

S.K.RAM ASSOCIATES

■ Chartered Accountants
Old No. 57/2, New No. 103
P.S. Sivaswamy Salai, Mylapore
Chennai 600 004, INDIA
E-Mail: skram@md3.vsnl.net.in

■ Phone : (91) (44) 24993637
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INDEPENDENT AUDITOR'S REPORT

To the Members of Swelect Green Energy Solutions Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Swelect Green Energy Solutions Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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, 2016, its loss, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
 - (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 2" to this report;

S.K.RAM ASSOCIATES

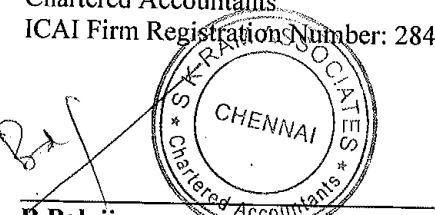
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(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations which would impact its financial position ;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S K Ram Associates
Chartered Accountants
ICAI Firm Registration Number: 2842S



R. Balaji
Membership Number: 202916
Place of Signature: Chennai
Date: May 26, 2016

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ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SWELECT GREEN ENERGY SOLUTIONS PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of SWelect Green Energy Solutions Private Limited.

We have audited the internal financial controls over financial reporting of SWelect Green Energy Solutions Private Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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. 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 the 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 Companies Act, 2013.

Auditor's Responsibility

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 as specified under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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.

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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

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Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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.

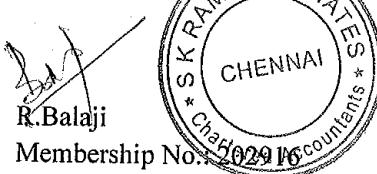
Opinion

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, 2016, 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 S K Ram Associates

Firm registration number: 2842S

Chartered Accountants



R.Balaji

Membership No. 1502946

Place: Chennai

Date: May 26, 2016

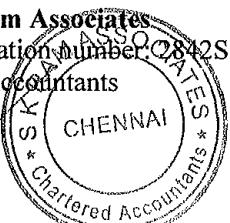
Annexure referred to in our report of even date

Re: Svelect Green Energy Solutions Private Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) The Company does not have immovable property and reporting under clause this clause is not applicable and hence not commented upon.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, 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 Companies Act, 2013. Accordingly, the provisions of clause (iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales tax , duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales tax , service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- (viii) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to bank.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments) and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud / material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting under this clause is not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of this clause of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of sec 177 are not applicable to the company and accordingly reporting under this clause insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under this clause are not applicable to the company and not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S K Ram Associates
Firm registration number: C842S
Chartered Accountants



R. Balaji
Membership No.: 202916
Place: Chennai
Date: May 26, 2016

Swelect Green Energy Solutions Private Limited

Balance Sheet as at 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

	Notes	31 March 2016	31 March 2015
Equity and liabilities			
Shareholders' funds			
Share capital	3	13,500,000	13,500,000
Reserves and surplus	4	(5,053,707)	(3,568,742)
		<u>8,446,293</u>	<u>9,931,258</u>
Non-current liabilities			
Long-term borrowings	5	<u>758,500,000</u>	-
		<u>758,500,000</u>	-
Current liabilities			
Short-term borrowings	5	15,365,955	11,877,371
Trade payables	6	624,556	539,617
Other current liabilities	6	65,065,777	1,062,975
		<u>81,056,288</u>	<u>13,479,963</u>
Total		<u>848,002,581</u>	<u>23,411,221</u>
Assets			
Non-current assets			
Fixed Assets			
Tangible assets	7	778,594,811	7,861,079
Intangible assets	8	5,085,461	-
Capital work-in-progress		1,710,161	6,839,893
Long-term loans and advances	9	<u>14,222,944</u>	<u>7,086,669</u>
		<u>799,613,377</u>	<u>21,787,641</u>
Current assets			
Trade receivables	10	40,920,367	1,353,700
Cash and bank balances	11	1,423,245	202,762
Inventories		5,327,696	-
Short-term loans and advances	9	<u>717,896</u>	<u>67,119</u>
		<u>48,389,204</u>	<u>1,623,581</u>
Total		<u>848,002,581</u>	<u>23,411,221</u>
Summary of significant accounting policies	2		

