

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 Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Sarda Hydro Power Private Limited** ("the Company") which comprise the balance sheet as at 31st March 2015, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 standalone financial statements that give a true and fair view of the financial position and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 31st March 2015;
- (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 required by the Companies (Auditor's Report) Order, 2015 ("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 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 purposes of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act;

- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company does not have any pending litigations which would impact its financial position.
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There has been no amount, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

-Sd/-
RAM PRASAD AGRAWALLA
PARTNER
Membership No.54609

PLACE : CUTTACK
DATE : 12TH MAY, 2015

Re: Sarda Hydro Power Private Limited

Referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements of our report of even date,

- (i) (a) The Company has not any fixed assets .
(b) This clause in not applicable.
- (ii) (a) As explained to us, there is not any inventories.
(b) This clause in not applicable.
(c) This clause in not applicable.
- (iii) (a) The company has not granted any secured or unsecured loans to a company, firms or other parties covered in the register maintained under section 189 of the companies Act, 2013.
(b) This clause in not applicable.
(c) This clause in not applicable.
- (iv) In our opinion and according to the information & explanations given to us, there are adequate internal control system commensurate with the size of the company and nature of its business . During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls system.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public.
- (vi) Maintenance of cost records has not been specified by the Central Government u/s 148(1) of the Companies Act.
- (vii) (a) According to the information & explanations given to us, during the year the company has not any undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities and there is not any undisputed amounts of statutory dues as stated above were in arrears as at 31st March 2015 for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
(c) According to the information and explanations given to us, there was no amount required to be transferred to investor education and protection fund during the year in accordance with the relevant provisions of the Companies Act, 2013.
- (viii) In our opinion, the company has no accumulated losses at the end of the financial year and the company has not incurred any cash loss during the current financial year covered under audit, as well as in the immediately preceding financial year.

- (ix) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to the banks or financial institution.
- (x) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) There is not any the term loans of the company.
- (xii) In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

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

-Sd/-

RAM PRASAD AGRAWALLA
PARTNER
Membership No.54609

PLACE : CUTTACK
DATE : 12TH MAY, 2015

SARDA HYDRO POWER PRIVATE LIMITED
BALANCE SHEET AS AT 31 MARCH 2015

<u>Equity and Liabilities</u>	NOTES	31 March 2015 Amount(Rs.)	31 March 2014 Amount(Rs.)
Shareholders' funds			
(a) Share Capital	3	2,745,000	2,652,000
(b) Reserves and surplus	4	837,000	-
		3,582,000	2,652,000
Non - Current Liabilities		-	-
Current Liabilities			
Short-term borrowings	5	-	545,905
Other Current Liabilities	6	11,671	11,545
TOTAL		3,593,671	3,209,450
<u>Assets</u>			
Non - Current assets			
Fixed Assets			
Intangible assets (Under development)	7	3,127,868	3,031,341
Long-term loans and advances	8	130,313	130,313
Current assets			
Cash and cash equivalents	9	335,490	47,796
TOTAL		3,593,671	3,209,450

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
Firm's Registration No. 319232E

For and on behalf of the board of directors

-Sd/-

KAMAL KISHORE SARDA, Director

-Sd/-

RAM PRASAD AGRAWALLA
PARTNER
ICAI M. NO. 54609

-Sd/-

SHEEN AGARWAL, Director

Place : Cuttack

Date :12.05.2015

SARDA HYDRO POWER PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

	2014-15	2013-14
	Rs.	Rs.
A. Cash Flow from operating activities		
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	-	-
B. Cash flow from investing activities		
Increase/(decrease) in other current liabilities	126	6,545
Decrease/(increase) in long-term loans and advances	-	(5,000)
Decrease/(increase) in short-term loans and advances	-	-
Purchase of fixed assets, CWIP	(96,527)	(77,129)
Net cash flow from/ (used in) investing activities	(96,401)	(75,584)
C. Cash flow from financing activities		
Increase in Share Capital and Securites Premium	930,000	-
Proceeds from short-term borrowings	(545,905)	40,905
Change in Share Application Money	-	-
Net cash flow from (used in) financing activities	384,095	40,905
Net Increase(Decrease) in Cash & Cash Equivalents (A+B+C)	287,694	(34,679)
Cash and cash Equivalents at the beginning of the year	47,796	82,475
Cash and Cash Equivalents at the end of the year	335,490	47,796
Components of cash and cash equivalents		
Cash in hand	1,365	17,517
With bank-on deposit account	334,125	30,279
TOTAL CASH AND CASH EQUIVALENTS	335,490	47,796

Summary of significant accounting policies

1 & 2

As per our report of even date

For RAM PRASAD & CO.
CHARTERED ACCOUNTANTS
 Firm's Registration No. 319232E
 -Sd/-
RAM PRASAD AGRAWALLA
PARTNER
 Membership No. 54609

For and on behalf of the Board of directors

-Sd/-
KAMAL KISHORE SARDA, Director

Place : Cuttack
 Date :12.05.2015

-Sd/-
SHEEN AGARWAL, Director

SARDA HYDRO POWER PRIVATE LIMITED

Notes to Financial Statement for the year ended 31 March 2015

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 cost convention.

