SE Solar Limited

Ind AS Financial Statements together with the Independent Auditors' Report for the year ended 31 March 2018

SE Solar Limited

Ind AS financial statements together with the Independent Auditors' Report

for the year ended 31 March 2018

Contents

B S R & Co. LLP
Chartered Accountants

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Independent Auditors' Report

To the Members of SE Solar Limited

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of SE Solar Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the state of affairs, profit (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

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 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS 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 of the Ind AS 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 Ind AS financial statements are free from material misstatement.

Independent Auditors' Report *(Continued)*

SE Solar Limited

Auditors' Responsibility *(Continued)*

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 31 March 2018, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Other Matters

The audited Ind AS financial statements of the Company for the comparative year ended 31 March 2017 prepared in accordance with Ind AS included in these Ind AS financial statements, have been audited by the predecessor auditors whose audit report dated 10 August 2017 expressed an unmodified opinion on those audited Ind AS financial statements.

Our opinion is not modified in respect of this matter.

Independent Auditors' Report *(Continued)*

SE Solar Limited

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraphs 3 and 4 of the Order.

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, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with relevant rules issued thereunder;

(e) on the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2018 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and

(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, 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

Independent Auditors' Report *(Continued)*

SE Solar Limited

(iv) The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018. Corresponding amounts as appearing in the audited Ind AS financial statements for the year ended 31 March 2017 have been disclosed.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Nirav Patel
Partner
Membership No: 113327

Mumbai
28 June 2018

SE Solar Limited

Annexure A to the Independent Auditors' Report – 31 March 2018

(Referred to in 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) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The Company do not hold any inventories and accordingly, reporting under clause 3 (ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, or other parties covered in the register maintained under Section 189 of the Act. Accordingly, reporting under clause 3 (iii) (a), (b) and (c) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanation given to us, there are no loans, investment, guarantees, and securities granted in respect of which provisions of Section 185 and 186 of the Act are applicable. Accordingly, reporting under clause 3 (iv) of the Order is not applicable to the Company.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposit from the public during the year in terms of the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Income-tax, Service tax, Goods and Service tax, Duty of customs, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on Provident fund, Employees' State Insurance, Sales-tax, Value added tax and Duty of excise.

SE Solar Limited

Annexure A to the Independent Auditors' Report – 31 March 2018 (Continued)

According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Service tax, Goods and Service tax, Duty of customs, Cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, there are no dues of Income-tax, Service tax, Duty of customs and Cess, which have not been deposited with the appropriate authorities on account of any dispute as at 31 March 2018.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its banks. The Company does not have any loans or borrowings from the financial institutions, government or debenture holders during the year.

(ix) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, reporting under the clause 3(ix) of the Order is not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

(xi) According to the information and explanations given to us, the Company has not paid / provided managerial remuneration in accordance the provisions of section 197 read with Schedule V to the Act. Accordingly, reporting under the clause 3(xi) of the Order is not applicable to the Company.

(xii) According to the information and explanations given to us, the Company is not a Nidhi company as prescribed under Section 406 of the Act. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with provisions of Section 188 of the Act, where applicable and the details have been disclosed in the Ind AS financial statements as required by the applicable Indian accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, reporting under the clause 3(xiv) of the Order is not applicable to the Company.

SE Solar Limited

Annexure A to the Independent Auditors' Report – 31 March 2018 *(Continued)*

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, reporting under the clause 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under the clause 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No : 101248W/W-100022

Nirav Patel
Partner
Membership No: 113327

Mumbai
28 June 2018

SE Solar Limited

Annexure B to the Independent Auditors' Report – 31 March 2018

(Referred to in our report of even date)

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

We have audited the internal financial controls with reference to financial statements of SE Solar Limited ("the Company") as at 31 March 2018 in conjunction with our audit of the Ind AS 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 financial controls with reference to financial statements 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing issued by ICAI and deemed to be prescribed under section 143 (10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 auditors' judgment, 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 with reference to financial statements.

SE Solar Limited

Annexure B to the Independent Auditors' Report – 31 March 2018 *(Continued)*

Meaning of Internal Financial Controls with reference to financial statements.

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 with reference to financial statements.

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Nirav Patel
Partner
Membership No: 113327

Mumbai
28 June 2018

SE Solar Limited

Balance Sheet

as at March 31, 2018

(Rs. in millions)

	Note	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	4	**7,101.60**	465.62
Capital work in progress	4	-	3,306.01
Deferred tax assets (net)	22	-	2.46
Other non-current assets	5	-	284.10
Total non-current assets		**7,101.60**	4,058.19
Current assets			
Financial Assets			
i. Trade receivables	6	**272.26**	-
ii. Cash and cash equivalents	7	**248.90**	1.40
iii. Others financial assets	8	**42.10**	59.33
Current tax assets (net)	9	**13.12**	2.22
Other current assets	10	**2.56**	-
Total current assets		**578.94**	62.95
Total assets		**7,680.54**	4,121.14
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	11	**51.21**	35.86
Other Equity	12	**1,544.31**	1,066.40
Total equity		**1,595.52**	1,102.26
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
i. Borrowings	13	**2,722.30**	430.00
Deferred tax liabilities (net)	22	**18.95**	-
Total non-current liabilities		**2,741.25**	430.00
Current liabilities			
Financial Liabilities			
i. Trade payables	14	**12.81**	35.62
ii Other financial liabilities	15	**3,325.84**	2,550.54
Other current liabilities	16	**5.12**	2.72
Total current liabilities		**3,343.77**	2,588.88
Total Equity and Liabilities		**7,680.54**	4,121.14