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

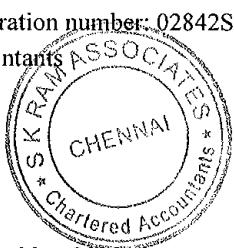
As per our report of even date

For S K Ram Associates

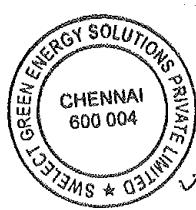
ICAI Firm registration number: 02842S

Chartered Accountants


R Balaji
ICAI Membership No.: 202916



For and on behalf of the board of directors


R Chellappan
Director
A.Balan
Director

Place: Chennai

Date : 26 May 2016

Place: Chennai

Date : 26 May 2016

Place: Chennai

Date : 26 May 2016

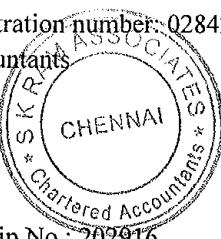
Swelect Green Energy Solutions Private Limited
Statement of profit and loss for the year ended 31 March 2016
(All amounts are in Indian rupees, unless otherwise stated)

	Notes	31 March 2016	31 March 2015
Revenue			
Revenue from operations	12	6,312,234	6,174,000
Other income		30,636	-
Total revenue		6,342,870	6,174,000
Expenses			
Employee benefits expense	13	1,403,507	1,344,967
Other expenses	14	3,974,395	4,492,386
Depreciation and amortisation expenses	7 & 8	1,029,217	378,216
Finance costs	15	1,420,716	684,032
Total expenses		7,827,835	6,899,601
Loss before tax		(1,484,965)	(725,601)
Tax expense		-	-
Loss for the year		(1,484,965)	(725,601)
(Loss) per equity share [nominal value of share			
Rs.100/- (31 March 2015: Rs.100/-)			
Basic and diluted loss per share	17	(11.00)	(6.48)
Summary of significant accounting policies	2		

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

As per our report of even date

For S K Ram Associates

ICAI Firm registration number: 02842S
Chartered Accountants

R Balaji
ICAI Membership No.: 202916

For and on behalf of the board of directors


R Chellappan
Director
A. Balan
Director

Place: Chennai

Date : 26 May 2016

Place: Chennai

Date : 26 May 2016

Place: Chennai

Date : 26 May 2016

Swelect Green Energy Solutions Private Limited
Cash flow statement for the year ended 31 March 2016
 (All amounts are in Indian Rupees, unless otherwise stated)

	31 March 2016	31 March 2015
A. Cash flow from operating activities:		
Loss before taxation	(1,484,965)	(725,601)
Non-cash adjustments to reconcile loss before tax to net cash flows:		
Depreciation	1,029,217	378,216
Interest expense	1,419,979	682,038
Operating profit before working capital changes	964,231	334,653
Movement in working capital :		
(Increase) in loans and advances	(7,759,491)	(1,040,818)
(Increase) in trade receivables	(39,566,667)	(1,290,589)
(Increase) in Inventories	(5,327,696)	-
(Decrease) / Increase in trade payable and other current liabilities	(162,260)	(448,311)
Cash used in operations	(51,851,883)	(2,445,065)
Income tax paid	(27,561)	(557,074)
Net cash flow used in operating activities (A)	(51,879,444)	(3,002,139)
B. Cash flow from investing activities:		
Capital expenditure	(771,718,678)	(9,732,400)
Net cash flow used in investing activities (B)	(771,718,678)	(9,732,400)
C. Cash flow from financing activities:		
Proceeds from issuance of equity share capital	-	6,500,000
Proceeds from short-term borrowings (net)	826,238,584	5,666,870
Interest paid	(1,419,979)	(682,038)
Net cash flow generated from financing activities (C)	824,818,605	11,484,832
Net Increase / (decrease) in cash and cash equivalents (A + B + C)	1,220,483	(1,249,707)
Cash and cash equivalents at the beginning of the year	202,762	1,452,469
Closing cash and cash equivalents	1,423,245	202,762

a) Components of cash and cash equivalents

Balances with banks:		
On current accounts	1,423,245	202,762

Notes :

