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
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INDEPENDENT AUDITOR'S REPORT

To the Members of K J Solar Systems Private Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of K J Solar Systems Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies.

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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 Ind AS 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 standalone Ind AS 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 of the standalone Ind AS financial statements 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.

S K RAM ASSOCIATES CHARTERED ACCOUNTANTS CHENNAI

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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 Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of 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 standalone Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its Profit including other comprehensive income, its cash flows and the changes in equity 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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;

S K RAM ASSOCIATES CHARTERED ACCOUNTANTS CHENNAI

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(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(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 has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 38 to the standalone Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

iv. The Company has provided requisite disclosures in Note 25 to these Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

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

S K RAM ASSOCIATES CHARTERED ACCOUNTANTS CHENNAI

R Balaji
Membership Number: 202916
Place of Signature: Chennai
Date: May 22, 2017

S.K.RAM ASSOCIATES

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Annexure referred to in our report of even date
Re: K J Solar Systems 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) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the company.

(ii) The Company does not have inventory and reporting under clause (ii) is not applicable and hence not commented upon.

(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.

S K RAM ASSOCIATES CHARTERED ACCOUNTANTS CHENNAI

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(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

S.K. RAM ASSOCIATES CHARTERED ACCOUNTANTS CHENNAI

R. Balaji
Membership No.: 202916
Place: Chennai
Date: May 22, 2017

S.K.RAM ASSOCIATES

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ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF K J Solar Systems 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")

We have audited the internal financial controls over financial reporting of K J Solar Systems Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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 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.

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;

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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, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S K RAM ASSOCAITES**
Chartered Accountants
ICAI Firm Registration Number: 2842S

S K RAM ASSOCIATES CHARTERED ACCOUNTANTS CHENNAI

R Balaji
Membership Number: 202916
Place of Signature: Chennai
Date: May 22, 2017

K J SOLAR SYSTEMS PRIVATE LIMITED
Balance Sheet as at 31 March 2017
(All amounts are in Indian Rupees, except for share data or as otherwise stated)

	Notes	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Assets				
Non-current assets				
Property, Plant and Equipment	3	4,628,741	3,669,000	593,698
Capital work-in-progress		-	4,721,480	-
Intangible assets	4	145,454,537	128,802,391	-
Income Tax Asset		1,348,442	-	-
Other Non-current assets	5	207,764	1,694,002	-
Total Non-current assets		**151,639,484**	**138,886,873**	**593,698**
Current assets				
Inventories	6	-	-	1,300,900
Financial Assets				
Loans	7 (a)	20,000	2,000,000	-
Trade receivables	8	18,167,419	167,399	66,150
Cash and cash equivalents	9	1,421,457	1,357,170	1,038,072
Other financial assets	7 (b)	1,000,000	2,716,755	102,400
Other Current assets	10	127,955	189,391	265,595
Total current assets		**20,736,831**	**6,430,715**	**2,773,117**
Total Assets		**172,376,315**	**145,317,588**	**3,366,815**
Equity and liabilities				
Equity				
Equity share capital	11	1,000,000	1,000,000	1,000,000
Other Equity	12	23,099,614	13,868,832	8,014
Total Equity		**24,099,614**	**14,868,832**	**1,008,014**
Non-current liabilities				
Financial Liabilities				
Borrowings	13(a)	100,000,000	-	-
		100,000,000	**-**	**-**
Current liabilities				
Financial Liabilities				
Borrowings	13(b)	33,981,055	29,977,573	1,281,200
Trade payables	16	451,353	257,537	1,077,601
Other financial liabilities	14	13,730,851	100,100,204	-
Provisions	15	113,442	113,442	-
		48,276,701	**130,448,756**	**2,358,801**
Total Liabilities		**148,276,701**	**130,448,756**	**2,358,801**
Total equity and liabilities		**172,376,315**	**145,317,588**	**3,366,815**

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

S K RAM ASSOCIATES CHARTERED ACCOUNTANTS CHENNAI

R Balaji
ICAI Membership No.: 202916

For and on behalf of the board of directors

K J Solar Systems Private Limited Coimbatore 641 021

A.Balan
Director
DIN : 00017091

V.C.Raghunath
Director
DIN : 00703922

Place: Chennai
Date: 22 May 2017

Place: Chennai
Date: 22 May 2017

Place: Chennai
Date: 22 May 2017

K J SOLAR SYSTEMS PRIVATE LIMITED

Statement of profit and loss for the year ended 31 March 2017

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

	Notes	31 March 2017	31 March 2016
Income			
Revenue from operations	17	47,671,588	133,497,636
Other income	18	850,593	116,891
Total revenue		**48,522,181**	**133,614,527**
Expenses			
Cost incurred towards service concession agreement (Refer Note 4)	A	19,960,111	115,589,233
Purchase of traded goods		-	2,556,605
Decrease/(Increase) in inventories of traded goods		-	1,300,900
Employee benefits expense	19	43,665	110,813
Other expenses	20	2,247,419	128,934
Depreciation and amortisation expense	22	5,627,154	56,486
Finance costs	23	11,413,050	10,738
Total expenses		**39,291,399**	**119,753,709**
Profit before tax		**9,230,782**	**13,860,818**
Tax expense			
Current tax		-	113,442
Less: MAT credit entitlement		-	(113,442)
Total tax expense		-	-
Profit for the year		**9,230,782**	**13,860,818**
Earnings per share			
Basic and Diluted, computed on the basis of profit from operations attributable to equity holders		923.08	1,386.08
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