Summary of significant accounting policies 2.2

The accompanying notes are an integral part of these financial statements. 2-34

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Nirav Patel
Partner
Membership No : 113327

Place : Mumbai
Date : 28 June 2018

For and on behalf of the Board of Directors of SE Solar Limited
CIN : U40108PN2008PTC131668

Rajiv Mishra
Director
DIN : 0000131207

Pawan Gupta
Director
DIN : 0007700845

Sanjeev Sharma
Company Secretary
Membership No : ACS - 41265

Place : Mumbai
Date : 28 June 2018

SE Solar Limited

Statement of Profit and Loss
for the year ended March 31, 2018

(Rs. in millions)

	Note	Year ended March 31, 2018	Year ended March 31, 2017
Income			
Revenue from operations	17	544.25	-
Other income	18	18.67	0.64
Total Income		562.92	0.64
Expenses			
Employee benefits expenses	19	14.46	5.30
Finance cost	20	288.00	23.24
Depreciation expense	4	137.75	-
Other expenses	21	20.95	4.86
Total Expenses		461.16	33.40
Profit/(Loss) before tax		101.76	(32.76)
Tax expenses			
Current Tax: MAT for the year	22	21.72	-
Deferred Tax expense/ (credit) (including MAT credit entitlement of Rs 21.72 Million)	22	21.41	(2.46)
Total tax expenses		43.13	(2.46)
Profit/(Loss) for the year		58.63	(30.30)
Other Comprehensive Income, net of tax		-	-
Total comprehensive income for the year		58.63	(30.30)
Earnings per equity share (Nominal value per share Rs 10/- each)	23		
Basic and diluted (Rs.)		14.54	(10.28)
Summary of significant accounting policies	2.2		

The accompanying notes form an integral part of these financial statements. 2-34

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Nirav Patel
Partner
Membership No : 113327

Place : Mumbai
Date : 28 June 2018

For and on behalf of the Board of Directors of
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Pawan Gupta
Director
DIN : 0007700845

Sanjeev Sharma
Company Secretary
Membership No : ACS - 41265

Place : Mumbai
Date : 28 June 2018

SE Solar Limited

Statement of cash flows
for the year ended March 31, 2018

(Rs. in millions)

	Year ended March 31, 2018	Year ended March 31, 2017
(A) Cash flows from operating activities		
Profit/ (Loss) before tax	**101.76**	(32.75)
Adjustments for:		
Depreciation expense	**137.75**	-
Interest income	**(18.67)**	(0.64)
Finance cost	**288.00**	23.23
Cash generated from operations before working capital changes	**508.84**	(10.16)
Adjustment for:		
(Decrease) /Increase in trade payables	**(22.81)**	27.08
(Increase) / Decrease in trade receivables	**(272.26)**	-
(Increase) / Decrease in other current & non current assets	**(2.53)**	11.31
Increase / (Decrease) in other current liabilities	**2.40**	(7.04)
(Increase) / Decrease in other current financial assets	**(41.50)**	-
Cash generated from operations	**172.14**	21.19
Taxes paid (net of refund)	**(31.21)**	(2.23)
Net cash generated from operating activities	**140.93**	18.96
(B) Cash flows from investing activities		
Purchase of property plant and equipment including capital advances	**(2,437.95)**	(1,200.70)
Interest received	**16.66**	0.64
Net cash (used in) investing activities	**(2,421.29)**	(1,200.06)
(C) Cash flow from financing activities		
Proceed from equity shares issued	**449.99**	749.69
Proceeds from borrowings	**3,370.06**	429.27
Repayment of borrowings	**(1,077.76)**	-
Interest paid	**(214.43)**	-
Net cash generated from financing activities	**2,527.86**	1,178.96
Net increase/(decrease) in cash & cash equivalents (A+B+C)	**247.50**	(2.14)
Cash and cash equivalents at the beginning of the year	**1.40**	3.54
Cash and cash equivalents at the end of the year	**248.90**	1.40

5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai-400011, India
Accountants

SE Solar Limited

Statement of cash flows *(Continued)*
for the year ended March 31, 2018

(Rs. in millions)

Reconciliation of cash and cash equivalents as per the cash flow statement

Cash and cash equivalents as per above comprise of the following

	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents (note 7)	**248.90**	1.40
Balances per statement of cash flows	**248.90**	1.40

Notes:

1 The above statement of cash flows has been prepared under the "Indirect Method " as set out in the Indian Accounting Standard (Ind AS-7 as amended) Statement of Cash flows.

