

OPSinghania & Co.

CHARTERED ACCOUNTANTS

JDS CHAMBERS, 1ST FLOOR, 6-CENTRAL AVENUE,
CHOUBE COLONY, RAIPUR - 492001. (C.G.)

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Independent Auditor's Report To the Partners of Chhattisgarh Hydro Power LLP Report on the Financial Statements

We have audited the accompanying financial statements of **Chhattisgarh Hydro Power LLP** which comprise the Statement of Assets and Liabilities as at 31st March 2016, Cash Flow Statement for the year ended 31st March, 2016 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 in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India. 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.

1. We report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the firm so far as appears from our examination of those books;
- (iii) The Statement of Assets and Liabilities and the Cash Flow Statement dealt with by this report is in agreement with the books of account; and
- (iv) In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements give a true and fair view:
 - (a) In the case of the Statement of Assets and Liabilities, of the state of affairs of the firm as at 31st March, 2016.
 - (b) In the case of the Cash Flow Statement of the firm for the year ended 31st March, 2016.

For OPSinghania & Co.
(Firm Registration No. 002172C)
Chartered Accountants

SANJAY SINGHANIA
PARTNER
Membership No.076961

Raipur, 11.05.2016

CHHATTISGARH HYDRO POWER LLP
STATEMENT OF ASSETS AND LIABILITIES
AS AT 31st MARCH, 2016

PARTICULARS	SCHEDULE	AMOUNT	AMOUNT
		Rs. 31.03.2016	Rs. 31.03.2015
<u>CONTRIBUTION & LIABILITIES</u>			
<u>PARTNER'S FUNDS</u>			
Capital Contribution	A	344,180,999	300,181,000
<u>NON CURRENT LIABILITIES</u>			
Secured Loans	B	635,548,516	356,062,308
<u>CURRENT LIABILITIES</u>			
Short term borrowings	C	270,351,947	-
Other Current Liabilities	D	15,673,951	10,965,474
	TOTAL	1,265,755,412	667,208,782
<u>ASSETS</u>			
<u>NON CURRENT ASSETS</u>			
<u>Fixed Assets</u>			
Tangible Assets	E	95,670,648	14,593,772
Intangible Assets	F	11,064,464	11,064,464
Capital work in progress	E	969,567,172	460,052,831
Long Term Loans & Advances	G	118,806,655	160,132,559
Other Non-Current Assets	H	20,881,166	1,037,563
<u>CURRENT ASSETS</u>			
Current Loans & Advances	I	877,522	528,502
Short Term Investment	J	40,000,000	-
<u>Cash & Bank Balances</u>			
Balance with schedule banks	K	8,827,072	19,744,354
Cash in hand		60,714	54,738
	TOTAL	1,265,755,412	667,208,782
NOTES ON ACCOUNTS	L		

For CHHATTISGARH HYDRO POWER LLP

As per our Report of even date
For O.P.SINGHANIA & CO.
(Firm Registration No. 002172C)
Chartered Accountants

KAMAL KISHORE SARDA
(Designated Partner)

PANKAJ SARDA
(Designated Partner)

Place : Raipur
Date : 11.05.2016

SANJAY SINGHANIA
Partner
Membership No.076961

Chhattisgarh Hydro Power LLP
Cash Flow Statement For The Year Ended 31st March, 2016

Particulars	2016	2015
	₹	₹
A. Cash Flow from Operating Activities		
Net Profit/(Loss) Before Tax	-	-
Operating Profit before Working Capital changes	-	-
<u>Adjustment for :</u>		
Other Current Liabilities	4,708,477	5,791,775
Other Current Assets	21,133,280	(40,403,247)
Net Cash Flow from Operating Activities	25,841,756	(34,611,472)
B. Cash Flow from Investing Activities		
Increase in Tangible Fixed Assets	(81,076,876)	(402,094)
Increase in Capital WIP	(509,514,341)	(328,549,471)
Increase in Investment	(40,000,000)	-
Net Cash used in Investing Activities	(630,591,216)	(328,951,564)
C. Cash Flow from Financing Activities		
	593,838,154	382,371,309
Net Cash from financing Activities	593,838,154	382,371,309
Net Increase/(decrease) in Cash and Cash equivalents (A+B+C)	(10,911,306)	18,808,272
Cash & Cash Equivalents at the beginning (Note 6)	19,799,092	990,820
Cash & Cash Equivalents at the end (Note 6)	8,887,785	19,799,092
Increase/(decrease) in Cash and Cash equivalents	(10,911,306)	18,808,272

Notes:

(a) Cash and cash equivalent include the following :

Cash on Hand	60,714	54,738
Balance with Banks	8,827,072	19,744,354
	8,887,785	19,799,092

(b) Figures in brackets represent outflows.

