DIRECTORS' REPORT

Your Directors present their Eighth Report together with the Audited Standalone Financial Statements of your Company for the Financial Year ended March 31, 2018.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rupees in Crores)

Particulars	For the year ended March 31, 2018#	For the year ended March 31, 2017#
Income		
Revenue from Operations (Gross)	**1,153.11**	1,229.75
Less: Excise Duty	–	–
Revenue from Operations (Net)	**1,153.11**	1,229.75
Other Income	**11.18**	24.62
Total Income	**1,164.29**	1,254.37
Expenses		
Cost of Raw Material and Components Consumed	**634.03**	876.59
Increase/(Decrease) in inventories	**(42.02)**	1.01
Employee Benefit Expenses	**81.51**	70.41
Other Expenses	**379.08**	231.38
Depreciation and Amortization Expenses	**21.00**	4.60
Finance Costs	**17.79**	3.42
Total Expenses	**1,091.39**	1,187.42
Profit/(Loss) before Tax	**72.90**	66.95
Provision for Tax	**25.93**	25.06
Profit for the year from continuing operations	**46.97**	41.89
Other comprehensive income	**0.29**	(0.14)
Balance of Profit from earlier years	**116.28**	74.39
Balance carried forward	**163.25**	116.14
Amount carried forward to reserves	**163.25**	116.14
Net worth	**598.16**	550.33

 # The aforesaid financial highlights are based on the Company's Indian Accounting Standards ('Ind AS') Audited Standalone Financial Statements for the Financial Year ended March 31, 2018 prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013.

No material changes and commitments have occurred after the closure of the year under review till the date of this report which would affect the financial position of the Company.

OPERATIONS OF THE COMPANY

The Indian Solar Industry has gone through a challenging year with several uncertainties including potential levy of anti-dumping duty & safeguard duty on the import of Solar Photovoltaic ("PV") Modules, lack of clarity on Goods and Services Tax ("GST") rates applicable for construction of solar power plants. Also, there was decline in the number and quantum of solar bids compared to the previous year. Despite these challenges, the Company clocked a turnover of Rs. 1,153 crores, a 6% drop from the previous year, albeit with an improvement in profit margins with a profit after tax ("PAT") of approximately Rs. 47 crores, higher by 12% compared to the previous year.

During the year, there was good traction in the Distributed Solar and Design-Build solutions business divisions with orders from new marquee clients and large repeat orders from existing customers. The utility division made a foray in the international markets bagging orders in Saudi Arabia and Bangladesh. With the first quarter of FY 2018-19 seeing an improvement in the industry scenario with bids of over 10 Giga Watts ("GW") being announced, the Company is confident of steady increase in volumes & revenues across various business units coupled with expansion into other promising geographies thus enabling it to maintain its premier position as a sustainable infrastructure provider.

HOLDING COMPANY

Your Company continues to remain wholly owned subsidiary of Mahindra Holdings Limited.

FINANCIAL PERFORMANCE/OPERATIONS OF THE SUBSIDIARIES COMPANIES

During the year under review, your Company had purchased 100 % stake in Marvel Solren Private Limited ("Marvel") from Mahindra Renewables Private Limited (wholly owned subsidiary), and thereby Marvel has become wholly owned subsidiary of your Company with effect from September 15, 2017.

Mahindra Susten Bangladesh Private Limited was incorporated on April 19, 2018 as a subsidiary of the Company, i.e. after the end of financial year 2017-18, but before the date of this report.

As on March 31, 2018, the Company had nine (9) subsidiaries, the operations and performance of which are mentioned below for the information of the shareholders:

Mahindra Renewables Private Limited ("MRPL")

MRPL has started work on development of 250 Mega Watts ("MW") Alternate Current ("AC") solar power project in Rewa Ultra Mega Solar Park in the State of Madhya Pradesh ("Rewa Project").

MRPL's income for the year was Rs. 596.81 lakhs as compared to Rs. 183.70 lakhs in the previous year. The loss after tax for the year was at Rs. 64.70 lakhs as compared to loss after tax of Rs. 272.13 lakhs in the previous year.

MRPL is in the process of commissioning the Rewa Project within the timelines stipulated under the Power Purchase Agreement.

Brightsolar Renewable Energy Private Limited ("Brightsolar")

During the year under review, the 10 Mega Watts ("MW") Alternate Current ("AC") solar power plant of Brightsolar at Anantapur District in the state of Andhra Pradesh generated 1,95,19,500 units of solar power and earned revenues of Rs. 1,209.95 lakhs from the sale of solar power.

Brightsolar's total income for the year was Rs. 1,228.33 lakhs as compared to Rs. 1,221.67 lakhs in the previous year. The loss after tax for the year was Rs. 7.84 lakhs as compared to profit after tax of Rs. 22.78 lakhs in the previous year.

Cleansolar Renewable Energy Private Limited ("Cleansolar")

Cleansolar has successfully operated the 30 Mega Watts ("MW") Alternate Current ("AC") solar power plant at Tandur District in the state of Telangana. Cleansolar had earned Rs. 3,862.34 lakhs from the sale of power during the year.

Cleansolar's total income for the year was Rs. 3,922.93 lakhs as compared to Rs. 2,353.05 lakhs in the previous year. The profit after tax for the year was at Rs. 143.80 lakhs as compared to profit after tax of Rs. 137.83 lakhs in the previous year.

Astra Solren Private Limited ("Astra")

Astra has constructed two solar power plants with a capacity of 40 Mega Watts ("MW") Alternate Current ("AC") and 25 MW AC in Charanka Solar Park, Gujarat. These power plants were commissioned during the year under review. During the year under review, Astra had generated 10,94,37,246 units of solar power and generated revenues of Rs. 4,848.07 lakhs from sale of solar power.

Astra's total income for the year was Rs. 5,098.50 lakhs as compared to Rs. 75.95 lakhs in the previous year. The profit after tax for the year was Rs. 55.63 lakhs as compared to loss after tax of Rs. 341.70 lakhs in the previous year.

Divine Solren Private Limited ("Divine")

Divine has constructed a solar power plant for the capacity of 50 Mega Watts ("MW") Alternate Current ("AC") in Adilabad District in the State of Telangana. Divine had incurred an expenditure of Rs. 330.55 Crores for construction of this power plant. The plant got commissioned on July 22, 2017.

During the year under review, Divine had generated approximately 5,60,57,184.33 units of solar power and earned revenues of Rs. 3,641.19 lakhs from sale of solar power. Divine's total income for the year was Rs. 3,666.18 lakhs as compared to Rs. 33.38 lakhs in the previous year. The profit after tax for the year was Rs. 377.72 lakhs as compared to loss after tax of Rs. 172.54 lakhs in the previous year.

Neo Solren Private Limited ("Neo")

Neo has developed a solar power plant for the capacity of 42 Mega Watts ("MW") Alternate Current ("AC") in Wadekothapally District in the State of Telangana, which has been commissioned during the year under review.

During the year under review, Neo had generated revenue of Rs. 1973.30 lakhs from sale of solar power and Rs. 76.16 lakhs from other source of income by investing surplus funds.

Marvel Solren Private Limited ("Marvel")

Marvel has constructed solar power plant of 10 Mega Watts ("MW") Alternate Current ("AC") at Village Gadagi, Taluka & District – Bidar, Karnataka.

Marvel is under process of developing two solar power plants with an aggregate capacity of 1,467 Kilo Watts.

Mega Suryaurja Private Limited ("Suryaurja") [Formerly known as 'Mahindra Suryaurja Private Limited')

During the year, there were no operations in Mega Suryaurja.

Machinepulse Tech Private Limited ("Machinepulse")

During the year, there were no operations in Machinepulse.

None of the subsidiaries of the Company have declared dividend during the year.

A Report on the performance and financial position of each of the subsidiaries and their contribution to the overall performance of the Company is provided in Form AOC-1, as ***Annexure I*** and forms part of this Annual Report.

DIVIDEND

Your Directors have neither paid any interim dividend during the year nor recommended final dividend with a view to conserve resources for the future growth of your Company. There is no unpaid dividend of earlier years which has been transferred or due to be transferred to Investor Education and Protection Fund during the year.

ALTERATION OF MEMORANDUM OF ASSOCIATION

The Capital Clause of Memorandum of Association of your Company was altered with regard to increase in Authorized Share Capital from Rs. 150 Crores to Rs. 170 Crores.

SHARE CAPITAL

Authorized Share Capital

Consequent to the increase in Authorized Share Capital of your Company from Rs. 150 Crores to Rs. 170 Crores, the Authorized Share Capital as on March 31, 2018 stood at Rs. 170,00,00,000/- (Rupees One Hundred Seventy Crores only) divided into 17,00,00,000 (Seventeen Crores) equity shares of the face value of Rs. 10/- (Rupees Ten only) each.

Issued, Subscribed and Paid-up Share Capital

During the year under review, there has been no change in issued, subscribed and paid-up Capital of your Company.

The issued, subscribed and paid-up share capital of your Company as on March 31, 2018 stood at Rs 138,26,17,280 (Rupees One Hundred Thirty Eight Crores Twenty Six Lakhs Seventeen Thousand Two Hundred Eighty only) divided into 13,82,61,728 (Thirteen Crores Eighty Two Lakhs Sixty One Thousand Seven Hundred Twenty Eight) equity shares of the face value of Rs.10/- (Rupees Ten only) each.

BOARD OF DIRECTORS

During the year under review, your Board of Directors met five times i.e. on April 25, 2017, July 27, 2017, November 01, 2017, February 01, 2018 and March 13, 2018.