2 **Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities.**

Particulars	March 31, 2017	Cash flows	Non-cash changes	March 31, 2018
Borrowings from related party	430.00	2,292.30	-	2,722.30
Total liabilities from financing activities	**430.00**	**2,292.30**	-	**2,722.30**

The accompanying notes form an integral part of these financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Nirav Patel
Partner
Membership No : 113327

Place : Mumbai
Date : 28 June 2018

For and on behalf of the Board of Directors of
SE Solar Limited
CIN : U40108PN2008PTC131668

Rajiv Mishra
Director
DIN : 0000131207

Pawan Gupta
Director
DIN : 0007700845

Sanjeev Sharma
Company Secretary
Membership No : ACS - 41265

Place : Mumbai
Date : 28 June 2018

SE Solar Limited

Statement of changes in equity

for the year ended March 31, 2018

(Rs. in millions)

A. Equity share Capital

Particulars	Note	Equity Shares
As at April 01, 2016	11	**10.27**
Share issued during the year		25.59
As at March 31, 2017	11	**35.86**
Share issued during the year		15.36
As at March 31, 2018	11	**51.21**

B. Other Equity

Particulars	Note	Reserves and Surplus		Total other equity
		Securities premium reserve	Retained earnings	
Balances as at April 01, 2016	12	**310.27**	**(20.23)**	**290.04**
(Loss) for the year		-	(30.30)	(30.30)
Issue of equity shares for cash		724.10	-	724.10
Issue of financial guarantee		-	82.56	82.56
Balances as at March 31, 2017	12	**1,034.37**	**32.03**	**1,066.40**
Profit for the year		-	58.63	58.63
Total comprehensive income for the year		-	**58.63**	**58.63**
Issue of equity shares		434.63	-	434.63
Issue of financial guarantee*		-	(15.35)	(15.35)
Balances as at March 31, 2018	12	**1,469.00**	**75.31**	**1,544.31**

* includes (Rs 19.85 million) adjustment relating to prior years

The accompanying notes are an integral part of these financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Nirav Patel
Partner
Membership No : 113327

Place : Mumbai
Date : 28 June 2018

For and on behalf of the Board of SE Solar Limited
CIN : U40108PN2008PTC131668

Rajiv Mishra
Director
DIN : 0000131207

Pawan Gupta
Director
DIN : 0007700845

Sanjeev Sharma
Company Secretary
Membership No : ACS - 41265

Place : Mumbai
Date : 28 June 2018

SE Solar Limited

Notes to the financial statements

for the year ended March 31, 2018

(Rs. in millions)

1 Corporate Information

SE Solar Limited having CIN U40108PN2008PLC131668 is engaged in the Solar Energy Power Plant Development and Sale of Solar Power Energy having registered office at Godrej Millennium, 5th Floor, 9 Koregaon Park Road, Pune, Maharashtra- 411011. The company was incorporated on March 25, 2008. The Company has set up 100 MW solar photovoltaic electric generating power plant, located at Veltoor Site, District Mahbubnagar, State Telangana.

2 Basis of preparation, measurement and significant accounting policies

2.1 Basis preparation and measurement:

a. Basis of preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statements are presented in INR, the functional currency of the Company. Items included in the financial statements of the Company are recorded using the currency of the primary economic environment in which the Company operates (the 'functional currency').

The financial statements of the Company for the year ended March 31, 2018 were approved for issue in accordance with the resolution of the Board of Directors on June 28, 2018.

b. Basis of measurement

These financial statements are prepared under the historical cost convention unless otherwise indicated.

2.2 Summary of significant accounting policies:

a. Property, plant and equipment

Free hold land is stated in the balance sheet at cost. Free hold land is not depreciated.
Property, plant and equipment are stated at original cost grossed up with the amount of tax / duty benefits availed / net of liquidated damages , less accumulated depreciation and accumulated impairment losses, if any. Properties in the course of construction are carried at cost, less any recognised impairment losses. All costs, including borrowing costs incurred up to the date the asset is ready for its intended use, is capitalised along with respective asset.

Fixtures equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised based on the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The useful life of property, plant and equipment is considered based on life prescribed in schedule II to the Companies Act, 2013 except in case of power plant assets, in whose case the life has been estimated at 25 – 30 years based on technical assessment, taking into account the nature of assets, the estimated usage of the assets, the operating condition of the assets, anticipated technical changes, manufacturer warranties and maintenance support. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

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2 Basis of preparation, measurement and significant accounting policies *(Continued)*

2.2 Summary of significant accounting policies: *(Continued)*

b. Financial Instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss.

c. Financial assets

Initial recognition and measurement

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Subsequent measurement

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest.

For the impairment policy on financial assets measured at amortised cost, refer Note m(ii).
All other financial asset are subsequently measured at fair value.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial assets and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and transaction costs and other premiums or discounts) through the expected life of the financial assets, or where appropriate, a shorter period, to the net carrying amount on initial recognition.
Interest is recognised on an effective interest basis for debt instruments other than those financial assets classified as at Fair Value through Profit and Loss (FVTPL). Interest income is recognised in profit or loss and is included in the "Other income" line item.

Financial assets at fair value through profit or loss (FVTPL)
Financial assets that do not meet the amortised cost criteria or Fair value through other comprehensive income (FVTOCI) criteria are measured at FVTPL
Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "Other income" line item.

Derecognition of financial assets
The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.
On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received / receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

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2 Basis of preparation, measurement and significant accounting policies *(Continued)*

2.2 Summary of significant accounting policies: *(Continued)*

c. Financial assets *(Continued)*

Foreign exchange gains and losses
The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.
For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss.

d. Financial liabilities and equity instruments

Classification as debt or equity
Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities
All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL
A financial liability may be designated as at FVTPL upon initial recognition if:
• such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
• the financial liability whose performance is evaluated on a fair value basis, in accordance with the Company's documented risk management;

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair values are determined in the manner described in note 'f'.

Financial liabilities at amortised cost
Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.
Trade and other payables are recognised at the transaction cost, which is its fair value, and subsequently measured at amortised cost.