1. The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S K Ram Associates

ICAI Firm registration number: 028428
 Chartered Accountants
 R Balaji
 ICAI Membership No: 3202916
 CHENNAI
 S * Chartered Accountants *

GREEN ENERGY SOLUTIONS PRIVATE LIMITED
 CHENNAI
 600 004
 For and on behalf of the board of directors

R Chellappan
 Director

A.Balan
 Director

Place: Chennai
 Date : 26 May 2016

Place: Chennai
 Date : 26 May 2016

Place: Chennai
 Date : 26 May 2016

Swelect Green Energy Solutions Private Limited
Notes to financial statements for the year ended 31 March 2016
(All amounts are in Indian Rupees unless otherwise stated)

1. Nature of Operations

Swelect Green Energy Solutions Private Limited ('SGES or the Company') was incorporated in India as a Private Limited Company under the Companies Act, 1956 on December 13, 2010. The Company is primarily engaged in providing maintenance and providing Infrastructure to the developers of Solar Park, generation and sale of solar power.

2. Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis under the historical cost convention.

The accounting policies, adopted in the preparation of financial statements are, except when disclosed otherwise consistent with those used in the previous years.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and reported amounts of income and expenses during the year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future years.

(c) Tangible assets

Tangible fixed assets are stated at cost, less accumulated depreciation/amortisation and impairment loss if any. The cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day today repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

(d) Depreciation

Depreciation is provided using the straight line method as per the useful lives of the assets estimated by the management as follows:

Building	30 years
Plant and machinery (other than Solar Plant)	15 years
Solar Plant	25 years
Office equipment	5 years
Electrical equipment	10 years
Computers	3 years
Furniture and fittings	10 years

Useful lives/ depreciation rates

Till the year ended 31 March 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. From the current year schedule XIV has been replaced by Schedule II to the Companies Act, 2013. Schedule II to the Companies Act, 2013 prescribes useful lives for fixed assets which, in many cases, are different from the lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows Companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for the difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has reestimated the useful lives and residual values of all its fixed assets. The management believes that the depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets.

- The useful lives of certain Solar Plant and Machinery to 25 years, respectively. These lives are higher than those indicated in schedule II.

Leasehold improvements are amortised using the straight-line method over their estimated useful lives (5 years) or the remainder of primary lease period, whichever is lower.

Intangible assets are amortised using the straight-line method over a period of five years.

(e) Impairment of tangible and intangible fixed assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

(f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Swelect Green Energy Solutions Private Limited
Notes to financial statements for the year ended 31 March 2016
(All amounts are in Indian Rupees unless otherwise stated)

Sale of power

Income from sale of power

Revenue from sale of power from renewable energy sources is recognised in accordance with the price agreed under the provisions of the power purchase agreement entered into with Tamilnadu Generation and Distribution Corporation Limited (TANGEDCO) and other customers. Such revenue is recognised on the basis of actual units generated and transmitted.

Income from Sale of Renewable Energy Certificates

The revenue from sale of Renewable Energy Certificates (REC) is recognised on delivery thereof or sale of right therein, as the case may be, in accordance with the terms of contract with the respective buyer.

(g) Retirement and other employee benefits

- i. Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent of the pre-payment.
- ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains / losses are immediately taken to statement of profit and loss, and are not deferred.
- iii. Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

(h) Income taxes

Provision for income tax is made for current and deferred taxes. Provision for current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and

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Notes to financial statements for the year ended 31 March 2016
(All amounts are in Indian Rupees unless otherwise stated)

the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets, other than those arising from undertakings enjoying tax holiday benefits, are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against the future taxable profits.

At each balance sheet date the Company reassesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

(i) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, if any.

(j) Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss and Lease income on an operating lease is recognised in the statement of profit and loss.

