

# T R Chadha & Co LLP

## Chartered Accountants

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### Report of Independent Accountants

To the Stockholder of Seventus LLC (Formerly Sure Power LLC)

#### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of **Seventus LLC (Formerly Sure Power LLC)** (referred to as “the Company”) as at March 31, 2019 and 2018 and the related statements of profit and loss and change in stockholder’s equity for the years then ended, and related notes to financial statement (collectively referred to as the “financials statements”).

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019 and March 31, 2018 and the results of its operations for the years then ended in conformity with accounting principles generally accepted in India.

#### Basis of Opinion

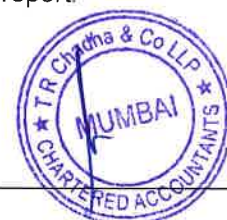
These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are required to be independent with respect to the Company in accordance with the relevant ethical requirements relating to our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error. Our audit included performing procedures to assess the risks of the material misstatement of the financial statements, whether due to fraud or error, and performing procedures that respond to those risks. Such procedures included examining, in a test basis, evidence regarding the amounts and disclosures in financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provides a reasonable basis for our opinion.

#### Emphasis of Matter

We draw attention to Note 28 of the financial statements, which indicates that the Company incurred a loss of \$ 6.12 million during the year ended 31 March 2019 (2018: Loss of \$ 5.28 million), and as of that date, the Company had an accumulated deficit of \$ 16.07 million (2018: \$ 9.94 million). The Company has continued to incur losses in FY19, which has resulted in a net asset deficiency of \$ 3.49 million. These factors indicate the existence of a material uncertainty that may cast doubt on the Company’s ability to continue as a going concern. The Company sought and obtained a letter of support from Suzlon Energy Limited (“the Group”), the ultimate parent to continue to provide financial support to Tarilo Holdings BV and its subsidiaries to enable it to continue operations through at least 12 months from the date of the directors’ report.

Our opinion is not modified in respect of this matter.



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### Restriction of Use

This report is issued for internal consumption of the Management with respect to the consolidation purposes and for the use of existing Lenders of the company and should not be used for any other purpose. We do not accept or assume any liability or duty of care for any other purpose or any third parties to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

For T R Chadha & Co LLP  
Chartered Accountants

*Vikas Kumar*

**Vikas Kumar**  
Partner

Date: 22.5.19  
Place: Mumbai



**Seventus LLC****Balance sheet as at March 31, 2019**

All amounts in US Dollars, unless otherwise stated

Particulars	Notes	As at	As at
		March 31, 2019	March 31, 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Financial assets			
Other financial assets	6	1,474,288	1,189,745
Other Non current assets	7	10,562	238,572
		<b>1,484,850</b>	<b>1,428,317</b>
<b>Current assets</b>			
Inventories	8	49,681,857	46,491,104
Financial assets			
Cash and cash equivalents	9	21,810	636,197
Other current assets	10	667,419	787,993
		<b>50,371,086</b>	<b>47,915,294</b>
<b>Total assets</b>		<b>51,855,936</b>	<b>49,343,611</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Other Equity:	11		
Share Premium		12,572,000	12,572,000
Retained earnings		(16,066,326)	(9,943,260)
		<b>(3,494,326)</b>	<b>2,628,740</b>
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	12	19,000,000	29,180,000
Other financial liabilities	13	17,478,979	7,693,884
		<b>36,478,979</b>	<b>36,873,884</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	12	1,618,051	1,447,612
Other financial liabilities	13	16,000,000	7,295,000
Other liabilities	14	1,253,232	1,098,375
		<b>18,871,283</b>	<b>9,840,987</b>
<b>Total equity and liabilities</b>		<b>51,855,936</b>	<b>49,343,611</b>

For T R Chadha & Co LLP  
Chartered Accountants  
Firm Reg No.006711N/N500028

*Vikas Kumar*  
Vikas Kumar  
Partner  
Membership No.75363  
Mumbai  
Date: 22.5.19



