

# **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  
(91) (44) 24991644  
(91) (44) 24980416

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Swelect Solar Energy Private Limited

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Swelect Solar Energy Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statements 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**

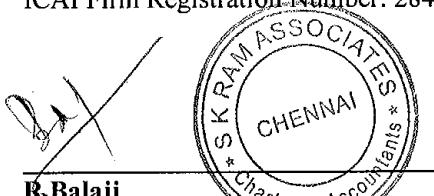
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(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to 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 material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For 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 SOLAR ENERGY 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 Sselect Solar Energy Private Limited.

We have audited the internal financial controls over financial reporting of Sselect Solar Energy 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**

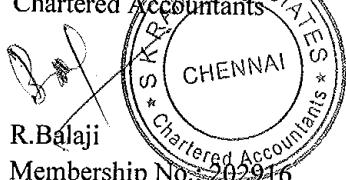
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal 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.: 202946

Place: Chennai

Date: May 26, 2016

**Annexure referred to in our report of even date**  
Re: Sweenect Solar Energy Private Limited ('the Company')

- (i) (a) The Company does not have fixed assets and reporting under clause (i) (a), ( b) and (c) are not applicable to the Company and hence not commented upon.
- (ii) The Company does not have inventory and reporting under clause (ii) is not applicable and hence not commented upon.
- (iii) (a) The Company has granted loans to firms covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grants and loans are not prejudicial to the company's interest.
  - (b) The Company has granted loans that are repayable on demand, to firms covered in the register maintained under section 189 of the Companies Act, 2013. The loans granted are repayable on demand. We are informed that the company has not demanded repayment of any such loan during the year, and thus, there has been no default on the part of the parties to whom the money has been lent. The payment of interest has been regular.
  - (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are outstanding for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to entities in which Directors are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (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) In our opinion and according to the information and explanations given by the management, the Company does not have any borrowings from financial institution, bank or debenture holders or government and reporting under clause (viii) is not applicable and hence not commented upon.
- (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 2842S  
Chartered Accountants



R. Balaji  
Membership No.: 102916  
Place: Chennai  
Date: May 26, 2016

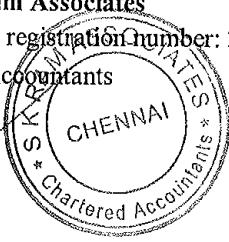
**Swelect Solar Energy Private Limited**  
**Balance Sheet as at 31 March 2016**  
 (All amounts are in Indian Rupees, unless otherwise stated)

	Notes	31 March 2016	31 March 2015
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	44,400,000	24,400,000
Reserves and surplus	4	(8,976,358)	(7,501,524)
		<u>35,423,642</u>	<u>16,898,476</u>
<b>Current liabilities</b>			
Short-term borrowings	5	56,800,121	38,905,011
Other current liabilities	6	459,045	960,692
		<u>57,259,166</u>	<u>39,865,703</u>
<b>Total</b>		<b><u>92,682,808</u></b>	<b><u>56,764,178</u></b>
<b>Assets</b>			
<b>Non-current assets</b>			
Non-current investments	7	33,500,000	30,789,200
Long-term loans and advances	9	56,825,794	25,707,605
		<u>90,325,794</u>	<u>56,496,805</u>
<b>Current assets</b>			
Cash and bank balances	8	2,357,014	51,573
Short-term loans and advances	9	-	210,800
Other assets	10	-	5,000
		<u>2,357,014</u>	<u>267,373</u>
<b>Total</b>		<b><u>92,682,808</u></b>	<b><u>56,764,178</u></b>

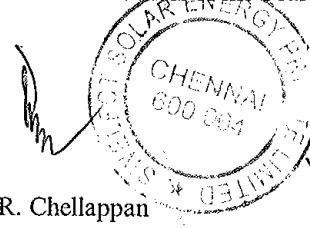
Summary of significant accounting policies 2

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's registration number: 2842S  
 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 Solar Energy Private Limited**