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 equivalents

Cash and cash equivalents 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 Limitec

Shares issued to Holding Company

Rs.16,47,000/-

SARDA HYDRO POWER PRIVATE LIMITED

Notes to Financial Statement for the year ended 31 March 2015

3. Share capital	31 March 2015 Amount (Rs.)	31 March 2014 Amount (Rs.)
Authorised 500000 (P.Y. : 500000) equity shares of Rs. 10/- each	5000000	5000000
Issued, subscribed and fully paid -up 2,74,500 (P.Y.:2,65,200) equity shares of Rs.10/- each	2745000	2652000
Total issued, subscribed and fully paid-up share capital	2745000	2652000

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

Particulars	31 March 2015		31 March 2014	
	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)
Share the beginning of the period	265,200	2,652,000	265,200	2,652,000
Share issued during the period	9,300	93,000	-	-
Share Outstanding at the end of the period	274,500	2,745,000	265,200	2,652,000

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.

c) Shares held by Holding company are as below:-	31 March 2015		31 March 2014	
Name of the Holding Company	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)
Sarda Energy & Minerals Ltd.	164,700	1,647,000	159,120	1,591,200

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

Name of Shareholder	31 March 2015		31 March 2014	
	No. of share held	% of Holding	No. of share held	% of Holding
Sarda Energy & Minerals Ltd.	164,700	60%	159,120	60%
Chhattisgarh Investments Ltd.	71,370	26%	69,080	26%
Sri Kamal Kishore Sarda	33,242	12%	32,000	12%
TOTAL	269,312	98%	260,200	98%

4. Reserves & Surplus	31-Mar-15 Amount (Rs.)	31-Mar-14 Amount (Rs.)
a. Securities Premium Reserve		
Balance as per last Balance Sheet	-	-
Addition during the year	837,000	-
Closing Balance	837,000	-
Total reserves and surplus	837,000	-

SARDA HYDRO POWER PRIVATE LIMITED

Notes to Financial Statement for the year ended 31 March 2015

PARTICULARS	31-Mar-15	31-Mar-14
	Amount (Rs.)	Amount (Rs.)
5. Short-term Borrowings		
Loans and advances from related parties (Unsecured)	-	545,905
TOTAL	-	545,905
6. Other Current Liabilities		
Tds Payable	4,671	4,545
Audit Fees Payable	7,000	7,000
TOTAL	11,671	11,545
7. Intangible assets (under development)		
<u>Project & pre-operative Expenses</u>		
Travelling Expenses	33,025	25,750
Fees & Subscription	31,170	27,635
Postage & Telegram	165	165
Printing & stationary	42,933	41,833
Audit Fees	35,500	28,500
Bank Charges	3,846	3,846
Legal, Professional & Consultancy charges	101,285	93,419
Registration Charges with CREDA	990,000	990,000
Interest Paid	92,309	45,600
Survey & Supervision Charges	1,407,843	1,389,043
Road Construction Work	50,000	50,000
Vehicle Hiring ,Running & Maintenance Charges	6,792	2,550
NOC & Clearance Fees	300,000	300,000
Site Expenses	2,500	2,500
Preliminary Expenses	30,500	30,500
TOTAL	3,127,868	3,031,341
8 Long term loans and advance		
Advance for Forest land to Govt.	130,313	130,313
	130,313	130,313
9. Cash and cash equivalents		
Cash-In-hand	1,365	17,517
Balance with Sehedule Bank In Current Account	334,125	30,279
TOTAL	335,490	47,796

SARDA HYDRO POWER PRIVATE LTD.

Notes to Financial Statement for the year ended 31 March 2015

- 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, 2015. 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.
- 16 During the year, the Income Tax Department has conducted a search operation in office premises of the Company on 11.12.2014 u/s132 of the Income Tax Act,1961. During the course of search various documents and records have been seized by them. The company does not foresee any liability.

As per our Report of even date

FOR RAM PRASAD & CO.
Chartered Accountants
Firm's Registration No. 319232E

-Sd/-

RAM PRASAD AGRAWALLA
PARTNER
MEMBERSHIP NO.54609

PLACE: CUTTACK
Date :12.05.2015

For and on behalf of the Board

-Sd/-

KAMAL KISHORE SARDA, Director

-Sd/-

SHEEN AGARWAL, Director