

Auditor's Report

To

The Partners

SHRIRAM ELECTRICITY LLP

Report on the Financial Statements

We have audited the accompanying financial statements of **Shriram Electricity LLP** which comprise the Balance Sheet as at March 31, 2014 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, financial performance of the LLP in accordance with the Accounting Standards. 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 LLP'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:

- a) in the case of the Balance Sheet, of the state of affairs of the LLP as at March 31, 2014;

Report on Other Legal and Regulatory Requirements

1. 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 LLP so far as appears from our examination of those books.
 - c) The Balance Sheet dealt with by this Report is in agreement with the books of account.
 - d) In our opinion the Balance Sheet comply with the Accounting Standards to the extent applicable.

For BEGANI & BEGANI
CHARTERED ACCOUNTANTS
(FRN: 010779C)

VIVEK BEGANI
(PARTNER)
M. No.:403743

Place: Raipur (C.G.)

Date: 15.04.2014

| SHRIRAM ELECTRICITY LLP | | | |
|---|------------------------------------|---------------------------|---------------------|
| BALANCE SHEET AS AT 31 March 2014 | | | |
| Particulars | Note No | As at 31-March-2014 | As at 31-March-2013 |
| I. EQUITY AND LIABILITIES | | | |
| (1) Partners' Funds | | | |
| (a) Contribution | 3 | 34,955,050 | 34,663,128 |
| (b) Reserves and Surplus | | - | - |
| (c) Money received against share warrants | | - | - |
| (2) Share application money pending allotment | | - | - |
| (3) Non-Current Liabilities | | | |
| (a) Long-term borrowings | | - | - |
| (b) Deferred tax liabilities (Net) | | - | - |
| (c) Other Long term liabilities | | - | - |
| (d) Long-term provisions | | - | - |
| (4) Current Liabilities | | | |
| (a) Short-term borrowings | | - | - |
| (b) Trade payables | | - | - |
| (c) Other current liabilities | 4 | 8,427 | 8,427 |
| (d) Short-term provisions | | | |
| Total | | 34,963,477 | 34,671,555 |
| II. Assets | | | |
| (1) Non-current assets | | | |
| <i>(a) Fixed assets</i> | | | |
| (i) Tangible assets | 5 | 20,612,640 | 20,612,640 |
| (ii) Intangible assets | | - | - |
| (iii) Capital work-in-progress | | (341,425) | 398,398 |
| (iv) Intangible assets under development | | - | - |
| (b) Non-current investments | | - | - |
| (c) Deferred tax assets (net) | | - | - |
| (d) Long term loans and advances | 6 | 236,594 | 236,594 |
| (e) Other non-current assets | 7 | 12,451 | 12,451 |
| (2) Current assets | | | |
| (a) Current investments | | | |
| (b) Inventories | | | |
| (c) Trade receivables | | | |
| (d) Cash and cash equivalents | 8 | 14,153,516 | 13,226,445 |
| (e) Short-term loans and advances | | | |
| (f) Other current assets | 9 | 289,701 | 185,027 |
| Total | | 34,963,477 | 34,671,555 |
| Summary of Significant Accounting Policies | 1 & 2 | | |
| | | | |
| | | | |
| For, Begani & Begani | For Shriram Electricity LLP | | |
| Chartered Accountant | | | |
| (FRN:) | | | |
| | | | |
| | | | |
| (VIVEK BEGANI) | (G.K. Chhanghani) | (Ankit Jindal) | |
| PARTNER | Designated Partner | Designated Partner | |
| M. No. 403743 | | | |
| PLACE: RAIPUR | | | |
| DATED: 15.04.2014 | | | |

