

**Consortium Suzlon-PadGreen
Co Ltd**

Financial Statements


For the year ended

30 June 2016

Consortium Suzlon-Padgreen Co Ltd

Secretary's Certificate under Section 166(d) of the Mauritius Companies Act 2001
for the year ended 30 June 2016

- (a) In accordance with section 166 (d) of the Mauritius Companies Act 2001, we certify that to the best of our knowledge and belief, the Company has, subject to paragraph (b) below, filed with the Registrar of Companies, all such returns as are required of the Company under the Mauritius Companies Act 2001.
- (b) The Annual Return of the Company dated 31 December 2016 was lodged on 27 January 2017 without the Financial Statements for the year ended 30 June 2016 as they were not adopted at the Annual Meeting held on 31 December 2016.


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For and on behalf of
KPMG Company Secretarial Services Ltd
Company Secretary

KPMG Company Secretarial Services Ltd
Company Secretary

Date: **26 APR 2017**

Independent auditor's report to the shareholders of Consortium Suzlon-PadGreen Co Ltd

This report is made solely to the company's shareholders, as a body, in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of **Consortium Suzlon-PadGreen Co Ltd** set out on pages 2 to 20 which comprise the statement of financial position as at 30 June 2016 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements set out on pages 2 to 20 give a true and fair view of the financial position of **Consortium Suzlon-PadGreen Co Ltd** as at 30 June 2016, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Mauritius Companies Act 2001.

Emphasis of matter

Going concern

Without modifying our opinion, we draw attention to note 17 in the financial statements which indicates that, as at 30 June 2016, the company had a shareholders' deficit of Rs 27,933,589 and net current liabilities of Rs 38,864,103. These conditions, along with the matters as set out in note 17, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements have been prepared on a going concern basis, the validity of which depends upon continued financial support by the shareholders. The financial statements do not include any adjustments that would result from non-availability of finance.

Change in basis of preparation from company's Accounting Policy to International Financial Reporting Standards (IFRSs)

We draw your attention to notes 3(a) and 16 to the financial statements, regarding the changes in the basis of preparation from company's accounting policies to IFRSs effective as from 1 July 2015. Consequently, the company's financial statements for the years ended 30 June 2015 and 2014 have been amended to conform with IFRSs. Prior to the adoption of IFRSs, the company prepared its financial statements in accordance with the company's accounting policies.

Other matter

The financial statements of Consortium Suzlon-PadGreen Co Ltd for the year ended 30 June 2015 prepared under the company's accounting policies were audited by another auditor who expressed an unmodified opinion on those statements on 29 December 2015.



Deloitte
Chartered Accountants

26 April 2017



Twaleb Butonkee, FCA
Licensed by FRC

CONSORTIUM SUZLON-PADGREEN CO LTD
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	<u>Note</u>	<u>2016</u> Rs	<u>2015</u> Rs Restated	<u>2014</u> Rs Restated
ASSETS				
<u>Non-current assets</u>				
Plant and equipment	5	11,632,918	10,906,790	7,656,161
<u>Current assets</u>				
Other receivables	6	48,631,422	23,617,816	23,277,655
Cash at bank		27,410	33,186	1,554,033
Total current assets		48,658,832	23,651,002	24,831,688
Total assets		60,291,750	34,557,792	32,487,849
EQUITY AND LIABILITIES				
<u>Capital and reserves</u>				
Stated capital	7	100,000	100,000	100,000
Accumulated losses		(28,033,589)	(16,794,523)	(13,141,448)
Shareholder's deficit		(27,933,589)	(16,694,523)	(13,041,448)
<u>Current liabilities</u>				
Other payables	10	32,095,636	6,583,990	6,218,951
Obligation under finance lease	8	355,178	324,708	256,324
Shareholders' loans	9	55,068,803	43,334,261	37,758,610
Bank overdrafts - unsecured		3,318	267	5,948
Total current liabilities		87,522,935	50,243,226	44,239,833
<u>Non-current liabilities</u>				
Obligation under finance lease	8	702,404	1,009,089	1,289,464
Total liabilities		88,225,339	51,252,315	45,529,297
		60,291,750	34,557,792	32,487,849