**Statement of profit and loss for the year ended 31 Mar 2016**

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

	Notes	31 March 2016	31 March 2015
<b>Revenue</b>			
Other income	11	2,867,929	2,616,581
<b>Total revenue</b>		<b>2,867,929</b>	<b>2,616,581</b>
<b>Expenses</b>			
Other expenses	12	131,123	32,515
Finance costs	13	4,211,640	3,747,953
<b>Total expenses</b>		<b>4,342,763</b>	<b>3,780,468</b>
<b>Loss before tax</b>		<b>(1,474,834)</b>	<b>(1,163,887)</b>
Tax expense			
<b>Loss for the year</b>		<b>(1,474,834)</b>	<b>(1,163,887)</b>
<b>(Loss) per equity share</b> [nominal value of share Rs.100/- (31 March 2015: Rs.100/-)]			
Basic and diluted loss per share	15	(5.50)	(4.77)
Summary of significant accounting policies	2		

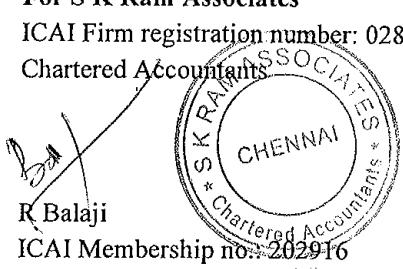
The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For S K Ram Associates**

ICAI Firm registration number: 02842S

Chartered Accountants



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 Solar Energy 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
<b>A. Cash flow from operating activities:</b>		
Loss for the year	(1,474,834)	(1,163,887)
<b>Adjustments to reconcile loss before tax to net cash flows:</b>		
Liabilities no longer required written back		(27,677)
Interest income	(2,867,929)	(2,588,904)
Interest expense	4,211,131	3,744,453
<b>Operating loss before working capital changes</b>	<b>(131,632)</b>	<b>(36,015)</b>
<b>Movement in working capital:</b>		
Decrease in other current liabilities	(501,646)	(3,756,296)
Decrease in loans and advances and other assets	5,000	-
<b>Cash flow used in operating activities</b>	<b>(628,278)</b>	<b>(3,792,311)</b>
Taxes paid	(27,796)	70,035
<b>Net cash flow used in operating activities (A)</b>	<b>(656,074)</b>	<b>(3,722,276)</b>
<b>B. Cash flow from investing activities:</b>		
Investment in subsidiaries	(2,500,000)	-
<b>Cash flow used in investing activities (B)</b>	<b>(2,500,000)</b>	<b>-</b>
<b>C. Cash flow from financing activities:</b>		
Loan taken from related party	17,895,110	227,403
Loan to / (repayment received) from related parties	(31,090,393)	4,481,781
Proceeds from issuance of equity share capital	20,000,000	-
Interest received	2,867,929	2,588,904
Interest paid	(4,211,131)	(3,744,453)
<b>Net cash flow generated from financing activities (C)</b>	<b>5,461,515</b>	<b>3,553,635</b>
<b>Net Increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>2,305,441</b>	<b>(168,641)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>51,573</b>	<b>220,214</b>
<b>Closing cash and cash equivalents</b>	<b>2,357,014</b>	<b>51,573</b>

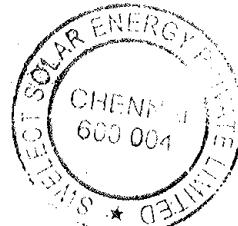
Notes :

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's registration number 2842S  
Chartered Accountants  
R. Balaji  
ICAI Membership no.: 202916



For and on behalf of the board of directors

R. Chellappan  
Director

*A. Balan*

A. Balan  
Director

Place: Chennai  
Date : 26 May 2016

Place: Chennai  
Date : 26 May 2016

Place: Chennai  
Date : 26 May 2016

**Swelect Solar Energy 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 Solar Energy Private Limited ('the Company') was incorporated on 20 August 2008 as a Private Limited Company with its registered office at Chennai. The main objective of the Company is to invest in renewable energy projects and to render services to its group companies/ third party in renewable energy sources. The objectives of the Company also include establishing a center for excellence in the renewable energy systems and energy conservation projects and to develop a strong market for renewable energy sources i.e. photovoltaic modules/solar energy projects and associated electronic power converters and project accessories to address the Indian and overseas market.