Foreign exchange gains and losses
For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.
The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.
An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.
Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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2 Basis of preparation, measurement and significant accounting policies *(Continued)*

2.2 Summary of significant accounting policies: *(Continued)*

e. Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency are recognised at the rate of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.
Exchange differences on monetary items are recognised in profit and loss in the period.

f. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the financial asset or settle the financial liability takes place either:
• In the principal market, or
• In the absence of a principal market, in the most advantageous market
The principal or the most advantageous market must be accessible by the Company. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use. Fair value measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.
The Company- uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
• Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
• Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's - accounting policies.
For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

g. Cash and Cash equivalents

Cash and cash equivalents are short-term (three months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

h. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.
The specific recognition criteria described below must also be met before revenue is recognised.
• Revenue from Power Supply Revenue from Power Supply is recognised on the basis of sales to State Distribution Companies in terms of the Power purchase Agreements (PPA) or on the basis of sales under merchant trading based on the contracted rates, as the case may be. Such Revenue is measured at the value of the consideration received or receivable, net of trade discounts if any.
• Interest income is recognised on time proportion basis.
• Delayed-payment charges for power supply are recognised on reasonable certainty to expect ultimate collection.

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2 Basis of preparation, measurement and significant accounting policies *(Continued)*

2.2 Summary of significant accounting policies: *(Continued)*

i. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.
All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

j. Taxation

Tax on income comprises current tax and deferred tax. These are recognised in statement of profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Tax on income for the current period is determined on the basis on estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments / appeals. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognised for the future tax consequences of deductible temporary differences between the carrying values of assets and liabilities and their respective tax bases at the reporting date. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences can be utilised. Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss, either in other comprehensive income or directly in equity. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period.
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Minimum Alternate Tax

Minimum Alternate Tax (MAT) paid in accordance with the lax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

k. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax 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 as adjusted for the effects of dividend, interest and other charges relating to the dilutive potential equity shares by weighted average number of shares plus dilutive potential equity shares.

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2 Basis of preparation, measurement and significant accounting policies *(Continued)*

2.2 Summary of significant accounting policies: *(Continued)*

l. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liabilities are not recognised but are disclosed in the notes.

Contingent assets are not recognised but are disclosed in the notes where an inflow of economic benefits is probable.

m. Impairment

i) Impairment of tangible and intangible assets
At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units. or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(ii) Impairment of Financial assets
The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables and other contractual rights to receive cash or other financial asset.

Expected credit losses rate the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. The Company estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument.

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2 Basis of preparation, measurement and significant accounting policies *(Continued)*

2.2 Summary of significant accounting policies: *(Continued)*

m. Impairment *(Continued)*

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instruments has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that will results if default occurs within the 12 months after the reporting date and this, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information.

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2 Basis of preparation, measurement and significant accounting policies

2.3 Significant accounting judgements, estimates and assumptions

The application of the Company's accounting policies as described in Note 2, in the preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.
The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis and any revisions thereto are recognized in the period in which they are revised or in the period of revision and future periods if the revision affects both the current and future periods. Actual results may differ from these estimates which could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Key Sources of estimation uncertainty :
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i. Useful lives of property, plant and equipment

In case of the power plant assets, in whose case the life of the assets has been estimated at 25 - 30 years based on technical assessment, taking into account the nature of the assets, the estimated usage of the asset, the operating condition of the asset, anticipated technological changes, manufacturer warranties and maintenance support, depreciation on the same is provided based on the useful life of each such component based on technical assessment. Refer note 4 for details of value of power plant and its depreciation.

ii. Fair value measurement of financial instruments

In estimating the fair value of financial assets and financial liabilities, the Company uses market observable data to the extent available. Where such Level 1 inputs are not available, the Company establishes appropriate valuation techniques and inputs to the model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 26.

iii. Impairment

Determining whether property, plant and equipment are impaired requires an estimation of the value in use of the relevant cash generating units. The value in use calculation is based on a discounted cash flow model over the estimated useful life of the Power Plants. Further, the cash flow projections are based on estimates and assumptions relating to tariff, operational performance of the Plants, life extension plans, market prices of coal and other fuels, exchange variations, inflation, terminal value etc. which are considered reasonable by the Management.

iv. Taxes

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies, including estimates of temporary differences reversing on account of available benefits from the Income Tax Act, 1961. Deferred tax assets recognised to the extent of the corresponding deferred tax liability. **(refer note 22)**

v. Application of interpretation for service concession arrangements

Management has assessed applicability of Appendix - C of Ind AS - 11 "Construction Contracts" Service Concession Arrangements. In assessing the applicability, the management has exercised significant judgement in relation to the underlying ownership of the assets, the ability to enter into power purchase arrangements with any customer, ability to determine prices, useful life etc., in concluding that the arrangements do not meet the criteria for recognition as service concession arrangements.

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3 Standard issued but not yet effective:

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018; notifying Ind AS 115 'Revenue from Contracts with Customers' (New Revenue Standard), which replaces Ind AS 11 'Construction Contracts' and Ind AS 18 'Revenue'. The New Revenue Standard establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. Significant additional disclosures in relation to revenue are also prescribed. The New Revenue Standard also provides two broad alternative transition options – Retrospective Method and Cumulative Effect Method – with certain practical expedients available under the Retrospective Method. The Company continues to evaluate the impact of the New Revenue Standard on the present and future arrangements and shall determine the appropriate transition option once the said evaluation has been completed.

