

KSK Surya Photovoltaic Venture Limited**Balance Sheet as at 31 March 2016**

(All amounts in Indian rupees, except share data and where otherwise stated)

	Note	31 March 2016	31 March 2015
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	370,547,180	370,547,180
(b) Money received against share warrants	4	615,000,000	615,000,000
		<u>985,547,180</u>	<u>985,547,180</u>
2 Non-current liabilities			
(a) Long-term borrowings	5	73,000,000	73,000,000
(b) Long-term provisions	6	107,068	148,285
		<u>73,107,068</u>	<u>73,148,285</u>
3 Current liabilities			
(a) Short-term borrowings	5	303,820,000	7,320,000
(b) Trade payables	7	75,525	67,281
(c) Other current liabilities	8	10,160,342	18,991
		<u>314,055,867</u>	<u>7,406,272</u>
TOTAL		<u>1,372,710,115</u>	<u>1,066,101,737</u>
II ASSETS			
1 Non-current assets			
(a) Fixed assets	9		
(i) Tangible assets		79,684,570	83,454,815
(ii) Capital work in progress		777,566,867	759,200,130
(b) Non current investments	10	72,744,000	72,744,000
(c) Long-term loans and advances	11	76,046,717	76,050,601
(d) Other non-current assets	12	283,039	261,799
		<u>1,006,325,193</u>	<u>991,711,345</u>
2 Current assets			
(a) Cash and bank balances	13	1,137,296	341,241
(b) Short-term loans and advances	11	365,247,626	74,049,151
		<u>366,384,922</u>	<u>74,390,392</u>
TOTAL		<u>1,372,710,115</u>	<u>1,066,101,737</u>

See accompanying notes to the financial statements

As per our report of even date
for Umamaheswara Rao & Co.
Chartered Accountants
 Firm registration No.004453S

for and on behalf of the Board

S. Venugopal
 Partner
 Membership No. 205565

Anil Kumar Kuttly
 Managing Director
 DIN - 00055634

B N Prakash
 Director
 DIN - 05118633

Place : Hyderabad
 Date : 28 May 2016

KSK Surya Photovoltaic Venture Limited**Cash flow statement for the year ended 31 March 2016**

(All amounts in Indian rupees, except share data and where otherwise stated)

	31 March 2016	31 March 2015
Cash flow from operating activities		
Operating profit before working capital changes	-	-
Adjustments for working capital:		
Loans and advances	928,990	763,621
Current liabilities	1,849,968	(1,943,597)
Cash generated from operations	2,778,958	(1,179,976)
Direct taxes (paid) / refund	1,419	(6,954)
Net cash flow from/(used in) operating activities	2,780,377	(1,186,930)
Cash flow from investing activities		
Purchase of fixed assets (including capital work in progress and expenditure during construction period pending allocation)	(5,466,684)	(4,709,233)
Interest received	2,571	80,451
Loans and advances	(292,100,000)	(66,000,000)
(Investment)/redemption of bank deposit (having original maturity more than 3 months)	-	(73,497)
Net cash from/(used in) investing activities	(297,564,113)	(70,702,279)
Cash flow from financing activities		
Proceeds / (refund) from share application money, net	-	(277,500,000)
Money received against share warrants	-	615,000,000
Proceed/(repayment) of short term borrowings, net	296,500,000	(266,700,000)
Interest paid	(920,209)	(2,475)
Net cash from / (used in) financing activities	295,579,791	70,797,525
Net increase/(decrease) in cash and cash equivalents	796,055	(1,091,684)
Cash and cash equivalents at the beginning of the year	341,241	1,432,925
Cash and cash equivalents at the end of the year	1,137,296	341,241

1. Notes:*Cash and cash equivalents includes*

Cash in hand	38,162	23,523
Balances with banks		
On current accounts	1,099,134	317,718
	1,137,296	341,241

2. Previous year figures have been regrouped / reclassified to conform to the classification of the current year.

As per our report of even date
for **Umamaheswara Rao & Co.**

Chartered Accountants

Firm registration No.004453S

for and on behalf of the Board

S. Venugopal*Partner*

Membership No. 205565

Anil Kumar Kutty

Managing Director

DIN - 00055634

B.N.Prakash

Director

DIN - 05118633

Place : Hyderabad

Date : 28 May 2016

KSK Surya Photovoltaic Venture Limited

Notes to the financial statements

(All amounts in Indian Rupees, except share data and where otherwise stated)

1 Company overview

KSK Surya Photovoltaic Venture Limited (or "the Company") was incorporated in Hyderabad, India, with limited liability on February 12, 2008. The main objective of the Company is to set up solar panel manufacturing plant using semi conductor thin film technology.