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Notes to financial statements for the year ended 31 March 2016
(All amounts are in Indian Rupees unless otherwise stated)

(k) Provision

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost / inventory of the respective asset. All other borrowing costs are expended in the period they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

(m) Cash and Cash equivalents

Cash and Cash equivalents for the purpose of cash flow statement comprise cash at bank.

(n) Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future cash receipts or payments and items associated with investing or financing cash flows. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

Swelect Green Energy Solutions Private Limited
Notes to financial statements for the year ended 31 March 2016
 (All amounts are in Indian Rupees, unless otherwise stated)

3 Share capital

	31 March 2016	31 March 2015
Authorised shares		
200,000 (previous year: 200,000) equity shares of Rs.100/- each	20,000,000	20,000,000
Issued, subscribed and fully paid-up shares		
135,000 (previous year 135,000) equity shares of Rs.100/- each	13,500,000	13,500,000
Total issued, subscribed and fully paid-up share capital	13,500,000	13,500,000

a. Reconciliation of the shares outstanding at the beginning and at end of the reporting quarter

Equity shares

	31 March 2016		31 March 2015	
	Number of shares	Rupees	Number of shares	Rupees
At the beginning of the year	135,000	13,500,000	70,000	7,000,000
Movement during the year	-	-	65,000	6,500,000
Outstanding at the end of the year	135,000	13,500,000	135,000	13,500,000

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 100/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of the liquidation of the Company, the holder of equity share will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be proportionate to the number of equity shares held by the shareholders.

c. Shares held by the holding company

	31 March 2016	31 March 2015
135,000 (previous year 135,000) equity shares of Rs.100/- each	13,500,000	13,500,000

d. Details of shareholders holding more than 5% shares in the Company

	31 March 2016		31 March 2015	
	Number of shares	% holding in the class	Number of shares	% holding in the class
Equity shares of Rs.100/- each fully paid				
Swelect Energy Systems Limited	135,000	100%	135,000	100%
Total	135,000	100%	135,000	100%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

4 Reserves and surplus

	31 March 2016	31 March 2015
Deficit in the statement of profit and loss		
Balance at the beginning of the year	(3,568,742)	(2,843,143)
Loss for the year	(1,484,965)	(725,601)
Net deficit in the statement of profit and loss	(5,053,707)	(3,568,742)

Swelect Green Energy Solutions Private Limited
Notes to financial statements for the year ended 31 March 2016
(All amounts are in Indian Rupees, unless otherwise stated)

5 Borrowings

	Long- term		Short-term	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Secured borrowings				
Term loan from Bank	128,500,000	-	-	-
Unsecured borrowings				
10 % fully convertible Debentures (Refer Note 16)	630,000,000	-	-	-
Inter corporate borrowings	-	-	15,365,955	11,877,371
	758,500,000		15,365,955	11,877,371

Term loan from Bank amounting to Rs.192,750,000 (Previous year Rs.Nil) are repayable in 12 installments of Rs.16,062,500/- each per quarter starting from 1 April 2016 and ending in March 2019.

Pursuant to the Business transfer agreement executed with the Holding Company dated 30th March 2016, the Company during the current year has issued Debentures towards consideration for the purchase of 12 MW Solar Power underaking on a slump exchange basis. The debentures carry a coupon rate of 10 % and are fully convertible into equity after 20 years from the date of issue.

Inter corporate borrowings represents amounts borrowed from Swelect Energy Systems Limited, the holding company and are repayable on demand.

6 Trade payables and other current liabilities

	31 March 2016	31 March 2015
Trade payables (refer note below)	624,556	539,617
Other current liabilities		
Current maturities of long- term debt	64,250,000	-
Payable for capital purchases	733,078	1,007,285
Statutory dues payables	82,699	55,690
	65,065,777	1,062,975
	65,690,333	1,602,592

Note :

There is no overdue amount payable to Micro, Small and Medium Enterprises as defined under The Micro Small and Medium enterprises Development Act, 2006. Further, the Company has not paid any interest to any Micro, Small and Medium Enterprises during the year.

