

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIMBHAOLI POWER PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of SIMBHAOLI POWER PRIVATE LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 financial statements based on our audit.

In conducting 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 of the financial statements 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 judgement, 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

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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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit we report to the extent applicable 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, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
 - e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - 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 delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.



- iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management. – Refer note 16 to the financial statements.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 015125N)


Manjula Banerji
Partner

(Membership No. 086423)

GURUGRAM, May 29, 2017



ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **SIMBHAOLI POWER PRIVATE LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 015125N)



Manjula Banerji
(Partner)

(Membership No. 086423)

GURUGRAM, May 29, 2017



ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a programme of physically verifying all its fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and nature of its fixed assets. In accordance with this programme, some of the fixed assets were physically verified by the management during the year. According to the information and explanations given to us no discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered transfer deed provided to us, we report that, the title deeds, comprising all the immovable properties of buildings are held in the name of the Company as at the balance sheet date. The Company does not have any immovable properties of freehold or leasehold land disclosed as fixed asset in the financial statements.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has neither accepted any deposit during the year nor has any unclaimed deposits within the meaning of Section 73 to 76 or any other relevant provisions of the Act.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Service Tax, Value Added Tax, cess and other material statutory dues applicable to it to with the appropriate authorities. We have been informed that the operations of the Company during the year did not give rise to any Employee's State Insurance, Sales tax, Customs Duty and Excise Duty.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Service Tax, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
- (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2017 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks, except as under:

Particulars	Amount of default of repayment (Rs. in Lacs)		Period of default
	Principal	Interest	
Dues to Banks:			
Uttar Pradesh Co-operative Bank Ltd.	565.00	717.26	01-30 days
	565.00	651.48	31-60 days
	1,130.00	454.30	61-90 days
	=	148.19	112 days

The aforesaid dues have been paid during the year and there are no outstanding defaults as at March 31, 2017.

Further, the Company has not issued any debenture and has not taken any loans or borrowings from financial institutions (other than scheduled banks) and government.

- (ix) In our opinion and according to the information and explanations given to us, money raised by the way of the term loans have been applied by the Company for the purposes for which they were raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

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- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 015125N)



Manjula Baderji
Partner

(Membership No. 086423)

GURUGRAM, May 29, 2017



SIMBHAOLI POWER PRIVATE LIMITED

BALANCE SHEET AS AT MARCH 31, 2017

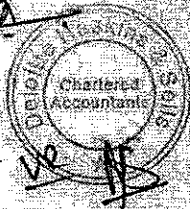
	Notes	As at March 31, 2017 Rs. lacs	As at March 31, 2016 Rs. lacs
A EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3.01	1,086.03	1,086.03
Reserves and surplus	3.02	7,654.32	7,227.70
		<u>8,740.35</u>	<u>8,313.73</u>
Non-current liabilities			
Long-term borrowings	3.03	19,759.00	22,303.61
Other long-term liabilities	3.04	814.79	541.71
Long-term provisions	3.05	50.35	24.84
		<u>20,624.14</u>	<u>22,870.16</u>
Current liabilities			
Trade payables			
Total outstanding dues of:			
- Micro enterprises and small enterprises	6	-	-
- Creditors other than micro enterprises and small enterprises		2,153.79	2,108.80
Other current liabilities	3.06	7,503.81	7,780.90
Short-term provisions	3.07	28.25	31.35
		<u>9,685.85</u>	<u>9,921.05</u>
Total		<u>39,050.34</u>	<u>41,104.94</u>
B ASSETS			
Non-current assets			
Fixed assets			
Tangible assets - Property, Plant & Equipment	3.08	31,857.48	33,011.23
Intangible assets		17.31	19.53
Capital work-in-progress - Tangible		67.49	-
Deferred tax assets (net)	3.10	-	-
Long-term loans and advances	3.11	160.84	12.89
		<u>32,123.12</u>	<u>33,043.65</u>
Current assets			
Current investments	3.12	287.38	1,813.53
Inventories	3.13	438.01	400.06
Trade receivables	3.14	2,364.27	4,136.75
Cash and cash equivalents	3.15	1,901.47	112.07
Short-term loans and advances	3.16	57.44	52.20
Other current assets	3.17	1,878.65	1,546.68
		<u>6,927.22</u>	<u>8,061.29</u>
Total		<u>39,050.34</u>	<u>41,104.94</u>