(c) Previous year figures have been recast/restated wherever necessary.

As per our report of even date

For OPSinghania & CO.

(Firm Reg. No.002172C)

Chartered Accountants

For and on behalf of the Board of Directors of
Chhattisgarh Hydro Power LLP

Sanjay Singhania
Partner
Membership No.076961

K. K. Sarda
Designated Partner

Pankaj Sarda
Designated Partner

Place : Raipur
Date : 11.05.2016

CHHATTISGARH HYDRO POWER LLP**CHHATTISGARH HYDRO POWER LLP****SCHEDULE - A : PARTNERS' CAPITAL CONTRIBUTION**

PARTICULARS	PROFIT SHARING RATIO %	AS AT 01.04.2015 Rs.	CONTRIBUTION DURING THE YEAR Rs.	PROFIT/(LOSS) DISTRIBUTED	AS AT 31.03.2016 Rs.
Chhatisgarh Investment Ltd	11.12	33,454,566	4,816,843	-	38,271,409
Prachi Agriculture & Properties Ltd.	0.48	1,314,586	320,944	-	1,635,530
Sarda Agriculture & Properties Ltd	0.48	1,314,586	320,944	-	1,635,530
Sarda Family Investments	9.80	29,539,456	4,217,890	-	33,757,346
Sarda Energy & Minerals Ltd.	60.92	182,951,822	26,723,165	-	209,674,987
Shri Kamal Kishore Sarda	12.45	37,397,064	5,453,830	-	42,850,894
Smt. Shakuntala Devi Sarda	4.75	14,208,920	2,146,383	-	16,355,303
Total	100.00	300,181,000	43,999,999	-	344,180,999

CHHATTISGARH HYDRO POWER LLP
SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE - B : SECURED LOANS

PARTICULARS	AS AT 31.03.2016 Rs.	AS AT 31.03.2015 Rs.
Term Loan from Bank of Baroda	317,774,536	220,531,432
Term Loan from Union Bank of India	317,773,980	135,530,877
Total	635,548,516	356,062,308

SCHEDULE - C : SHORT TERM BORROWINGS

PARTICULARS	AS AT 31.03.2016 Rs.	AS AT 31.03.2015 Rs.
<u>Unsecured Loan</u>		
Sarda Energy & Minerals Ltd.	270,351,947	-
Total	270,351,947	-

SCHEDULE - D : OTHER CURRENT LIABILITIES

PARTICULARS	AS AT 31.03.2016 Rs.	AS AT 31.03.2015 Rs.
Salary Payable	796,510.00	569,572.00
Rent Payable	68,000.00	-
Interest Accrued but not due on Borrowings	729,235.00	-
TDS Payable	3,455,193.00	952,973.00
Work Contract Tax Payable	3,300.00	-
Creditors for Capital Goods	10,621,712.65	9,442,929.00
Total	15,673,951	10,965,474

CHHATTISGARH HYDRO POWER LLP
SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE - E

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	OPENING BALANCE	ADDITION DURING THE YEAR	DEDUCTION DURING THE YEAR	AS AT 31.03.2016	OPENING BALANCE	FOR THE YEAR	DEDUCTION DURING THE YEAR	UPTO 31.03.2016	AS ON 31.03.2016	AS AT 31.03.2015
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<u>TANGIBLE ASSETS</u>										
Land	8,520,134	3,540,800	-	12,060,934	-	-	-	-	12,060,934	8,520,134
Road	-	77,086,838	-	77,086,838	-	-	-	-	77,086,838	-
Office Equipment	4,104,772	429,020	-	4,533,792	1,404,984	315,538	-	1,720,522	2,813,269	2,699,788
Furniture & Fixture	406,103	337,813	-	743,916	37,322	26,297	-	63,619	680,297	368,781
Survey Equipment	674,390	-	-	674,390	125,892	32,121	-	158,013	516,377	548,498
Portable Magazine	146,013	-	-	146,013	15,537	4,890	-	20,427	125,586	130,476
Tools & Tackles	-	229,191	-	229,191	-	3,289	-	3,289	225,902	-
Bridge	1,102,682	-	-	1,102,682	135,607	52,521	-	188,128	914,554	967,075
Vehicle	1,728,545	53,635	-	1,782,180	369,525	165,764	-	535,289	1,246,891	1,359,020
Total (1)	16,682,639	81,677,297	-	98,359,936	2,088,866	600,421	-	2,689,288	95,670,648	14,593,772
<u>CAPITAL WORK IN PROGRESS</u>										
Project & Pre-operative Expenses	460,052,831	516,046,111	6,531,770	969,567,172	-	-	-	-	969,567,172	460,052,831
Total (2)	460,052,831	516,046,111	6,531,770	969,567,172	-	-	-	-	969,567,172	460,052,831
Grand Total (1+2)	476,735,470	597,723,408	6,531,770	1,067,927,107	2,088,866	600,421		2,689,288	1,065,237,820	474,646,603