<u>Composition and number of meetings attended:</u>

The Composition and the attendance at the meeting of the Board were as under:-

Sr. No.	Name of the Director	DIN	Executive/ Non-Executive Director	Independent/ Non-Independent Director	No. of meetings attended
1	Mr. Zhooben Bhiwandiwala	00110373	Non – Executive (Additional) Director	Non – Independent Director	2
2	Ms. Anita Arjundas	00243215	Non – Executive Director	Non – Independent Director	4
3	Dr. Anup Shah	00293207	Non – Executive (Additional) Director	Independent Director	3
4	Mr. Chandrasekar Kandasamy	01084215	Non – Executive Director	Non – Independent Director	3
5	Mr. Ranjan Pant	00005410	Non – Executive Director	Non – Independent Director	3
6	Mr. Parag Shah	00374944	Non – Executive Director	Non – Independent Director	5
7	Mr. Satish Kamat	01536698	Non – Executive Director	Non – Independent Director	5
8	Mr. AKT Chari	00746153	Non – Executive Director	Independent Director	3 (Ceased as Director w.e.f. March 29, 2018)
9	Mr. Noshir Dastur	00493177	Non – Executive Director	Independent Director	1 (Ceased as Director w.e.f. May 04, 2017)

During the year under review, the following appointments/ changes in Directors of the Company took place:

- Mr. Noshir Dastur (DIN: 00493177) resigned as Director of the Company with effect from May 04, 2017 due to pre-occupation;
- Dr. Anup Shah (DIN: 00293207) was appointed as an Additional (Independent) Director with effect from November 01, 2017;
- Mr. Zhooben Bhiwandiwala (DIN: 00110373) was appointed as an Additional Director with effect from February 01, 2018; and
- Mr. AKT Chari (DIN: 00746153) ceased as Director of the Company with effect from March 29, 2018, due to completion of his tenure of three years starting from March 30, 2015 as Independent Director.

The Company has received the notice(s) in writing as per Section 160 of the Companies Act 2013, from a member signifying its intention to propose Dr. Anup Shah and Mr. Zhooben Bhiwandiwala as candidates for office of Director(s) at the eighth Annual General Meeting ("AGM") of the Company. Your Directors recommend for your consideration at the eighth AGM, appointment of Dr. Anup Shah and Mr. Zhooben Bhiwandiwala as Directors of the Company.

Ms. Anita Arjundas, (DIN: 00243215) would retire by rotation at the eighth AGM and being eligible offers herself for re-appointment.

Dr. Anup Shah, who in the opinion of the Board, is a person with integrity and possess expertise and experience and have given declaration to the effect that he meets the criteria of independence as laid down under Sub-section 6 of Section 149 of the Companies Act, 2013.

All the Directors of your Company including the Independent Director have given requisite declarations pursuant to Section 164 of the Companies Act, 2013, that they are not disqualified to be appointed as Directors of the Company.

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

COMMITTEES OF THE BOARD AND NUMBER OF MEETINGS

The following are the details of Committees of the Board:-

i) **Nomination and Remuneration Committee ("NRC"):**

The Nomination and Remuneration Committee ("NRC") members of the Board of Directors did not meet during the year under review, as there were no matters to be dealt by it.

The composition of NRC was as under:

Sr. No.	Name of Directors	Designation
1.	Mr. Noshir Dastur	Member
2.	Mr. AKT Chari	Member
3.	Mr. Chandrasekar Kandasamy	Member

The Ministry of Corporate Affairs ("MCA") vide its notifications dated July 05, 2017 and July 13, 2017, has interalia exempted unlisted public companies which are wholly owned subsidiary ("WOS") Companies from appointing Independent Directors and from constituting NRC and Audit Committee.

The Board considered it appropriate to govern and manage the Company at Board level and being an unlisted public company and WOS of Mahindra Holdings Limited, your Company availed the said exemption and dissolved the NRC with effect from July 27, 2017.

The role of NRC has been subsumed by the Board of Directors.

ii) **Audit Committee ("AC"):**

During the year under review, the Audit Committee ("AC") members of the Board of Directors met once i.e. on April 25, 2017.

The composition and the attendance at the meeting of AC was as under:-

Sr. No.	Name of Directors	Designation	No. of Committee meetings attended
1.	Mr. AKT Chari	Member	1
2.	Mr. Noshir Dastur	Member	1
3.	Mr. Chandrasekar Kandasamy	Member	0

The Ministry of Corporate Affairs ("MCA") vide its notifications dated July 05, 2017 and July 13, 2017, has interalia exempted unlisted public companies which are wholly owned subsidiary ("WOS") Companies from appointing Independent Directors and from constituting Nomination & Remuneration Committee and AC. Hence, being an unlisted public company and WOS of Mahindra Holdings Limited, your Company dissolved the mandatory AC with effect from July 27, 2017.

However, considering the size, complexity of operations and from good governance perspective, the Board considered it appropriate to constitute a 'Finance and Accounts Audit Committee' ("FAA Committee") on voluntary basis, which functions as per the role specified and instructions given by the Board from time to time including review of matters pertaining to financial statements and related party transactions.

iii) **Corporate Social Responsibility ("CSR") Committee:**

During the year under review, the CSR Committee members of the Board of Directors met once on April 25, 2017.

The Composition and the attendance at the CSR Committee were as under:

Sr. No.	Name of Directors	Designation	No. of Committee meetings attended
1	Mr. Chandrasekar Kandasamy	Member	0
2	Mr. Satish Kamat	Member	1
3	Mr. Anup Shah*	Member	–
4	Mr. AKT Chari	Ceased as member w.e.f. March 13, 2018	1

* Dr. Anup Shah, Independent Director was inducted as a member of CSR Committee in place of Mr. AKT Chari with effect from March 13, 2018.

iv) **Key Executives Stock Option Committee:**

During the year under review, the Key Executives Stock Option Committee members of the Board of Directors did not meet, as there were no proposals to be approved by the said Committee.

The Composition of the Key Executives Stock Option Scheme Committee were as under:

Sr. No.	Name of Directors	Designation
1	Mr. Satish Kamat	Member
2	Mr. Chandrasekar Kandasamy	Member
3	Mr. Parag Shah*	Member

* Mr. Parag Shah, Director was inducted as a member of Key Executives Stock Option Committee in place of Mr. AKT Chari with effect from March 13, 2018.

The name 'MEPC Key Executives Stock Option Committee' was rechristened to Mahindra Susten Private Limited Key Executives Stock Option Committee ("MSPL ESOP Committee") and approved by the Board.

MEETING OF THE INDEPENDENT DIRECTORS

The Independent Directors of the Company met on February 01, 2018 without the presence of the other Directors and Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to inter alia, review of performance of Non-Independent Directors and the Board as a whole and assess the quality, quantity and timeliness of flow of information between the Company Management and the Board, that is necessary for the Board to effectively and reasonably perform their duties.

GENERAL MEETING

The seventh Annual General Meeting of your Company was held on July 27, 2017.

During the year under review, three Extra-ordinary General Meetings of your Company were held i.e. on November 08, 2017, March 07, 2018 and March 24, 2018.

KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, no Appointments/Changes in Key Managerial Personnel ("KMP") took place during the year.

The KMPs of the Company as on March 31, 2018 were as follows:-

Sr. No.	Name of KMP	Designation
1	Mr. Basant Jain	Chief Executive Officer
2	Mr. Roshan Gandhi	Chief Financial Officer
3	Mr. Mandar Joshi	Company Secretary

EVALUATION OF PERFORMANCE OF DIRECTORS

The Board of Directors has adopted a process for annual evaluation of its own performance and that of its Committees and individual Directors. Questionnaires for annual evaluation were circulated to all Directors, whose responses were submitted to the Chairperson of the Meeting for facilitating the formal annual evaluation. The Directors expressed their satisfaction with the evaluation process.

POLICY ON CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL AND POLICY ON REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Consequent to the dissolution of Nomination & Remuneration Committee ("NRC"), the said policies were amended suitably to enable Board to subsume all the powers of NRC under the said polices. As the Company is not covered under Section 178(1) of the Act, the said revised policies are not required to be annexed to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors, based on representation from operating management and after due enquiry confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no material departures;
- Accounting policies have been selected in consultation with the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis; and
- Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RISK MANAGEMENT POLICY

Your Board has formulated a policy for the management of risks identifying therein the elements of risks including those, if any, which in the opinion of the Board may impact the Company and steps are taken to mitigate the same.

Your Board is hopeful that the implementation of the policy will be helpful in anticipating and avoiding risks and enabling the Company to manage the same, if confronted with.

VIGIL MECHANISM

In accordance with Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of the Board and its Powers) Rules, 2014 your Company has implemented the Vigil Mechanism through the Company's Whistleblower Policy for Directors and employees to report genuine concerns. It provides for adequate safeguards against victimization of persons who use such mechanism and provides for direct access to the Chairperson of the Board of Directors in appropriate or exceptional cases.

STATUTORY AUDITORS

At the Seventh Annual General Meeting ("AGM") of your Company held on July 27, 2017, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) were appointed as the statutory auditor of your Company for a period of three years. They hold office from the conclusion of the seventh AGM until the conclusion of tenth AGM to be held in the year 2020.

Pursuant to the first proviso of Section 139(1) of the Companies Act, 2013, the members are requested to ratify the re-appointment of Statutory Auditors to hold office until the conclusion of tenth AGM to be held in the year 2020 and fix their remuneration.

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, your Company has obtained a written consent and certificate from the Statutory Auditors to the effect that their re-appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

Your Directors confirm that the Statutory Auditors Report for Financial Year 2017-18 does not contain any qualifications or reservations or adverse remarks.

INTERNAL AUDITORS

Pursuant to Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, M/s. Acquisory Consulting LLP, was appointed as the Internal Auditor of your Company for the Financial Year 2017-18.

SECRETARIAL AUDITORS

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s. Sandeep Parekh & Co. Practicing Company Secretaries, (Certificate of Practice No. 7693) to conduct Secretarial Audit of the Company.

