

# **RAM PRASAD & CO.**

**CHARTERED ACCOUNTANTS**

**Dial : 0671-2506797 (O)**

**2506495 (R)**

**PLOT NO. 1215-C,**

**SECTOR-6, C.D.A.**

**CUTTACK-753 014**

## **Independent Auditor's Report**

**To the Members of Sarda Hydro Power Private Limited**

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

We have audited the accompanying financial statements of **Sarda Hydro Power Private Limited** ("the Company"), which comprises the Balance Sheet as at 31<sup>st</sup> March 2013, the Cash Flow Statement of the Company for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2013;

(ii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

1. As the company is a private limited company and falls within the exemption specified under paragraph 2(iv) of the Companies (Auditor's Report) order, 2003 issued by the Central Govt. of India in terms of Section (4A) of section 227 of the Companies Act, 1956. Hence the matters specified in Para 4 and 5 of the said order are not enclosed.

2. As required by section 227(3) of the Act, we report that:

a. we have 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 appears from our examination of those books;

c. the Balance Sheet, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d. in our opinion, the Balance Sheet and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.

e. on the basis of written representations received from the directors as on 31<sup>st</sup> March 2013, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**RAM PRASAD & CO.**  
CHARTERED ACCOUNTANTS  
Firm's Registration No. 319232E

-Sd/-

**RAM PRASAD AGRAWALLA**  
CHARTERED ACCOUNTANT  
Membership No.54609

PLACE : CUTTACK  
DATE : 22<sup>ND</sup> APRIL, 2013

**SARDA HYDRO POWER PRIVATE LIMITED**  
**BALANCE SHEET AS AT 31 MARCH 2013**

<u>Equity and Liabilities</u>	NOTES	31 March 2013 Amount(Rs.)	31 March 2012 Amount(Rs.)
<b>Shareholders' funds</b>			
(a) Share Capital	3	2,652,000	2,652,000
(b) Reserves and surplus		-	-
		2,652,000	2,652,000
<b>Non - Current Liabilities</b>		-	-
<b>Current Liabilities</b>			
Short-term borrowings	4	505,000	275,000
Other Current Liabilities	5	5,000	133,959
<b>TOTAL</b>		<b>3,162,000</b>	<b>3,060,959</b>
<u>Assets</u>			
<b>Non - Current assets</b>			
Fixed Assets			
Intangible assets (Under development)	6	2,954,212	2,823,736
Long-term loans and advances	7	125,313	125,313
<b>Current assets</b>			
Cash and cash equivalents	8	82,475	109,870
Short- term loans and advances	9	-	2,040
<b>TOTAL</b>		<b>3,162,000</b>	<b>3,060,959</b>