See accompanying notes forming parts of the financial statements

1 to 17

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants


Manjula Baner
Partner



Place: Gurugram
Date: May 29, 2017



For and on behalf of the Board of Directors



Gural Singh Amrendra Prasad Singh
Director Managing Director
DIN - 00064807 DIN - 03512958


Pitambar Kumar
Chief Finance Officer

Place: New Delhi
Date: May 29, 2017



Devinder Raj Narang
Director
DIN - 00870801


Company Secretary
M.No. - A39202

SIMBHAOLI POWER PRIVATE LIMITED


STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

	Notes	Year ended March 31, 2017 Rs. lacs	Year ended March 31, 2016 Rs. lacs
Revenue from operations			
Sale of Products		9,381.51	5,566.33
Other operating revenues	3.18	1,180.36	1,307.63
		<u>10,561.87</u>	<u>6,873.96</u>
Other income	3.19	480.96	123.24
Total Revenue		<u>11,042.83</u>	<u>6,997.20</u>
Expenses			
Cost of materials consumed - indigenous		3,777.16	1,720.99
Changes in inventories of finished goods, work-in-progress and stock-in-trade	3.20	21.78	(29.55)
Employee benefits expense	3.21	658.76	461.82
Finance costs	3.22	3,775.62	2,620.50
Depreciation and amortisation	3.08	1,157.09	844.58
Other expenses	3.23	1,225.80	1,083.02
Total Expenses		<u>10,616.21</u>	<u>6,701.36</u>
Profit/(loss) before tax		426.62	295.84
Tax expense:-			60.32
Current tax (MAT charged off)			
Deferred tax charge/(benefit)			
Profit/(loss) after tax		<u>426.62</u>	<u>235.52</u>
Earnings per equity share - basic/diluted (Rs.10 each)	12	3.83	2.71

See accompanying notes forming parts of the financial statements: 1 to 17

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Manjula
Manjula Bhandari
Partner



Place: Gurugram
Date: May 29, 2017



For and on behalf of the Board of Directors

Gurpal Singh
Gurpal Singh
Director
DIN - 00064807

Amrendra Prasad Singh
Amrendra Prasad Singh
Managing Director
DIN - 03512958

Prambar Kumar
Prambar Kumar
Chief Finance Officer

Place: New-Delhi
Date: May 29, 2017

Devinder Raj Narang
Devinder Raj Narang
Director
DIN - 00870801

Company Secretary
Company Secretary
M.No. - A-29202

SIMBHAOLI POWER PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

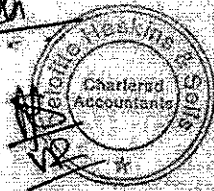
Particulars	For the year ended March 31, 2017 Rs. lacs	For the year ended March 31, 2016 Rs. lacs
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) before exceptional item and tax	426.62	295.84
Adjustments for:		
Depreciation	1,157.09	844.58
Finance costs	3,775.62	2,620.50
Profit on sale of current investments	(53.85)	(59.28)
Interest income	(3.81)	(41.10)
Operating profit/(loss) before working capital changes	5,301.67	3,660.54
Changes in working capital:		
Adjustments for (increase)/decrease in operating assets:		
Inventories	(37.95)	(50.62)
Trade receivables	1,772.48	(1,942.04)
Short-term loans and advances	(5.24)	49.54
Other current Assets	(930.22)	(1,181.71)
Long-term loans and advances	(175.00)	
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables	44.99	(157.48)
Non current liabilities	273.08	496.71
Other current liabilities	(11.42)	(58.11)
Short-term provisions	2.09	25.91
Long-term provisions	25.51	(9.28)
Cash (used)/generated from operations	6,859.99	833.46
Direct taxes (paid)/refund	(5.17)	(45.35)
Net cash flow from/(used in) operating activities (A)	6,854.82	788.11
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,029.71)	(7,739.22)
Purchase of investments	(1,150.00)	(4,228.05)
Sale of investments	2,730.00	2,587.88
Consideration paid under Business Transfer Agreement		(704.01)
Interest received	2.06	39.40
Margin money	(0.37)	
Net cash flow from/(used in) investing activities (B)	551.98	(9,944.00)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares and share premium		4,500.00
Proceeds from long-term borrowings		7,871.54
Repayment of long-term borrowings	(3,203.71)	
Finance costs paid	(2,414.06)	(5,791.20)
Net cash flow from/(used in) financing activities (C)	(5,617.77)	8,580.34
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	1,789.03	(575.55)
Cash and cash equivalents at the beginning of the year (Refer note 3.15)	90.07	665.63
Cash and cash equivalents at the end of the year (Refer note 3.15)	1,879.10	90.07

The above cash flow statement has been prepared under the indirect method set out in Accounting Standard - 3 'Cash Flow Statement'.