| SHRIRAM ELECTRICITY LLP | | | |
|---|---|--------------------------|--------------------------|
| NOTES "3" TO "9" FORMING PART OF THE BALANCE SHEET | | | |
| Note No. | Particulars | As at 31-Mar-2014 | As at 31-Mar-2013 |
| | | Amount (Rs.) | Amount (Rs.) |
| 3 | Partner's Fund | | |
| | Sarda Energy and Minerals Ltd. | 34,955,050 | 34,663,128 |
| | Total | 34,955,050 | 34,663,128 |
| | | | |
| 4 | Other Current Liabilities | | |
| | Audit Fee Payable | 8,427 | 8,427 |
| | Total | 8,427 | 8,427 |
| | | | |
| 5 | Tangible Assets | | |
| | Freehold Land | 20,612,640 | 20,612,640 |
| | Capital work-in-progress | | |
| | Pre-operative Expenses | (341,425) | 398,398 |
| | Total | 20,271,215 | 21,011,038 |
| | | | |
| 6 | Long Term Loans and Advances | | |
| | Capital Advances | 236,594 | 236,594 |
| | Total | 236,594 | 236,594 |
| | | | |
| 7 | Non-current Assets | | |
| | Preliminary Expenditure | 12,451 | 12,451 |
| | Total | 12,451 | 12,451 |
| | | | |
| 8 | Cash and cash equivalents | | |
| | Balances with banks in Current Accounts | 1,989 | 16,987 |
| | Fixed Deposit with Bank | 14,024,627 | 13,119,710 |
| | (FDR is lien as margin against Bank Guarantee of Rs. 1,28,25,000/-) | | |
| | Interest accrued on FDR | 126,900 | 89,748 |
| | Total | 14,153,516 | 13,226,445 |
| | | | |
| 9 | Other Current Assets | | |
| | Income Tax deducted at source | 289,701 | 185,027 |
| | Total | 289,701 | 185,027 |
| | | | |

SHRIRAM ELECTRICITY LLP: RAIPUR (C.G.)

Notes to Financial Statement for the year ended 31st March 2014

1. Nature of Operation

Shri ram Electricity has been formed by Sarda Energy & Minerals Ltd. (51%), Akshay Ispat Udyog Pvt. Ltd.(26%) and Mosh Varya Infrastructure Pvt Ltd.(23%) as a Special Purpose Vehicle to put up the captive thermal power plant.

2. Basis of Preparation of Financial Statements

The accounts of the LLP are prepared under the historical cost convention using the accrual method of accounting in accordance with the generally accepted accounting principles in India.

2.1 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

a) Use of Estimates

The preparation of financial statements, in conformity with Generally Accepted Accounting Principles, requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities as at the date of financial statement and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

b) Revenue Recognition

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

c) Fixed Assets

Tangible

Tangible assets are stated at cost, net of recoverable taxes less accumulated depreciation / amortization and impairment losses if any. Cost comprises purchase price and any attributable costs of bringing the asset to its working condition for its intended use.

All costs, including administrative, financing and general overhead expenses, as are specifically attributable to construction of a project or to the acquisition of a fixed asset or bringing it to its working condition, is included as part of the cost of construction of project or as a part of the cost of fixed asset, till commencement of commercial production.

Subsequent expenditure related to an item of tangible assets is added to its book value only, if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

Intangible

Intangible assets are carried at its cost, less accumulated amortization and impairment losses, if any. All costs, including financing costs relating to development of intangible assets which takes substantial period of time to get ready for its intended use are also included to the extent they are incurred, till commencement of commercial production.

d) PRELIMINARY EXPENSES :

Preliminary Expenses will be amortized over a period of 5 years starting from the Financial Year from which commencement of commercial operations of the LLP will begin.

e) NOTES TO THE ACCOUNTS

1. Contingent liability not provided for is Rs.1,28,25,000/- for Bank Guarantee given to SECL/-(Previous Year: Rs. 1,28,25,000/-)
Bank Guarantee Given to SECL: Rs. 1,28,25,000/-(Previous Year: Rs. 1,28,25,000/-). The Bank Guarantee has been invoked by SECL. The Hon'ble High Court of Chhattisgarh has stayed the invocation of BG on writ petition filed by the firm. The firm has been advised that the invocation is illegal and there won't be any liability on the firm. Matter is still pending before Hon'ble High Court of Chhattisgarh. Accordingly no provision has been made.
2. Value of imports on CIF Basis is Rs. Nil (Previous Year: Rs. Nil)
3. Expenditure in foreign currency is Rs. Nil (Previous Year: Rs. Nil)
4. Earnings in foreign currency is Rs. Nil (Previous Year: Rs. Nil)
5. As there is no timing difference, deferred tax asset/liability has not been provided for in the books of account. (Previous Year: Rs. Nil)
6. The LLP has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises development Act, 2006) claiming their status as on 31st March,2014 as micro, small or medium enterprises. Consequently the amount paid/payable to these parties during the year is nil.
7. The Firm has not commenced any commercial activities during the year therefore no profit and loss account has been prepared.
8. Previous year figures are regrouped and rearranged wherever necessary.

As per our report of even dated

**For, Begani & Begani
Chartered Accountants,**

On Behalf of Shri Ram Electricity LLP,

**(Vivek Begani)
Partner
M.No. 403743**

**(G.K. Chhanghani)
Designated Partner**

**(Ankit Jindal)
Designated Partner**

**PLACE: RAIPUR
DATED: 15/04/2014**