For Seventus LLC

*Tim Rosenzweig*  
Tim Rosenzweig  
CEO

Place: Chicago, IL USA  
Date: May 21, 2019

**Seventus LLC**

**Statement of profit and loss for the year ended March 31, 2019**

All amounts in US Dollars, unless otherwise stated

Particulars	Notes	March 31, 2019	March 31, 2018
<b>Income</b>			
Other operating income	15	-	-
Other Income	19	4,543	1,704
		<u>4,543</u>	<u>1,704</u>
<b>Expenses</b>			
Employee benefits expense	16	2,004,972	1,502,880
Finance costs	18	3,119,494	2,465,041
Other expenses	17	1,003,144	1,315,901
		<u>6,127,610</u>	<u>5,283,822</u>
<b>Profit/ (loss) before tax</b>		<b>(6,123,067)</b>	<b>(5,282,119)</b>
Tax expense		-	-
<b>Profit/ (loss) after tax</b>		<b>(6,123,067)</b>	<b>(5,282,119)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>(6,123,067)</b>	<b>(5,282,119)</b>

For T R Chadha & Co LLP

Chartered Accountants

Firm Reg No.006711N/N500028

*Vikas Kumar*

Vikas Kumar

Partner

Membership No 75363

Mumbai

Dated : 22.5.19



For Seventus LLC

*Tim Rosenzweig*

Tim Rosenzweig  
CEO

Place: Chicago, IL USA  
Date: May 21, 2019

**Seventus LLC**  
**Statement of changes in equity for the year ended March 31, 2019**

**a. Equity**

	US Dollars
At March 31, 2017	12,572,000
Equity contribution during the year	-
At March 31, 2018	12,572,000
Equity contribution during the year	-
At March 31, 2019	12,572,000

**b. Other equity, attributable to the equity holders**

Particulars	Retained earnings	Total equity
<b>As at April 1, 2018</b>	(9,943,260)	(9,943,260)
Profit/ (loss) for the year	(6,176,673)	(6,176,673)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	(16,119,933)	(16,119,933)
Other movements	-	-
<b>As at March 31, 2019</b>	<b>(16,119,933)</b>	<b>(16,119,933)</b>
<b>As at April 1, 2017</b>	(4,661,141)	(4,661,141)
Profit/ (loss) for the year	(5,282,119)	(5,282,119)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	(9,943,260)	(9,943,260)
Other movements	-	-
<b>As at March 31, 2018</b>	<b>(9,943,260)</b>	<b>(9,943,260)</b>

For T R Chadha & Co LLP  
Chartered Accountants  
Firm Reg.No.006711N/N500028

*Vikas Kumar*

**Vikas Kumar**

Partner

Membership No.75363

Mumbai

Date : 22.5.19

For Seventus LLC

*Tim Rosenzweig*

Tim Rosenzweig

CEO

Chicago, IL USA

Place:

Date: May 21, 2019



**Seventus LLC**

**Notes to financial statements for the year ended March 31, 2019**

**6 Other financial assets**

	March 31, 2019	March 31, 2018
Money Margin Deposit *	1,474,288	1,189,745
<b>Total</b>	<b>1,474,288</b>	<b>1,189,745</b>

\* Deposit kept as margin for debts service reserve against borrowing.

**7 Other Non current assets**

	March 31, 2019	March 31, 2018
Prepaid expenses	10,562	238,572
<b>Total</b>	<b>10,562</b>	<b>238,572</b>

**8 Inventories** (valued at lower of cost and net realisable value)

	March 31, 2019	March 31, 2018
Wind Turbine and Components*	43,750,000	43,750,000
Projects Under Development (refer Note XX)	5,931,857	2,741,104
<b>Total</b>	<b>49,681,857</b>	<b>46,491,104</b>

\* For details of inventories given as security to lenders refer Note 12

**9 Cash and cash equivalents**

	March 31, 2019	March 31, 2018
Balances with banks in current accounts	21,810	636,197
<b>Total</b>	<b>21,810</b>	<b>636,197</b>

**10 Other current assets**

	March 31, 2019	March 31, 2018
Prepaid expenses	280,934	401,509
Advances for Goods	386,484	386,484
<b>Total</b>	<b>667,419</b>	<b>787,993</b>