S K RAM ASSOCIATES CHARTERED ACCOUNTANTS CHENNAI

R Balaji
ICAI Membership No.: 202916

Place: Chennai
Date: 22 May 2017

For and on behalf of the board of directors

K J Solar Systems Private Limited Coimbatore 641 021

A.Balan
Director
DIN : 00017091

Place: Chennai
Date: 22 May 2017

V.C.Raghunath
Director
DIN : 00703922

Place: Chennai
Date: 22 May 2017

K J SOLAR SYSTEMS PRIVATE LIMITED

Cash flow statement for the year ended 31 March 2017

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

	31 March 2017	31 March 2016
A. Cash flow from operating activities:		
Profit for the year	9,230,782	13,860,818
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expense	5,627,154	56,486
Foreign exchange gain	(723,736)	(116,891)
Liabilities no longer required written back	(126,857)	-
Interest accrued	750,524	
Interest expense	10,559,217	-
Operating profit before working capital changes	**25,317,084**	**13,800,413**
Movement in working capital:		
(Increase) in trade receivables	(18,000,020)	(101,249)
Decrease / (Increase) in inventories	-	1,300,900
Decrease /(Increase) in Financial assets - Non current	1,486,238	(1,694,002)
(Increase) in Financial assets - Current	3,758,191	(4,538,151)
Increase/ (Decrease) in trade payable and other current liabilities	829,618	(534,369)
Cash flow generated from / (used in) operating activities	**13,391,111**	**8,233,542**
Taxes paid	(1,348,442)	113,442
Net cash flow genereated from / (used in) operating activities (A)	**12,042,669**	**8,346,984**
B. Cash flow from investing activities:		
Capital expenditure (refer note 1 below)	(105,422,647)	(36,724,259)
Cash flow generated from / (used in) investing activities (B)	**(105,422,647)**	**(36,724,259)**
C. Cash flow from financing activities:		
Proceeds from borrowings	104,003,482	28,696,373
Interest paid	(10,559,217)	-
Net cash flow generated from financing activities (C)	**93,444,265**	**28,696,373**
Net Increase in cash and cash equivalents (A + B + C)	**64,287**	**319,098**
Cash and cash equivalents at the beginning of the year	1,357,170	1,038,072
Closing cash and cash equivalents	**1,421,457**	**1,357,170**

Notes :

1. Increase in capital expenditure include payments for items in capital work-in-progress and purchase of fixed assets. Adjustments for increase / decrease in current liabilities relating to acquisition of fixed assets have been made to the extent identified.

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

S K RAM ASSOCIATES CHARTERED ACCOUNTANTS CHENNAI

R Balaji
ICAI Membership no.: 202916

For and on behalf of the board of directors

K J Solar Systems Private Limited Coimbatore 641 021

A.Balan
Director
DIN : 00017091

V.C.Raghunath
Director
DIN : 00703922

Place: Chennai
Date: 22 May 2017

Place: Chennai
Date: 22 May 2017

Place: Chennai
Date: 22 May 2017

Corporate information:

K J Solar Systems Private Limited ('KJSS or the Company') was incorporated as a Private Limited Company under the Companies Act, 1956 on 10th November 2014. The Company is primarily engaged in generation and sale of solar power.

The Company is a subsidiary of Swelect Solar Energy Private Limited w.e.f 11th February 2016 and has become a wholly owned subsidiary w.e.f 18th February 2016.

1. Significant accounting policies:

1.1. Basis of preparation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with Indian GAAP, including accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014. These standalone financial statements for the year ended 31 March 2017 are the first the Company has prepared in accordance with Ind AS. Refer to note 27 for information on how the Company adopted Ind AS.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value (refer accounting policy regarding financial instruments).

1.2. Summary of significant accounting policies:

a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b. Use of Estimates

The preparation of standalone financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. Estimates include provision for employee benefits, provision for doubtful trade receivables/advances/contingencies, useful life of Fixed Assets, provision for taxation, etc., during and at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c. 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, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The following specific recognition criteria must also be met before revenue is recognised:

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 Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) and other customers. Such revenue is recognised on the basis of actual units generated and transmitted.

Revenue from power distribution business is accounted on the basis of billings to the customers and includes unbilled revenues accrued upto the end of accounting year. Customers are billed as per the tariff rates issued by Electricity Regulatory Commission. Interest is accounted on accrual basis on overdue bills.

d. Service Concession Arrangement

The Company constructs infrastructure used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time.

These arrangements may include Infrastructure used in a public-to-private service concession arrangement for its entire useful life.

Under Appendix A to Ind AS 11 - Service Concession Arrangements, these arrangements are accounted for based on the nature of the consideration. The intangible asset model is used to the extent that the Company receives a right (i.e. a franchisee) to charge users of the public service. The financial asset model is used when the Company has an unconditional contractual right to receive cash or another financial asset from or at the direction of the granter for the construction services. When the unconditional right to receive cash covers only part of the service, the two models are combined to account separately for each component. If the Company performs more than one service (i.e., construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable is allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

The Company manages concession arrangements which include constructing Solar power distribution assets for distribution of electricity. The Company maintains and services the infrastructure during the concession period. These concession arrangements set out rights and obligations related to the infrastructure and the service to be provided.

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The right to consideration gives rise to an intangible asset and financial receivable and accordingly, both the intangible asset and financial receivable models are applied. Income from the concession arrangements earned under the intangible asset model consists of the value of contract revenue, which is deemed to be fair value of consideration transferred to acquire the asset; and (ii) payments actually received from the users. The intangible asset is amortized over its expected useful life in a way that reflects the pattern in which the asset's economic benefits are consumed by the Company, starting from the date when the right to operate starts to be used. Based on these principles, the intangible asset is amortized in line with the actual usage of the specific public facility, with a maximum of the duration of the concession.