A Secretarial Audit Report for the Financial Year ended March 31, 2018 issued by the Secretarial Auditor, pursuant to the aforesaid provisions is attached herewith in the prescribed Form MR 3 as ***Annexure II***, and the same forms part of this report.

Your Directors confirm that the Secretarial Audit Report for Financial Year 2017-18 does not contain any qualifications or reservations or adverse remarks.

REPORTING OF FRAUDS BY AUDITORS

During the period under review, the Statutory Auditor and Secretarial Auditor have not reported any instances of frauds committed in the Company by its officers or employees to the Board/Audit Committee under Section 143(12) of the Companies Act 2013, details of which needs to be mentioned in this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3) (m) of the Companies Act, 2013 read with the Companies Rule 8(3) of the Companies (Accounts) Rules, 2014 are attached herewith as ***Annexure III*** and the same forms part of this report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being unlisted Company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

CORPORATE SOCIAL RESPONSIBILITY (“CSR”) POLICY

The Board had, pursuant to the recommendation of the Corporate Social Responsibility Committee approved the Corporate Social Responsibility Policy (“CSR Policy”) and the same is being implemented by the Company. The CSR Policy including a brief overview of the projects or programs proposed to be undertaken can be accessed at the Company’s website through the Web-link: http://www.mahindrasusten.com/images/reports/CSR-policy.pdf

A detailed Annual Report on the CSR activities undertaken by your Company in Financial Year 2017-18, is attached herewith as ***Annexure IV*** and the same forms part of this report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013 AND DEPOSITS UNDER CHAPTER V OF THE COMPANIES ACT, 2013

Your Company has not accepted any deposits from the public, or its employees, during the year under review. There were no other deposits falling under Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 at the beginning of the year, during the year and at the end of the year. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013.

Particulars of loans given and investments made pursuant to Section 186 of the Companies Act, 2013 are given under Note No. 7 of the Financial Statements and the same form part of this Report.

Particulars of guarantees given pursuant to Section 186 of the Companies Act, 2013 are given under Note No. 32 of the Financial Statements and the same forms part of this Report.

Your Company has not availed any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and disclosure Requirement) Regulations, 2015 and Schedule V thereto applicable to the Ultimate Holding Company, Mahindra and Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All the transactions entered into by your Company with the related parties during the year under review were in ordinary course of business and at arm’s length.

Particulars of contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 are given in Form AOC – 2 is annexed herewith as ***Annexure V*** and the same forms part of this report.

KEY EXECUTIVES STOCK OPTION SCHEME, 2013

During the year under review, your Company has not granted any Stock Options to the employees under the MSPL Key Executives Stock Option Scheme, 2013 (name changed from ‘MEPC Key Executives Stock Option Scheme, 2013’). Details of the shares vested, exercised and issued under the aforesaid Scheme, as also the disclosures in compliance with Rule 12(9) of the Companies (Share Capital and Debentures) Rules 2014 are set out in ***Annexure VI*** to this Report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2018 in form MGT-9 is annexed herewith as ***Annexure VII*** and forms part of this report.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress the complaints received, if any, regarding sexual harassment.

During the year under review, no complaints were received under the said Act.

EXEMPTION FROM CONSOLIDATION OF FINANCIAL STATEMENTS

The Ministry of Corporate Affairs vide its Notification G.S.R. 742(E), ('Notification'), dated July 27, 2016, exempted a wholly owned subsidiary company from preparation and presentation of its Consolidated Financial Statements, provided the Company meets the conditions as mentioned in the said Notification.

Accordingly, the Company has not prepared the Consolidated Financial Statements since it meets all requirements mentioned in the aforesaid Notification.

PROVISIONS NOT APPLICABLE

Provisions relating to appointment of Cost Auditor under Section 148 of the Companies Act, 2013 was not applicable to your Company during the year under review.

GENERAL DISCLOSURES

Your Directors make the following disclosures with respects to transactions/events during the year under review:

1. There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
2. There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme, save and except ESOS referred to in this Report.
3. The Company does not have a Managing Director/Whole Time Director.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
5. There were no shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially own shares as envisaged under section 67(3) (c) of the Companies Act 2013).

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the shareholders, Company's bankers, customers, vendors, other stakeholders, business associates and various agencies or statutory authorities of the Central and State Government for their cooperation and support to the Company during the year under review.

For and on behalf of the Board

Mahindra Susten Private Limited

Parag Shah
Director

Satish Kamat
Director

Place: Mumbai
Date: April 26, 2018

ANNEXURE I TO THE DIRECTORS' REPORT

FORM AOC 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014)

Statement Containing salient features of the financial statements of subsidiaries or associate companies or joint ventures

Part A : Subsidiaries

(Rupees In Lakhs)

Sr. No.	Name of the Subsidiary	1	2	3	4	5	6	7	8	9
		Mahindra Renewables Private Limited (MRPL)	Machinepulse Private Limited (Machinepulse)	Divine Solren Private Limited (Divine)	Cleansolar Renewable Energy Private Limited (Cleansolar)	Neo Solren Private Limited (Neo)	Marvel Solren Private Limited (Marvel)	Astra Solren Private Limited (Astra)	Mega Suryaurja Private Limited (Formerly known as 'Mahindra Suryaurja Private Limited')	Brightsolar Renewable Energy Private Limited (Brightsolar)
1	Date since subsidiary company was acquired/purchased	26-July-2010	5-January-2016	8-May-2015	3-December-2013	1-July-2015	10-october-2015	14-october-2015	16-February-2017	3-December-2013
2	Reporting Currency	INR	INR	INR	INR	INR	INR	INR	INR	INR
3	Exchange Rate	NA	NA	NA	NA	NA	NA	NA	NA	NA
4	Capital (including Preference Capital & Share Application money)	27,953.00	5.00	1,208.00	962.30	931.50	1.00	848.96	10.00	952.40
5	Reserves & Surplus	592.30	(4.26)	6,544.35	5,310.56	6,018.09	(6.47)	5,387.74	(7.92)	1,037.79
6	Total Assets	50,331.98	4.27	35,178.30	24,882.35	30,009.24	7,153.25	52,521.47	2.07	8,115.31
7	Total Liabilities	50,331.98	4.27	35,178.30	24,882.35	30,009.24	7,153.25	52,521.47	2.07	8,115.31
8	Investment (excluding investments in subsidiaries)	–	–	–	–	–	–	–	–	–
9	Gross Turnover	354.08	–	3,641.19	3,862.34	1,973.30	2.56	4,848.07	–	1,209.95
10	Profit/(Loss) before Tax	(99.30)	(1.93)	549.77	330.16	748.97	(5.32)	(15.15)	(2.25)	42.72
11	Provision for Tax	(34.60)	–	172.05	186.36	197.72	(1.10)	(70.78)	–	50.56
12	Profit/(Loss) after Tax	(64.70)	(1.93)	377.72	143.80	551.26	(4.22)	55.63	(2.25)	(7.84)
13	Proposed Dividend and Tax thereon	–	–	–	–	–	–	–	–	–
14	Proportion of ownership interest	100%	100%	100%	100%	100%	100%	100%	100%	51%
15	Proportion of voting power where different	–	–	–	–	–	–	–	–	–
16	Performance of the company* Also refer Note	(64.70)	(1.93)	377.72	143.80	551.26	(4.22)	55.63	(2.25)	(7.84)

***Note:**

1. The Contribution of the subsidiaries/Associates to the overall performance of the Holding Company in monetary terms was NIL, given that there was no dividend paid during the financial year 2017-18.
2. Names of subsidiaries which are yet to commence operations – MachinePulse Tech Private Limited and Mega Suryaurja Private Limited
3. Names of subsidiaries which have been liquidated or sold during the year – Not Applicable

Part B: Associates/Joint Ventures: Not Applicable

1) Latest audited Balance Sheet Date: NA
2) Date on which the Associate or Joint Venture was associated or acquired: NA
3) Shares of Associate or Joint Ventures held by the company on the year end: NA
   - Number
   - Amount of Investment in Associates or Joint Venture
   - Extent of Holding (in percentage)
4) Description of how there is significant influence: NA
5) Reason why the associate/joint venture is not consolidated: NA
6) Networth attributable to shareholding as per latest audited Balance Sheet: NA
7) Profit or Loss for the year: NA
   - Considered in Consolidation
   - Not Considered in Consolidation

Notes:

1. Names of associates or joint ventures which are yet to commence operations – Not Applicable
2. Names of associates or joint ventures which have been liquidated or sold during the year – Not Applicable

For and on behalf of the Board

Mahindra Susten Private Limited

Parag Shah
Director

Satish Kamat
Director

Basant Jain
Chief Executive Officer

Roshan Gandhi
Chief Financial Officer

Mandar Joshi
Company Secretary

Place: Mumbai
Date: April 26, 2018

ANNEXURE II TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
MAHINDRA SUSTEN PRIVATE LIMITED
CIN: U74990MH2010PTC207854
Mahindra Towers, Dr. G. M. Bhosle Marg,
P. K. Kurne Chowk, Worli,
Mumbai 400 018.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **MAHINDRA SUSTEN PRIVATE LIMITED** (hereinafter called the "**Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **31st March, 2018**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended 31st March, 2018 according to the provisions of:

(1) The Companies Act, 2013 ("the Act") and the rules made there under;

(2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder - ***Applicable per se*** to the Company during the audit period;

(3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): – ***(Not applicable to the Company during the Audit Period)***

(a) The Securities and Exchange Board of India (Substantial Acquisition of Share and Takeovers) Regulations, 2011; – ***(Not applicable to the Company during the Audit Period)***

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; – ***(Not applicable to the Company during the Audit Period)***

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; – ***(Not applicable to the Company during the Audit Period)***

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; – ***(Not applicable to the company during the Audit Period)***

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; – ***(Not applicable to the Company during the Audit Period)***

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; - ***(Not applicable to the Company during the Audit Period)***

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; – ***(Not applicable to the Company during the Audit Period)***

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 ;- ***(Not applicable to the Company during the Audit Period)***

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We have also examined compliances with the applicable clauses of the following:

1. Secretarial Standards issued by the Institute of Company Secretaries of India.
2. The Listing Regulation entered into by the Company with Stock Exchange(s) – **Not Applicable**

During the period under review the Company has complied with the provisions of the applicable Act, Rules, Regulations, Guidelines, Standards, etc.