Summary of significant accounting policies

1 & 2

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

As per our report of even date

For RAM PRASAD & CO.  
 CHARTERED ACCOUNTANTS

For and on behalf of the board of directors

-Sd/-

KAMAL KISHORE SARDA, Director

-Sd/-

RAM PRASAD AGRAWALLA  
 CHARTERED ACCOUNTANT  
 ICAI M. NO. 54609

-Sd/-

SHEEN AGARWAL, Director

Place : Cuttack

Date :22.04.2013

<b>SARDA HYDRO POWER PRIVATE LIMITED</b>	<b>2012-13</b>	<b>2011-12</b>
<b>Cash Flow Statement for the year ended 31st March, 2013</b>	<b>Rs.</b>	<b>Rs.</b>
<b>A. Cash flow from operating activities</b>		
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	-	-
Movements in working capital:		
Increase/(decrease) in other current liabilities	(128,959)	128,959
Decrease/(increase) in long-term loans and advances	-	(125,313)
Decrease/(increase) in short-term loans and advances	2,040	(2,040)
Purchase of fixed assets, CWIP	(130,476)	(1,665,919)
<b>Net cash flow from/ (used in) operating activities</b>	<b>(257,395)</b>	<b>(1,664,313)</b>
<b>B. Cash flow from investing activities</b>	-	-
<b>C. Cash flow from financing activities</b>		
Increase in Share Capital and Securites Premium	-	2,550,000
Proceeds from short-term borrowings	230,000	275,000
Change in Share Application Money	-	(1,125,000)
<b>Net cash flow from (used in) financing activities</b>	<b>230,000</b>	<b>1,700,000</b>
Net Increase(Decrease) in Cash & Cash Equivalents (A+B+C)	(27,395)	35,687
Cash and cash Equivalents at the beginning of the year	109,870	74,183
<b>Cash and Cash Equivalents at the end of the year</b>	<b>82,475</b>	<b>109,870</b>
<b>Components of cash and cash equivalents</b>		
Cash in hand	19,092	37,726
With bank-on deposit account	63,383	72,144
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>82,475</b>	<b>109,870</b>
<b>Summary of significant accounting policies</b>	<b>1 &amp; 2</b>	
<b>As per our report of even date</b>		
<b>For RAM PRASAD &amp; CO.</b>		For and on behalf of the Board of directors
<b>CHARTERED ACCOUNTANTS</b>		
-Sd/-		
<b>RAM PRASAD AGRAWALLA</b>		-Sd/-
<b>CHARTERED ACCOUNTANT</b>		<b>KAMAL KISHORE SARDA, Director</b>
<b>Membership No. 54609</b>		
<b>Place : Cuttack</b>		-Sd/-
<b>Date :22.04.2013</b>		<b>SHEEN AGARWAL, Director</b>

## **SARDA HYDRO POWER PRIVATE LTD.**

### **Notes to Financial Statement for the year ended 31 March 2013**

#### **1. Corporate Information**

Sarda Hydro Power (P) Ltd. is a private limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company is engaged in implementation of two Hydro Electric Projects, named Kotaiveera 24 MW SHP and Ganeshpur 9 MW SHP.

#### **2. Basis of preparation**

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India ( Indian GAAP). The Company has prepared these financial statement to comply in all materiel respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the companies Act 1956. The financial statements have been prepared on an accrual basis and under the historical The accounting policies adopted in the preparation of financial statements are consistent with those of previous year:-

##### **2.1 Summary of significant accounting policies**

###### **a. Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make Judgments, estimates and assumptions that affect the reported amounts of expenses, assets and Liabilities and the disclosure of contingent liabilities, 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.

###### **b. Current and non current classification**

An asset or a liability is classified as current when it satisfies any one of the following creteria:

- (i) It is expected to be realised/settled or is intended for sale or consumption, in the company's normal operating cycle,
- (ii) It is held primarily for the purpose of being traded,
- (iii) It is expected to be realised/due to be settled within twelve months after the reporting date,
- (iv) The company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

###### **c. Fixed Assets**

Expenditure incurred during the construction stage till commencement of commercial production of the plants are grouped separately as 'Intangible Assets' (under development). These expenses shall be allocated to the cost of respective project assets on completion of projects on pro-rata basis.

###### **d. Cash and cash equivalent**

Cash and cash equivalent for the purposes of cash flow statement comprise cash at bank and in hand.

###### **e. Related party disclosures**

###### **Names of related parties and related party relationship**

Related parties where control exists

Holding company Sarda Energy & Minerals Limited

Short Term Loans taken from Holding Company Rs. 5,05,000

Shares issued to Holding Company Rs.15,91,200

**SARDA HYDRO POWER PRIVATE LIMITED**
**Notes to Financial Statement for the year ended 31 March 2013**

<b>3. Share capital</b>	<b>31 March 2013 Amount (Rs.)</b>	<b>31 March 2012 Amount (Rs.)</b>
Authorised 500000 (P.Y. : 500000) equity shares of Rs. 10/- each	<b>5000000</b>	<b>5000000</b>
Issued, subscribed and fully paid -up 2,65,200 (P.Y.:10,200) equity shares of Rs.10/- each	2652000	2652000
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>2652000</b>	<b>2652000</b>

**a) Reconciliation of the share outstanding at the beginning and at the end of the reporting period.**

Particulars	<b>31 March 2013</b>		<b>31 March 2012</b>	
	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)
Share the beginning of the period	265200	2652000	10200	102000
Share issued during the period	-	-	255000	2550000
Share Outstanding at the end of the period	265200	2652000	265200	2652000

**b) Rights attached to the equity shares**

All the equity shares issued by the company rank pari-passu in all respect and carry equal right in voting and residual assets per share.