**11 Other equity**

	March 31, 2019	March 31, 2018
<b>Share Premium</b>		
Opening balance	12,572,000	11,322,000
Add: Fresh issue of share capital	-	1,250,000
<b>Closing Balance</b>	<b>12,572,000</b>	<b>12,572,000</b>
<b>Retained earnings</b>		
Opening balance	(9,943,260)	(4,661,141)
Add: Profit/(loss) for the year	(6,123,067)	(5,282,119)
<b>Closing balance</b>	<b>(16,066,326)</b>	<b>(9,943,260)</b>
<b>Total</b>	<b>(3,494,326)</b>	<b>2,628,740</b>

**12 Borrowings**

	March 31, 2019	March 31, 2018
<b>Non-current</b>		
Term loan from banks (Secured)	35,000,000	36,475,000
Less : Current maturity of long term borrowings (refer note 13)	(16,000,000)	(7,295,000)
<b>Total</b>	<b>19,000,000</b>	<b>29,180,000</b>
<b>Current</b>		
Loan from Apex (Unsecured)	1,618,051	1,447,612
<b>Total</b>	<b>1,618,051</b>	<b>1,447,612</b>

The Company has obtained a long term loan from Exim Bank of India - London Branch. Loan carries interest at USD LIBOR (6 months) + 500 bps p a payable quarterly. The loan carries a moratorium period of 2 years. The loan is payable in 10 quarterly installments. The company had paid the first installment due on 02.01.2019, however installment due on 02.04.2019 could not be paid upto the date of approval of these financial statement.

Covenant : The Borrower shall ensure that the DSRA is fully funded at all times in an amount equal to at least the Minimum Debt Service Amount applicable from time to time.

Security : The above facility is secured by all inventory, receivable, advances, actionable claims, equipments of the company including Wind Turbine Component and all components thereof and pledging of ownership interest of holding company.

Loan from Apex - The Loan was due on 31 March 2019. However, the same could not be paid upto the date of approval of these financial statement.



**13 Other financial liabilities**

	March 31, 2019	March 31, 2018
<b>Non-current</b>		
Loans from related parties (Unsecured)	17,478,979	7,693,884
<b>Total</b>	<b>17,478,979</b>	<b>7,693,884</b>
<b>Current</b>		
Current maturity of long-term borrowings	16,000,000	7,295,000
<b>Total</b>	<b>16,000,000</b>	<b>7,295,000</b>

**14 Other current liabilities**

	March 31, 2019	March 31, 2018
Employee payables	444,717	222,357
Others	808,515	676,018
<b>Total</b>	<b>1,253,232</b>	<b>1,098,375</b>

**15 Other operating income**

	March 31, 2019	March 31, 2018
Other miscellaneous income	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**16 Employee benefits expense**

	March 31, 2019	March 31, 2018
Salaries, wages, allowances and bonus	1,986,612	1,357,119
Social security cost	18,360	145,762
<b>Total</b>	<b>2,004,972</b>	<b>1,502,880</b>

**17 Other expenses**

	March 31, 2019	March 31, 2018
Rent	84,746	103,515.35
Insurance	23,770	22,445
Advertisement and sales promotion	41,416	9,525
Travelling and conveyance	101,033	82,738
Vehicle hire charges	246	5,245
Communication expenses	9,017	5,918
Auditors' remuneration and expenses	4,000	4,000
Consultancy charges	295,482	631,255
Other selling and administrative expenses	82,129	36,348
Amortization	361,306	414,912
<b>Total</b>	<b>1,003,144</b>	<b>1,315,901</b>

**18 Finance costs**

	March 31, 2019	March 31, 2018
<b>Interest</b>		
Fixed loans	2,797,642	2,357,870
Others	317,588	102,406
Bank charges	4,263	4,764
<b>Total</b>	<b>3,119,494</b>	<b>2,465,041</b>

**19 Finance Income**

	March 31, 2019	March 31, 2018
Interest	4,543	1,704
<b>Total</b>	<b>4,543</b>	<b>1,704</b>



## 20 Related party transactions

### A. Related parties with whom transactions have taken place during the year

List of the related parties and nature of relationship where common control exists with whom transactions have taken place during the year:

<b>Sr. No.</b>	<b>Name of the entity</b>	<b>Nature of relationship</b>
1	Tarilo Holdings BV (Tarilo)	Holding Company (79.9%)

### Other related parties with whom transactions have taken place during the year:

<b>Sl. No.</b>	<b>Name of the entity</b>	<b>Nature of relationship</b>
1	Suzlon Wind Energy Corporation (SWECO)	Fellow Subsidiary
2	Suzlon Energy Limited (SEL)	Group Parent Company

Please see annexure of inter company transactions and balances for details of transactions with related parties.