In terms of our report attached:
For DELOITTE HASKINS & SELLS
Chartered Accountants

For and on behalf of the Board of Directors

Manjula
Manjula Bhatnagar
Partner



Gurpal Singh
Gurpal Singh
Director
DIN - 0064807

Amitendra Prasad Singh
Amitendra Prasad Singh
Managing Director
DIN - 03512958

Devinder Raj Narang
Devinder Raj Narang
Director
DIN - 00870801

Phanish Kumar
Phanish Kumar
Chief Finance Officer

Manoj
Company Secretary
M.No. - 487202

Place : Gurugram
Date : May 29, 2017

Place : New Delhi
Date : May 29, 2017



SIMBHAOLI POWER PRIVATE LIMITED

Notes forming parts of the financial statements

1. Corporate Information

Simbhaoli Power Private Limited ("the Company") was incorporated on 21st June, 2011. The Company has been promoted by Simbhaoli Sugars Limited ("SSL"), which is engaged in the production of sugar, alcohol and biomass based power. SSL entered into a joint venture agreement (JVA) with Sindicatum Captive Energy Singapore PTE Ltd ("SCES"), a dedicated private equity fund set up to finance the development of non-conventional energy projects in South East Asia. As per the JVA, SSL transferred all the assets related to power generation into the Company under Business Transfer Agreements on 25th January, 2013 (effective date) and SCES has subscribed to 49% of the stake in the Company.

The Company is engaged in the business of generating power and selling to utility companies. The Company had acquired 52 MW Bagasse based Cogeneration Power Project adjacent to the Sugar Factories of SSL in Simbhaoli and Chilwaria, in the state of Uttar Pradesh.

The Company had entered into various Commercial Agreements in terms of JVA with SSL and SCES (its Joint Venturers), for the Bagasse Based Cogeneration Power Business. The main terms of such agreements are as under:

- a. SSL will provide sufficient bagasse generated to the Company and the Company will convert the same into power and steam to supply to sugar plants after such conversion. SSL shall meet the cost of conversion.
- b. SSL is obligated to give all the bagasse additionally produced by it, after the supply of bagasse for conversion, under the long term Bagasse Supply Agreement to the Company. The Company will pay price for this purchased bagasse as agreed between the two parties.
- c. The Company will sell surplus power to utility companies from the effective date.

2. Significant accounting policies

i) Accounting convention

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the other relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

ii) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the Management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Example of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, provision for income taxes and the useful lives of fixed assets. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize.



SIMBHAOLI POWER PRIVATE LIMITED

Notes forming parts of the financial statements

iii) Fixed assets - Property, Plant and Equipment (Tangible) and Intangible

Fixed assets are valued at cost less accumulated depreciation / amortisation.

Cost of acquisition or construction is inclusive of freight, duties, taxes, other incidental expenses and, in case of capital projects, financing cost relating to borrowed funds attributable to construction or acquisition of Property, Plant & Equipment, up to the date of their commissioning.

Capital Work in progress

Projects under Property, Plant and Equipment which are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Pre-operative expenditure pending allocation

Expenses directly related to construction activities or incidental thereto, are allocated to Property, Plant & Equipment at the time of completion of project.

iv) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

v) Cash flow statement

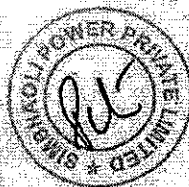
Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

vi) Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on Property, Plant and Equipment has been provided as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the plant and machinery acquired under Business Transfer Agreement, in this case the life of the assets has been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset etc. The method of depreciation and estimated useful life of Property, Plant and Equipment is as under:

Asset	Depreciation Method	Useful life
Building	Written down value	29-60 years
Plant and Machinery used in generation of power	Straight line method	29-40 years
Plant and Machinery (Other than used in generation of power)	Straight line method	10-35 years
Computer Equipment	Straight line method	3 years
Furniture and fixtures	Straight line method	10 years
Vehicles	Written down value	8 years
Office equipment	Straight line method	8-10 years

Intangible assets are amortized over a period of ten years being their estimated useful life on straight line method.