<b>c) Shares held by Holding company are as below:-</b>	<b>31 March 2013</b>		<b>31 March 2012</b>	
Name of the Holding Company	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)
Sarda Energy & Minerals Ltd.	159120	1591200	159120	1,591,200

**d) Details of share holders holding more than 5% share in the Company**

Name of Shareholder	<b>31 March 2013</b>		<b>31 March 2012</b>	
	No. of share held	% of Holding	No. of share held	% of Holding
Sarda Energy & Minerals Ltd.	159120	60%	159120	60%
Chhattisgarh Investments Ltd.	69080	26%	69080	26%
Sri Kamal Kishore Sarda	32000	12%	32000	12%
<b>TOTA</b>	<b>260,200</b>	<b>98%</b>	<b>260,200</b>	<b>98%</b>

**SARDA HYDRO POWER PRIVATE LIMITED**

**Notes to Financial Statement for the year ended 31 March 2013**

PARTICULARS	31-Mar-13	31-Mar-12
	Amount (Rs.)	Amount (Rs.)
<b>4. Short-term Borrowings</b>		
Loans and advances from related parties (Unsecured)	505,000	275,000
<b>TOTAL</b>	<b>505,000</b>	<b>275,000</b>
<b>5. Other Current Liabilities</b>		
Tds Payable	-	128,959
Audit Fees Payable	5,000	5,000
<b>TOTAL</b>	<b>5,000</b>	<b>133,959</b>
<b>6. Intangible assets (under development)</b>		
<b><u>Project &amp; pre- operative Expenses</u></b>		
Travelling Expenses	25,750	6,085
Fees & Subscription	26,135	18,920
Postage & Telegram	165	140
Printing & stationary	41,833	4,392
Audit Fees	21,500	16,500
Bank Charges	3,771	3,595
Legal, Professional & Consultancy charges	86,115	78,811
Registration Charges with CREDA	990,000	990,000
Interest Paid	150	150
Survey & Supervision Charges	1,373,243	1,369,593
Road Construction Work	50,000	-
Vehicle Hiring ,Running & Maintenance Charges	2,550	2,550
NOC & Clearance Fees	300,000	300,000
Site Expenses	2,500	2,500
Preliminary Expenses	30,500	30,500
<b>TOTAL</b>	<b>2,954,212</b>	<b>2,823,736</b>
<b>7 Long term loans and advance</b>		
Advance for Forest land to Govt.	125,313	125,313
<b>TOTAL</b>	<b>125,313</b>	<b>125,313</b>
<b>8. Cash and cash equivalents</b>		
Cash-In-hand	19,092	37,726
Balance with Schedule Bank In Current Account	63,383	72,144
<b>TOTAL</b>	<b>82,475</b>	<b>109,870</b>
<b>9. Short Term loans and advances</b>		
Advance recoverable in cash or in kind	-	2,040
<b>TOTAL</b>	<b>-</b>	<b>2,040</b>

**SARDA HYDRO POWER PRIVATE LTD.**

**Notes to Financial Statement for the year ended 31 March 2013**

10. The payment of Bonus Act, Gratuity Act and Provident Fund Act are not applicable to the Company during the year.
11. The company has taken steps for getting the required information, but none of the suppliers have provided information about their being Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31st March, 2013. Therefore no details could be disclosed as required.
12. The company is in the process of implementation of hydro power projects. Hence the expenditure incurred during the implementation stage of the projects is accounted under the head intangible asset under development. It shall be capitalised and added on proportionate basis to the cost of fixed asset (other than Freehold and Leasehold Land) on commissioning of the projects
13. The company has not commenced any commercial activity and hence no Profit and Loss Account is prepared.
14. Contingent Liability not provided for : Rs. NIL (Previous Year Rs.NIL)
15. Previous year figures have been recast/regrouped/restated wherever necessary to make them comparable.

As per our Report of even date  
**FOR RAM PRASAD & CO.**  
Chartered Accountants,

-Sd/-

**RAM PRASAD AGRAWALLA**  
CHARTERED ACCOUNTANT  
MEMBERSHIP NO.54609

PLACE: CUTTACK  
Date :22.04.2013

For and on behalf of the Board

-Sd/-

**KAMAL KISHORE SARDA**, Director

-Sd/-

**SHEEN AGARWAL**, Director