Annexure to Note 20: Related Party Transactions

Name of the Entity  
 Certificate on Transactions and balances with Group Companies as at  
 Reporting Currency

Seventus LLC  
 31-Mar-19  
 USD

Sr.No	Particulars	Transaction / Original Currency	SWECO	SEL	Tarilo
	<b>Transactions during the year</b>				
1	Loans Taken	USD	4,207,508	-	5,260,000
2	Interest Expenses	USD	223,644	-	93,944
	<b>Outstanding Balances as on March 31, 2019</b>				
1	Loans Payable	USD	9,951,175	-	7,087,300
2	Advances Given to Suppliers	USD	-	386,484	-
3	Share Capital	USD	-	-	10,000,000
4	Int. Payable	USD	335,049	-	105,456



**Seventus LLC**  
**Notes to financial statements for the year ended March 31, 2019**

**21 Contingent Liability - NIL**

**22 Capital Commitment - NIL**

**23 Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and CEO of the Company. The Company operates only in one Business Segment i.e. development of utility-scale windfarms and the activities incidental thereto within United States of America, hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments". The Company while presenting the consolidated financial statements has disclosed the segment information to the extent applicable as required under Indian Accounting Standard 108 "Operating Segments".

**24 Fair value Measurement**

Financial Instruments by category

Particulars	31-03-2019			31-03-2018		
	FVPL	FVOCI	Cost	FVPL	FVOCI	Amortised Cost
<b>Financial Assets</b>						
Other financials assets	-	-	1,474,288	-	-	1,189,745
Cash and Cash equivalents	-	-	21,810	-	-	636,197
<b>Total financial assets</b>	-	-	1,496,098	-	-	1,825,942
<b>Financial liabilities</b>						
Trade payables	-	-	17,478,979	-	-	7,693,884
Borrowings	-	-	20,618,051	-	-	30,627,612
<b>Total financial liabilities</b>	-	-	38,097,030	-	-	38,321,496

The carrying amounts of cash and cash equivalent including other current bank balances and other liabilities including borrowings, etc. are considered to be the same as their fair values, due to current and short term nature of such balances. For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

**25 Capital management**

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the Company is based on management's judgment of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

**26** Balances grouped under Non-Current and Current Liabilities and Non-Current and Current Assets in certain cases are subject to confirmation and reconciliation from respective parties. Impact of the same, if any, shall be accounted as and when

**27** The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

**28 Going concern**

The Company incurred a loss of \$ 6.12 million during the year ended 31 March 2019 (2018: Loss of \$ 5.28 million), and as of that date, the Company had an accumulated deficit of \$ 16.07 million (2018: \$ 9.94 million). The Company's position as at 31 March 2019 included cash and cash equivalents of \$ 0.021 million.

The Company sought and obtained a letter of support from Suzlon Energy Limited ("the Group"), the ultimate parent which states: Suzlon Energy Limited will, subject to applicable Indian Law, endeavour to continue to provide financial support to Tarilo Holding B.V. and its subsidiaries to enable it to continue operations through at least 12 months from the date of the directors' report, and obligations under this letter ceases once the Company ceases to be a subsidiary. Suzlon Energy Limited is the holding company of Tarilo Holding B.V. which holds 79.9% of Seventus.



The Company has continued to incur losses in FY19, which has resulted in a net asset deficiency of \$ 3.49 million. These factors indicate the existence of a material uncertainty that may cast doubt on the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company as well as the Group is working on various measures including but not limited to the sale of a business line, raising of equity capital and refinancing of certain debt, and based thereon, the Company and Group Management is confident of raising adequate resources to meet its financial obligations in the foreseeable future.