Note: Please report specific non compliances/observations/ audit qualification, reservation or adverse remarks in respect of the above para wise.

We further report that

The Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board/ Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision at the Board meeting is taken unanimously.

As informed to us, we further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Note: Please report specific observations/qualification, reservation or adverse remarks in respect of the Board Structures/system and processes relating to the Audit period.

We further report that during the audit period there were following events/actions having a major bearing on Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines:

1. In pursuance to the Ministry of Corporate Affairs ("MCA") notifications dated July 05, 2017 and July 13, 2017 the Private Companies which are Wholly Owned Subsidiary of Unlisted Public Companies were exempted from appointment of Independent Directors and to constitute the Audit Committee and Nomination and Remuneration Committee. In light of this notification exemption the Company has reconstituted the Audit Committee as Finance and Accounts Audit Committee and dissolved the Nomination and Remuneration Committee.
2. The Company had approved payment of remuneration by way of Commission to the Independent Directors of the Company in accordance with the provisions of the Companies Act, 2013, subject to the overall ceiling under the Companies Act, 2013.
3. The Company had increased its Investment Limits under Section 186 of the Companies Act, 2013 upto Rs. 1,000 crores in the AGM held on 23rd July, 2017.
4. The Company has during the year Acquired 10,000 equity shares of Marvel Solren Private Limited from Mahindra Renewables Private Limited ("WOS")
5. The Company has Increased its Authorized Share Capital from Rs. 150 crores to Rs. 170 Crores and Altered it MOA in the EGM held on 08th November, 2017.
6. The Company had increased the borrowing limits under sections 180 (1) (c) and 180 (1) (a) to Rs. 3,500 Crores at its Extra Ordinary General Meeting ("EGM") held on 7th March, 2018.
7. The Company had during the year approved making of investement for setting up of foreign wholly own subsidiaries in Egypt and Bangladesh. Further, the Company had approved setting up of Branch in Dubai and Saudi Arabia.

For Sandeep P. Parekh & Co.,

Company Secretaries

Sandeep P. Parekh
FCS No: 7118, CP No: 7693

Place: Navi Mumbai

Date: 20th April 2018

ANNEXURE III TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2018

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: NIL

(c) Impact of the measures taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: NIL

(d) Total energy consumption and energy consumption per unit of production as per Form -A of the Annexure to the Rules in respect of Industries specified in the Schedule: NIL

B. TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT (R & D)

1. Areas in which Research & Development is carried out: NIL
2. Benefits derived as a result of the above efforts: NA
3. Future plan of action: NIL
4. Expenditure on R&D: NIL
5. Technology absorption, adaptation and innovation: NA
6. Imported Technology for the last 5 years: NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

(Rupees in Lakhs)

Total Foreign Exchange Earned and Outgo:	**For the Financial Year ended 31st March, 2018**	For the Financial Year ended 31st March, 2017
Total Foreign Exchange Earned	18,223.97	1,209.79
Total Foreign Exchange Outgo	11,684.56	1,243.50

For and on behalf of the Board
Mahindra Susten Private Limited

Parag Shah — Director

Satish Kamat — Director

Place: Mumbai
Date: April 26, 2018

ANNEXURE IV TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

1. A brief outline on the Company's Corporate Social Responsibility ("CSR") Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:
   a) Mahindra Susten Private Limited ("Susten") is a subsidiary of Mahindra & Mahindra Limited. The CSR vision of Susten is to serve and give back to the communities within which it works. From April 2014, in line with Companies Act, 2013, Susten pledges two per cent (2%) of average net profits made during the three immediately preceding financial years specifically towards CSR initiatives.
   b) The Company has adopted CSR policy which is available on: http://www.mahindrasusten.com/images/reports/CSR-policy.pdf
2. The Composition of the CSR Committee of the Board of Directors as on March 31, 2018:

Sr. No.	Name of Directors	Designation
1	Mr. Chandrasekar Kandasamy	Member
2	Mr. Satish Kamat	Member
3	Mr. Anup Shah*	Independent Director and Member

* Dr. Anup Shah, Independent Director, was inducted as a member of the CSR Committee in place of Mr. AKT Chari with effect from March 13, 2018.

3. Average Net profit of the Company for last three financial years: Rs. 41,06,83,194
4. Prescribed CSR expenditure (two percent of amount as in item 3 above): Rs. 82,13,664
5. Details of CSR spent during the financial year (FY 2017-18):
   (a) Total amount spent for the financial year (FY 2017-18): Rs. 89,42,618
   (b) Amount unspent, if any: NIL
   (c) Manner in which the amount spent during the financial year is detailed below:

(Rs. In Lakhs)

CSR Project or Activity identified	Sector in which the project is identified	Projects or programme (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: Direct expenditure in projects or programs	Amount spent on the projects or programs Subheads: Overheads	Cumulative expenditure up to the reporting period	Amount spent direct or through implementing agency
Education	Education	Nanhi Kali Program across India	48.50	48.50	–	48.50	Through KC Mahindra Education Trust
Gram Vikas	Gram Vikas	Madhya Pradesh (Dist Rewa) Rajasthan (Dist Bikaner) Gujarat (Dist Patan)	9.37	9.37	–	9.37	Direct
Hunnar	Hunnar	Madhya Pradesh (Dist Rewa)	5.00	5.00	–	5.00	Direct
Gyandeep	Gyandeep	Telangana (Dist Nirmal) Rajasthan (Dist Bikaner) Maharashtra (Dist Mumbai) Gujarat (Dist Patan) Madhya Pradesh (Dist Rewa)	10.78	10.78	–	10.78	Direct
Hariyali	Hariyali	Delhi Telangana (Dist Nirmal) Rajasthan (Dist Bikaner) Maharashtra (Dist Mumbai) Gujarat (Dist Patan) Madhya Pradesh (Dist Rewa)	0.83	0.83	–	0.83	Direct
Samantar	Samantar	Telangana (Dist Ghani)	0.18	0.18	–	0.18	Direct

(Rs. In Lakhs)

CSR Project or Activity identified	Sector in which the project is identified	Projects or programme (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: Direct expenditure in projects or programs	Amount spent on the projects or programs Subheads: Overheads	Cumulative expenditure up to the reporting period	Amount spent direct or through implementing agency
Swacch Bharat	Swach Bharat	Maharashtra (Dist Mumbai) Gujarat (Dist Patan) Madhya Pradesh (Dist Rewa)	2.25	2.25	–	2.25	Direct
Sehat	Sehat	Gujarat (Dist Patan) Madhya Pradesh (Dist Rewa) Telangana (Dist Mahabubnagar)	12.52	12.52	–	12.52	Direct
Total						**89.43**	

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report: Not Applicable
7. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company: It is confirmed that the implementation and monitoring of the CSR policy is in compliance with the CSR objectives and Policy of the Company.

For and on behalf of the Board
Mahindra Susten Private Limited

Satish Kamat
Director

Anup Shah
Director

Place: Mumbai,
Date: April 26, 2018

ANNEXURE V TO THE DIRECTORS' REPORT

FORM NO. AOC - 2

(Pursuant to clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms' length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
–	–	–	–	–	–	–	–	–

2. Details of material contracts or arrangement or transactions at arm's length basis:

(Rupees in crores)

Sr. No.	Name(s) of the related party and nature of relationship		Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any		Date(s) of approval by the Board	Amount paid as advances, if any:
1	Neo Solren Private Limited	Subsidiary Company	Sale of Goods/ Rendering of Services	Continuing Contract	Sale of goods / Rendering of services for FY 2017-18	244.02	NA	Nil
2	Marvel Solren Private Limited	Subsidiary Company				62.18	NA	Nil
3	Mahindra Renewables Private Limited	Subsidiary Company				136.18	NA	Nil
4	Mahindra Renewables Private Limited	Subsidiary Company	Inter Corporate Deposit given	One Time Contract	Inter Corporate Deposit given	155.50	NA	Nil

Notes:

1. **Material Contracts:** covered under Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014

   Arrangements for rendering of services for an amount exceeding 10% of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material for the purpose of this disclosure.
2. All these transactions are at arm's length and are in ordinary course of business. Accordingly, Board approval is not required as per proviso to sub section (1) of Section 188 of the Companies Act, 2013.