Approved by the Board of Directors and authorised for issue on..... 26 APR 2017

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) DIRECTORS
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CONSORTIUM SUZLON-PADGREEN CO LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	<u>Note</u>	<u>2016</u> Rs	<u>2015</u> Rs Restated
Other income	12	305,127	140,625
Less: Expenses			
Legal and professional fees		85,000	190,000
Licences		101,500	102,050
Depreciation		359,000	359,000
Electricity		-	5,250
Repairs and maintenance		6,000	6,000
Motor vehicle expenses		19,121	9,810
Insurance		9,508	19,067
General expenses		322,424	251,072
Indemnity fees	10	8,000,000	-
Exchange loss		253,060	1,428,224
Bank charges		18,632	13,156
Commission on bank guarantees		1,990,563	1,160,172
Finance costs		115,384	109,274
Rent		263,127	140,625
Advertising expenses		874	-
Total expenses		11,544,193	3,793,700
Loss before tax		(11,239,066)	(3,653,075)
Income tax expense	11	-	-
Loss for the year		(11,239,066)	(3,653,075)
Other comprehensive income		-	-
Total comprehensive loss for the year		(11,239,066)	(3,653,075)

CONSORTIUM SUZLON-PADGREEN CO LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	<u>Stated capital Rs</u>	<u>Accumulated losses Rs</u>	<u>Total Rs</u>
Balance at 1 July 2014 (as previously reported)	100,000	(11,178,709)	(11,078,709)
Prior year adjustment (Note 20)	-	(1,962,739)	(1,962,739)
Balance at 1 July 2014 (as restated)	100,000	(13,141,448)	(13,041,448)
Loss for the year and total comprehensive loss	-	(3,653,075)	(3,653,075)
Balance at 30 June 2015	100,000	(16,794,523)	(16,694,523)
Loss for the year and total comprehensive loss	-	(11,239,066)	(11,239,066)
Balance at 30 June 2016	100,000	(28,033,589)	(27,933,589)

CONSORTIUM SUZLON-PADGREEN CO LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	<u>2016</u> Rs	<u>2015</u> Rs Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(11,239,066)	(4,853,075)
<i>Adjustments for:</i>		
Depreciation	359,000	359,000
Interest expense	115,384	109,274
Payable written back	(42,000)	-
Expenses paid by shareholder	11,734,542	5,575,651
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	927,860	1,190,850
Increase in other receivables	(22,942,706)	(340,161)
Increase in other payables	25,553,646	365,039
CASH GENERATED FROM OPERATING ACTIVITIES	3,538,800	1,215,728
Interest paid	(115,384)	(109,274)
NET CASH GENERATED FROM OPERATING ACTIVITIES	3,423,416	1,106,454
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to plant and equipment	(1,085,128)	(2,409,629)
Advance to related company	(2,070,900)	-
NET CASH USED IN INVESTING ACTIVITIES	(3,156,028)	(2,409,629)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of finance lease	(276,215)	(211,991)
NET CASH USED IN FINANCING ACTIVITIES	(276,215)	(211,991)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,827)	(1,515,166)
Cash and cash equivalents at start of year	32,919	1,548,085
Cash and cash equivalents at end of year	24,092	32,919
<u>Represented by:</u>		
Cash at bank	27,410	33,186
Bank overdraft	(3,318)	(267)
	24,092	32,919

CONSORTIUM SUZLON-PADGREEN CO LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1. GENERAL INFORMATION

Consortium Suzlon-PadGreen Co Ltd (the "company") is a limited liability company, which can also be called the Special Purpose Company for the implementation of the wind farm. The company was incorporated under the Mauritius Companies Act 2001 on 28 October 2010 and its registered office is located at Motorway M3, Riche Terre, Terre-Rouge. The company has not yet started its operations.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

In the current year the company has applied all of the new and revised IFRSs issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July 2015.

2.1 New and revised IFRS in issue but not yet applied

At the date of authorisation of these financial statements, the following relevant IFRSs were in issue but effective on annual periods beginning on or after the respective dates as indicated.