Accordingly, the financial statements have been prepared on the basis that the Company will continue as a going concern.

### 29 Project under development

Project under development comprises cost of assets acquired under lease, transmission and interconnection charges, legal and professional charges etc. Interest amounting to USD 311,801 related to loan exclusively obtained for project has also been capitalised.

### 30 Lease commitments

The Company has following commitments for the year ended March 31, 2019:

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24	2024+
Lease obligation	265,480	392,332	416,733	437,754	563,753	629,169
Total	265,480	392,332	416,733	437,754	563,753	629,169

### 31 Financial risk management

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide support to its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.



**a. 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 two types of risk: interest rate risk and foreign currency risk. Financial instruments affected by market risk include loans and borrowings.

**i) 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 rates.

**ii) Foreign currency risk and sensitivity**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The company does not have any exposure in foreign currency as on date.

**b. Liquidity risk**


Liquidity risk refers to that risk where the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirement. In doing this, management considers both normal and stressed conditions. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring cash flow forecast and by matching the maturity profiles of financial assets and liabilities.

**32 . IND AS 116 – LEASES – STANDARDS ISSUED BUT NOT YET EFFECTIVE**

Ind AS 116 *Leases* was notified and it replaces Ind AS 17 *Leases*, including appendices thereto. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019. As the Company does not have any material leases, therefore the adoption of this standard is not likely to have a material impact in its financial statements.


For T R Chadha & Co LLP  
Chartered Accountants  
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Vikas Kumar

Partner  
Membership No.75363  
Mumbai  
Date : 22.5.19



For Seventus LLC

  
Tim Rosenzweig  
CEO

Place: Chicago, IL USA  
Date: May 21, 2019

## 1. Company information

Seventus LLC ('the Company' or 'Seventus') was incorporated on May 11, 2010 to engage in the development of utility-scale windfarms. Until December 2016, Seventus was a wholly-owned subsidiary of either Valum Holding B.V. or Tarilo Holding B.V. ("Tarilo"), both wholly-owned entities within the Suzlon Group.

In December 2016, the Company admitted a new member, Pivot Power Partners, LLC ("Pivot"). Subsequent to this transaction, the Company's membership interests were held by Tarilo (79.9%) and Pivot (20.1%). The company used to be called 'Surepower LLC' until July 05, 2018, post which, the name was changed to Seventus LLC.

## 2. Basis of preparation and significant accounting policies

### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 together with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("the Rules").

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that is measured at fair value.

The financial statements are presented in USD and all values are rounded off to the nearest full number except when otherwise indicated.

### 2.2 Summary of significant accounting policies

#### a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The Company classifies all other liabilities as non-current.

#### b. Foreign currencies



The Company's financial statements are presented in USD, which is also the Company's functional currency.

### **Transactions and balances**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

### **c. Revenue Recognition**

We determine revenue recognition through the following steps:

- identification of the contract, or contracts, with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenue when, or as, we satisfy a performance obligation.

Revenue for all businesses is recognised when the performance obligation has been satisfied, which happens upon the transfer of control to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for the goods and services.

Revenue is recognised when or as performance obligations are satisfied by transferring the promised goods or services to the customer, i.e. at a point in time or over time provided that the stage of completion can be measured reliably.

Revenue comprises of service income from rendering operation and maintenance services, sale of components, income from wind power generation and interest income.

Revenue is recognised, net of trade discounts, and any other applicable taxes.

#### **Revenue from operations and maintenance service**

Revenues from operation and maintenance contracts are recognised pro-rata over the period of the contract as and when services are rendered.

#### **Revenue from sale of components**



Revenue from sale of components is recognised in the statement of profit and loss when the significant risks and rewards in respect of ownership of goods has been transferred to the buyer as per the terms of the respective sales order, and the income can be measured reliably and is expected to be received.

#### **Interest income**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate applicable. Interest income is included in other income in the statement of profit and loss.

#### **d. Borrowing costs**

Borrowing cost includes interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

#### **e. Inventories**

Inventories comprise of components, stores and spares and are valued at lower of cost and estimated net realisable value. Inventories include some materials that are repaired as well as repairable as at the balance sheet date. Cost of inventory is determined on a weighted average basis.