2 Significant accounting policies

2.1 Accounting Convention

The financial statements of KSK Surya Photovoltaic Venture Limited (or "the Company") have been prepared and presented under the historical cost convention on the accrual basis in accordance with Indian Generally Accepted Accounting Principles (GAAP). GAAP comprises accounting standards notified by the Central Government of India under Section 133 of the Companies Act, 2013, other pronouncements of Institute of Chartered Accountants of India, the provisions of Companies Act, 2013.

2.2 Use of estimates

The preparation of financial statements in conformity with IGAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure relating to contingent assets and contingent liabilities as on the date of the financial statements and the reported amounts of income and expenses during the period. Actual results could differ from those estimates. Examples of such estimates include provision for doubtful debt, future obligation under employee retirement benefit plan, income taxes, useful life of fixed assets, etc. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.3 Cash flow statement

Cash flows are reported using the indirect method, where by the net profit before tax is adjusted for the effects of transactions of non cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated and presented separately.

2.4 Revenue recognition

Interest is recognised using the time proportionate method, based on the underlying interest rates.

Dividend income is recognised when the unconditional right to receive the dividend is established.

Revenue from sale of scrap is accounted for as and when sold.

2.5 Fixed Assets and depreciation

Fixed Assets are stated at cost of acquisition less depreciation. Cost of acquisition is inclusive of freight, insurance, duties and levies and all incidentals attributable to bringing the assets to its working condition for their intended use. Cost of fixed assets includes cost of initial warranty / insurance spares purchased along with the capital asset, which are grouped as single item under respective assets.

Machinery spares of the nature of capital spares are capitalized at the time of their purchase whether procured at the time of purchase of the fixed asset concerned or subsequently. Where such spares are replaced, the carrying cost of the worn out spares are written off. The total cost of such capital spares is allocated on a systematic basis over a period not exceeding the useful life of the principal item.

Intangible assets, viz., computer software is recognized as per the criteria specified in the Accounting Standard (AS) 26 "Intangible Assets" notified by the Central Government of India under Section 133 of the Companies Act, 2013 and is amortized over a period of three years.

Depreciation is computed based on the useful life of the assets as prescribed in schedule II of the Companies Act 2013, Depreciation is calculated using straight line method. Depreciation is calculated on a pro-rata basis from the date of installation / capitalization till the date the assets are sold or disposed. Assets costing up to Rs 10,000/- are fully depreciated in the year of capitalisation / acquisition.

Depreciation on initial / warranty spares are provided on the same rates applicable for that asset group, irrespective of its actual usage.

Leasehold land and improvements are amortized over the lease period.

2.6 Capital work in progress

Capital work in progress is carried at cost and incidental and attributable expenses including interest and depreciation on fixed assets in use during construction are carried as part of "Expenditure during construction period, pending allocation" to be allocated on major assets on commissioning of the project.

In respect of supply-cum-erection contracts, the value of supplies received at site and accepted is treated as Capital work in progress.

The cost of fixed assets not ready for their intended use before such date is disclosed under capital work in progress.

Claims for price variation/exchange rate variation in case of contracts are accounted for on acceptance.

2.7 Foreign exchange

Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.

At the Balance Sheet date, foreign currency monetary items are reported using the closing / contracted rate. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction.

KSK Surya Photovoltaic Venture Limited

Notes to the financial statements

(All amounts in Indian Rupees, except share data and where otherwise stated)

The foreign exchange differences arising on account of the restatement of long-term foreign currency monetary items, related to the acquisition of depreciable capital asset is being capitalised as per the amendment to Accounting Standard (AS)-11 "The effect of changes in foreign exchange rates" made by the Central Government, vide notification dated December 29, 2011.

Exchange differences, in respect of short term foreign currency monetary / long term foreign currency non monetary items relating to fixed assets / capital work in progress are charged to Statement of Profit and Loss / treated as incidental expenditure during construction till the assets are ready for their intended use.

2.8 Investments

Long-term investments are stated at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of long-term investments. Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment.

2.9 Retirement benefits

Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution scheme. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee salary. The contribution made by the Company is charged to the Statement of Profit and Loss.