Financial receivable is recorded at a fair value of guaranteed residual value to be received at the end of the concession period. This receivable is subsequently measured at amortised cost.

Any asset carried under concession arrangements is derecognised on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial asset expire.

e. Taxes

Current income tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items recognized directly in equity, in which case it is recognized in equity.

Current Tax is the amount of tax payable on the taxable income for the year and is determined in accordance with the provisions of the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company. The carrying amount of MAT is reviewed at each reporting date and the asset is written down to the extent the Company does not have convincing evidence that it will pay normal income tax during the specified period.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and written off to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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Deferred tax relating to items recognised outside the Statement of profit and loss is recognised outside Statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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 taxes relate to the same taxable entity and the same taxation authority.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate.

f. Foreign Currency Transactions and Translations:

The Company's financial statements are presented in INR, which is also the Company's functional currency.

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at the average rates that closely approximate the rate at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Treatment of Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ Liability

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

g. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue.

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.

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h. Property, Plant and Equipment and intangible fixed assets

The Company has elected to adopt the carrying value of Property, Plant and Equipment and intangible fixed assets under the Indian GAAP as on 31st March 2015, as the deemed cost for the purpose of transition to IND AS.

Tangible and intangible fixed assets are stated at original cost net of tax/duty credit availed, less accumulated depreciation/amortisation and impairment losses, if any. The cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

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-to-day 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.

Gains and losses arising from derecognition of tangible assets and intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of the profit and loss when the asset is derecognised.

The Company identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Capital Work-in-Progress: Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost and attributable interest. Once it has becomes available for use, their cost is re-classified to appropriate caption and subjected to depreciation.

i. Depreciation and amortisation:

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 Windmills & Solar Plant)	15 years
Solar Plant	25 years
Office equipment	5 years
Electrical equipment	10 years
Computers	3 years
Furniture and fittings	10 years
Vehicles (Motor cars/Motor Vehicles)	8 years /10 years

j. Useful lives/depreciation rates

Considering the applicability of Schedule II, the management has estimated 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 life and residual values of fixed assets, though these rates in certain cases are different from the lives prescribed under schedule II.

The management has estimated, supported by independent assessment by professionals, the useful lives of the following classes of assets.

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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.

k. 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.

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 capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

m. Provisions and Contingencies

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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 recognized 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 recognize a contingent liability but discloses its existence in the financial statements.

n. Financial instruments:

(i) Financial Assets:

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in two broad categories:

• Financial assets at fair value

• Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i .e. fair value through profit or loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

• **Business model test:** The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).

• **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

• **Business model test:** The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

• **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Even if an instrument meets the two requirements to be measured at amortised cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

All other financial asset is measured at fair value through profit or loss.

All equity investments are measured at fair value in the balance sheet, with value changes recognised in the statement of profit and loss, except for those equity investments for which the entity has elected to present value changes in 'other comprehensive income'.

If an equity investment is not held for trading, an irrevocable election is made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognised in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

• The rights to receive cash flows from the asset have expired, or

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• The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either;

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Investment in associates, joint venture and subsidiaries

The Company has accounted for its investment in subsidiaries and associates, joint venture at cost.

Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model to the following:

• Financial assets measured at amortised cost;

• Financial assets measured at fair value through other comprehensive income (FVTOCI);

Expected credit losses are measured through a loss allowance at an amount equal to:

• the 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

• full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

• Trade receivables or contract revenue receivables; and

• All lease receivables

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a

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subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognising impairment loss allowance based on 12-months ECL.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

(ii) **Financial liabilities:**

Initial recognition and measurement

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

(iii) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously

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o. Fair value measurement

The Company measures specific financial instruments of certain investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarizes the accounting policy for fair value. Other fair value related disclosures are given in relevant notes.

p. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand including cheques on hand and short-term investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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q. Cash flow statement

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

r. Exceptional items:

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

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K J SOLAR SYSTEMS PRIVATE LIMITED
Notes to financial statements for the year ended 31 March 2017
(All amounts are in Indian Rupees, unless otherwise stated)

3 Property, Plant and Equipment

Particulars	Land	Building	Furniture and fittings	Plant and Machinery	Total
Cost					
At 1 April 2015	-	-	**493,738**	**99,960**	**593,698**
Additions (Refer note 1)	3,669,000	-	-	-	3,669,000
Deletions/Adjustments	-	-	493,738	99,960	593,698
At 31 March 2016	**3,669,000**	-	-	-	**3,669,000**
Additions	-	987,509	-	-	987,509
Disposals/ Adjustments	-		-	-	-
At 31 March 2017	**3,669,000**	**987,509**	-	-	**4,656,509**
Depreciation					
At 1 April 2015	-	-	-	-	-
Charge for the year	-	-	-	-	-
Deletions/Adjustments	-	-	-	-	-
At 31 March 2016	-	-	-	-	-
Charge for the year	-	27,768	-	-	27,768
Deletions/Adjustments		-	-	-	-
At 31 March 2017	-	**27,768**	-	-	**27,768**
Net Block					
At 1 April 2015	-	-	**493,738**	**99,960**	**593,698**
At 31 March 2016	**3,669,000**	-	-	-	**3,669,000**
At 31 March 2017	**3,669,000**	**959,741**	-	-	**4,628,741**

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Note :

1 Additions to the Plant & Machinery includes Interest on borrowed capital to the extent of Rs.228,204 i.e up to 28th March 2016, being the date of date of capitalisation of the 2 MW Solar Power Plant.