For and on behalf of the Board
Mahindra Susten Private Limited

Parag Shah	Satish Kamat
Director	Director

Place: Mumbai
Date: April 26, 2018

ANNEXURE VI TO THE DIRECTORS' REPORT

DISCLOSURE PURSUANT TO EMPLOYEE STOCK OPTION SCHEME

Details for Financial Year 2017-18

(a)	Options granted	–	Nil
(b)	Options vested	–	Nil
(c)	Options exercised	–	Nil
(d)	The total number of shares arising as a result of exercise of option	–	Nil
(e)	Options lapsed	–	Nil
(f)	The exercise price	–	Nil
(g)	Variation of terms of options	–	Nil
(h)	Money realized by exercise of options	–	Nil
(i)	Total number of options in force	–	43,25,682 options
(j)	Employee wise details of options granted during the year to:		
	(i) Key Managerial Personnel	–	Nil
	(ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	–	Nil
	(iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	–	Nil

For and on behalf of the Board
Mahindra Susten Private Limited

Parag Shah	**Satish Kamat**
Director	Director

Place: Mumbai
Date: April 26, 2018

ANNEXURE VIII TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return
As on the financial year ended on March 31, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	**CIN**	U74990MH2010PTC207854
2.	**Registration Date**	September 19, 2010
3.	**Name of the Company**	Mahindra Susten Private Limited
4.	**Category/Sub-Category of the Company**	Company Limited by shares/Indian Non-Government Company
5.	**Address of Registered office and contact details**	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24905836
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	KARVY COMPUTERSHARE PVT. LTD. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda City: Hyderabad Pin: 500 032 Std code: 040 Tel.: 6716 2222 Fax : 2300 1153 Email id : venu.sp@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company:-

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/service	% to total turnover of the company
1.	Engineering, Procurement and Construction	42201	99.04%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited **Address:** Gateway Building, Apollo Bunder, Mumbai - 400 001	L65990MH1945PLC004558	Ultimate Holding Company	100*	2(46)
2.	Mahindra Holdings Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U65993MH2007PLC175649	Holding Company	100	2(46)
3.	Mahindra Renewables Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U40300MH2010PTC205946	Subsidiary Company	100	2(87)

Sr. No.	Name and Address of the Company	CIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
4.	MachinePulse Tech Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U72300MH2016PTC271679	Subsidiary Company	100	2(87)
5.	Neo Solren Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U74999MH2015PTC266154	Subsidiary Company	100 #	2(87)
6.	Divine Solren Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U74120MH2015PTC264259	Subsidiary Company	100 #	2(87)
7.	Astra Solren Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U74120MH2015PTC269256	Subsidiary Company	100 #	2(87)
8.	Marvel Solren Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U74120MH2015PTC269074	Subsidiary Company	100 #	2(87)
9.	Cleansolar Renewable Energy Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U40108MH2013PTC250684	Subsidiary Company	100 #	2(87)
10.	Brightsolar Renewable Energy Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U40108MH2013PTC250683	Subsidiary Company	51@	2(87)
11.	Mega Suryaurja Private Limited (Formerly known as 'Mahindra Suryaurja Private Limited') **Address:** Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai - 400018	U40103MH2012PTC226016	Subsidiary Company	100 #	2(87)

* Holding through its Subsidiary "Mahindra Holdings Limited"

a wholly-owned subsidiary of 'Mahindra Renewables Private Limited', which is wholly owned subsidiary of the Company

@ a subsidiary of 'Mahindra Renewables Private Limited'

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. <u>Category-wise Share Holding:</u>

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 01, 2017)				No. of Shares held at the end of the year (as on March 31, 2018)				% of change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters	–	–	–	–	–	–	–	–	–
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	13,82,61,728	13,82,61,728	100	–	13,82,61,728	13,82,61,728	100	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any other	–	–	–	–	–	–	–	–	–
Sub-Total - A - (1)	–	13,82,61,728	13,82,61,728	100	–	13,82,61,728	13,82,61,728	100	–

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 01, 2017)				No. of Shares held at the end of the year (as on March 31, 2018)				% of change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
2. Foreign	–	–	–	–	–	–	–	–	–
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any others	–	–	–	–	–	–	–	–	–
Sub-Total - A - (2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters (1+2)	–	**13,82,61,728**	**13,82,61,728**	**100**	–	**13,82,61,728**	**13,82,61,728**	**100**	–
B. Public Shareholding	–	–	–	–	–	–	–	–	–
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
i. Others	–	–	–	–	–	–	–	–	–
Sub-Total - B(1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
a. Body Corporate	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders Holding nominal share capital upto 1 Lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders Holding nominal share capital in excess of 1 Lakh	–	–	–	–	–	–	–	–	–
c. Others	–	–	–	–	–	–	–	–	–
i. NRI (Rep)	–	–	–	–	–	–	–	–	–
ii. NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
iii. Foreign National	–	–	–	–	–	–	–	–	–
iv. OCB	–	–	–	–	–	–	–	–	–
v. Trust	–	–	–	–	–	–	–	–	–
vi. In Transit	–	–	–	–	–	–	–	–	–
Sub-total - B(2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**13,82,61,728**	**13,82,61,728**	**100**	–	**13,82,61,728**	**13,82,61,728**	**100**	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on April 01, 2017)			Shareholding at the end of the year (as on March 31, 2018)			% change in share holding during the year
		No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	
1.	Mahindra Holdings Limited	13,82,61,727	100	–	13,82,61,727	100	–	–
2.	Mahindra Holdings Limited Jointly with Mr. Narayan Shankar*	1	–	–	1	–	–	–
	TOTAL	**13,82,61,728**	**100**	**–**	**13,82,61,728**	**100**	**–**	**–**

* One Share is held by Mahindra Holdings Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iii. Change in Promoters' Shareholding: There was no change in the promoter shareholding during the year under review.

Name of Promoter: Mahindra Holdings Limited	Shareholding at the beginning of the year (as on April 01, 2017)		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
At the beginning of the year	13,82,61,727	100%	–	13,82,61,727	100%
Increase/(Decrease):-			–	–	–
At the end of the year (as on March 31, 2018)				13,82,61,727	100%

Name of Promoter: Mahindra Holdings Limited Jointly with Mr. Narayan Shankar*	Shareholding at the beginning of the year (as on April 01, 2017)		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
At the beginning of the year	1	–	–	1	–
Increase/(Decrease):-			–	–	–
At the end of the year (as on March 31, 2018)				1	–

* One Share is held by Mahindra Holdings Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Top 10 Shareholders	**No.of shares**	**% of total shares of the company**	**No of shares**	**% of total shares of the company**
At the beginning of the year	–	–	–	–
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	–	–	–	–
At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel: NIL

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Directors & KMP	No.of shares	% of total shares of the company	No of shares	% of total shares of the company
At the beginning of the year	–	–	–	–
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	–	–	–	–
At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rupees in Lakhs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2017				
1) Principal Amount	34,478.63	–	–	34,478.63
2) Interest due but not paid	71.95	–	–	71.95
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	34,095.98	–	–	34,095.98
Change in Indebtedness during the financial year				
+ Addition	4,066.51	–	–	4,066.51
– Reduction	14,243.15	–	–	14,243.15
Due to MTM as per IND AS	84.37	–	–	84.37
Net change	10,092.27	–	–	10,092.27
Indebtedness at the end of the financial year-31.03.2018				
1) Principal Amount	23,821.54	–	–	23,821.54
2) Interest due but not paid	182.17	–	–	182.17
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	**24,003.71**	–	–	**24,003.71**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not applicable

Sl. No.	Particulars of Remuneration	Name of the Managing Director/Whole Time Director/Manager			Total Amount
		Managing Director	Whole Time Director	Manager	
1	**Gross salary**				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	–	–	–	–
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	–	–	–	–
2	Stock option	–	–	–	–
3	Sweat Equity	–	–	–	–

Sl. No.	Particulars of Remuneration	Name of the Managing Director/Whole Time Director/Manager			Total Amount
		Managing Director	Whole Time Director	Manager	
4	Commission	–	–	–	–
	as % of profit	–	–	–	–
	others (specify)	–	–	–	–
5	Others, please specify	–	–	–	–
	Total (A)	–	–	–	–
	Ceiling as per the Act	–	–	–	–

B. Remuneration of other Directors:

I. Independent Directors:-

(Rupees in Lakhs)

Particulars of Remuneration	Name of Directors			Total amount
	Noshir Dastur	AKT Chari	Anup Shah	
Fee for attending Board/Committee meetings*	0.40	1.20	1.00	2.60
Commission**	0.47	4.97	2.07	7.51
Others	–	–	–	–
Total	**0.87**	**6.17**	**3.07**	**10.11**
* Overall Ceiling for sitting fees as per the Act, being Rupees One Lakh only per meeting as per Companies Act, 2013				
** Overall Ceiling for commission as per the Act, being 3% of the net profit of the Company calculated as per section 198 of the Companies Act, 2013				

II. Other Non-Executive Directors:

		(Rupees in Lakhs)
Particulars of Remuneration	**Name of the Directors Satish Kamat**	**Total Amount**
Fee for attending Board / Committee meetings	1.10	1.10
Commission	–	–
Others, please specify	–	–
Total	1.10	1.10
Overall Cieling as per the Act		

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

			(Rupees in Lakhs) #	
Sr. No.	**Particulars of Remuneration**	**Chief Executive Officer**	**Chief Finanical Officer**	**Company Secretary**
1.	Gross Salary	–	–	–
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 *	165.85	70.70	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.39	0.24	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–

				(Rupees in Lakhs) #
Sr. No.	Particulars of Remuneration	Chief Executive Officer	Chief Finanical Officer	Company Secretary
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission – As % of Profit – Others, specify	–	–	–
5	Others - Contribution to Funds (Superannuation & PF)	3.54	3.93	–
6	Professional Fees	–	–	0.55
	Total	**169.78**	**74.87**	**0.55**

***** *Inclusive of Performance Bonus*

 # Amounts rounded of to the nearest integer

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act) - NIL

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
B. DIRECTORS						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board
Mahindra Susten Private Limited

Parag Shah
Director

Satish Kamat
Director

Place: Mumbai
Date: April 26, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA SUSTEN PRIVATE LIMITED

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of **Mahindra Susten Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2018, and the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the company as at March 31, 2018 and its profit including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
10. As required by Section 143(3) of the Act, we report that:
    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c. the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to Annexure B.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

    i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 32 to the financial statements.

    ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term and derivative contracts.

    iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number: 105102W

Ravi Kapoor
Partner
Membership Number: 040404

Place: Mumbai
Date: April 26, 2018

ANNEXURE A TO THE AUDITOR'S REPORT

Referred to in paragraph 10 of our report of even date on the standalone Ind AS financial statements of Mahindra Susten Private Limited for the year ended March 31, 2018

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

1. i. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   ii. The Company has physically verified its fixed assets during the year, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noted on such verification were not material and have been adjusted in the books of account.

   iii. The title deeds of the freehold land are held in the name of the Company.
2. The inventory has been physically verified by management during the year the frequency of which, in our opinion, is reasonable. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been dealt with in the books of account.
3. The Company has granted an unsecured loan of Rs 135 crores to its wholly owned subsidiaries which is listed in the register maintained under section 189 of the Act.

   i. According to the information and explanations given to us, and having regard to management's representation that the loans are given to its wholly-owned subsidiaries in the interest of the Company's business, the terms and conditions of repayment for the said loan is not prima facie prejudicial to the interest of the Company.

   ii. The schedule of repayment of principal and payment of interest has been stipulated as pert he terms of the agreement.

   iii. No portion of the principal and interest amount of the loan is due upto March 31, 2018.
4. In our opinion and according to the information and explanations given to us, the provisions of Section 185 and Section 186 of the Act have been complied with in respect of the loan granted, investments made and guarantees given by the Company as at March 31, 2018. We are informed that the Company has not given any security during the year.
5. The Company has not accepted any deposits within the meaning of sections 73 to 76 the Act, and the rules framed thereunder and hence the provisions of para 3(v) of the Order are not applicable to the Company.
6. The Central Government of India has specified the maintenance of cost records under sub-section (1) of Section 148 of the Act and such accounts and records have been so made and maintained.
7. i. The Company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, value added tax, GST, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2018 for a period of more than 6 months from the date they became payable.

   ii. There are no dues of income-tax, sales-tax, service-tax, duty of customs, and duty of excise or value added tax, GST or cess which have not been deposited on account of any dispute except as stated below:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum
Income Tax Act, 1961	Additions on account of disallowance	2,75,60,340	FY 2012-13	Commissioner of Income Tax (Appeals)
MVAT Act, 2002	Additions on account of disallowance	55,62,157	FY 2013-14	In process of filing appeal

8. The Company has not defaulted in repayment of loans taken from banks. According to the information and explanations given to us, the Company has not taken any loans or borrowings from a financial institution or from the Government and it has not issued any debentures.
9. The money raised by the Company by way of buyers' credit term loans during the year has been utilised for the purposes for which it was taken. The Company has not neither raised any money by way of initial public offer nor any further public offer (including debt instruments).
10. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither noticed any instance of material fraud by the Company or by the officers or employees on the Company nor has any such instance been reported.
11. According to the information and explanations given to us the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.
12. According to the information and explanations given to us the Company is not a nidhi company and hence the provisions of para 3(xii) of the Order are not applicable to the Company.
13. According to the information and explanations given to us the related party transactions entered into by the Company are in accordance with the provisions of 177 and 188 of the Act.
14. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or of fully or partly convertible debentures during the year and hence the provisions of para 3(xiv) of the Order are not applicable.
15. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them and accordingly, the provisions of para 3(xv) of the Order are not applicable.
16. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and hence the provisions of para 3(xiv) of the Order are not applicable.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number: 105102W

Ravi Kapoor
Partner
Membership Number: 040404

Place: Mumbai
Date: April 26, 2018

ANNEXURE B TO THE OUR REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA SUSTEN PRIVATE LIMITED

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

We have audited the internal financial controls over financial reporting of Mahindra Susten Private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number: 105102W

Ravi Kapoor
Partner
Membership Number: 040404

Place: Mumbai
Date: April 26, 2018

BALANCE SHEET AS AT 31ST MARCH 2018

Rupees

			Note No.	**As at 31st March 2018**	As at 31st March 2017
I.	**ASSETS**				
	Non–Current Assets				
	(a)	Property, Plant And Equipment	4	**3,48,63,92,360**	3,51,49,72,745
	(b)	Capital Work–in–Progress		**–**	2,69,20,432
	(c)	Other Intangible Assets	5	**–**	–
	(d)	Financial Assets			
		(i) Investments	6	**2,85,82,80,001**	2,85,82,80,000
		(ii) Loans	7	**1,18,00,00,000**	18,00,00,000
		(iii) Other Financial Assets	8	**5,74,25,787**	1,37,44,123
	(f)	Other Non–Current Assets	10	**32,88,85,151**	13,94,95,966
	Sub–Total			**7,91,09,83,299**	6,73,34,13,266
	Current Assets				
	(a)	Inventories	11	**51,64,50,788**	1,89,12,809
	(b)	Financial Assets			
		(i) Investments	6	**10,10,54,156**	9,40,100
		(ii) Trade Receivables	12	**3,01,91,17,342**	5,62,03,46,812
		(iii) Cash And Cash Equivalents	13	**1,93,50,62,312**	2,31,53,473
		(iv) Other Bank Balances	13	**42,426**	2,50,04,425
		(v) Loans	7	**35,00,00,000**	–
		(vi) Other Financial Assets	8	**4,20,44,305**	16,72,07,461
	(c)	Other Current Assets	10	**42,12,31,487**	31,06,47,236
	Sub–Total			**6,38,50,02,816**	6,16,62,12,316
	Total Assets			**14,29,59,86,115**	12,89,96,25,582
II.	**EQUITY AND LIABILITIES**				
1.	**Equity**				
	(a)	Equity Share Capital	SOCI,14	**1,38,26,17,280**	1,38,26,17,280
	(b)	Other Equity	SOCI	**4,59,89,55,028**	4,12,06,80,252
	Sub–Total			**5,98,15,72,308**	5,50,32,97,532
	Liabilities				
2.	**Non–Current Liabilities**				
	(a)	Financial Liabilities			
		(i) Borrowings	15	**2,04,67,55,492**	1,97,81,57,993
	(b)	Provisions	16	**46,42,31,690**	32,56,26,557
	(c)	Deferred Tax Liabilities (Net)	9	**43,83,24,928**	17,74,57,415
	Sub–Total			**2,94,93,12,110**	2,48,12,41,965
3.	**Current Liabilities**				
	(a)	Financial Liabilities			
		(i) Borrowings	17	**33,53,98,986**	1,42,43,15,469
		(ii) Trade Payables	18	**2,68,40,45,982**	2,39,35,99,021
		(iii) Other Financial Liabilities	19	**17,23,26,704**	17,66,54,259
	(b)	Provisions	16	**3,34,10,060**	3,24,26,097
	(c)	Other Current Liabilities	20	**2,13,99,19,965**	88,80,91,239
	Sub–Total			**5,36,51,01,697**	4,91,50,86,085
	Total			**14,29,59,86,115**	12,89,96,25,582

The accompanying notes 1 to 32 are an integral part of the Financial Statements

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404
Place : Mumbai
Date : April 26, 2018

For and on behalf of the Board of Directors

Parag Shah
Director

Satish Kamat
Director

Basant Jain
Chief Executive Officer

Roshan Gandhi
Chief Financial Officer

Mandar Joshi
Company Secretary

Place : Mumbai
Date : April 26, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018

Rupees

Particulars	Note No.	March 31, 2018	March 31, 2017
Continuining Operations			
I. Revenue from operations	21	**11,53,11,21,712**	12,29,74,68,091
II. Other Income	22	**11,18,08,952**	24,61,95,900
III. Total Revenue (I + II)		**11,64,29,30,664**	12,54,36,63,991
IV. Expenses			
(a) Cost of materials consumed	23(a)	**6,34,02,72,508**	8,76,60,24,293
(b) Cost of Services rendered		**3,33,96,61,858**	1,87,52,06,096
(c) Changes in stock of finished goods, work-in-progress and stock-in-trade	23(b)	**(42,02,31,483)**	1,01,10,758
(d) Employee benefit expense	24	**81,50,56,830**	70,40,73,879
(e) Finance costs	25	**17,79,13,451**	3,41,68,282
(f) Depreciation and amortisation expense	4, 5	**21,00,84,790**	4,60,14,067
(g) Other expenses	26	**45,11,89,415**	43,85,47,148
Total Expenses (IV)		**10,91,39,47,369**	11,87,41,44,523
Profit/(loss) before exceptional items and tax (I - IV)		**72,89,83,295**	66,95,19,468
Exceptional Items		**–**	–
V. Profit/(loss) before tax		**72,89,83,295**	66,95,19,468
VI. Tax Expense			
(1) Current tax	9	**–**	–
(2) Minimum Alternate Tax		**18,93,89,185**	13,94,95,966
(3) Minimum Alternate Tax Credit		**(18,93,89,185)**	(13,94,95,966)
(4) Short provision of Current Tax for earlier period			1,92,87,871
(5) Deferred tax	9	**25,93,23,958**	23,12,81,638
Total tax expense		**25,93,23,958**	25,05,69,509
VII. Profit/(loss) after tax from continuing operations (V - VI)		**46,96,59,337**	41,89,49,959
VIII. Other comprehensive income		**(29,16,556)**	14,57,194
A (i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit liabilities/ (asset)		**(44,60,111)**	22,28,398
(ii) Income tax relating to items that will not be reclassified to profit or loss		**15,43,555**	(7,71,204)
IX. Total comprehensive income for the year (XV + XVIII)		**47,25,75,893**	41,74,92,765
X. Total comprehensive income for the year attributable to:			
Owners of the Company		**47,25,75,893**	41,74,92,765
XI. Earnings per equity share (for continuing operation):			
(1) Basic	27	**3.40**	3.45
(2) Diluted	27	**3.31**	3.36

The accompanying notes 1 to 32 are an integral part of the Financial Statements

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404
Place : Mumbai
Date : April 26, 2018

For and on behalf of the Board of Directors

Parag Shah
Director

Satish Kamat
Director

Basant Jain
Chief Executive Officer

Roshan Gandhi
Chief Financial Officer

Mandar Joshi
Company Secretary

Place : Mumbai
Date : April 26, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2018