Gratuity

In accordance to the Payment of Gratuity Act, 1972, the Company provides for the gratuity, a defined benefit retirement plan ("the gratuity plan") covering the eligible employees. The gratuity plan provides for a lump sum payment to the vested employees at retirement, death, incapacitation or termination of the employment, of an amount based on the respective employee salary and the tenure of the employment with the Company.

Liabilities with regard to the gratuity plan are determined by independent actuary. The Company makes annual contribution to employees group gratuity scheme administered by trustees and managed by Life Insurance Corporation of India.

The Company recognizes the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with Accounting Standard (AS) 15, "Employee Benefits".

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized in the Statement of Profit and Loss/Incidental expenditure during construction.

2.10 Borrowing cost

Borrowing costs directly attributable to the acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

2.11 Leases

Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases and recorded as expenses as and when the payments are made over the lease term.

2.12 Taxes on income

Current tax

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the company.

2.13 Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

2.14 Provisions and contingent liabilities

The Company recognises a provision when there is a present obligation as a result of past obligation event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

KSK Surya Photovoltaic Venture Limited**Notes to the financial statements**

(All amounts in Indian rupees, except share data and where otherwise stated)

3 Share capital

	31 March 2016	31 March 2015
Authorized:		
100,000,000 (31 March 2015: 100,000,000) equity shares of Rs. 10/- each	1,000,000,000	1,000,000,000
	1,000,000,000	1,000,000,000
Issued, subscribed and paid up:		
37,054,718 (31 March 2015: 37,054,718) equity shares of Rs. 10/- each	370,547,180	370,547,180
	370,547,180	370,547,180

a) The company has only one class of equity shares having a par value of Rs 10/- per share. The holders of equity shares are entitled to receive dividend as declared from time to time and are entitled to voting rights proportionate to their shareholding at the meeting of share holders.

b. Reconciliation of number of shares outstanding

Particulars	31 March 2016	31 March 2015
Outstanding at the beginning of the year	37,054,718	37,054,718
Issued during the year	-	-
Outstanding at the end of the year	37,054,718	37,054,718

c. Equity shares held by holding company and subsidiaries of stepup holding company

Particulars	31 March 2016	31 March 2015
Holding Company		
No of shares held	34,544,718	34,544,718
% of shares held	93.23%	93.23%
Subsidiaries of Stepup Holding Company		
No of shares held	10,000	10,000
% of shares held	0.03%	0.03%

d. Particulars of the shareholders holding more than 5% of the shares

Name of the shareholder	31 March 2016	31 March 2015
Equity shares fully paid up		
KSK Energy Ventures Limited (Holding Company)		
No of shares held	34,544,718	34,544,718
% of shares held	93.23%	93.23%
Medha Servo Drives Private Limited		
No of shares held	2,500,000	2,500,000
% of shares held	6.75%	6.75%

4 Money received against share warrants

During the previous year, the Company has issued 123,000,000 Warrants of face value of Rs. 10 each to KSK Energy Ventures Limited ("KSKEVL") with an option to apply for and be allotted equivalent number of equity shares of the face value of Rs 10/- each. Pursuant to the same, during last year, Company has received an amount of Rs 615,000,000 from KSKEVL towards initial subscription amount (being 50% of total amount).

KSK Surya Photovoltaic Venture Limited**Notes to the financial statements**

(All amounts in Indian rupees, except share data and where otherwise stated)

5 Borrowings

	31 March 2016	31 March 2015
Long-term borrowings		
<i>Unsecured</i>		
Debentures	73,000,000	73,000,000
	73,000,000	73,000,000
Short-term borrowings		
<i>Unsecured</i>		
Loans and advances		
Related parties	7,820,000	7,320,000
Others	296,000,000	-
	303,820,000	7,320,000
	376,820,000	80,320,000

The company has issued 7,300,000 optionally convertible debentures of Rs.10/- each to Medha Servo Drives Private Limited carrying a coupon rate of zero percent per annum. These debentures are redeemable/convertible at the end of 10th year from the date of allotment.