Also Appendix B to Ind AS 21, foreign currency transactions and advance consideration was notified along with the same notification which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The company has evaluated the effect of these on the financial statements and the impact is not expected to be material.

The amendments will come into force from April 1, 2018.

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SE Solar Limited

Notes to the Financial Statements *(Continued)*
as at March 31, 2018

(Rs. in millions)

4 Property plant and equipment

Particulars	Gross carrying amount				Accumulated Depreciation				Net carrying amount
	As on 1-04-2017	Additions during the year	Disposals/ Adjustments during the year	As on 31-03-2018	As on 1-04-2017	For the year	Disposals/ Adjustments during the year	As on 31-03-2018	As on 31-03-2018
Freehold Land	465.62	44.38	-	510.00	-	-	-	-	510.00
Plant & Machinery	-	6,728.86	-	6,728.86	-	137.71	-	137.71	6,591.15
Office Equipment	-	0.49	-	0.49	-	0.04	-	0.04	0.45
Total	**465.62**	**6,773.73**	-	**7,239.35**	-	**137.75**	-	**137.75**	**7,101.60**
Capital work in progress (Refer note 1)	3,306.01	3,467.72	6,773.73	-	-	-	-	-	-
Total	**3,306.01**	**3,467.72**	**6,773.73**	-	-	-	-	-	-

Particulars	Gross carrying amount				Accumulated Depreciation				Net carrying amount
	As on 1-04-2016	Additions during the year	Disposals/ Adjustments during the year	As on 31-03-2017	As on 1-04-2016	For the year	Disposals/ Adjustments during the year	As on 31-03-2017	As on 31-03-2017
Freehold Land	267.18	198.44	-	465.62	-	-	-	-	465.62
Total	**267.18**	**198.44**	-	**465.62**	-	-	-	-	**465.62**
Capital work in progress (Refer note 1)	8.43	3,297.58	-	3,306.01	-	-	-	-	3,306.01
Total	**8.43**	**3,297.58**	-	**3,306.01**	-	-	-	-	**3,306.01**

1 Capital work in progress comprise expenditure for solar asset in the course of construction.
2 The amount of contractual commitments for acquisition of property plant and equipment is disclosed in note 28.
3 Additions to plant & machinery includes in this amount are capitalised borrowing costs aggregating to Rs 117.33 Mn for the year ended 31 March 2018 (31 March 2017: Rs Nil)

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Notes to the Financial Statements *(Continued)*
as at March 31, 2018

(Rs. in millions)

		As at March 31, 2018	As at March 31, 2017
5	**Other non-current assets**		
	Capital advances	-	284.07
	Balance with government authorities	-	0.03
		-	284.10
6	**Trade receivables**		
	Unsecured, unless otherwise stated		
	Considered good	**272.26**	-
		272.26	-
	Note: The Company exposure to credit risks and loss allowance related to trade receivables are disclosed under note 24.		
7	**Cash and cash equivalents**		
	Balance with banks:		
	In Current Accounts	**31.40**	1.40
	Demand deposits (Term deposits with original maturity of less than three months)	**217.50**	-
		248.90	1.40
8	**Other financial assets**		
	Unsecured, considered good (unless otherwise stated):		
	Unamortised guarantee commission	-	59.33
	Interest accrued on deposits	**0.60**	-
	Unbilled revenue	**41.50**	-
		42.10	59.33
9	**Current tax assets (Net)**		
	Advance Income Tax	**13.12**	2.22
		13.12	2.22
10	**Other current assets**		
	Prepaid expenses	**2.33**	-
	Balance with government authorities	**0.02**	-
	Other advances	**0.21**	-
		2.56	-

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Notes to the Financial Statements *(Continued)*
as at March 31, 2018

(Rs. in millions)

	March 31, 2018	March 31, 2017
11 Equity Share Capital		
a. Authorised :		
5,500,000 (31 March 2017:5,500,000) Equity Shares of Rs.10/- each	**55.00**	55.00
TOTAL	**55.00**	55.00
b. Issued, Subscribed and Fully Paid up:		
5,121,316 (31 March 2017: 3,585,527) Equity Shares of Rs.10/- each fully paid up	**51.21**	35.86
TOTAL	**51.21**	35.86

c. Reconciliation of number of shares outstanding at the beginning and end of the year :

	March 31, 2018		March 31, 2017	
Equity share :	**No. of Shares**	**Rs Millions**	**No. of Shares**	**Rs Millions**
Outstanding at the beginning of the year	**3,585,527**	**35.86**	1,026,860	10.27
Equity Shares issued during the year	**1,535,789**	**15.35**	2,558,667	25.59
Outstanding at the end of the year	**5,121,316**	**51.21**	3,585,527	35.86

d. Terms / Rights attached to Equity shares

The Company has only one class of equity Shares having a par value of Rs. 10 each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed, if any, by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holder of equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

e. Shareholders holding more than 5% shares in the Company is set out below:

Equity share	March 31, 2018		March 31, 2017	
	No. of Shares	**%**	**No. of Shares**	**%**
Suzlon Energy Limited	**2,612,784**	**51%**	1,829,555	51%
CLP Wind Farms India Private Limited	**2,508,532**	**49%**	1,755,972	49%

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Notes to the Financial Statements *(Continued)*
as at March 31, 2018

(Rs. in millions)

	As at March 31, 2018	As at March 31, 2017
12 Other Equity		
Reserves and surplus		
Securities premium reserve	**1,469.00**	1,034.37
Retained earnings	**75.31**	32.04
	1,544.31	1,066.41
Securities premium reserve		
Opening Balance	**1,034.37**	310.27
Addition during the year	**434.63**	724.10
Closing Balance	**1,469.00**	1,034.37
Retained earnings		
Opening Balance	**32.04**	(20.23)
Profit/(Loss) for the year	**58.63**	(30.30)
Issue of financial guarantee*	**(15.35)**	82.56
Closing balance	**75.31**	32.04

* includes (Rs 19.85 million) adjustment relating to prior years.