SCHEDULE - F : INTANGIBLE ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	OPENING BALANCE	ADDITION DURING THE YEAR	DEDUCTION DURING THE YEAR	AS AT 31.03.2016	OPENING BALANCE	FOR THE YEAR		UPTO 31.03.2016	AS ON 31.03.2016	AS AT 31.03.2015
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.
Rights to use Forest Land	11,064,464	-	-	11,064,464	-	-		-	11,064,464	11,064,464
Total	11,064,464	-	-	11,064,464	-	-		-	11,064,464	11,064,464

CHHATTISGARH HYDRO POWER LLP
SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE - G : LONG TERM LOANS & ADVANCES

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	Rs.	Rs.
Advance for Capital Goods	118,806,655	160,132,559
Total	118,806,655	160,132,559

SCHEDULE - H : OTHER NON-CURRENT ASSETS

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	Rs.	Rs.
Security Deposit for Rent	21,000	21,000
Security Deposit Bharat Gas Agencies	1,800	1,800
Security Deposit with Sales Tax	10,000	10,000
Security Deposit with CSPDCL	20,848,366	1,004,763
Total	20,881,166	1,037,563

SCHEDULE - I : CURRENT LOANS AND ADVANCES

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	Rs.	Rs.
Advances Recoverable in Cash or Kind	877,522	528,502
Total	877,522	528,502

SCHEDULE - J : SHORT TERM INVESTMENT

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	Rs.	Rs.
Investment in Bank of Baroda Pioneer Mutual Funds	40,000,000	-
Total	40,000,000	-

SCHEDULE - K : BALANCES WITH SCHEDULED BANKS

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	Rs.	Rs.
IDBI Bank Ltd.	1,210,682	3,116,740
Bank of Baroda	6,700,509	16,339,004
Fixed deposit with Bank of Baroda (Incl. Accrued interest thereon)	756,821	-
State Bank of India	159,060	288,610
Total	8,827,072	19,744,354

CHHATTISGARH HYDRO POWER LLP
SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE - L : NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES

The Firm has undertaken the activities of generation and distribution of Hydro Electric Power and has been under process of implementation of the projects at Gullu, Jashpur (Chhattisgarh).

2. SIGNIFICANT ACCOUNTING POLICIES

a) System of Accounting

i) The financial statements are prepared under the historical cost convention, on going concern concept and in compliance with the accounting standards as notified by Companies (Accounting Standards) and the relevant provisions of the LLP Act, 2008.

ii) The Firm follows mercantile system of accounting and recognizes income and expenditure on an accrual basis except those with significant uncertainties.

iii) The accounting policies have been consistently applied by the Firm.

b) Capital Work-in-Progress

Expenditure incurred on different projects are being accounted under the head "Capital Work-in-Progress" and the same will be apportioned to specific assets of each project on commissioning of the same. The expenses incurred for the project has been grouped under the head "Project and Pre-operative Expenditure (Pending allocation)".

c) Fixed Assets

Fixed Assets are stated at acquisition cost less depreciation. Cost includes taxes, duties, freight, installation and other direct or allocated expenses upto the date of commercial production.

d) Intangible Assets

Intangible Assets are carried at its cost, less accumulated amortisation 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.

e) Expenditure during Construction Period

All expenditure incurred during construction/implementation stage of project are shown under the head Project and Pre-operative Expenditure shall be capitalized and shall be added on pro-rata basis to the cost of Fixed Assets (other than Land & leasehold land and other related assets) on commissioning of the Project.

f) Depreciation and Amortisation

i) Depreciation is provided on Straight Line Method based as per rates and in the manner prescribed in the schedule XIV of the Companies Act, 1956.

ii) Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis.

iii) Fixed Assets costing below Rs.5000/- are fully depreciated in the year of acquisition itself.

iv) Free-hold land and site & land development cost are not depreciated/amortized.

v) Leasehold land is amortised annually on the basis of tenure of lease period.

vi) Intangible assets are amortised over technically useful life of the asset.