6 Provisions

	31 March 2016	31 March 2015
Long-term provisions		
For employee benefits	107,068	148,285
	107,068	148,285

Note :

1. The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	31 March 2016	31 March 2015
Present value of obligation at the beginning of the year	508,060	829,380
Interest cost	39,560	51,282
Current service cost	3,894	111,540
Benefits paid	-	(486,607)
Actuarial loss/(gain) on obligation	(13,582)	2,465
Present value of obligation at the end of the year	537,932	508,060

Change in fair value of assets

	31 March 2016	31 March 2015
Fair value of plan assets at the beginning of the year	359,775	778,038
Expected return on plan assets	32,449	48,126
Contributions	37,074	-
Benefits Paid	-	(486,607)
Actuarial gain/(loss) on plan assets	1,566	20,218
Fair value of plan assets at the end of the year	430,864	359,775

KSK Surya Photovoltaic Venture Limited**Notes to the financial statements**

(All amounts in Indian rupees, except share data and where otherwise stated)

Amounts recognised in the balance sheet

	31 March 2016	31 March 2015
Present value of obligation as at the end of the year	537,932	508,060
Fair value of plan assets at the end of the year	430,864	359,775
Net asset/(liability) recognised in the balance sheet	(107,068)	(148,285)

Amounts recognised in profit and loss account

	31 March 2016	31 March 2015
Current service cost	3,894	111,540
Interest cost	39,560	51,282
Expected return on plan assets	(32,449)	(48,126)
Net actuarial (gain) / loss recognised for the period	(15,148)	(17,753)
Expenses/(benefits) recognised in the statement of profit and loss	(4,143)	96,943

Asset information

Category of asset	31 March 2016	31 March 2015
Insurer managed fund	100%	100%

Summary of actuarial assumptions

	31 March 2016	31 March 2015
Discount rate	7.80%	7.77%
Salary escalation	10.00%	10.00%
Expected return on plan assets	8.35%	8.75%
Attrition rate	15.00%	15.00%

Discount rate: The discount rate is based on the prevailing market yields of indian government securities as at balance sheet date for the estimated term of the obligations

Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

7 Trade payables

	31 March 2016	31 March 2015
Dues to other than micro and small enterprises	75,525	67,281
	75,525	67,281

As at 31 March 2016 (31 March 2015: Nil) there are no amounts including interest payable to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006, based on the information available with the Company.

8 Other current liabilities

	31 March 2016	31 March 2015
Interest accrued and due on borrowings	8,258,410	-
Salaries and bonus payable	919,824	14,491
Statutory liabilities	982,108	4,500
	10,160,342	18,991

KSK Surya Photovoltaic Venture Limited**Notes to the financial statements**

(All amounts in Indian rupees, except share data and where otherwise stated)

10 Investments

	31 March 2016	31 March 2015
Non current investments		
Other investment		
Investment in equity instruments		
Investment in associate (unquoted, fully paid up)		
1,039,200 (31 March 2015: 1,039,200) equity shares of Rs 10 each in Sai Maithili Power Company Private Limited.	72,744,000	72,744,000
	72,744,000	72,744,000

11 Loans and advances

	31 March 2016	31 March 2015
Long-term loans and advances		
<i>Unsecured, considered good</i>		
Prepaid expenses	6,042,716	6,045,181
Advance for investments	70,000,000	70,000,000
Advance tax and TDS receivable (net of provision for tax)	4,001	5,420
	76,046,717	76,050,601
Short-term loans and advances		
<i>Unsecured, considered good</i>		
Loans and advances	358,100,000	66,000,000
Security deposits	6,009,993	6,009,993
Advances for expenses / to suppliers	-	400
Other receivables	25,000	-
Prepaid expenses	1,112,633	2,038,758
	365,247,626	74,049,151

12 Other non-current assets

	31 March 2016	31 March 2015
<i>Unsecured, considered good</i>		
Interest accrued on deposits	29,542	8,302
Deposits with Bank held as margin money or security against guarantees or borrowings	253,497	253,497
	283,039	261,799

13 Cash and bank balances

	31 March 2016	31 March 2015
Cash and cash equivalents		
Cash on hand	38,162	23,523
Balances with banks:		
On current account	1,099,134	317,718
	1,137,296	341,241

KSK Surya Photovoltaic Venture Limited**Notes to the financial statements**

(All amounts in Indian rupees, except share data and where otherwise stated)

14 Capital commitments and contingent liabilities : Nil**15** Deferred tax as per AS 22 "Accounting for Taxes on Income" prescribed by the Companies (Accounting Standards), Rules, 2006, is not applicable to the Company since, the Company has not commenced any commercial activity.**16** The Company has only one geographical & business segment and hence no segment disclosure has been made in the financial statements.**17 Related party disclosures****a) Parties where control exists:**