Swelect Green Energy Solutions Private Limited
Notes to financial statements for the year ended 31 March 2016
(All amounts are in Indian Rupees, unless otherwise stated)

7 Tangible assets

Particulars	Buildings	Office equipments	Furniture and Fittings	Computers	Plant and Machinery	Total
Cost						
At 1 April 2014	-	97,865	114,890	9,734	408,954	631,443
Additions	6,264,649	1,369,374	19,227	-	20,995	7,674,245
Disposals	-	-	-	-	-	-
At 31 March 2015	6,264,649	1,467,239	134,117	9,734	429,949	8,305,688
Additions **	18,035	837,000		483,000	770,422,134	771,760,169
Disposals	-	-	-	-	-	-
At 31 March 2016	6,282,684	2,304,239	134,117	492,734	770,852,083	780,065,857
Depreciation						
At 1 April 2014	-	11,943.48	49,083.41	3,877.00	1,489.73	66,393.62
Charge for the year	130,442	206,236	11,879	2,135	27,524	378,216
Disposals	-	-	-	-	-	-
At March 2015	130,442	218,179	60,962	6,012	29,014	444,609
Charge for the year	209,421	290,409	8,084	2,575	515,947	1,026,437
Disposals	-	-	-	-	-	-
At March 2016	339,863	508,588	69,046	8,587	544,961	1,471,046
Net Block						
At March 2015	6,134,207	1,249,060	73,155	3,722	400,935	7,861,079
At March 2016	5,942,821	1,795,651	65,071.04	484,147	770,307,122	778,594,811

Note :

** Additions during the year represents assets acquired part of 12 MW Solar power undertaking at Vellakoil, Tamil Nadu acquired on a lump exchange basis from the Holding Company pursuant to the Business transfer agreement dated 30th March 2016.

Swelect Green Energy Solutions Private Limited
Notes to financial statements for the year ended 31 March 2016
(All amounts are in Indian Rupees, unless otherwise stated)

8 Intangible assets

Particulars	Goodwill	Total
Gross block		
At 31 March 2015	-	-
Additions **	5,088,241	5,088,241
Disposals	-	-
At 31 March 2016	5,088,241	5,088,241
Amortisation		
At 31 March 2015	-	-
Charge for the year	2,780	2,780
Disposals	-	-
At 31 March 2016	2,780	2,780
Net block		
At 31 March 2015	-	-
At 31 March 2016	5,085,461	5,085,461

Note :

** Additions during the year represents Goodwill arising on account of difference between the agreed consideration and net value of assets taken over. The Company has acquired 12 MW Solar power Plant undertaking at Vellakoil, Tamil Nadu on a slump exchange basis from the Holding Company, pursuant to the Business transfer agreement dated 30th March 2016.

Swelect Green Energy Solutions Private Limited
Notes to financial statements for the year ended 31 March 2016
(All amounts are in Indian Rupees, unless otherwise stated)

	Non - Current		Current	
	<u>31 March 2016</u>	<u>31 March 2015</u>	<u>31 March 2016</u>	<u>31 March 2015</u>
9 Loans and advances				
Capital advances				
Security Deposit				
Unsecured, considered good	3,384,064	3,384,064	-	-
(A)	3,384,064	3,384,064	-	-
Advances recoverable in cash or kind				
Unsecured, considered good	2,504,427	3,145,531	366,552	42,000
Other loans and advances				
Advance income - tax	584,635	557,074	-	-
Balance with government authorities	-	-	-	25,119
Prepaid expenses	7,749,818	-	351,344	-
(B)	10,838,880	3,702,605	717,896	67,119
Total (A+ B)	14,222,944	7,086,669	717,896	67,119

10 Trade receivables

31 March 2016 31 March 2015

Outstanding for a period exceeding six months from the date they are due for payment

- Unsecured, considered good	-	-
(A)	-	-
Other receivables		
- Unsecured, considered good	40,920,367	1,353,700
(B)	40,920,367	1,353,700
Total (A + B)	40,920,367	1,353,700

11 Cash and bank balances

Cash and cash equivalents

Balances with banks:

On current accounts	1,418,273	188,224
Cash on hand	4,972	14,538
	1,423,245	202,762

Swelect Green Energy Solutions Private Limited
Notes to financial statements for the year ended 31 March 2016
(All amounts are in Indian Rupees, unless otherwise stated)