Notes :

Nature and purpose of other reserves

(i) Securities premium account

Where the company issues share at a premium whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to "Securities Premium Reserve". The company may issue fully paid up bonus share to its members out of the securities premium reserve and the company has use this reserve for buy back of share.

	As at March 31, 2018	As at March 31, 2017
13 Non Current Borrowings		
Unsecured		
Loans from Related Parties (Refer note 27)	**2,722.30**	430.00
	2,722.30	430.00

Details of terms of loan:
Unsecured loan from related party is availed for long term tenure at interest rate of 9.15% per annum. The loan does not specify any repayment schedule but will be repaid only after external borrowings have been repaid.

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Notes to the Financial Statements *(Continued)*
as at March 31, 2018

(Rs. in millions)

		As at March 31, 2018	As at March 31, 2017
14	**Trade payables**		
	Due to Micro, Small and Medium Enterprises (Refer note 31)	-	-
	Due to others	12.81	35.62
		12.81	35.62
15	**Other financial liabilities**		
	Interest accrued but not due on borrowings	146.92	-
	Payables for purchase of property plant and equipments - Capital creditors*	3,178.92	2,550.54
		3,325.84	2,550.54
	* Refer note 27 for payable relating to related party.		
16	**Other current liabilities**		
	Statutory Dues (including TDS, GST, etc.)	5.12	1.88
	Other liabilities	-	0.84
		5.12	2.72

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Notes to the Financial Statements *(Continued)*

for the year ended March 31, 2018

(Rs. in millions)

	Year ended March 31, 2018	Year ended March 31, 2017
17 Revenue from Operations		
Revenue from Power Supply	**544.25**	-
	544.25	-
18 Other Income		
Interest on fixed deposits	**18.67**	0.64
	18.67	0.64
19 Employee benefit expenses		
Salaries, Wages and Bonus*	**27.21**	5.30
Less: Transferred to capital work in progress	**(12.75)**	-
	14.46	5.30

* The above salary, wages and bonus represents the reimbursement of the cost of salaries of the employees with Group Companies who were on secondment to the SE Solar Limited

	Year ended March 31, 2018	Year ended March 31, 2017
20 Finance cost		
Interest on borrowings	**357.37**	0.01
Finance charges	**3.98**	-
Financial guarantee expenses	**43.98**	23.23
Less: Transferred to capital work in progress	**(117.33)**	-
	288.00	23.24
21 Other expenses		
Operation and maintenance expenses	**14.27**	-
Insurance	**2.50**	-
Travelling and conveyance	**2.14**	3.41
Legal and Professional expenses	**13.59**	0.39
Auditors' Remuneration (refer note 30)	**0.74**	0.12
Rates and taxes	**0.45**	0.56
Registration and other fees	-	0.02
Bank charges	**0.04**	0.11
Miscellaneous expenses	**0.15**	0.25
Less: Transferred to capital work in progress	**(12.93)**	-
	20.95	4.86

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SE Solar Limited

Notes to the Financial Statements ***(Continued)***
for the year ended March 31, 2018

(Rs. in millions)

22 Income tax expense

A Components of Income Tax Expenses
Income tax expense recognised in Statement of profit and loss

	March 31, 2018	March 31, 2017
Current tax		
Current tax on profit for the year	21.72	-
Total current tax expense	21.72	-
Deferred tax		
Origination and reversal of temporary differences	21.41	(2.46)
Total deferred tax expense/(credit)	21.41	(2.46)
Total income tax expense/(credit) for the year	43.13	(2.46)

B Reconciliation of effective tax rate:

	March 31, 2018	March 31, 2017
Profit before tax	101.76	(32.75)
Tax at the Indian tax rate of 28.84% (31 March 2017 – 27.55%)	29.35	(9.03)
Tax effect on non deductable expenses	12.82	6.57
Others	0.96	-
Income tax expense reported in Statement of Profit and Loss	43.13	(2.46)

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Notes to the Financial Statements *(Continued)*
as at March 31, 2018

(Rs. in millions)

C The major components of deferred tax assets / (liabilities) arising on account of temporary differences are as follows:

Particulars	Net Deferred tax asset/(liabilities) As at April 1, 2017	Recognised in statement of Profit and Loss	Net Deferred tax asset/(liabilities) As at March 31, 2018	Deferred Tax Assets	Deferred Tax (Liabilities)
Property plant and equipment	-	(77.16)	(77.16)	-	(77.16)
Tax losses carried forward	2.46	34.03	36.49	36.49	-
MAT credit	-	21.72	21.72	21.72	-
	2.46	(21.41)	(18.95)	58.21	(77.16)