S.No	Name of the related party	Nature of relationship
1	KSK Energy Ventures Limited	Holding Company

b) Parties where significant influence exists and where the transactions have taken place during the period:

S.No	Name of the related party	Nature of relationship
1	KSK Energy Company Private Limited	Fellow Subsidiary
2	SN Nirman Infra Projects Private Limited	Fellow Subsidiary
3	KSK Electricity Financing India Private Limited	Fellow Subsidiary
4	Sai Maithli Power Company Private Limited	Associate

c) Key Management Personnel

S.No	Name of the related party	Nature of relationship
1	Anil Kumar Kutty	Managing Director
2	B.N. Prakash	Director
3	T. L. Sankar	Director

d) Particulars of related party transactions:

S.No	Particulars	31 March 2016	
		Holding Company	Fellow Subsidiary
I. Transactions			
1	Loans taken / (repaid)	-	500,000
2	Loans and advance given / (repaid)	-	292,100,000
II. Balances			
1	Amount payable	-	7,820,000
2	Amount receivable	-	358,100,000

S.No	Particulars	31 March 2015	
		Holding Company	Fellow Subsidiary
I. Transactions			
1	Loans taken / (repaid)	-	(266,700,000)
2	Repayment of share application money	-	277,500,000
3	Loans and advance given / (repaid)	-	66,000,000
4	Money received against share warrants	615,000,000	-
II. Balances			
1	Amount payable	-	7,320,000
2	Amount receivable	-	66,000,000

18 Expenditure in foreign currency on accrual basis :

S.No	Particulars	31 March 2016	31 March 2015
(i)	Subscription	16,036	-
Total		16,036	-

KSK Surya Photovoltaic Venture Limited

Notes to the financial statements

(All amounts in Indian rupees, except share data and where otherwise stated)

19 Derivative instruments and unhedged foreign currency exposure :

Particulars of unhedged foreign currency exposure:

	31 March 2016	31 March 2015
Payable	16,036	-
	Euro 230	-

20 In the opinion of board, any of the assets other than fixed assets and non-current investment have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated on the balance sheet.

21 Previous year figures have been regrouped and reclassified wherever necessary to conform to the current year classification.

As per our report of even date
for Umamaheswara Rao & Co.
Chartered Accountants
Firm registration No.004453S

for and on behalf of the Board

S. Venugopal
Partner
Membership No. 205565

Anil Kumar Kutty
Managing Director
DIN - 00055634

B.N.Prakash
Director
DIN - 05118633

Place : Hyderabad
Date : 28 May 2016

KSK Surya Photovoltaic Venture Limited
Notes to the financial statements

(All amounts in Indian rupees, except share data and where otherwise stated)

9 Fixed Assets

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	01 April 2015	Additions	Disposals	31 March 2016	01 April 2015	For the year	Disposals	31 March 2016	31 March 2016	31 March 2015
Tangible assets										
Leasehold Land	100,000,000	-	-	100,000,000	19,045,228	3,038,602	-	22,083,830	77,916,170	80,954,772
Lease hold improvements	4,362,759	-	-	4,362,759	4,362,759	-	-	4,362,759	-	-
Furniture and fixtures	4,889,991	-	-	4,889,991	3,159,919	395,142	-	3,555,061	1,334,930	1,730,072
Vehicles	2,048,713	-	-	2,048,713	1,290,087	327,321	-	1,617,408	431,305	758,626
Office equipment	4,079,959	-	634,050	3,445,909	4,068,614	9,180	634,050	3,443,744	2,165	11,345
Computer	1,852,227	-	-	1,852,227	1,852,227	-	-	1,852,227	-	-
Total Tangible assets	117,233,649	-	634,050	116,599,599	33,778,834	3,770,245	634,050	36,915,029	79,684,570	83,454,815
Intangible assets										
Computer software.	432,180	-	-	432,180	432,180	-	-	432,180	-	-
Total Intangible assets	432,180	-	-	432,180	432,180	-	-	432,180	-	-
Capital work in progress									777,566,868	759,200,130
As at 31 March 2015										
Tangible assets	117,238,999	-	5,350	117,233,649	26,449,421	7,331,469	2,056	33,778,834	83,454,815	
Intangible assets	432,180	-	-	432,180	431,392	788	-	432,180	-	
Capital work in progress									759,200,130	