CHHATTISGARH HYDRO POWER LLP
SCHEDULES FORMING PART OF THE ACCOUNTS

g) Provisions

Provisions are recognised, where the company has any legal or constructive obligation or where reliable estimate can be made for the amount of the obligation and as a result of past events, for which it is probable that an outflow of economic benefits will be 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.

h) Investments

Current Investments are stated at lower of cost/quoted fair value, computed categorywise.

i) Borrowing Costs

Since the Company is in Project Stage, interest and other costs in connection with the borrowing of the funds to the extent related/attribution to the acquisition/construction of fixed assets are capitalized only with respect to qualifying fixed assets i.e. those which take substantial period of time to get ready for its intended use.

j) Cash and Cash equivalents

Cash and Cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

k) Impairment of Tangible and Intangible Assets

The company assesses at each balance sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to statement of profit and loss. If at the balance sheet date there is any indication that previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

3. Contingent Liability not provided for : Rs.NIL (P.Y. NIL)

	2016	2015
	Rs in Lacs	Rs in Lacs
4. Estimated amount of contracts remaining to be executed on capital accounts	4538.84	5005.99
5. During the previous year, the Income Tax Department has conducted a search operation in office premises of the firm 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 at this stage, however the due provision of liability, if any, shall be made after completion of the block assessment.		
6. Security of Term Loans from banks:		
- First pari passu charge on land (except forest and Govt. Revenue land), building, shed & civil work, plant & machinery and other fixed assets of the proposed power plant to be implemented at Vill: Gullu, Jashpur (C.G.) of the LLP.		
- First pari passu charge on movable assets (including all revenue, receipts, receivables and intangible properties) both present and future.		
- The term loans are further secured by personal guarantees of Mr. Kamal Kishore Sarda and Mr. Pankaj Sarda.		

CHHATTISGARH HYDRO POWER LLP
SCHEDULES FORMING PART OF THE ACCOUNTS

7. The payment of Bonus Act, Gratuity Act and Provident Fund Act are not applicable to the Firm during the year.
8. The Firm has not commenced any commercial activities during the year therefore no profit and loss account has been prepared.
9. Related party disclosure as per AS-18 has been set out in a separate annexure to this note.
10. Previous year figures are regrouped and rearranged wherever necessary.

As per our report of even date
For OPSinghania & Co.
(Firm Regn.No.002172C)
Chartered Accountants,

For Chhattisgarh Hydro Power LLP

SANJAY SINGHANIA
Partner
Membership No. 076961

(KAMAL KISHORE SARDA),
Designated Partner

(PANKAJ SARDA)
Designated Partner

Place : Raipur
Date : 11.05.2016

Chhattisgarh Hydro Power LLP

Related party Discosure:

Related parties and nature of relationship where control exists:-

Controlling entity

Sarda Energy & Minerals Ltd.

Key Managerial Personnel

Mr.Kamal Sarda

Mr. Pankaj Sarda

Relatives of Key Manegerial Personnel

Smt. Shakuntala Devi Sarda

Transactions with related Parties

A. Enterprises significantly influenced by the key management personnel and their (Rs.in Lacs)

Nature of Transactions	Enterprises where significant influence exists	
	2015-16	2014-15
Transactions during the year		
Opening balance of Partners Capital	2345.58	2139.49
Partners Capital Received	831.46	222.09
Partners Capital Refund	488.23	16.00
Closing Balance of Partners Capital	2688.81	2345.58
Loans Taken	3136.78	0.00
Repayment of Loans Taken	650.00	0.00
Interest Paid on Loans Taken	240.82	0.00
Closing Balance		
Unsecured Loan	2703.52	0.00

B. Details of Material Transaction with related parties

	2015-16	2014-15
Opening balance of Partners Capital		
Sarda Energy & Minerals Ltd.	1829.52	1668.43
Shri Kamal Kishore Sarda	373.97	340.97
	2203.49	2009.40
Partners Capital Received		
Sarda Energy & Minerals Ltd.	370.00	177.09
Shri Kamal Kishore Sarda	440.00	33.00
	810.00	210.09
Partners Capital Refund		
Sarda Energy & Minerals Ltd.	102.77	16.00
Shri Kamal Kishore Sarda	385.46	0.00
	488.23	16.00
Closing Balance of Partners Capital		
Sarda Energy & Minerals Ltd.	2096.75	1829.52
Shri Kamal Kishore Sarda	428.51	373.97
	2525.26	2203.49
Loan Taken		
Sarda Energy & Minerals Ltd.	3136.78	0.00
Repayment of Loans Taken		
Sarda Energy & Minerals Ltd.	650.00	0.00
Interest Paid on Loans Taken		
Sarda Energy & Minerals Ltd.	240.82	0.00
Closing Balance		
Unsecured Loan		
Sarda Energy & Minerals Ltd.	2703.52	0.00