)
<b>At March 31, 2017</b>	<b>(84,403)</b>

The above deferred tax is recognised on assets given on finance lease.

**15) Exchange differences on foreign currency monetary items:**

As explained above in note 2.1 (m) with respect to exchange rate difference arising on long term foreign currency monetary items, the Company has availed the option available in Companies (Accounting Standards) (Second Amendment) Rules, 2011, vide notification dated December 29, 2011 issued by the Ministry of Corporate Affairs. Accordingly, the Company has recognised exchange gain of Rs. 2,381 lakhs (March 31, 2016: loss Rs. 7,044 lakhs; April 01, 2015: loss Rs. 5,378 lakhs) to the foreign currency monetary item translation difference account (FCMITDA).

**16) Micro and Small Scale Business Entities:**

Disclosure of amount 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.

**17) The Company has filed a multiyear tariff petition for the period April 01, 2014 to March 31, 2019. Pending approval of the said tariff, the Company has billed UPPCL based on the provisional tariff order issued by UPERC. Considering no uncertainty involved, the Company has also billed revenue towards truing up of fixed charges year on year aggregating Rs. 55,980 lakhs (March 31, 2016: Rs.49,234 lakhs; April 01, 2015: Rs. 40,022 lakhs) based on the petitions filed with UPERC, which are pending for approval.**

18) Fair value measurements:

(a) Financial instruments by category

	Rupees in lakhs		
	March 31, 2017	March 31, 2016	April 01, 2015
Particulars	Amortised cost	Amortised cost	Amortised cost
<b>Financial assets</b>			
Loans	326,982	278,767	261,126
Finance lease receivable	534,676	557,019	572,641
Trade receivables	160,174	120,354	145,557
Cash and cash equivalents	833	7,552	7,723
Other bank balances	6,739	6,401	6,378
Other financial assets	2	2	355
<b>Total financial assets</b>	<b>1,029,406</b>	<b>968,095</b>	<b>993,780</b>
<b>Financial liabilities</b>			
Borrowings	451,872	482,857	488,537
Trade payables	14,977	25,097	42,084
Current maturities of long term debt	62,290	68,308	68,143
Creditors for capital expenditure	3,174	4,764	16,611
Other financial liabilities	21,127	19,802	28,649
<b>Total financial liabilities</b>	<b>553,440</b>	<b>600,828</b>	<b>644,024</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.

Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2017

	Rupees in lakhs			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Security deposits	-	-	2	2
Finance lease receivable	-	566,187	-	566,187
<b>Total financial assets</b>	-	<b>566,187</b>	<b>2</b>	<b>566,189</b>
<b>Financial Liabilities</b>				
Borrowings	-	387,466	-	387,466
Retention Money Payable	-	-	48	48
<b>Total financial liabilities</b>	-	<b>387,466</b>	<b>48</b>	<b>387,514</b>

Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2016

	Rupees in lakhs			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Security deposits	-	-	2	2
Finance lease receivable	-	587,407	-	587,407
<b>Total financial assets</b>	-	587,407	2	587,409
<b>Financial Liabilities</b>				
Borrowings	-	452,926	-	452,926
Retention Money Payable	-	-	77	77
<b>Total financial liabilities</b>	-	452,926	77	453,003

Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2015

	Rupees in lakhs			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Security deposits	-	-	52	52
Others	-	-	276	276
Finance lease receivable	-	580,404	-	580,404
<b>Total financial assets</b>	-	580,404	328	580,732
<b>Financial Liabilities</b>				
Borrowings	-	446,755	-	446,755
Retention Money Payable	-	-	153	153
<b>Total financial liabilities</b>	-	446,755	153	446,908

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

	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	2	2	2	2	52	52
Finance lease receivable	534,676	566,187	557,019	587,407	572,641	580,404
<b>Total financial assets</b>	534,678	566,189	557,020	587,409	572,693	580,456
<b>Financial Liabilities</b>						
Borrowings	387,486	387,466	452,926	452,926	446,755	446,755
Retention Money Payable	48	48	77	77	153	153
<b>Total financial liabilities</b>	387,514	387,514	453,003	453,003	446,908	446,908

(d) Valuation technique used to determine fair values

The fair values for finance lease receivables were calculated based on cash flows discounted using weighted average cost of capital.

The carrying amount of current financial assets and liabilities 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

under-lying credit risk of the Company borrowing (since the date of inception of the loans). Further, the Company has no long-term Borrowings with fixed-rate of interest.

**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 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. This is the case for long term borrowings which is included in this level.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are 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.

**19) Financial risk management:**

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

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk:

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
Credit Risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging analysis	Diversification of bank deposits, credit limits and letters of credit
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 rupees (Rs)	Sensitivity analysis	Un hedged
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Un hedged

**(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 with trade customer towards sale of electricity as per the terms of PPA read with the regulation issued by UPERC including outstanding receivables.