SIMBHAOLI POWER PRIVATE LIMITED

Notes forming parts of the financial statements

vii) Inventories

Inventories are valued at the lower of cost and net realizable value. The basis of determining cost for different categories of inventory is as follows:

Stores and spare parts
Raw materials / Fuel
Finished goods

Monthly weighted average.
First in first out (FIFO)
FIFO material cost plus appropriate share of labour and manufacturing overheads.

viii) Investments

Current investments are carried at cost or net realizable value whichever is lower. Investment in Mutual fund valued at lower of cost or fair value.

ix) Leases

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss.

x) Borrowing Cost

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

xi) Employee benefits

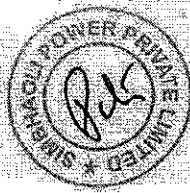
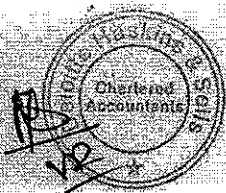
Employee benefits include provident fund, superannuation fund, gratuity fund and compensated absences.

Defined contribution plans

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this



SIMBHAOLI POWER PRIVATE LIMITED

Notes forming parts of the financial statements

calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

xii) Revenue recognition

Revenue from power generation is recognised on accrual basis as per terms of Power Purchase Agreement with Uttar Pradesh Power Corporation Limited;

Bagasse conversion income is recognized when services are rendered as per contracted terms with the customers.

Income from REC is recognized to the extent approved and credited in company's favour by concerned authority in the account maintained with Renewable Energy Certificate Registry of India at the minimum expected realizable value, determined based on the rates specified under the relevant regulations, since there is no uncertainty in realizing the same. The difference between the amount recognized initially and the amount realized on sale of such RECs at the Power Exchange are accounted for as and when such sale take place.

xiii) Other Income

Interest income is accounted on accrual basis.

xiv) Foreign Currency Transactions

Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing on the date of transaction.

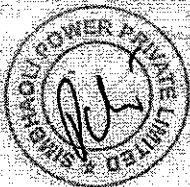
Monetary items (i.e. receivables, payables, loans etc.) denominated in foreign currency are reported using the closing exchange rate on each balance sheet date and exchange differences are recognised as income or expense in the Statement of Profit and Loss.

xv) Taxation

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which does not gives future economic benefits in the form of adjustment to future income tax liability, is expensed off.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax



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Notes forming parts of the financial statements

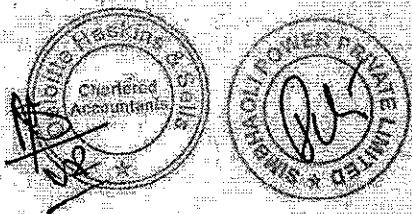
liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

xvi) Earnings per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary/ exceptional items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary/ exceptional items, if any) as adjusted for dividend, interest and other charges to expense (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

xvii) Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate 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. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.



SIMBHAOLI POWER PRIVATE LIMITED

Notes forming part of the financial statements

3.01 SHARE CAPITAL

	As at March 31, 2017		As at March 31, 2016	
	Number of shares	Rs. lacs	Number of shares	Rs. lacs
(a) Authorized				
Equity shares of Rs. 10 each with voting rights	21,000,000	2,100.00	21,000,000	2,100.00
	21,000,000	2,100.00	21,000,000	2,100.00
(b) Issued				
Equity shares of Rs. 10 each with voting rights	10,860,284	1,086.03	10,860,284	1,086.03
	10,860,284	1,086.03	10,860,284	1,086.03
(c) Subscribed and paid up				
Equity shares of Rs. 10 each with voting rights fully paid up	10,860,284	1,086.03	10,860,284	1,086.03
TOTAL	10,860,284	1,086.03	10,860,284	1,086.03

A) Reconciliation of number of ordinary Shares and amount outstanding at the beginning and at the end of the year

	As at March 31, 2017		As at March 31, 2016	
	Number of shares	Rs. lacs	Number of shares	Rs. lacs
Equity shares with voting right (one per share)				
As at beginning of the year	10,860,284	1,086.03	4,436,816	443.68
Add: Issue of Shares			6,423,468	642.35
As at end of the year	10,860,284	1,086.03	10,860,284	1,086.03

B) Rights, preference and restriction attached to shares: Equity shares of Rs.10 each:

- In respect of equity shares, voting right shall be in same proportion as the capital paid upon such equity share.
- The dividend proposed by the Board of Directors which is subject to the approval of the shareholders in the Annual General Meeting shall be in the same proportion as the capital paid upon such equity share.
- In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to capital paid upon such equity share.