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Cash flows from operating activities:		
Profit after tax for the year	**46,96,59,337**	41,89,49,959
Adjustments for:		
Income tax expense recognised in profit or loss	**25,93,23,958**	25,05,69,509
Amortisation of fair value of unvested ESOPs	**56,98,883**	99,54,291
Finance costs recognised in profit or loss	**17,79,13,451**	3,41,68,282
Investment income recognised in profit or loss	**(6,77,63,603)**	(16,23,13,873)
Depreciation and amortisation of non-current assets	**21,00,84,790**	4,60,14,067
Net foreign exchange (gain)/loss	**84,37,143**	(5,24,03,396)
Expense recognised in respect of shares issued	**–**	(71,06,376)
	59,36,94,622	11,88,82,504
Movements in working capital:		
Increase in trade and other receivables	**2,60,12,29,470**	(2,24,96,99,763)
(Increase)/decrease in inventories	**(49,75,37,979)**	1,51,31,628
(Increase)/decrease in other assets	**(6,11,44,343)**	(13,63,78,701)
Decrease in trade and other payables	**43,27,25,732**	(32,77,44,959)
Increase/(decrease) in provisions	**13,95,89,096**	17,89,48,065
(Decrease)/increase in other liabilities	**1,25,27,01,598**	82,18,97,521
	3,86,75,63,574	(1,69,78,46,209)
Income taxes paid	**(23,15,75,500)**	(15,87,83,837)
Net cash generated by operating activities	**4,69,93,42,033**	(1,31,87,97,583)
Cash flows from investing activities:		
Payments to acquire financial assets	**(11,88,33,721)**	(1,77,19,33,286)
Subordinate Debts given to Subsidiares	**(1,18,00,00,000)**	(18,00,00,000)
ICD given to Subsidiares (net)	**(17,00,00,000)**	–
Interest received	**18,56,73,166**	3,85,50,175
Payments for property, plant and equipment	**(30,47,84,618)**	(3,08,34,14,246)
Proceeds from disposal of property, plant and equipment	**79,21,875**	–
Net cash outflow on acquisition of subsidiaries	**(1)**	–
Net cash (used in)/generated by investing activities	**(1,58,00,23,299)**	(4,99,67,97,357)
Cash flows from financing activities:		
Proceeds from issue of equity instruments of the Company	**–**	2,84,79,80,000
Proceeds from borrowings	**39,55,59,340**	3,50,02,66,737
Repayment of borrowings	**(1,42,43,15,469)**	–
Interest on margin money deposits	**–**	(15,81,429)
Interest paid	**(17,86,53,766)**	(4,71,33,625)
Net cash used in financing activities	**(1,20,74,09,895)**	6,29,95,31,683
Net increase in cash and cash equivalents	**1,91,19,08,839**	(1,60,63,257)
Cash and cash equivalents at the beginning of the year	**2,31,53,473**	3,92,16,730
Cash and cash equivalents at the end of the year	**1,93,50,62,312**	2,31,53,473

The accompanying notes 1 to 32 are an integral part of the Financial Statements

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404
Place : Mumbai
Date : April 26, 2018

For and on behalf of the Board of Directors

Parag Shah
Director

Satish Kamat
Director

Basant Jain
Chief Executive Officer

Roshan Gandhi
Chief Financial Officer

Mandar Joshi
Company Secretary

Place : Mumbai
Date : April 26, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2018

A. Equity share capital

	Rupees
As at 1 April 2016	70,27,17,280
Changes in equity share capital during the year	67,99,00,000
As at 31 March 2017	1,38,26,17,280
Changes in equity share capital during the year	–
As at 31 March 2018	**1,38,26,17,280**

b. Other Equity

Rupees

	Reserves and Surplus			
	Securities Premium Reserve	Other Reserve (ESOP Outstanding A/c)	Retained Earnings	Total
As at 1 April 2016	77,32,68,802	1,51,28,580	74,38,62,190	1,53,22,59,572
Add: Sec Premium on Shares issued during the year	2,16,80,80,000	–	–	2,16,80,80,000
Profit for the period	–	99,54,291	41,89,49,959	42,89,04,250
Other Comprehensive Income/(Loss)	–	–	(14,57,194)	(14,57,194)
Total Comprehensive Income for the year	–	99,54,291	41,74,92,765	42,74,47,056
Equity Share Issuance Costs	**(71,06,376)**	**–**	**–**	**(71,06,376)**
As at 31 March 2017	2,93,42,42,426	2,50,82,871	1,16,13,54,955	4,12,06,80,252
Add: Sec Premium on Shares issued during the year		–	–	–
Profit for the period	–	56,98,883	46,96,59,337	47,53,58,220
Other Comprehensive Income/(Loss)	–	–	29,16,556	29,16,556
Total Comprehensive Income for the year	–	56,98,883	47,25,75,893	47,82,74,776
Equity Share Issuance Costs		–	–	–
As at 31 March 2018	**2,93,42,42,426**	**3,07,81,754**	**1,63,39,30,848**	**4,59,89,55,028**

In terms of our report attached.

For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404
Place : Mumbai
Date : April 26, 2018

For and on behalf of the Board of Directors

Parag Shah
Director

Satish Kamat
Director

Basant Jain
Chief Executive Officer

Roshan Gandhi
Chief Financial Officer

Mandar Joshi
Company Secretary

Place : Mumbai
Date : April 26, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

1. Nature of Operations

Mahindra Susten Private Limited ('the Company') is a company limited by shares, incorporated and domiciled in India and is a subsidiary of Mahindra Holdings Limited.The Company is engaged in the business of providingservices in the areas of Engineering, Procurement and Construction of power plants in renewable energy, operations and maintenance, analytics,energy management services and industrial build solutions.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 26th April 2018.

2. Statement of Compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

3. Significant Accounting Policies and Accounting Judgments and Estimates

A) Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the 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 liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are prepared in Indian Rupees.

b) Use of estimates

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015 requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

c) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) EPC Contracts

Revenue from a fixed price contract is recognized on percentage of completion method measured on the basis of stage of completion of that contract activity at the end of the reporting period, measured based on certification done internally or by external consultants or customers.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(ii) Sales of goods

Revenue from sale of goods is recognized on transfer of all significant risks and rewards of ownership to the buyer. Sales are stated net of trade discount, duties and sales tax.

(iii) Service Income

Service income is recognised as per the terms of the contract when the related services are rendered. It is stated net of service tax.

(iv) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(v) Dividend Income

Dividend income is recognized when the right to receive dividend is established.

(vi) Insurance claim

Insurance claims are accounted for on the basis of claims admitted to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

d) Current and 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 realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

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.

The Company classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

e) Property plant and equipment and Intangible Assets:

(i) Property plant and equipment:

Properties 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 property, 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.

Fixtures and equipment are stated at cost less accumulated depreciation and recognised impairment losses.

Freehold land is stated at the cost of acquisition and is not depreciated.

Depreciation on tangible assets in respect of electricity business is provided at the rate as well as methodology notified by the Central Electricity Regulation Commission (Terms and Conditions of Tariff) Regulations, 2016.

Depreciation on other tangible assets is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives or asprescribed in schedule II to the Companies Act 2013 whichever is higher. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

(ii) Intangible Assets:

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iii) Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Company makes a reasonable estimate of the value in use.

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

f) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Inventories:

Inventories are stated at lower of cost and net realisable value.

Cost of raw materials includes all costs of purchase, conversion and other direct attributable costs incurred for bringing the items to their present location and condition and is determined using the weighted average cost method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

The cost of contracts work in progress comprises costs directly attributable to the specific contracts and related overheads.

Traded goods costs includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

h) Foreign Exchange Transactions:

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognized as income or expense, as the case may be.

Exchange differences on monetary items are recognised in in the Statement of Profit and Loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks

i) Hedge Accounting

The Company designates certain hedging instruments, which include derivatives, and non-derivatives in respect of foreign currency risk, as either fair value hedges, or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the ‘Other income’ line item.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

j) Segment Information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.

The Company operates only in one segment viz. Engineering, Procurement and Construction contracts.

k) Investments

Investment in subsidiaries are stated at cost less any provision for impairment.

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be fully recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

l) Employee Benefits

(i) Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognizedin the period in which the employee renders the related service.

(ii) Post employment employee benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

a) Defined Contribution schemes

The Company’s contributions to the Provident Fund and Employee’s State Insurance Fund are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

b) Defined benefits plans

The Company provides for gratuity, a defined benefit plan (the “Gratuity Plan”) covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee’s salary and the tenure of employment. The Company’s liability is actuarially determined (using the Projected Unit Credit method) at the end of each year.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

m) Operating lease

Operating lease payments are recogonised as an expense in the statement of profit and loss on a straight line basis over the lease term.

n) Share Based Payments:

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

o) Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

p) Provisions and Contingent Liabilities:

(i) 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 the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made

q) Financial Assets and Financial Liabilities

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

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

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

Classification of financial assets

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

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

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt/equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

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

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

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

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

(ii) Financial liabilities

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

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

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

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

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

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

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

r) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

s) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period and, Diluted earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period adjusted for the effects of dilutive options.

B) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A)above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Employee benefits

The cost of defined benefit gratuity schemes, pension plans and other post employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates, attrition rate, future pension increases and medical costs. Due to the long term nature of these plans, such estimates are subject to uncertainty.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

Lease

The Company has entered into a 25 year Power Purchase Agreement ("PPA") with its customer. In view of the management, the PPA does not convey to the customer any significant residual interest in the assets created by the Company for executing the PPA as envisaged by Appendix A of Ind AS 11, nor does this PPA satisfy the criteria in Appendix C of Ind AS 17 pertaining to determining whether an arrangement contains a lease. Accordingly, management has determined that neither Appendix A of Ind AS 11 nor Appendix C of Ind AS 17 is applicable to the Company.