**Credit risk management**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Company's credit risk arises from accounts receivable balances on sale of electricity and finance lease receivable are based on tariff rate approved by electricity regulator and inter-corporate deposits/loans are given to the holding company. The credit risk is very low as the sale of electricity based on terms of PPA which has been approved by the regulator and the inter-corporate deposits are within the same group.

For banks and financial institutions, only highly rated banks/institutions are accepted. Generally all policies surrounding credit risk have been managed at company level. The Company's policy to manage this risk is to invest in debt securities that have a good credit rating.

(b) 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.

In respect of its existing operations, the Company funds its activities primarily through long-term loans secured against each power plant and long terms loans and advances. In addition, each of the operating plants has working capital loans available to it which are renewable annually, together with certain intra-group loans. The Company's objective in relation to its existing operating business is to maintain sufficient funding to allow the plants to operate at an optimal level.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company's liquidity management policy involves projecting cash flows with customer and by considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(ii) Maturities of financial liabilities

The amounts disclosed 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 year	Between 1 and 5 years	More than 5 years	Total
Interest bearing borrowings*	226,764	332,458	47,668	606,980
Trade payables	14,977	-	-	14,977
Retention money payable	1,842	48	-	1,890
Creditors for capital expenditure	3,174	-	-	3,174
Creditors for supplies and services	3,348	-	-	3,348
Others	14,821	-	-	14,821
<b>Total financial liabilities</b>	<b>265,026</b>	<b>332,506</b>	<b>47,668</b>	<b>645,200</b>

Rupees in lakhs				
March 31, 2016	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Interest bearing borrowings*	207,411	372,342	104,696	684,449
Trade payables	25,097	-	-	25,097
Retention money payable	1,894	77	-	1,971
Creditors for capital expenditure	4,764	-	-	4,764
Creditors for supplies and services	3,532	-	-	3,532
Others	13,067	-	-	13,067
<b>Total financial liabilities</b>	<b>255,765</b>	<b>372,419</b>	<b>104,696</b>	<b>732,880</b>

Rupees in lakhs				
April 01, 2015	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Interest bearing borrowings*	222,251	398,509	172,112	792,872
Trade payables	42,084	-	-	42,084
Retention money payable	16,147	153	-	16,300
Creditors for capital expenditure	16,611	-	-	16,611
Creditors for supplies and services	1,255	-	-	1,255
Others	10,479	-	-	10,479
<b>Total financial liabilities</b>	<b>308,827</b>	<b>398,662</b>	<b>172,112</b>	<b>879,601</b>

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

(c) Market risk

Market risk is the risk that the fair value of the 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. Further it has long term monetary liabilities which are in US dollar other than its functional currency.

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

Rupees in lakhs			
Particulars	March 31, 2017	March 31, 2016	April 01, 2015
<b>Financial liabilities</b>			
Borrowings	109,695	119,661	123,134
Creditors / Retention	5,427	14,289	36,822
<b>Net foreign currency exposure (liabilities)</b>	<b>115,122</b>	<b>133,950</b>	<b>159,956</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 and the impact on other components of equity arises from long term monetary foreign currency items for which the Company has opted to accumulate foreign currency translation difference in equity.

Rupees in lakhs				
	Impact on profit before tax		Impact on other components of equity	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>USD sensitivity</b>				
INR/USD-Increase by 6% on closing rate on reporting date*	(326)	(857)	(6,582)	(7,180)
INR/USD-Decrease by 6% on closing rate on reporting date*	326	857	6,582	7,180
* Holding all other variables constant				

The above impact has been assessed taking into consideration the accounting policies adopted by the company for the accounting for exchange differences (Refer note 2.1(m)).

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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.

(a) 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			
Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Variable rate borrowings	487,432	526,128	533,453
<b>Total borrowings</b>	<b>487,432</b>	<b>526,128</b>	<b>533,453</b>

(b) Interest Sensitivity

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

Rupees in lakhs		
Interest sensitivity	Impact on profit before tax	
	March 31, 2017	March 31, 2016
Interest cost – increase by 5% on existing Interest cost*	(1,549)	(1,920)
Interest cost – decrease by 5% on existing Interest cost*	1,549	1,920
* Holding all other variables constant		

20) 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 including the fair value impact and debt includes term loan and short term loans. The following table summarizes the capital of the Company:

	Rupees in lakhs	
	March 31, 2017	March 31, 2016
Equity	460,919	391,187
Debt	487,431	526,128
Total	948,350	917,315

(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 any debt covenant.

(c) Final dividends on equity shares for the year ended March 31, 2017 is Rs. Nil (March 31, 2016: Rs. 12,520 lakhs @ Rs. 2.95 per fully paid up shares).

Dividend and participative dividend on preference shares is Rs. Nil (March 31, 2016: Rs.15,477 lakhs @ Rs.370 per fully paid up shares).