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Notes to financial statements for the year ended 31 March 2017

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

4 Intangible assets

Particulars	Service Consession Arrangement *	Total
Cost		
At 1 April 2015	-	-
Additions	128,858,877	**128,858,877**
Disposals /Adjustments	-	-
At 31 March 2016	**128,858,877**	**128,858,877**
Additions	22,251,532	**22,251,532**
Disposals /Adjustments	-	-
At 31 March 2017	**151,110,409**	**151,110,409**
Amortisation		
At 1 April 2015	-	-
Charge for the year	56,486	**56,486**
Disposals / Adjustments	-	-
At 31 March 2016	**56,486**	**56,486**
Charge for the year	5,599,386	5,599,386
Disposals / Adjustments	-	-
At 31 March 2017	**5,655,872**	**5,655,872**
Net block		
At 31 March 2017	**145,454,537**	**145,454,537**
At 31 March 2016	**128,802,391**	**128,802,391**
At 1 April 2015	-	-

* The Company (operator) has entered into a 25 year PPA with TANGEDCO (Grantor), until March 2041. The Company has assessed the PPA as an arrangement which would need to be accounted under the principles of Appendix A of Ind-AS 11 as the following conditions are met:

The grantor (TANGEDCO) controls or regulates what services the operator (Company) must provide with the infrastructure (Power plant), to whom it must provide them, and at what price; and the grantor controls through ownership, beneficial entitlement or otherwise significant residual interest in the infrastructure at the end of the term of the arrangement.

Infrastructure within the scope of Appendix A of Ind-AS 11 is not recognized as Property, Plant and Equipment of the operator because the contractual service arrangement does not convey the right to control the use of the infrastructure to the operator.

Consideration for the construction services rceived or receivable by the operator is recognised at its fair value. The consideration may be rights to:

(a) a financial asset; or

(b) an intangible asset.

The Company recognizes a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from the grantor for the construction services; the grantor has little, if any, discretion to avoid payment, usually because the agreement is enforceable by law, even if payment is contingent on the operator ensuring that the infrastructure meets specified quality or efficiency requirements.

The PPA is for a tenure of 25 years, which represents the significant useful life the infrastructure (Power Plant). Consequently, the Company has an Intangible right to receive cash through the tenure of the PPA and the same has been recognized as an intangible asset. The Intangible asset is amortized over a period of 25 years.

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Notes to financial statements for the year ended 31 March 2017
(All amounts are in Indian Rupees, unless otherwise stated)

5 Other Non-current Assets

	31 March 2017	31 March 2016	01 April 2015
Unsecured, considered good:			
Capital advances	-	1,382,393	-
Prepaid expenses	207,764	311,609	-
Total non-current assets	**207,764**	**1,694,002**	-

6 Inventories

	31 March 2017	31 March 2016	01 April 2015
Traded goods	-	-	1,300,900
Total inventories at the lower of cost and net realisable value	-	-	**1,300,900**

7 (a) Loans

	31 March 2017	31 March 2016	01 April 2015
Unsecured, considered good:			
Security deposit	20,000	2,000,000	-
	20,000	**2,000,000**	-
7(b) Other financial assets			
Refundable deposit	1,000,000	2,716,755	-
Others	-	-	102,400
	1,000,000	**2,716,755**	**102,400**

8 Trade receivables

	31 March 2017	31 March 2016	01 April 2015
Trade receivables	18,167,419	167,399	66,150
Total trade receivable	**18,167,419**	**167,399**	**66,150**

Trade receivables are non-interest bearing and are generally on terms of 30 - 90 days.

9 Cash and cash equivalents

	31 March 2017	31 March 2016	01 April 2015
Balances with banks:			
On current accounts	1,421,457	1,332,094	1,018,038
Cash on hand	-	25,076	20,034
Total cash and other bank balances	**1,421,457**	**1,357,170**	**1,038,072**

10 Other current assets

	31 March 2017	31 March 2016	01 April 2015
Balances with government authorities	-	-	60,845
MAT credit entitlement	113,442	113,442	-
Advances recoverable in cash	14,513	75,949	204,750
Total current assets	**127,955**	**189,391**	**265,595**

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K J SOLAR SYSTEMS PRIVATE LIMITED
Notes to financial statements for the year ended 31 March 2017
(All amounts are in Indian Rupees, unless otherwise stated)

a. Equity Share Capital

For the year ended March 31, 2017

Balance as at April 1, 2016	Changes in Equity Share Capital during the year (refer note 11)	Balance as at March 31, 2017
1,000,000	-	1,000,000

For the year ended March 31, 2016

Balance as at April 1, 2015	Changes in Equity Share Capital during the year	Balance as at March 31, 2016
1,000,000	-	1,000,000

b. Other Equity For the year ended March 31, 2017

Particulars	Reserves & Surplus	
	Retained earnings	Total Other Equity
As at 1 April 2016	13,868,832	13,868,832
Profit for the period	9,230,782	9,230,782
Other comprehensive income	-	-
Total comprehensive income	**23,099,614**	**23,099,614**
At 31 March 2017	**23,099,614**	**23,099,614**

For the year ended March 31, 2016

Particulars	Reserves & Surplus	
	Retained earnings	Total Other Equity
As at 1 April 2015	**8,014**	**8,014**
Profit for the period	13,860,818	13,860,818
Other comprehensive income	-	-
Total comprehensive income	**13,868,832**	**13,868,832**
Transfer to general reserve	-	-
At 31 March 2016	**13,868,832**	**13,868,832**

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

Place: Chennai
Date: 22 May 2017

For and on behalf of the board of directors

A.Balan
Director
DIN : 00017091

Place: Chennai
Date: 22 May 2017

V.C.Raghunath
Director
DIN : 00703922

Place: Chennai
Date: 22 May 2017

K J SOLAR SYSTEMS PRIVATE LIMITED
Notes to financial statements for the year ended 31 March 2017
(All amounts are in Indian Rupees, unless otherwise stated)

11 Share capital

Authorised Share Capital	Equity Shares of Rs 100/- each	
	No.	Rs.
At April 1, 2015	50,000	5,000,000
Increase/(Decrease) during the year	-	-
At March 31, 2016	50,000	5,000,000
Increase/(Decrease) during the year	-	-
At March 31, 2017	50,000	5,000,000

Equity Shares of Rs. 100/- each issued, subscribed & fully paid up	No.	Rs.
At April 1, 2015	10,000	1,000,000
Issue of Share Capital		-
At March 31, 2016	10,000	1,000,000
Issue of Share Capital	-	-
At March 31, 2017	10,000	1,000,000

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 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.

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

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of shares	% holding in the class	Number of shares	% holding in the class	Number of shares	% holding in the class
Equity shares of Rs.100/- each fully paid						
A.Jayabal	-	-			5,000	50.00%
K.Dhanavel	-	-			5,000	50.00%
Swelect Solar Energy Private Limited	10,000	100%	10,000	100%	-	
Total	10,000	100%	10,000	100%	10,000	100.00%

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.

12 Other Equity

	31 March 2017	31 March 2016	01 April 2015
Retained earnings	23,099,614	13,868,832	8,014
Total	23,099,614	13,868,832	8,014

S K RAMA ASSOCIATES CHARTERED ACCOUNTANTS CHENNAI

K J SOLAR SYSTEMS PRIVATE LIMITED
Notes to financial statements for the year ended 31 March 2017
(All amounts are in Indian Rupees, unless otherwise stated)

13(a) Borrowings
Financial Liabilities carried at amortized cost (Non-current)

	31 March 2017	31 March 2016	01 April 2015
Term loan from Banks- Secured	100,000,000	-	-
	100,000,000	**-**	**-**
The above amount includes			
Secured borrowings	100,000,000	-	-

13(b) Borrowings
Financial Liabilities carried at amortised cost (Current)

	31 March 2017	31 March 2016	01 April 2015
Loan from Directors	-	-	1,281,200
Inter corporate borrowings	25,410,972	29,977,573	-
External Commercial Borrowing (ECB)	8,570,083	-	-
Total Current Borrowings	**33,981,055**	**29,977,573**	**1,281,200**
Aggregate Secured loans	8,570,083	-	-
Aggregate Unsecured loans	25,410,972	29,977,573	1,281,200

13(c)

Loans as on March 31, 2017	Amount	Effective Interest Rate	Loan Currency	Repayable	Security
Term loan	100,000,000	8.00%	INR	Bullet loan	Mutual funds of the Ultimate Holding Company
ECB	8,570,083	0.60%	EUR	Repayable within 90 days	Fixed Deposits of the Holding Company
Total	**108,570,083**				

14 Other Financial Liabilities

	31 March 2017	31 March 2016	01 April 2015
Other financial liabilities carried at amortised cost			
Interest accrued	750,524	-	-
Capital creditors	12,909,423	99,931,400	-
Statutory dues payable	70,904	168,804	
Total other financial liabilities carried at amortized cost	**13,730,851**	**100,100,204**	**-**
Total current	**13,730,851**	**100,100,204**	**-**

CHENNAI

K J SOLAR SYSTEMS PRIVATE LIMITED

Notes to financial statements for the year ended 31 March 2017

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

15 Provisions

	31 March 2017	31 March 2016	01 April 2015
Current provisions			
Provision for Income tax	113,442	113,442	-
Total (A)	**113,442**	**113,442**	**-**

16 Trade payables

	31 March 2017	31 March 2016	01 April 2015
Trade payables	442,311	257,537	1,077,601
Trade payables to related parties	9,042	-	-
(Refer note below regarding dues to micro, small and medium enterprises)			
	451,353	**257,537**	**1,077,601**

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.

S K RAM ASSOCIATES CHARTERED ACCOUNTANTS CHENNAI

K J SOLAR SYSTEMS PRIVATE LIMITED

Notes to financial statements for the year ended 31 March 2017

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

17 Revenue from operations

	31 March 2017	31 March 2016
Revenue from operations		
Sale of products		
Traded goods	-	4,471,360
Sale of power	25,420,056	167,399
Construction revenue - Service concession agreement (Refer Note.4 & A)	22,251,532	128,858,877
Revenue from operations	**47,671,588**	**133,497,636**

18 Other income

	31 March 2017	31 March 2016
Foreign exchange gain	723,736	116,891
Liabilities no longer required written back	126,857	-
	850,593	**116,891**

S K RAMA ASSOCIATES CHARTERED ACCOUNTANTS CHENNAI

K J SOLAR SYSTEMS PRIVATE LIMITED

Notes to financial statements for the year ended 31 March 2017

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

19 Decrease/ (Increase) in inventories of traded goods

	31 March 2017	31 March 2016
Inventories at the end of the year		
Traded goods	-	-
	-	-
Inventories at the beginning of the year		
Traded goods	1,300,900	1,300,900
	1,300,900	**1,300,900**
	1,300,900	**1,300,900**

20 Employee benefits expense

	31 March 2017	31 March 2016
Salaries, wages and bonus	-	109,269
Staff welfare expenses	43,665	1,544
	43,665	**110,813**

S K RAMA ASSOCIATES CHARTERED ACCOUNTANTS CHENNAI

K J SOLAR SYSTEMS PRIVATE LIMITED
Notes to financial statements for the year ended 31 March 2017
(All amounts are in Indian Rupees, unless otherwise stated)

21 Other expenses

	31 March 2017	31 March 2016
Sub-contracting and processing expenses	230,904	-
Insurance	60,575	4,846
Rates and taxes	230,704	47,760
Repairs and maintenance		
- Plant & Machinery	264,768	-
- Others	138,293	-
Travelling and conveyance	362,161	-
Legal and professional fees	342,691	-
Security charges	442,848	-
Payment to auditor (Refer details below)	17,325	28,175
Miscellaneous expenses	157,150	48,153
	2,247,419	**128,934**
Payment to auditor		
As auditor:		
Audit fee *	17,325	28,175
	17,325	**28,175**

* Includes service tax

22 Depreciation and amortisation expense

Depreciation of tangible assets	27,768	-
Amortisation of Intangible assets	5,599,386	56,486
	5,627,154	**56,486**

23 Finance costs

Bank and other charges	103,309	10,738
Interest	11,309,741	-
	11,413,050	**10,738**

S K RAM ASSOCIATES CHARTERED ACCOUNTANTS CHENNAI

K J SOLAR SYSTEMS PRIVATE LIMITED
Notes to financial statements for the year ended 31 March 2017
(All amounts are in Indian Rupees, unless otherwise stated)

24 **Related party transactions**
Names of related parties

Holding company	Swelect Solar Energy Private Limited (w.e.f 11 February 2016)
Ultimate holding company	Swelect Energy Systems Limited (w.e.f 11 February 2016)
Fellow Subsidiary	Swelect Power Systems Private Limited (w.e.f 11.04.2016)
Enterprises owned or significantly influenced by Key Management Personnel or their relatives	Swelect Energy Systems Pte.Ltd, Singapore (w.e.f 11 February 2016)
Key Management Personnel	Mr.A.Balan - Director (w.e.f 11 February 2016) Mr.V.C.Raghunath -Director (w.e.f 11 February 2016)

Particulars	Swelect Solar Energy Private Limited			Swelect Energy Systems Limited			Swelect Energy Systems Pte.Ltd			Swelect Power Systems Private Limited			Total		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Purchase of capital goods	-	-	-	11,805,882	77,785,812	-	-	9,410,710	-				11,805,882	87,196,522	-
Repairs & Maintenance	-	-	-	9,770	-	-	-	-	-				9,770	-	-
Interest on unsecured loan (capitalised)	-	224,224	-	-	3,980	-	-	-	-				-	228,204	-
Interest on unsecured loan	5,741,921	-		320,808	-	-	-	-					6,062,729	-	-
Unsecured loan borrowed															
Swelect Energy Systems Limited	-	-	-	7,378,340	1,253,771	-	-	-	-	102	-		7,378,442	1,253,771	-
Swelect Solar Energy Private Limited	94,592,729	28,723,802	-	-	-	-	-	-	-	-	-		94,592,729	28,723,802	-
Unsecured loan repaid															
Swelect Energy Systems Limited	-	-		6,537,772	-					-	-		6,537,772	-	-
Swelect Solar Energy Private Limited	100,000,000	-		-	-	-				-	-		100,000,000	-	-
Balance outstanding as at the year end:				-	-	-									
Unsecured loan															
Swelect Energy Systems Limited	-	-	-	2,094,339	1,253,771	-	-						2,094,339	1,253,771	-
Swelect Solar Energy Private Limited	23,316,531	28,723,802	-	-	-	-	-						23,316,531	28,723,802	-
Swelect Power Systems Private Limited	-		-	-	-	-				102	-		102	-	-
Trade payable				-	-	-									
Swelect Energy Systems Limited	-	-	-	9,042	-	-	-	-	-	-	-		9,042	-	-
Payable for capital purchases				-	-	-									
Swelect Energy Systems Limited	-	-	-	12,197,029	77,793,421	-	-	-	-	-	-		12,197,029	77,793,421	-
Swelect Energy Systems Pte.Limited	-	-	-	-	-	-	-	9,293,819	-	-	-		-	9,293,819	-

S K RAM ASSOCIATES CHARTERED ACCOUNTANTS CHENNAI

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

25 Disclosure related to Specified Bank Note (SBN)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 8th November, 2016	23,500.00	-	23,500.00
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	(23,500.00)	-	(23,500.00)
Closing cash in hand as on 30th December, 2016	-	-	-

26 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, accompanying disclosures, and disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the standalone financial statements:

Service concession arrangements

Management has assessed applicability of Appendix A of Ind AS 11: Service Concession Arrangements to power distribution arrangements entered into by the Company. In assessing the applicability, management has exercised significant judgment in relation to the underlying ownership of the assets, terms of the power distribution arrangements entered with the grantor, ability to determine prices, fair value of construction service, assessment of right to guaranteed cash etc. Based on detailed evaluation, management has determined that this arrangement meet the criteria for recognition as service concession arrangements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

S K RAM ASSOCIATES CHARTERED ACCOUNTANTS
CHENNAI

Taxes
Significant management judgement is required to determine the amount of MAT credit that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Allowance for uncollectible trade receivables
Trade receivables do not carry interest and are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the aging of the receivable balances and historical experiences. Individual trade receivables are written off when management deems them not be collectible.

Impairment of financial assets
The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

27 First-time adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).
Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended March 31, 2016.

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

a) Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its Property, plant and Equipment, Intangible assets as recognised in its Indian GAAP financial as deemed cost at the transition date.

b) Estimates
The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies).
The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2015 (i.e. the date of transition to Ind-AS) and as of 31 March 2016.

S K RAMA ASSOCIATES CHARTERED ACCOUNTANTS CHENNAI

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

28 Financial Risk Management Objectives & Policies

Financial risk management objectives and policies

The Company's principal financial liabilities comprise of short and long tenured borrowings, trade and other payables and financial guarantee contracts. Most of these liabilities relate to financing Company's working capital cycle. The Company has trade and other receivables, loans and advances that arise directly from its operations. The Company also enters into hedging transactions to cover foreign exchange exposure risk as considered necessary.

The Company is accordingly exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees management of these risks. The senior professionals working to manage the financial risks for the Company are accountable to the Board of Directors and the Audit Committee. This process provides assurance that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies and overall risk appetite. All foreign currency hedging activities for risk management purposes are carried out a team that have the appropriate skills, experience and supervision. In addition, independent views from bankers and currency market experts are obtained periodically to validate risk mitigation decisions. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Management reviews and agree policies for managing each of these risks which are summarised below:

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise currency rate risk and interest rate risk. Financial instruments affected by market risk include loans and borrowings, deposits, advances and derivative financial instruments.

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rate movement.
The Company considers derivative financial instruments such as foreign exchange forward contracts to manage its exposures to foreign exchange fluctuations.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company transacts business in local currency and in foreign currency, primarily US Dollars and Euro. The Company has foreign currency trade payables and is therefore, exposed to foreign exchange risk. The Company may use forward contracts or foreign exchange options towards hedging risk resulting from changes and fluctuations in foreign currency exchange rate. These foreign exchange contracts, carried at fair value, may have varying maturities varying depending upon the primary host contract requirement and risk management strategy of the company.

The Company manages its foreign currency risk by hedging appropriate percentage of its foreign currency exposure, as per its established risk management policy.

Foreign Currency Sensitivity

The following table demonstrates the sensitivity in the USD, Euro and other currencies to the functional currency of the Company, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives.

Particulars	Change in currency exchange rate	Effect on profit before tax		Effect on equity	
		For the Year Ended March 31, 2017	For the Year Ended March 31, 2016	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Euro	+5%	(428,504.00)	(464,691.00)	(428,504.00)	(464,691.00)
	-5%	428,504.00	464,691.00	428,504.00	464,691.00

Credit Risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, primarily trade receivables and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

CHARTERED ACCOUNTANTS
CHENNAI
S R RAM ASSOCIATES

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

1. Trade receivables

Customer credit risk is managed subject to the Company's established policy, procedures and controls relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on credit term in line with respective industry norms. Outstanding customer receivables are regularly monitored.

The ageing analysis of trade receivables as of the reporting date is as follows:

Particulars	Neither past due	Past due but not impaired		Total
		Less than 1 year	More than 1 year	
Trade Receivables as of March 31, 2017	5,442,379	12,725,040	-	18,167,419
Trade Receivables as of March 31, 2016	167,399	-	-	167,399

The requirement for impairment is analysed at each reporting date.

Liquidity Risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet it cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including loans, debt, and overdraft from both domestic and international banks at an optimised cost.
The table below summarise the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	As of March 31, 2017		
	Less than 1 year	More than 1 year	Total
Borrowings	33,981,055	100,000,000	133,981,055
Trade Payables	451,353	-	451,353
Other financial liabilities	13,730,851	-	13,730,851
Total	**48,163,259**	**100,000,000**	**148,163,259**

Particulars	As of March 31, 2016		
	Less than 1 year	More than 1 year	Total
Borrowings	29,977,573	-	29,977,573
Trade Payables	257,537		257,537
Other financial liabilities	100,100,204		100,100,204
Total	**130,335,314**	-	**130,335,314**

29 Capital Management

Capital includes equity attributable to the equity holders of the Company and net debt. Primary objective of Company's capital management is to ensure that it maintains an optimum financing structure and healthy returns in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments, in light of the changes in economic conditions or business requirements. The Company monitors capital using a gearing ratio which is net debt divided by total capital plus net debt. Net debt is calculated as loans and borrowings less cash and cash equivalents.

Gearing Ratio:

Particulars	31 March 2017	31 March 2016	1 April 2015
Borrowings	133,981,055	29,977,573	1,281,200
Less: Cash and cash equivalents	1,421,457	1,357,170	1,038,072
Net Debt	**135,402,512**	**31,334,743**	**2,319,272**
Equity	24,099,614	14,868,832	1,008,014
Total Capital	**24,099,614**	**14,868,832**	**1,008,014**
Capital and Net Debt	**159,502,126**	**46,203,575**	**3,327,286**
Gearing Ratio	**84.89%**	**67.82%**	**69.70%**

S K RAM ASSOCIATES CHARTERED ACCOUNTANTS CHENNAI

K J SOLAR SYSTEMS PRIVATE LIMITED

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

(i) **Disclosures required by IND AS 101 - First Time Adoption of Indian Accounting Standards**
Reconciliation of equity as at April 1, 2015 (date of transition to Ind AS)

Particulars	Notes	Previous Indian GAAP	IND AS adjustments	Ind AS amounts
1. Non Current assets				
Property, Plant & Equipment		593,698	-	593,698
Capital Work in Progress		-	-	-
Intangible Assets		-	-	-
Income Tax Assets		-	-	-
Other non-current assets		-	-	-
Total Non Current Assets		**593,698**	**-**	**593,698**
2. Current assets				
Inventories		1,300,900	-	1,300,900
Financial Assets				
-Loans		-	-	-
-Trade Receivables		66,150	-	66,150
-Other financial assets		102,400	-	102,400
-Cash & cash Equivalents		1,038,072	-	1,038,072
Other Current Assets		265,595	-	265,595
Total Current Assets		**2,773,117**	**-**	**2,773,117**
Total Assets		**3,366,815**	**-**	**3,366,815**
Equity and liabilities				
1. Equity				
Equity Share Capital		1,000,000	-	1,000,000
Other Equity		8,014	-	8,014
Total Equity		**1,008,014**	**-**	**1,008,014**
2. Non-Current Liabilities				
Financial Liabilities				
-Borrowings		-	-	-
Total - Non-current liabilities		**-**	**-**	**-**
3. Current Liabilities				
Financial Liabilities				
-Borrowings		1,281,200	-	1,281,200
-Trade Payables		1,077,601	-	1,077,601
-Other current financial liabilities		-	-	-
Provisions		-	-	-
Total - Current liabilities		**2,358,801**	**-**	**2,358,801**
TOTAL - EQUITY AND LIABILITIES		**3,366,815**	**-**	**3,366,815**