	31 March 2016	31 March 2015
12 Revenue from operations		
Sale of power	164,674	-
Service Income	5,556,000	5,580,000
Lease rental Income (Refer Note No 16)	591,560	594,000
	6,312,234	6,174,000
Other income		
Interest income	30,636	-
	30,636	-
13 Employee benefits expense		
Salaries, wages and bonus	1,353,757	1,218,617
Staff welfare expenses	49,750	126,350
	1,403,507	1,344,967
14 Other expenses		
Lease rental	1,484,036	1,514,514
Rates and taxes	45,466	148,208
Security charges	1,452,414	1,545,586
Repairs and maintenance		
- Plant & Machinery	563,694	588,713
- Others	38,039	54,055
Travelling and conveyance	178,403	327,357
Communication costs	9,368	14,601
Printing and Stationery	5,090	14,651
Legal and professional fees	138,825	148,349
Payment to auditor (Refer details below)	17,421	16,854
Miscellaneous expenses	41,639	119,498
	3,974,395	4,492,386
Payment to auditor		
As auditor:		
Audit fee	17,421	16,854
	17,421	16,854
15 Finance costs		
Interest (Refer Note No 16)	1,419,979	682,038
Bank and other charges	737	1,994
	1,420,716	684,032

Swelect Green Energy Solutions Private Limited

Notes to financial statements for the year ended 31 March 2016
(All amounts are in Indian Rupees unless otherwise stated)

16 Related party transactions

Names of related marine

Holding company
Fellow Subsidiary

Key Management Personnel

Swelect Energy Systems Limited
Amex Alloys Private Limited
Amex Irons Private Limited

Mr.R.Chellappan
Mr.A.Balan (w.e.f 30 March 2016)

Swelect Green Energy Solutions Private Limited
Notes to financial statements for the year ended 31 March 2016
(All amounts are in Indian Rupees, unless otherwise stated)

17 Loss per share

The following reflects the loss and share data used in the basic and diluted loss per share computations:

	31 March 2016	31 March 2015
Loss for the year as per statement of profit & loss - (A)	(1,484,965)	(725,601)
Number of shares	Number of shares	
Weighted average number of equity shares- (B)	135,000	111,899
Basic and diluted loss per share - (A / B)	(11.00)	(6.48)

18 Leases

Operating leases : Company as lessee

Particulars	31 March 2016	31 March 2015
Lease payments for the year	1,484,036	1,463,914
Future minimum rentals payable under operating leases are as follows:		
Not later than one year	1,484,032	1,484,032
Later than one year but not later than five years	5,936,128	5,936,128
Later than five years	27,527,318	31,074,123
	34,947,478	38,494,283

The lease term for the land is for 26 years covering a total area of 136.33 acres. There are no restrictions imposed by lease agreements. The land admeasuring 59.4 acres have been sub-leased to Lessees for the construction of Solar Plant.

Operating leases : Company as lessor

Particulars	31 March 2016	31 March 2015
Lease rent received for the year	591,560	594,000
Future minimum lease rental receivable under operating lease are as follows:		
Not later than one year	140,100	594,000
Later than one year but not later than five years	560,400	2,376,000
Later than five years	2,521,800	12,375,000
	3,222,300	15,345,000

The lease term for the sublease of the land is 25 years and covers an area of 59.4 acres.

19 Previous year figures

Previous year figures have been regrouped, wherever necessary, to conform to current year's classification.

As per our report of even date

For S K Ram Associates

ICAI Firm registration number: 02842S

Chartered Accountants

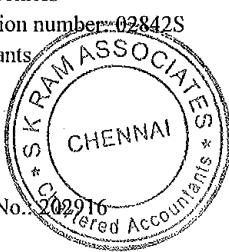


R Balaji



C Balaji

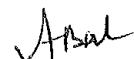
ICAI Membership No. 509916



For and on behalf of the board of directors



R Chellappan
Director



A. Balan
Director

Place: Chennai

Date : 26 May 2016

Place: Chennai

Date : 26 May 2016

Place: Chennai

Date : 26 May 2016