Particulars	Net Deferred tax asset/(liabilities) As at April 1, 2016	Recognised in statement of Profit and Loss	Net Deferred tax asset/(liabilities) As at March 31, 2017	Deferred Tax Assets	Deferred Tax (Liabilities)
Tax losses carried forward	-	2.46	2.46	2.46	-
	-	2.46	2.46	2.46	-

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(Rs. in millions)

23 Earnings per share (EPS)

i Profit attributable to Equity holders of company

	March 31, 2018	March 31, 2017
Profit attributable to equity holders of the company: (Basic and Diluted) (A)	58.63	(30.30)

ii Weighted average number of equity shares

	March 31, 2018 (in numbers)	March 31, 2017 (in numbers)
Issued equity shares at 31 March	2,947,764	1,026,860
Effect of fresh issue of equity shares	1,085,571	1,920,904
Weighted average number of equity shares for the year (B)	4,033,335	2,947,764

Basic and diluted earnings per share

	March 31, 2018 (In Rs.)	March 31, 2017 (in Rs)
Basic and diluted earnings per share (A/B)	14.54	(10.28)

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(Rs. in millions)

24 Financial risk management

The Company has exposure to the following risks arising from financial instruments:
- Credit risk ;
- Liquidity risk ; and
- Market risk

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

i. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments securities.

The Company has significant concentration of credit risk with respect to the sales of electricity as the Company sells a majority of its electricity output to state electricity boards in India through Power Purchase Agreements (PPA) for 25 years. Receivables are due for settlement in 30 days after billing. Management closely monitors the credit quality and collectability of receivables from its off takers.

Summary of the Company's exposure to credit risk by age of the outstanding from customer is as follows:

	Carrying Amount	
	31-Mar-18	31-Mar-17
Neither past due nor impaired	96.97	-
Past due 1–30 days	93.84	-
Past due 31–90 days	81.45	-
	272.26	-

The Company is having receivables from State Electricity Board which is Government Undertaking and hence they are secured from credit loss in the future.

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(Rs. in millions)

24 Financial risk management (Continued)

ii. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and making available an adequate amount of committed credit facilities with staggered maturities to reduce refinancing risk in any year and to fund working capital, debt servicing, dividend payments, new investments and close out market positions if required. The Company maintains significant flexibility to respond to opportunities and events by ensuring that committed credit lines are available to meet future funding requirements. Management also monitor rolling forecasts of the company's undrawn borrowing facilities and cash and cash equivalents on the expected cash flows.

Maturity profile of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments. The Company is in process of active negotiations to infuse fresh capital / long term borrowings to honour their capital creditors as it falls due.

31-Mar-18	Carrying Amount	Within 1 year	1- 5 year	More than 5 years	Total
Non-derivative financial liabilities					
Loan from related party	2,722.30	-	-	2,722.30	2,722.30
Trade payables	12.81	12.81	-	-	12.81
Payables for purchase of property plant and equipments	3,178.92	3,178.92	-	-	3,178.92
Interest accrued but not due on borrowings	146.92	146.92	-	-	146.92

31-Mar-17	Carrying Amount	Within 1 year	1- 5 year	More than 5 years	Total
Non-derivative financial liabilities					
Loan from related party	430.00	-	-	430.00	430.00
Trade payables	35.62	35.62	-	-	35.62
Payables for purchase of property plant and equipments	2,550.54	2,550.54	-	-	2,550.54

(Rs. in millions)

24 Financial risk management (Continued)

iii. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk and currency risk.

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

The Company's interest rate risk arises from debt borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk, while borrowings issued at fixed rates expose the Company to fair value interest rate risk. The risks are managed by monitoring an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swaps.

The Companies interest rate risk arises primarily from borrowings. The interest rate profile of the Company's interest bearing financial instruments is as follows:

	31-Mar-18	31-Mar-17
Fixed-rate instruments		
Financial liabilities - measured at amortised cost		
Long term borrowings	2,722.30	430 00
	2,722.30	430 00

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Variable rate instruments

The Company does not have any variable rate borrowings.

b. Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of an exposure will fluctuate due to change in foreign exchange rates. The Company do not have any transactions in foreign currency and hence there is no exposure to risk of changes in foreign currency.

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Notes to the Financial Statements *(Continued)*

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(Rs. in millions)

25 Capital Management

The primary objective of the company's capital management is to safeguard the company's ability to continue as a going concern, maintain a strong credit rating and a healthy capital ratio to support the business and to enhance shareholder value.
The company manages its capital structure and makes adjustments to it in light of changes in economic conditions and business strategies to maintain or adjust the capital structure, issue new shares or raise and repay debts. The company's capital management objectives, policies or processes were unchanged during 2017 and 2018.

The company monitors capital on the basis of net debt to equity ratio.

	As at March 31, 2018	As at March 31, 2017
Total Debt	**2,722.30**	430.00
Net Debt	**2,473.40**	428.60
Total equity		
Total capital (based on total debt)	**4,317.82**	1,532.26
Total capitul (based on net debt)	**4,068.91**	1,530.87
Total debt to total capital(based on total debt) ratio (%)	**63.05%**	28.06%
Net debt to total capital(based on net debt) ratio (%)	**60.79%**	28.00%

Notes

(a) Total debt equals to bank loans and other borrowings.

(b) Net debt equals to total debt less bank balances, cash and other liquid funds.

(c) Total capital (based on total debt) equals to total debt plus total equity.