Consequent to the amalgamation of BS Powertech Solutions P Ltd (BSPSPL) with M/s Noel Media & Advertising Private Limited (NOEL) effective April 1,2012 vide approval received from the Hon'ble High Court of Madras dated 28 January 2016, the Investment in BSPSPL has been adopted as Investment in NOEL.

During the year, the Company acquired 100 % of the equity share capital of K J Solar Systems Private Limited (KJS), a Company engaged in the business of 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 the current and future years.

**(c) Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of long-term investments.

**(d) 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

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

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.

**(e) 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 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 re-assesses 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.

**(f) Earnings per share**

Basic earnings per share are calculated by dividing the net 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 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.

**(g) 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.

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

**(h) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The company does not recognise a contingent liability but discloses its existence in the financial statements.

**(i) Cash and cash equivalents**

Cash and Cash equivalents for the purpose of cash flow statement comprise cash at bank and on hand, including cheques on hand and short-term investments with an original maturity of three months or less.

**(j) 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 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.

**(k) Cash flow statement**

Cash flows are reported using the indirect method, whereby net loss 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 Solar Energy 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**

	<b>31 March 2016</b>	<b>31 March 2015</b>
<b>Authorised shares</b>		
2,500,000 (previous year: 2,500,000) equity shares of Rs.100/- each	<u>250,000,000</u>	<u>250,000,000</u>
<b>Issued, subscribed and fully paid-up shares</b>		
444,000 (previous year - 244,000) equity shares of Rs.100/- each	44,400,000	24,400,000
<b>Total issued, subscribed and fully paid-up share capital</b>	<u>44,400,000</u>	<u>24,400,000</u>

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

**Equity shares**

	<b>31 March 2016</b>	<b>31 March 2015</b>		
	Number of shares	Rupees	Number of shares	Rupees
At the beginning of the year	244,000	24,400,000	244,000	24,400,000
Movement during the year	200,000	20,000,000	-	-
<b>Outstanding at the end of the year</b>	<b>444,000</b>	<b>44,400,000</b>	<b>244,000</b>	<b>24,400,000</b>

**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 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**

	<b>31 March 2016</b>	<b>31 March 2015</b>
Swelect Energy Systems Limited	44,400,000	24,400,000
444,000 (previous year - 244,000) equity shares of Rs.100/- each		

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

	<b>31 March 2016</b>	<b>31 March 2015</b>		
	Number of shares	% holding in the class	Number of shares	% holding in the class
<b>Equity shares of Rs.100/- each fully paid</b>				
Swelect Energy Systems Limited	444,000	100%	244,000	100%
<b>Total</b>	<b>444,000</b>	<b>100%</b>	<b>244,000</b>	<b>100%</b>

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**

	<b>31 March 2016</b>	<b>31 March 2015</b>
<b>Deficit in the statement of profit and loss</b>		
Balance at the beginning of the year	(7,501,524)	(6,337,637)
Loss for the year	(1,474,834)	(1,163,887)
<b>Deficit in the statement of profit and loss</b>	<b>(8,976,358)</b>	<b>(7,501,524)</b>

**Swelect Solar Energy Private Limited****Notes to financial statements for the year ended 31 March 2016**

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

**5 Short-term borrowings**

	<b>31 March 2016</b>	<b>31 March 2015</b>
<b>Unsecured borrowings</b>		
Inter corporate borrowings	56,800,121	38,905,011

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

**6 Other current liabilities**

Statutory liabilities	116,871	93,838
Other liabilities	342,174	866,854
	<b>459,045</b>	<b>960,692</b>

**7 Non-current investments****Trade investments (valued at cost unless stated otherwise)****Investment in equity instruments of subsidiaries (unquoted)**

21,080 ( Previous year - 1,000) equity shares of Noel Media & Advertising Private Limited, Rs.100/- each fully paid ( Refer note below)	31,000,000	30,789,200
1,000 ( Previous year - Nil ) equity shares of K J Solar Systems Private Limited, Rs.100/- each equity paid	2,500,000	-
	<b>33,500,000</b>	<b>30,789,200</b>

**Note:**

Consequent to the amalgamation of BS Powertech Solutions Private Limited (BSPSPL) with Noel Media & Advertising Private Limited ( NOEL) effective April 1,2012 vide approval received from the Hon'ble High Court of Madras dated 28 January 2016, the Investment in BSPSPL has been adopted as Investment in NOEL.