CHENNAI
S K RAAM ASSOCIATES CHARTERED ACCOUNTANTS

K J SOLAR SYSTEMS PRIVATE LIMITED

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

(ii) Disclosures required by IND AS 101 - First Time Adoption of Indian Accounting Standards

Reconciliation of equity as at April 1, 2016

Particulars	Notes	Previous Indian GAAP	IND AS adjustments	Ind AS amounts
1. Non Current assets				
Property, Plant & Equipment	A	119,205,916	(115,536,916)	3,669,000
Capital Work- in- Progress		4,721,480	-	4,721,480
Intangible Assets	A	-	128,802,391	128,802,391
Income Tax Assets		-	-	-
Other non-current assets		1,694,002	-	1,694,002
Total Non Current Assets		**125,621,398**	**13,265,475**	**138,886,873**
2. Current assets				
Inventories		-	-	-
Financial Assets				
-Loans		2,000,000	-	2,000,000
-Trade Receivables		167,399	-	167,399
-Other financial assets		1,357,170	-	1,357,170
-Cash & cash Equivalents		2,716,755	-	2,716,755
Other Current Assets		189,391	-	189,391
Total Current Assets		**6,430,715**	**-**	**6,430,715**
Total Assets		**132,052,113**	**13,265,475**	**145,317,588**
Equity and liabilities				
1. Equity				
Equity Share Capital		1,000,000	-	1,000,000
Other Equity	A	603,357	13,265,475	13,868,832
Total Equity		**1,603,357**	**13,265,475**	**14,868,832**
2. Non-Current Liabilities				
Financial Liabilities				
-Borrowings		-	-	-
Total - Non-current liabilities		**-**	**-**	**-**
3. Current Liabilities				
Financial Liabilities				
-Borrowings		29,977,573	-	29,977,573
-Trade Payables		257,537	-	257,537
-Other current financial liabilities		100,100,204	-	100,100,204
Provisions		113,442	-	113,442
Total - Current liabilities		**130,448,756**	**-**	**130,448,756**
TOTAL - EQUITY AND LIABILITIES		**132,052,113**	**13,265,475**	**145,317,588**

S K RAM ASSOCIATES CHARTERED ACCOUNTANTS CHENNAI

K J SOLAR SYSTEMS PRIVATE LIMITED

Notes to financial statements for the year ended 31 March 2017

Reconciliation of profit or loss for the year ended March 31, 2016

Particulars	Notes	Previous Indian GAAP	IND AS adjustments	Ind AS amounts
Income				
Revenue from operations	A	4,638,759	128,858,877	133,497,636
Other Income		116,891	-	116,891
Total revenue		**4,755,650**	**128,858,877**	**133,614,527**
Expenses				
Cost incurred towards service concession agreement (Refer Note 4)	A	-	115,589,233	115,589,233
Purchase of traded goods		2,556,605	-	2,556,605
Decrease/(Increase) in inventories of traded goods		1,300,900	-	1,300,900
Employee benefits expense		110,813	-	110,813
Other expenses		128,934	-	128,934
Depreciation and amortisation expense	A	52,317	4,169	56,486
Finance costs		10,738	-	10,738
Total (II)		**4,160,307**	**115,593,402**	**119,753,709**
Profit/(Loss) before tax		**595,343**	**13,265,475**	**13,860,818**
Income tax expense		-	-	-
Profit for the year		**595,343**	**13,265,475**	**13,860,818**
Other Comprehensive Income		-	-	-
Total Comprehensive Income		**595,343**	**13,265,475**	**13,860,818**

S K RAM ASSOCIATES CHARTERED ACCOUNTANTS CHENNAI

K J SOLAR SYSTEMS PRIVATE LIMITED
Notes to financial statements for the year ended 31 March 2017
(All amounts are in Indian Rupees, unless otherwise stated)

A Service Concession Arrangement

Management has determined the applicability of Appendix A of Ind AS 11: Service Concession Arrangements to power distribution arrangements entered into by the Company. The accounting for the power purchase arrangements in accordance with Appendix A of Ind AS 11 has impacted Revenue from operations and Cost incurred towards service concession agreement by Rs. 128,858.877 and Rs. 115,589,233 respectively for the year ended March 31, 2016, Property Plant and Equipment and Intangible assets as at March 31, 2016 amounting to Rs. 115,536,916 and Rs.128,802,391 respectively and has also impacted Revenue from operations and cost incurred towards service concession agreement by Rs.22,251,532 and 19,960,111 respectively for the year ended March 31,2017.

31 Capital and other commitments

a) The estimated amount of contracts remaining to be executed on capital account and not provided for is Rs.Nil (31 March 2016: Rs.1,501,911).

32 Previous year figures have been regrouped/reclassified, whereever necessary, to conform to the current year's 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.: 202916

Place: Chennai
Date: 22 May 2017

For and on behalf of the board of directors

A.Balan
Director
DIN : 00017091

Place: Chennai
Date: 22 May 2017

V.C.Raghunath
Director
DIN : 00703922

Place: Chennai
Date: 22 May 2017