#### **f. Provisions**

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.

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.

#### **g. Retirement and other employee benefits**

- The company recognized its liability towards social security contributions in Profit & Loss account.
- The company contributes to 401(k) program and recognized its contribution towards the fund in Profit & Loss account.
- Short-term compensated absences are provided based on estimates. The entire leave is presented as a current liability in the balance sheet, since the Company does not have an unconditional right to defer its settlement for 12 months after the reporting date.

#### **h. Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.



#### **i. Contingent liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resource embodying economic benefit will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Company does not recognise a contingent liability but discloses it as per Ind AS 37 in the financial statements unless the possibility of an outflow of resources embodying economic benefit is remote.

### **3. Significant accounting judgements, estimates and assumptions**

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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### **a. Significant judgements in applying the Company's accounting policy**

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

##### **Revenue recognition and presentation**

The Company assesses its revenue arrangements against specific criteria, i.e. whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, in order to determine if it is acting as principal or as an agent. When deciding the most appropriate basis for presenting revenue or costs of revenue, both the legal form and substance of the agreement between the Company and its business partners are reviewed to determine each party's respective role in the transaction.

#### **b. Significant accounting estimates and assumptions**

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. Uncertainty about these assumption and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

##### **Allowance for trade receivables**

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. The Company recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. Company is assessing ECL allowance on receivable from group companies on net off payables.

### **4. Fair value measurements**





The company measures financial instruments at fair value in accordance with accounting policies at each reporting date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the company

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

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## 5. Financial instrument

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### (a) Financial Assets:

#### Initial recognition and measurement:

The company measures its financial assets at fair value. In this context, quoted investments are fair valued adopting the techniques defined in Level 1 of fair value hierarchy of Ind-AS 113 "Fair Value Measurement" and unquoted investments, where the observable input is not readily available, are fair valued adopting the techniques defined in Level 3 of fair value hierarchy of Ind-AS 113 and securing the valuation report from the certified valuer. However, trade receivables that do not contain a significant financing component are measured at transaction price.

#### Subsequent measurement:

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

- i. The Company's business model for managing the financial asset and
- ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

- i. Financial assets measured at amortized cost
- ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)
- iii. Financial assets measured at fair value through profit or loss (FVTPL)

#### i. Financial assets measured at amortized cost:

A financial asset is measured at the amortized cost if both the following conditions are met:

- (a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and



- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Company. Such financial assets are subsequently measured at amortized cost using the effective interest method. Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset. The same is included under other income in the Statement of Profit and Loss.

#### **ii. Financial assets measured at FVTOCI:**

A financial asset is measured at FVTOCI if both of the following conditions are met:

- (a) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to Investments in Equity and Convertible Warrants. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive Income (OCI). These equity instruments are neither held for trading nor are contingent consideration recognized under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in OCI. However, the Company recognizes dividend income from such instruments in the Statement of Profit and Loss.

On De-recognition of such financial assets, cumulative gain or loss previously recognized in OCI is not reclassified from the equity to Statement of Profit and Loss. However, the Company may transfer such cumulative gain or loss into retained earnings within equity.

#### **iii. Financial assets measured at FVTPL:**

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

#### **De-recognition**

Financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either;
  - (a) The company has transferred substantially all the risks and rewards of the asset, or
  - (b) The company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the



asset, nor transferred control of the asset, the company continues to recognize the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

On De-recognition of a financial asset, (except as mentioned in (ii) above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

### **Impairment of financial assets**

The company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortized cost
- Financial assets measured at fair value through other comprehensive income (FVTOCI)
- Financial assets measured at fair value through profit and loss (FVTPL)

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the company reverts to recognizing impairment loss allowance based on 12-months ECL.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. Receivable from group companies assessing net off payable.

### **(b) Financial Liabilities:**

#### **Initial recognition and measurement**

The Company recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. Financial liabilities are initially measured at Fair value.

#### **Subsequent measurement**

All non-current financial liabilities of the Company are subsequently measured at amortized cost using the effective interest method. Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss.

#### **De-recognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