(d) Total capital (based on net debt) equals to net debt plus total equity.

(e) Total equity equals to equity share capital and other reserves.

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Notes to the Financial Statements *(Continued)*
for the year ended March 31, 2018

(Rs. in millions)

26 Fair values measurements

A. Accounting classification and fair values hierarchy

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include the fair value information for financial assets and financial liabilities, if their carrying amounts is a reasonable approximation of fair value.

Financial Instruments by category and hierarchy

March 31, 2018	Carrying Amount			Fair Values		
	FVTPL	FVTOCI	Amortised Cost	Level 1	Level 2	Level 3
Financial assets						
Trade and other receivables	-	-	272.26	-	-	-
Cash and cash equivalents	-	-	248.90	-	-	-
Other current financial asset	-	-	42.10	-	-	-
	-	-	**563.26**	-	-	-
Financial liabilities						
Long-term borrowings	-	-	2,722.30	-	-	-
Trade payables	-	-	12.81	-	-	-
Other current financial liabilities	-	-	3,325.84	-	-	-
	-	-	**6,060.95**	-	-	-

March 31, 2017	Carrying Amount			Fair Values		
	FVTPL	FVTOCI	Amortised Cost	Level 1	Level 2	Level 3
Financial assets						
Cash and cash equivalents	-	-	1.40	-	-	-
Other current financial asset	-	-	59.33	-	-	-
	-	-	**60.73**	-	-	-
Financial liabilities						
Long-term borrowings	-	-	430.00	-	-	-
Trade payables	-	-	35.62	-	-	-
Other Current financial liabilities	-	-	2,550.54	-	-	-
	-	-	**3,016.16**	-	-	-

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. The company has no such financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Note:
1. Financial instruments measured at amortised cost:
The carrying amount of financial assets and financial liability measured at amortized cost in the financial statements are a reasonable approximation of their fair value since the Company does not anticipate that the carrying amounts would be significantly different from the value that would eventually be received or settled.
2. For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.
3. There have been no transfers between Level 1 and Level 2 during the years under consideration.

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Notes to the Financial Statements *(Continued)*
for the year ended March 31, 2018

(Rs. in millions)

27 Related party relationships, transactions and balances *(Continued)*

(b) Related party transactions and balances *(Continued)*

Nature of Transaction	Year	Joint Venturers	Fellow Subsidiaries of joint venturer-Suzlon Energy Limited	Holding Company/ Fellow subsidiary of joint venturer-CLP Windfarms India Private Limited
Payables -				
CLP India Private Limited	March 31, 2018	-	-	-
	March 31, 2017	-	-	0.19
CLP Wind Farms India Private Limited	March 31, 2018	-	-	-
	March 31, 2017	35.28	-	-
Suzlon Energy Limited	March 31, 2018	3,097.14	-	-
	March 31, 2017	2,550.53	-	-
Suzlon Gujarat Wind Parks Limited	March 31, 2018	-	297.80	-
	March 31, 2017	-	-	-
Loan Payable			-	-
CLP Wind Farms India Private Limited	March 31, 2018	2,722.30	-	-
	March 31, 2017	430.00	-	-
Letter of Credit Outstanding at year end			-	-
Suzlon Energy Limited	March 31, 2018	2,825.87	-	-
	March 31, 2017	4,771.15	-	-
Corporate Guarantees outstanding at year end			-	-
CLP India Private Limited	March 31, 2018	-	-	-
	March 31, 2017	-	-	10,500.00

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(Rs. in millions)

28 Capital and other commitments

Estimated amounts of contracts remaining to be executed on capital account and other commitments (net of advances) which are not provided for (31 March 2018: Rs Nil, 31 March 2017: Rs. 3,515.56 million)

29 Segment Reporting

The Company's activities during the year revolve around power generation. Considering the nature of Company's business and operations, as well as based on reviews of operating results by the chief operating decision maker to make decisions about resource allocation and performance measurement, there is only one reportable segment in accordance with the requirements of Ind AS - 108 – "Operating Segments", prescribed under Companies (Indian Accounting Standards) Rules, 2015.

30 Auditors' Remuneration (including taxes)

	March 31, 2018	March 31, 2017
As auditor :		
Audit fee	**0.59**	0.10
Other services	**0.15**	0.02
	0.74	0.12

31 Payable to micro, Small and Medium Enterprises

There are no amounts due to Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2018 (March 31, 2017: Rs. Nil) based on the information available with the company. No interest has been paid/ is payable by the company during the year ended March 31, 2018 (March 31, 2017: Rs. Nil) in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006. This information has been relied upon by auditors.

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Notes to the Financial Statements *(Continued)*
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(Rs. in millions)

32 Previous year's figures are audited by a firm other than B S R & Co. LLP .

33 Information with regard to other matters specified in Schedule III of the Act, is either Nil or not applicable to the Company.

34 Corresponding figures for previous year have been regrouped/reclassified wherever considered necessary to confirm to current year's classification.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Nirav Patel
Partner
Membership No : 113327

Place : Mumbai
Date : 28 June 2018

For and on behalf of the Board of Directors of
SE Solar Limited
CIN : U40108PN2008PTC131668

Rajiv Mishra
Director
DIN : 0000131207

Pawan Gupta
Director
DIN : 0007700845

Sanjeev Sharma
Company Secretary
Membership No : ACS - 41265

Place : Mumbai
Date : 28 June 2018