IAS 1	Presentation of Financial Statements - Amendments resulting from the disclosure initiative (effective 1 January 2016)
IAS 7	Statement of Cash Flows - Amendments as a result of the Disclosure initiative (effective 1 January 2017)
IAS 12	Income Taxes - Amendments regarding the regarding the recognition of deferred tax assets for unrealised losses (effective 1 January 2017)
IAS 16	Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective 1 January 2016)
IAS 16	Property, Plant and Equipment - Amendments bringing bearer plants into the scope of IAS 16 (effective 1 January 2016)
IAS 39	Financial Instruments: Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception (effective 1 January 2018)
IFRS 7	Financial Instruments: Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective 1 January 2018)
IFRS 7	Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2018)
IFRS 7	Financial Instruments: Disclosures - Amendments resulting from September 2014 Annual Improvements to IFRSs (effective 1 January 2016)
IFRS 9	Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition. (effective 1 January 2018)
IFRS 15	Revenue from Contracts with Customers - Original issue (effective 1 January 2018)
IFRS 15	Revenue from Contracts with Customers - Amendments to defer the effective date (effective 1 January 2018)
IFRS 15	Revenue from Contracts with Customers - Clarifications to IFRS 15 (effective beginning on or after 1 January 2018)
IFRS 16	Leases - Original issue (effective 1 January 2019)

The directors anticipate that these IFRSs will be applied on their effective dates in future periods. The directors have not yet assessed the potential impact of the adoption of these amendments.

CONSORTIUM SUZLON-PADGREEN CO LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2016

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the company are as follows:-

(a) First-time adoption of IFRS

The company is required to present financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs"). The financial statements for the year ended 30 June 2016, are the first financial statements that the company has prepared in accordance with IFRS. For periods up to and including the year ended 30 June 2015, the company prepared its financial statements in accordance with accounting policy.

Accordingly, the company has prepared financial statements which comply with IFRS applicable for the year ended on and after 30 June 2016, together with the comparative period data as at and for the year ended 30 June 2015. In preparing these financial statements, the company's opening statement of financial position was prepared as at 1 July 2014, the company's date of transition to IFRS.

(b) Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards ("IFRSs"). Historical cost is generally based on the fair value of consideration given in exchange for goods and services.

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 a liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Statement of compliance

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRSs) and comply with the Mauritius Companies Act 2001.

Functional and presentation currency

The financial statements are presented in Mauritian Rupees (Rs), which is the company's functional currency.

(c) Plant and equipment

Plant and equipment are recorded at cost less accumulated depreciation.

Depreciation is calculated on a straight line basis to depreciate the cost of the assets over their expected useful lives as follows:

Motor vehicle - 5 years

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gain and losses on disposal is determined by comparing proceeds with carrying amount and are included in profit or loss.

CONSORTIUM SUZLON-PADGREEN CO LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Plant and equipment (cont'd)

Plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy. Such properties are classified to the appropriate categories of plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(d) Foreign currencies

Transactions in foreign currencies are converted at the exchange rate at the date of the transactions. Monetary assets and liabilities in foreign currencies are translated to Mauritian Rupee ("Rs") at the rates of exchange ruling at the end of the reporting date. Exchange differences arising on translation of assets and liabilities are dealt with in profit or loss.

(e) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted by the reporting date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities 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 by the reporting date. 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 reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

CONSORTIUM SUZLON-PADGREEN CO LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial instruments

Financial assets and liabilities are recognised on the statement of financial position when the company has become party to the contractual provisions of the financial instruments.

(i) *Financial assets*

The company initially recognises loans and receivables on the date when they are originated. All other financial assets are recognised initially on the trade date, which is the date that the company becomes a party to the contractual provisions of the instrument.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including fees on 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 asset or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Loans and receivables comprise cash at bank and other receivables.

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the company is recognised as a separate asset or liability in the statement of financial position.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash comprise bank balances. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts and which are subject to an insignificant risk of change in value and are held for the purpose of meeting short-term cash commitments. Cash and cash equivalents are measured at amortised cost which is equivalent to their fair value

CONSORTIUM SUZLON-PADGREEN CO LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial instruments (cont'd)

(ii) *Financial liabilities*

Financial liabilities are recognised initially on the trade date at which the company become a party to the contractual provisions of the instrument.

The company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

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.

Financial liabilities comprise other payables, obligation under finance lease, shareholders' loans and bank overdrafts.

The company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(g) Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party to exercise significant influence over the other party in making financial and operating decisions or is a member of the key management personnel of the reporting entity. An entity is related to a reporting entity if both of them are members of the same group or one of them is either an associate or joint venture of the other entity.

(h) Provisions

A provision is recognised when and only when there is a present obligation (legal or constructive) as a result of a past event, and 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. Provision are reviewed at the end of each reporting date and adjusted to reflect the current best estimate.