**8 Cash and bank balances****Cash and cash equivalents**

Balances with banks:

On current accounts	2,357,014	51,573
	<b>2,357,014</b>	<b>51,573</b>

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

**9 Loans and advances**

	Non-current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Loans and advances to related parties (refer note 14)				
Unsecured, considered good (A)	56,443,037	25,352,644	-	-
Other loans and advances				
Unsecured, considered good	56,443,037	25,352,644	-	-
Advance income-tax	382,757	354,961	-	-
Other (B)	-	-	210,800	210,800
Total (A+B)	56,825,794	25,707,605	-	210,800

**10 Other assets**

	Current	
	31 March 2016	31 March 2015
Unsecured, considered good		
Others	-	5,000

**11 Other income**

Interest	2,867,929	2,588,904
Liabilities no longer required, written back	-	27,677
	<b>2,867,929</b>	<b>2,616,581</b>

**12 Other expenses**

Rates and taxes	4,367	8,919
Legal and professional fees	108,100	6,742
Payment to auditor (Refer details below)	17,421	16,854
Travelling & Conveyance	1,100	-
Miscellaneous expenses	135	-
	<b>131,123</b>	<b>32,515</b>

**Payment to auditor**

<b>As auditor:</b>		
Audit fee	17,421	16,854
	<b>17,421</b>	<b>16,854</b>

**13 Finance costs**

Interest (refer note 14)	4,211,131	3,744,453
Bank and other charges	509	3,500
	<b>4,211,640</b>	<b>3,747,953</b>

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

14 Related party transactions

Names of related parties and nature of relationship

Ultimate holding company  
 Subsidiary companies

Swelect Energy Systems Limited  
 Noel Media & Advertising Private Limited ( w.e.f. 2 April 2015 )  
 K J Solar Systems Private Limited ( w.e.f. 11 February 2016 )

Enterprises owned or significantly influenced by Key  
 Management Personnel

Key Management Personnel

Mr.R.Chellappan  
 Mr.A.Balan ( w.e.f 5th February 2016 )

Related party transactions

Particulars	Swelect Energy Systems Limited	Noel Media & Advertising Private Limited	K J Solar Systems Private Limited	Total
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Interest income	4,210,095	3,744,453	224,224	2,853,770
Interest expense	20,000,000	-	-	4,210,095
Issue of equity share capital	-	-	-	3,744,453
Investment in subsidiary	17,895,199	2,719,717	2,500,000	20,000,000
Loan taken	90	6,236,767	-	2,710,800
Loan repaid	-	2,366,591	-	17,895,199
Loan given	-	-	28,723,802	2,719,717
Loan repayment received	-	-	-	6,236,767
Balance outstanding as at the year end:				90
Unsecured loan given	56,800,121	38,905,011	28,723,802	31,090,393
Unsecured loan borrowed	-	-	-	-
			56,443,037	38,905,011
			56,800,121	38,905,011

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

**15 Loss per share**

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

	<b>31 March 2016</b>	<b>31 March 2015</b>
Loss for the year as per statement of profit & loss - (A)	(1,474,834)	(1,163,887)
	<b>Number of shares</b>	<b>Number of shares</b>
Weighted average number of equity shares - (B)	268,044	244,000
Basic and diluted loss per share - (A/B)	(5.50)	(4.77)

**16 Previous year figures have been regrouped, wherever necessary to conform to the current years classification.**

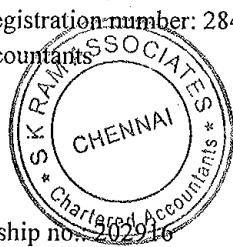
As per our report of even date

**For S K Ram Associates**

ICAI Firm's registration number: 2842S  
Chartered Accountants

R Balaji

ICAI Membership no: 02916



For and on behalf of the board of directors

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*A Bal*

R. Chellappan  
Director

A. Balan  
Director

Place: Chennai  
Date : 26 May 2016

Place: Chennai  
Date : 26 May 2016

Place: Chennai  
Date : 26 May 2016