C) Shareholders holding more than 5% of the Equity Shares in the Company

Name of Shareholder	As at March 31, 2017		As at March 31, 2016	
	Number of shares held	% holding in that class of shares	Number of shares	% holding in that class of shares
1 Simbhaoli Sugars Limited (along with nominee shareholder)	5538744	51.00	5538744	51.00
2 Syndicatum Captive Energy Singapore Pte Limited	5321540	49.00	5321540	49.00

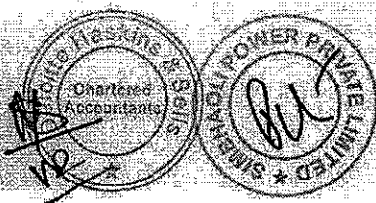
D) Equity shares held by Holding Company

Name of Shareholder	As at March 31, 2017		As at March 31, 2016	
	Number of shares held	% to total	Number of shares	% to total
1 Simbhaoli Sugars Limited (along with nominee shareholder)	5538744	51.00	5538744	51.00

Note: 1. Aggregate number of equity shares of Rs.10 each to Simbhaoli Sugars Limited (holding company) allotted as fully paid-up pursuant to Joint Venture Agreement dated December 13, 2012 and Business Transfer Agreements dated January 23, 2013 and subsequent amendments thereto, without payments being received in cash in the last five financial years:

Particulars	Aggregate number of shares	
	As at March 31, 2017	As at March 31, 2016
Equity shares with voting rights	3,211,959*	3,211,959*

* Includes 999,183 equity shares of Rs.10 each issued at a premium of Rs.90 per share.



SIMBHAOLI POWER PRIVATE LIMITED

Notes forming part of the financial statements

3.02 RESERVES AND SURPLUS

	As at March 31, 2017 Rs. lacs	As at March 31, 2016 Rs. lacs
Securities premium reserve:		
Opening Balance	9,550.68	3,948.13
Add: Premium on equity shares	-	5,602.55
	<u>9,550.68</u>	<u>9,550.68</u>
Surplus/(Deficit) in Statement of Profit and Loss		
Opening Balance	(2,322.98)	(2,538.50)
Add: Profit/(Loss) for the year	426.62	235.52
Closing Balance	<u>(1,896.36)</u>	<u>(2,322.98)</u>
	<u>7,654.32</u>	<u>7,227.70</u>

3.03 LONG-TERM BORROWINGS

	As at March 31, 2017 Rs. lacs	As at March 31, 2016 Rs. lacs
Secured		
Term Loans - from banks [refer note 8] #	12,426.97	15,253.80
Less: Current maturities	<u>2,261.97</u>	<u>2,826.85</u>
	10,165.00	12,426.95
Unsecured		
Compulsorily Convertible Debentures [refer note 10]		
Simbhaoli Sugars Limited [4,892,941 (4,892,941) CCDs of Rs.100 each]	4,892.94	4,892.94
Sindicatum Captive Energy Singapore Pte Limited [4,701,060 (4,701,060) CCDs of Rs.100 each]	4,701.06	4,701.06
Long-term maturities of finance lease obligations [refer note 9]	-	282.66
	<u>19,759.00</u>	<u>22,303.61</u>

Continuing defaults as on the balance sheet date in respect of principal and interest on borrowings (Previous year defaults):

Particulars	As at March 31, 2017		As at March 31, 2016		Period of default
	Amount of default in repayment (Rs.lacs)		Amount of default in repayment (Rs.lacs)		
	Principal	Interest	Principal	Interest	
Dues to Bank					
Uttar Pradesh Co-operative Bank			565.00	133.35	30-60 days
				<u>163.32</u>	Not paid till 31.03.2016
				<u>296.67</u>	