(i) Finance leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The company leases a motor vehicle. Leases of motor vehicle where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

CONSORTIUM SUZLON-PADGREEN CO LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Finance leases (cont'd)

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in either short-term or long-term liability. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The motor vehicle acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

(l) Stated capital

Ordinary shares are classified as equity.

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Motor vehicle

The cost of the motor vehicle is depreciated over the estimated useful life of the asset. The estimated useful life is based on expected usage of the asset and expected physical wear and tear, which depends on operational factors.

Other receivables

Loan origination fees relates to costs of obtaining loan for the construction of the windfarm. As at 30 June 2016, the loan has not yet been received. The directors are certain that the loan will be sanctioned in the foreseeable future given that all diligence and re-appraisal have been completed. The loan origination fees will be amortised to profit or loss over the term period of the loan.

CONSORTIUM SUZLON-PADGREEN CO LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2016

5. PLANT AND EQUIPMENT

	<u>Plant and equipment in progress</u> Restated Rs	<u>Motor Vehicle</u> Rs	<u>Total</u> Restated Rs
COST			
At 1 July 2014 (as previously reported)	25,318,722	1,795,000	27,113,722
Prior year adjustment (Note 20)	(19,427,644)	-	(19,427,644)
At 1 July 2014 (as restated)	5,891,078	1,795,000	7,686,078
Additions	3,609,629	-	3,609,629
At 30 June 2015	9,500,707	1,795,000	11,295,707
Additions	1,085,128	-	1,085,128
At 30 June 2016	10,585,835	1,795,000	12,380,835
DEPRECIATION			
At 1 July 2014	-	29,917	29,917
Charge for the year	-	359,000	359,000
At 30 June 2015	-	388,917	388,917
At 1 July 2015	-	388,917	388,917
Charge for the year	-	359,000	359,000
At 30 June 2016	-	747,917	747,917
NET BOOK VALUE			
At 30 June 2016	Rs 10,585,835	1,047,083	11,632,918
At 30 June 2015 (as restated)	Rs 9,500,707	1,406,083	10,906,790

The directors have reviewed the carrying value of the plant and equipment and are of the opinion that as at 30 June 2016, the carrying value has not suffered any impairment (2015: Nil).

Plant and equipment in progress relates to costs directly attributable to the construction of the windfarm.

6. OTHER RECEIVABLES

	<u>2016</u> Rs	<u>2015</u> Rs Restated
Loan origination fees		
-As previously reported	-	-
-Prior year adjustment (Note 20)	40,373,268	17,391,780
-As restated	40,373,268	17,391,780
Deposit on reservation of State land		
-As previously reported	-	-
-Prior year adjustment (Note 20)	5,567,500	5,567,500
As restated	5,567,500	5,567,500
Other receivables	519,754	558,536
Unpaid share capital	100,000	100,000
Amount due from related company	2,070,900	-
	48,631,422	23,617,816

CONSORTIUM SUZLON-PADGREEN CO LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2016

6. OTHER RECEIVABLES (CONT'D)

The amount due from related company is unsecured, interest free and bear no fixed repayment term.

Loan origination fees relates to costs of obtaining bank loans of USD55 million for the construction of the windfarm. As at 30 June 2016, the loan has not yet been received.

7. STATED CAPITAL

	<u>2016 and 2015</u> Rs
Issued and unpaid	
100 Ordinary shares at no par value	<u>100,000</u>

Each ordinary share shall confer on the holders thereof the right to one vote at any meeting of the shareholders of the company; and the right to be paid out of the profits of the company available for distribution a dividend equal to that declared in respect of each ordinary share.

Upon a winding up of the company, the surplus assets shall be distributed to the holders of the ordinary shares proportionately to the amount paid up (or deemed to be paid up) on the shares held by them.

8. OBLIGATION UNDER FINANCE LEASE

Finance lease relates to motor vehicle with a remaining lease terms of 3 years. The company's obligation under finance lease are secured by corporate guarantee of Phil Alain Didier Co Ltd (PAD Co Ltd).