21) 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 customer located in India. Customer include government controlled public electricity distribution entities. Revenue to specific customer exceeding 10% of total revenue for the years ended March 31, 2017 and March 31, 2016 were as follows: (Refer note 2 (n) and 2 (o) for further details).

Customer Name	Rupees in lakhs			
	For the year ended			
	March 31, 2017		March 31, 2016	
	Revenue	Percent	Revenue	Percent
UPPCL (Uttar Pradesh Power Corporation Limited)	360,250	100%	354,732	100%

22) Cost of fuel consumed (including coal, heavy furnace oil and light diesel oil):

Particulars	Rupees in lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
Balance at the beginning of the year	48,987	45,283
Add: Purchases during the year	181,285	211,199
Less: Balance at the end of the year	26,130	48,987
Consumed during the year	204,142	207,495



23) Finance Lease Receivables:

Particulars	Rupees in lakhs		
	March 31, 2017	March 31, 2016	April 01, 2015
Current finance lease receivables	27,515	25,221	26,975
Non-current finance lease receivables	507,161	531,798	545,666
<b>Total</b>	<b>534,676</b>	<b>557,019</b>	<b>572,641</b>

Minimum lease payments

Particulars	Rupees in lakhs		
	March 31, 2017	March 31, 2016	April 01, 2015
Not later than one year	96,949	97,316	100,016
Between one year and five year	380,023	389,046	393,715
Later than five year	654,825	742,752	835,398
<b>Total</b>	<b>1,131,797</b>	<b>1,229,114</b>	<b>1,329,129</b>
Less: Unearned finance income	847,080	919,176	992,213
<b>Present value of Minimum lease payments</b>	<b>284,717</b>	<b>309,938</b>	<b>336,916</b>
Less: Expected cash outflows	5,194	8,072	19,428
Add: Unguaranteed residual value	255,153	255,153	255,153
<b>Net investments in lease</b>	<b>534,676</b>	<b>557,019</b>	<b>572,641</b>

Present value of minimum lease payments

Particulars	Rupees in lakhs		
	March 31, 2017	March 31, 2016	April 01, 2015
Not later than one year	27,515	25,221	26,975
Between one year and five year	151,983	142,631	129,662
Later than five year	105,239	142,186	180,279
<b>Total</b>	<b>284,717</b>	<b>309,938</b>	<b>336,916</b>

The finance lease receivables, accounted for as finance lease in accordance with Appendix C of Ind AS 17 and Ind AS 17, relate to the 25-year power purchase agreement under which RPSCL sells all of its electricity output of its coal based generation capacity at Rosa village in Shahjahanpur, Uttar Pradesh in two Phases of 600 MW each (Both the stages comprise two units of 300 MW each and employ subcritical Pulverized Coal Combustion (PCC) technology) to its off taker, Uttar Pradesh Power Corporation Limited (UPPCL).

The effective interest rate implicit in the finance lease was approximately 13% for both 2016 and 2017.

24) Corporate Social Responsibility

As per the section 135 of the Companies Act, 2013, the Company is required to spend Rs 1,721 lakhs (March 31, 2016: Rs. 1,898 lakhs) being 2% of the average net profit during the three immediately preceding financial years, towards corporate social responsibility, calculated in the manner as stated in the Act. Against the said required amount, the Company has spent Rs. 1,687 lakhs (March 31, 2016: Rs. 1,837 lakhs) for purpose other than acquisition/construction of asset during the financial year.

25) Assets under lease

Particulars	Gross Block (At Cost)			As at March 31, 2017
	Previous GAAP carrying value as at March 31, 2016	Additions during the period	Deductions during the period	
Freehold land	1,008	10	-	1,018
Leasehold land	2,271	-	-	2,271
Buildings	32,717	319	-	33,036
Railway sidings	21,444	-	-	21,444
Plant and machinery	647,358	3,525	7	650,876
Furniture and fixtures	152	15	2	165
Motor vehicle	65	0	-	65
Office equipments	183	22	10	175
Computers	423	7	17	413
<b>Total</b>	<b>705,601</b>	<b>3,898</b>	<b>36</b>	<b>704,511</b>

Note: The above value does not include exchange difference of Rs. 2,476 Lakhs for the year.

**Rosa Power Supply Company 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

**Vibhav Agarwal**

Director

DIN 03174271

**For Pathak H.D. & Associates**

Chartered Accountants

Firm Registration Number: 107783 W

**Ashok Kachardas Karnavat**

Director

DIN 07098455

**D J Kakalia**

Director

DIN 00029159

**Vishal D. Shah**

Partner

Membership No. 119303

**Laxmi Vyasa**

Chief Financial Officer

**Priyadarshini Mahapatra**

Company Secretary and Manager

Membership No. ACS 18722

Place: Mumbai

Date:

Place: Mumbai

Date: