

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 2016, 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 2016;
- (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, 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 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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

RAM PRASAD AGRAWALLA
PARTNER
Membership No.54609

PLACE : CUTTACK
DATE : 15TH APRIL, 2016

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 sub clause in not applicable.
 - (c) This sub clause in not applicable.

- (ii) As explained to us, there is not any inventories, hence verification of the same does not arise.

- (iii) The company has not granted any secured or unsecured loans to a companies, firms/Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the companies Act, 2013. Hence sub clauses (a), (b) and (c) are not applicable.

- (iv) There is not any loans , investments, guarantees and security given by the Company.

- (v) The Company has not accepted any deposits , hence the directives issued by Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules are not applicable.

- (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, 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 2016 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, service tax, custom duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

- (viii) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.

- (ix) There is not any moneys raised by way of initial public offer or further public offer.

- (x) In our opinion and according to explanation given to us there is not any fraud by the Company or on the Company has been noticed or reprinted during the year.

- (xi) There is not any managerial remuneration paid or provided during the year.

- (xii) The Company is not a Nidhi Company.

(xiii) The transactions with the related parties have been disclosed in the financial statements.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) The company has not entered into any non-cash transactions with directors or persons connected with them.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

RAM PRASAD AGRAWALLA
PARTNER
Membership No.54609

PLACE : CUTTACK
DATE : 15TH APRIL, 2016

SARDA HYDRO POWER PRIVATE LIMITED
BALANCE SHEET AS AT 31 MARCH 2016

<u>Equity and Liabilities</u>	NOTES	31 March 2016 Amount(Rs.)	31 March 2015 Amount(Rs.)
Shareholders' funds			
(a) Share Capital	3	2,745,000	2,745,000
(b) Reserves and surplus	4	837,000	837,000
		3,582,000	3,582,000
Non - Current Liabilities		-	-
Current Liabilities			
Other Current Liabilities	5	9,000	11,671
TOTAL		3,591,000	3,593,671
<u>Assets</u>			
Non - Current assets			
Fixed Assets			
Intangible assets (Under development)	6	3,182,286	3,127,868
Long-term loans and advances	7	130,313	130,313
Current assets			
Cash and cash equivalents	8	278,401	335,490
TOTAL		3,591,000	3,593,671

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

KAMAL KISHORE SARDA, Director

RAM PRASAD AGRAWALLA
PARTNER
ICAI M. NO. 54609

SHEEN AGARWAL, Director

Place : Cuttack

Date : 25.04.2016

SARDA HYDRO POWER PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

	2015-16	2014-15
	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	(2,671)	126
Decrease/(increase) in long-term loans and advances	-	-
Decrease/(increase) in short-term loans and advances	-	-
Purchase of fixed assets, CWIP	(54,418)	(96,527)
Net cash flow from/ (used in) investing activities	(57,089)	(96,401)
C. Cash flow from financing activities		
Increase in Share Capital and Securites Premium	-	930,000
Proceeds from short-term borrowings	-	(545,905)
Change in Share Application Money	-	-
Net cash flow from (used in) financing activities	-	384,095
Net Increase(Decrease) in Cash & Cash Equivalents (A+B+C)	(57,089)	287,694
Cash and cash Equivalents at the beginning of the year	335,490	47,796
Cash and Cash Equivalents at the end of the year	278,401	335,490
Components of cash and cash equivalents		
Cash in hand	46,016	1,365
With bank-on deposit account	232,385	334,125
TOTAL CASH AND CASH EQUIVALENTS	278,401	335,490
Summary of significant accounting policies	1 & 2	
As per our report of even date		
For RAM PRASAD & CO.		
CHARTERED ACCOUNTANTS	For and on behalf of the Board of directors	
Firm's Registration No. 319232E		
RAM PRASAD AGRAWALLA		
PARTNER	KAMAL KISHORE SARDA, Director	
Membership No. 54609		
Place : Cuttack		
Date : 25.04.2016	SHEEN AGARWAL, Director	

SARDA HYDRO POWER PRIVATE LIMITED

Notes to Financial Statement for the year ended 31 March 2016

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 material 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 Limited

Shares issued to Holding Company

Rs.16,47,000/-

SARDA HYDRO POWER PRIVATE LIMITED

Notes to Financial Statement for the year ended 31 March 2016

PARTICULARS	31-Mar-16	31-Mar-15
	Amount (Rs.)	Amount (Rs.)
5. Other Current Liabilities		
Tds Payable	-	4,671
Rent Payable	2,000	-
Audit Fees Payable	7,000	7,000
TOTAL	9,000	11,671
6. Intangible assets (under development)		
<u>Project & pre-operative Expenses</u>		
Travelling Expenses	34,210	33,025
Fees & Subscription	33,210	31,170
Postage & Telegram	165	165
Printing & stationary	43,313	42,933
Audit Fees	42,500	35,500
Bank Charges	5,272	3,846
Legal, Professional & Consultancy charges	107,812	101,285
Registration Charges with CREDA	990,000	990,000
Interest Paid	92,309	92,309
Survey & Supervision Charges	1,440,003	1,407,843
Road Construction Work	50,000	50,000
Vehicle Hiring ,Running & Maintenance Charges	8,492	6,792
NOC & Clearance Fees	300,000	300,000
Site Expenses	2,500	2,500
Preliminary Expenses	30,500	30,500
Rent	2,000	-
TOTAL	3,182,286	3,127,868
7 Long term loans and advance		
Advance for Forest land to Govt.	130,313	130,313
	130,313	130,313
8. Cash and cash equivalents		
Cash-In-hand	46,016	1,365
Balance with Sehedule Bank In Current Account	232,385	334,125
TOTAL	278,401	335,490

SARDA HYDRO POWER PRIVATE LTD.

Notes to Financial Statement for the year ended 31 March 2016

- 9 The payment of Bonus Act, Gratuity Act and Provident Fund Act are not applicable to the Company during the year.
- 10 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, 2016. Therefore no details could be disclosed as required.
- 11 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
- 12 The company has not commenced any commercial activity and hence no Profit and Loss Account is prepared.
- 13 Contingent Liability not provided for : Rs. NIL (Previous Year Rs.NIL)
- 14 Previous year figures have been recast/regrouped/restated wherever necessary to make them comparable.
- 15 During the preceding 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

RAM PRASAD AGRAWALLA
PARTNER
MEMBERSHIP NO.54609

PLACE: CUTTACK
Date : 25.04.2016

For and on behalf of the Board

KAMAL KISHORE SARDA, Director

SHEEN AGARWAL, Director