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

	<u>2016</u> Rs	<u>2015</u> Rs
Minimum lease payments:		
Within one year	449,260	449,260
After one year and before three years	<u>770,160</u>	<u>1,155,240</u>
	1,219,420	1,604,500
Less: Future finance charges	<u>(161,838)</u>	<u>(270,703)</u>
Present value	<u>1,057,582</u>	<u>1,333,797</u>
Present value analysed as follows:		
Current		
Within one year	355,178	324,708
Non-current		
After one year and before three years	<u>702,404</u>	<u>1,009,089</u>
	<u>1,057,582</u>	<u>1,333,797</u>

CONSORTIUM SUZLON-PADGREEN CO LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2016

9. SHAREHOLDERS' LOANS

	<u>2016</u> Rs	<u>2015</u> Rs Restated
At 1 July as previously stated	41,956,175	37,831,735
Prior year adjustment (Note 20)	<u>1,378,086</u>	<u>(73,125)</u>
At 1 July as restated	43,334,261	37,758,610
Movement during the year	<u>11,734,542</u>	<u>5,575,651</u>
At 30 June	<u>55,068,803</u>	<u>43,334,261</u>

Shareholders' loans are unsecured, interest free and have no fixed date of repayment.

10. OTHER PAYABLES

	<u>2016</u> Rs	<u>2015</u> Rs
Other payables	27,333	786,490
Amount due to director	1,085,128	-
Deposit on reservation of State land payable		
-As previously reported	-	-
-Prior year adjustment (Note 20)	<u>5,567,500</u>	<u>5,567,500</u>
As restated	5,567,500	5,567,500
Accruals	<u>25,415,675</u>	<u>230,000</u>
	<u>32,095,636</u>	<u>6,583,990</u>

During the year, the company has incurred an indemnity fee of Rs 8m payable to a third party as a result of the potential prejudice and loss of their respective property with respect to the setting up of the wind farm adjacent to their property. An amount of Rs 2.5m has been paid and the remaining amount has been accrued in the financial statements.

The company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

The amount due to director is unsecured, interest free and bear no fixed repayment term.

11. TAXATION

Income tax is calculated at the rate of 15% (2015: 15%) on the profit for the year as adjusted for income tax purposes. However, no provision is required for the year as the company has tax losses amounting to Rs 24,642,121 (2015: Rs 13,988,555) which can be carried forward for set off against future taxable income.

Year	Tax losses Rs	Expiry date
2012	1,855,075	2017
2013	3,158,777	2018
2014	5,190,440	2019
2015	2,839,763	2020
2016	<u>11,598,066</u>	2021
	<u>24,642,121</u>	

No deferred tax asset has been recognised during the year as the company has not yet started its operations.

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2016

12. OTHER INCOME

	<u>2016</u> Rs	<u>2015</u> Rs
Refund of rent paid	263,127	140,625
Payable written-back	42,000	-
	<u>305,127</u>	<u>140,625</u>

13. FINANCE COSTS

	<u>2016</u> Rs	<u>2015</u> Rs
Interest on lease	115,143	108,909
Interest on overdrafts	241	365
	<u>115,384</u>	<u>109,274</u>

14. FINANCIAL RISK MANAGEMENT

Capital risk management

The company manages its capital to ensure that the company will be able to continue as a going concern. The capital structure of the company consists of net debt (shareholders' loans, obligation under finance lease and bank overdrafts offset by cash at bank) and equity (comprising of stated capital and accumulated losses).

The company reviews the capital structure on a regular basis and as part of this review, management considers the cost of capital and the risks associated with each class of capital.

Fair value measurement

The company's financial assets and liabilities comprise other receivables, cash at bank, other payables, obligation under finance lease, bank overdrafts and shareholders' loans. The carrying amounts of these assets and liabilities approximate their fair values.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

Categories of financial instruments

	<u>2016</u> Rs	<u>2015</u> Rs Restated
<i>Financial assets</i>		
Loan and receivables:		
Other receivables	23,211	11,211
Amount due from related company	2,070,900	-
Cash at bank	27,410	33,186
	<u>2,121,521</u>	<u>44,397</u>
<i>Financial liabilities</i>		
Amortised cost:		
Other payables	32,095,636	6,583,990
Bank overdrafts	3,318	267
Obligation under finance lease	1,057,582	1,333,797
Shareholders' loans	55,068,803	43,334,261
	<u>88,225,339</u>	<u>51,252,315</u>

CONSORTIUM SUZLON-PADGREEN CO LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2016

14. FINANCIAL RISK MANAGEMENT (CONT'D)

Loan origination fees of Rs40,373,268 (2015: Rs17,443,030), Deposit on reservation of State land of Rs5,567,500 (2015: Rs5,567,500), unpaid share capital of Rs100,000 (2015: Rs100,000) and vat receivable of Rs496,293 (2015: Rs496,075) are excluded from other receivables.

Financial risk management

In its ordinary operations, the company is exposed to various risks such as market risk, credit risk, and liquidity risk.

Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility.

Foreign currency risk management

The company undertakes certain transactions denominated in foreign currencies. Consequently, the company is exposed to the risk that the carrying amounts of assets and liabilities denominated in foreign currency may change due to fluctuations in foreign exchange rates.

Foreign currency risk management

The currency profile of the company's financial assets and financial liabilities is summarised as follows:

	2016		2015	
	Financial Assets Rs	Financial Liabilities Rs	Financial Assets Rs	Financial Liabilities Rs
<u>Currency</u>				
Mauritian Rupee	2,094,680	55,509,292	44,095	40,975,184
United States Dollar	26,841	32,716,047	302	10,277,131
	<u>2,121,521</u>	<u>88,225,339</u>	<u>44,397</u>	<u>51,252,315</u>

Foreign currency sensitivity analysis

Foreign exchange risk arises from changes in foreign exchange rates. Fluctuations in the above currency by 5% would result in a gain or loss recognised in profit or loss as shown below. The analysis does not take the currency positions that are denominated in the functional currency of relevant operations because they do not create any foreign currency exposure. Also, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not represent the exposure during the year.

At 30 June 2016, if exchange rate has strengthened/weakened by 5% against the following currency, the result would be as follows:

	Change in loss after tax 2016 Rs	Change in loss after tax 2015 Rs
USD	(1,634,460)	(513,841)

A weakening of the Mauritian Rupee against the above currencies at 30 June 2016 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

CONSORTIUM SUZLON-PADGREEN CO LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2016

14. FINANCIAL RISK MANAGEMENT (CONT'D)

The maturity profile of the financial liabilities is summarised as follows:

<u>2016</u>	<u>Less than 1 year Rs</u>	<u>More than 1 year Rs</u>	<u>Total Rs</u>
<i>Financial liabilities</i>			
Other payables	32,095,636	-	32,095,636
Bank overdrafts	3,318	-	3,318
Obligation under lease	355,178	702,404	1,057,582
Shareholders' loans	55,068,803	-	55,068,803
	<u>87,522,935</u>	<u>702,404</u>	<u>88,225,339</u>
<u>2015</u>	<u>Less than 1 year Rs</u>	<u>More than 1 year Rs</u>	<u>Total Rs</u>
<i>Financial liabilities</i>			
Other payables	6,583,990	-	6,583,990
Bank overdrafts	267	-	267
Obligation under lease	324,708	1,009,089	1,333,797
Shareholders' loans	43,334,261	-	43,334,261
	<u>50,243,226</u>	<u>1,009,089</u>	<u>51,252,315</u>

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

The company has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults.

15. RELATED PARTY TRANSACTIONS

During the year ended 30 June 2016, the company transacted with related parties. Details of the nature, volume of transaction and balance with the related parties are as follows:

	<u>2016 Rs</u>	<u>2015 Rs</u>
<i>Shareholders' loans</i>		
At 1 July	43,334,261	37,758,610
Expenses paid by shareholders	11,734,542	5,575,651
At 30 June	<u>55,068,803</u>	<u>43,334,261</u>
	<u>2016 Rs</u>	<u>2015 Rs</u>
<i>Amount due from related company</i>		
Ultimate holding Company- PAD Co Ltd	<u>2,070,900</u>	<u>-</u>

Shareholders' loans are unsecured, interest free and have no fixed date of repayment.

CONSORTIUM SUZLON-PADGREEN CO LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2016

15. RELATED PARTY TRANSACTIONS (CONT'D)

	<u>2016</u> Rs	<u>2015</u> Rs
Amount due to director	<u>1,085,128</u>	<u>-</u>

The amount due to director is unsecured, interest free and bear no fixed repayment term.

16. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

The financial statements of the company were previously prepared under the company's accounting policy. The directors have decided to prepare the financial statements under IFRS effective as from 1 July 2015. The date of transition to IFRS is 1 July 2014. The company applied IFRS 1 First-Time Adoption of International Financial Reporting Standards (IFRS) in preparing these first IFRS financial statements and there has been no effect on the reported financial position, financial performance and cash flow, from the transition from the company's accounting policy to IFRSs.

17. GOING CONCERN

At 30 June 2016, the company had a shareholder's deficit of **Rs 27,933,589** (2015: Restated Rs 16,694,523) and net current liabilities of **Rs 38,864,103** (2015: Restated Rs 26,592,224). The company finances its day to day working capital requirements through financial support from its shareholders. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on a going concern basis, on the assumption that funds shall continue to be made available by the shareholders who have undertaken to provide financial and other support to the company for the next twelve months from the date of approval of financial statements to enable it to continue the construction of the windfarm. The directors consider it appropriate to prepare the financial statements on that basis.

18. OPERATING LEASE

The company leases State land with lease term of 60 years which expires in year 2074. The lessee does not have an option to purchase the land at the expiry of lease period.

The company determined that the land is an element of operating lease. The rent paid to the lessor is adjusted to market rentals on a yearly basis, and the company does not have interest in the residual value of the land. As a result, it was determined that substantially all of the risks and rewards of the land are with the landlord.

The company leases land situated at Plaine Sophie, Mare aux Vacoas. The lease typically run for a period of time of 60 years.

CONSORTIUM SUZLON-PADGREEN CO LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2016

18. OPERATING LEASE (CONT'D)

Future minimum lease payments

At 30 June, the future minimum lease payments under non-cancellable lease were as follows.

	2016 Rs	2015 Rs
Less than one year	253,125	253,125
Between one and five years	1,732,500	1,535,625
Later than 5 years	<u>22,500,000</u>	<u>22,950,000</u>

Amount recognised in profit or loss

	2016 Rs	2015 Rs
Lease expenses	<u>253,125</u>	<u>140,625</u>

19. CONTINGENT LIABILITIES

The Company had contingent liabilities of USD 2,220,000 in respect of bank guarantees given to Central Electricity Board (CEB) as development security.

20. PRIOR YEAR ADJUSTMENT

The prior year adjustment relates to expenses capitalised instead of being expensed. Pre-operational expenses such as review of business plan, legal cost have been capitalised in plant and equipment instead of being expensed in prior years. In addition, cost of obtaining a loan from a bank for the construction of the wind farm has been capitalised under plant and equipment although the loan has not yet been obtained up to 30 June 2016.

The prior year adjustment also relates to the shareholders' loans which were not translated as per the requirements of IAS 21, The Effect of Changes in Foreign Exchange Rates, in previous years.

The prior year adjustment also relates to refund of deposit on reservation of State land which were not recognised in prior year.

The effects of these adjustments on the comparative financial statements of the company are as follows:

Impact on the statement of financial position

	As previously reported Rs	Adjustments Rs	As restated Rs
At 30 June 2014			
Plant and equipment	<u>27,083,805</u>	<u>(19,427,644)</u>	<u>7,656,161</u>
Other receivables	<u>318,375</u>	<u>22,959,280</u>	<u>23,277,655</u>
Other payables	<u>651,451</u>	<u>5,567,500</u>	<u>6,218,951</u>
Shareholders' loans	<u>37,831,735</u>	<u>(73,125)</u>	<u>37,758,610</u>
Total effect on accumulated losses and equity	<u>(11,178,709)</u>	<u>(1,962,739)</u>	<u>(13,141,448)</u>

CONSORTIUM SUZLON-PADGREEN CO LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2016

20. **PRIOR YEAR ADJUSTMENT (CONT'D)**

Impact on the statement of financial position

	As previously reported Rs	Adjustments Rs	As restated Rs
At 30 June 2015			
Plant and equipment	<u>29,134,434</u>	<u>(18,227,644)</u>	<u>10,906,790</u>
Other receivables	<u>658,536</u>	<u>22,959,280</u>	<u>23,617,816</u>
Other payables	<u>1,016,490</u>	<u>5,567,500</u>	<u>6,583,990</u>
Shareholders' loans	<u>41,956,175</u>	<u>1,378,086</u>	<u>43,334,261</u>
Total effect on accumulated losses and equity	<u>(14,580,573)</u>	<u>(2,213,950)</u>	<u>(16,794,523)</u>

Impact on the statement of profit or loss and other comprehensive income

	As previously reported Rs	Adjustments Rs	As restated Rs
2015			
Increase in expenses	3,401,864	251,211	3,653,075
Impact on loss	<u>(3,401,864)</u>	<u>(251,211)</u>	<u>(3,653,075)</u>