C) Recent Accounting Pronouncements

Standards issued but not yet effective

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115 - 'Revenue from Contracts with Customers' and consequential amendments to various Ind AS standards. The amended Rules also notified amendments to Ind AS 12 - 'Income Taxes', Ind AS 21 - 'The Effect of Changes in Foreign Exchange Rates'.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB). The amendments are effective from accounting periods beginning from 1st April, 2018.

Ind AS 115 – 'Revenue from Contracts with Customers':

This standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

Amendment to Ind AS 12 – 'Income Taxes':

The amendments clarify the requirement for recognising deferred tax assets on unrealised losses on debt instruments that are measured at fair value. The amendment also clarify certain other aspects of accounting for deferred tax assets. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 21 – 'The Effect of Changes in Foreign Exchange Rates':

This amendment clarifies translation of advance payments denominated in foreign currency into functional currency at the spot rate on the day of payment. The guidance aims to reduce diversity in practice. The changes will not have any material impact on the financial statements of the Company.

Note 4. – Property, Plant and Equipment

Description of Assets	Land - Freehold	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Carrying Amount						
Balanceas at 1 April 2017	25,10,21,345	3,25,66,67,142	4,90,99,882	15,78,274	73,90,115	3,56,57,56,758
Additions		18,61,68,736	40,67,135	83,300	7,09,788	19,10,28,959
Disposals		1,10,29,631	–	–	20,88,808	1,31,18,439
Balanceas at 31 March 2018	**25,10,21,345**	**3,43,18,06,247**	**5,31,67,017**	**16,61,574**	**60,11,095**	**3,74,36,67,278**
II. Accumulated depreciation and impairment						
Balance as at 1 April 2017	–	3,19,89,799	1,67,99,436	4,23,248	15,71,530	5,07,84,013
Depreciation expense for the year		19,68,98,373	96,13,330	1,49,303	8,03,857	20,74,64,863
Eliminated on disposal of assets		6,12,468	–	–	3,61,490	9,73,958
Balance as at 31 March 2017	**–**	**22,82,75,704**	**2,64,12,766**	**5,72,551**	**20,13,897**	**25,72,74,918**
III. Net carrying amount (I-II)	25,10,21,345	3,20,35,30,543	2,67,54,251	10,89,023	39,97,198	3,48,63,92,360

Description of Assets	Land - Freehold	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Carrying Amount						
Balanceas at 1 April 2016	25,10,21,345	13,08,19,871	4,68,54,249	34,06,556	73,90,115	43,94,92,136
Additions	–	3,13,82,20,325	1,39,26,493	84,890	–	3,15,22,31,708
Deductions/adjustments	–	1,23,73,054	1,16,80,860	19,13,172	–	2,59,67,086
Balance as at 31 March 2017	25,10,21,345	3,25,66,67,142	4,90,99,882	15,78,274	73,90,115	3,56,57,56,758
II. Accumulated depreciation and impairment						
Balance as at 1 April 2016	–	2,18,17,694	1,13,19,711	5,66,483	6,76,227	3,43,80,115
Depreciation expense for the year	–	1,93,09,098	1,01,74,428	3,21,075	8,95,303	3,06,99,904
Deductions/adjustments	–	91,36,993	46,94,703	4,64,310		1,42,96,006
Balance as at 31 March 2017	–	3,19,89,799	1,67,99,436	4,23,248	15,71,530	5,07,84,013
III. Net carrying amount (I-II)	25,10,21,345	3,22,46,77,343	3,23,00,446	11,55,026	58,18,585	3,51,49,72,745

Note 5. – Other Intangible Assets

Description of Assets	Computer Software	Total
I. Gross Carrying Amount		
Balance as at 1 April 2017	2,74,82,548	2,74,82,548
Additions from separate acquisitions	26,19,927	26,19,927
Balance as at 31 March 2018	**3,01,02,475**	**3,01,02,475**

Description of Assets	Computer Software	Total
II. Accumulated depreciation and impairment		–
Balance as at 1 April 2017	2,74,82,548	2,74,82,548
Amortisation expense for the year	26,19,927	26,19,927
Balance as at 31 March 2018	**3,01,02,475**	**3,01,02,475**
III. Net carrying amount (I-II)	0	0

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Description of Assets	Computer Software	Total
I. Gross Carrying Amount		
Balance as at 1 April 2016	2,21,12,344	2,21,12,344
Additions from separate acquisitions	53,70,204	53,70,204
Balance as at 31 March, 2017	2,74,82,548	2,74,82,548

Description of Assets	Computer Software	Total
II. Accumulated depreciation and impairment		
Balance as at 1 April 2016	1,21,68,385	1,21,68,385
Amortisation expense for the year	1,53,14,163	1,53,14,163
Balance as at 31 March, 2017	2,74,82,548	2,74,82,548
III. Net carrying amount (I-II)	0	0

Note 6. – Note No. 6 - Investments

Particular	As at 31 March 2018 QTY	As at 31 March 2018 Amounts* Current	As at 31 March 2018 Amounts* Non-Current	As at 31 March 2017 QTY	As at 31 March 2017 Amounts* Current	As at 31 March 2017 Amounts* Non-Current
A. COST						
Unquoted Investments (all fully paid)						
Investments in Equity Instruments						
– of Subsidiaries	**27,95,80,001**		**2,85,82,30,001**	27,95,80,000		2,85,82,30,000
– of Other entities	**2,010**	**100**	**50,000**	2,010	100	50,000
INVESTMENTS CARRIED AT COST [A]	**27,95,82,011**	**100**	**2,85,82,80,001**	27,95,82,010	100	2,85,82,80,000
B. AMORTISED COST						
Unquoted						
Investments in Preference Shares						
– of structured entities	**9,400**	**9,40,000**	–	9,400	9,40,000	
TOTAL INVESTMENTS CARRIED AT AMORTISED COST [B]	**9,400**	**9,40,000**	–	9,400	9,40,000	–
C. Designated as Fair Value Through Profit and Loss						
Unquoted Investments (all fully paid)						
Investments in Mutual Funds		**10,01,14,056**				
INVESTMENTS CARRIED AT FVTPL [C]	–	**10,01,14,056**	–	–	–	–
TOTAL INVESTMENTS CARRYING VALUE (A) + (B) + (C)	**27,95,91,411**	**10,10,54,156**	**2,85,82,80,001**	27,95,91,410	9,40,100	2,85,82,80,000
List of entities						
Subsidiaries						
1. Mahindra Renewables Pvt Ltd	**27,95,30,000**	–	**2,85,77,30,000**	27,95,30,000	–	2,85,77,30,000
2. MachinePulse Tech Pvt Ltd	**50,000**	–	**5,00,000**	50,000	–	5,00,000
2. Marvel Solren Pvt Ltd	**1**	–	**1**	–	–	–
Structured entities						
1. The Zoroastrian Co-operative Bank Ltd.	**2,010**		**50,000**	2,010		50,000
2. Renew Solar Energy (TN) Private Ltd.	**9,410**	**940,100**	–	9,410	940,100	–

Note 7. – Loans

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current*	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
Loans to related parties				
– Unsecured, considered good	**35,00,00,000**	**1,18,00,00,000**	–	18,00,00,000
TOTAL (B)	**35,00,00,000**	**1,18,00,00,000**	–	18,00,00,000

*. Unsecured loan given to related parties includes
a. INR 110 Cr @ 11.50% as subordinated debt given to Mahindra Renewables Pvt Ltd, subordinate to its borrowings.
b. INR 8 Cr @ 11.50% as subordinated debt given to Marvel Solren Pvt Ltd, subordinate to its borrowings
c. INR 10 Cr @ 11.50% to Astra Solren Pvt Ltd.
d. INR 18 CR @ 11.50% to Mahindra Renewables Pvt Ltd is due in Mar 2019 hence classified as current in FY 2018.
e. INR 7 Cr @ 11% to Divine Solren Pvt Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note 8. – Other financial assets

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
Financial assets at amortised cost				
a) Bank Deposit with more than 12 months maturity		–		1,38,181
b) Others				
– Security deposits	**1,01,11,935**	**4,27,79,317**	51,90,605	1,34,75,442
– Balance with Government Authorities	**3,30,500**			1,30,500
– Earnest Money Deposits	**54,92,747**		33,51,700	
– Interest accrued on Deposits	**2,61,09,123**	**1,46,46,470**	10,44,089	
– Interest receivable from customers	**–**		15,76,21,067	
TOTAL	**4,20,44,305**	**5,74,25,787**	16,72,07,461	1,37,44,123

Refer Note 28 for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

Note 9. – Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Current Tax:		
In respect of current year	**–**	–
In respect of prior years	**–**	1,92,87,871
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**25,93,23,958**	23,12,81,638
Total income tax expense on continuing operations	**25,93,23,958**	25,05,69,509

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Profit before tax from continuing operations	**72,89,83,295**	66,95,19,468
Income tax expense calculated at 34.61% (2016: 34.61%)#	**25,22,86,539**	23,17,07,298
Effect of income that is exempt from taxation	**(1,09,48,927)**	(4,59,563)
Effect of expenses that is non-deductible in determining taxable profit	**98,61,846**	33,903
Effect of current year losses for which no deferred tax asset is recognised	**(14,61,359)**	–
Changes in recognised deductible temporary differences	**95,85,859**	–
	25,93,23,958	23,12,81,638
Adjustments recognised in the current year in relation to the current tax of prior years	**–**	1,92,87,871
Income tax expense recognised In profit or loss from continuing operations	**25,93,23,958**	25,05,69,509

The tax rate used for the 31 March 2018 and 31 March 2017 reconciliations above is the corporate tax rate of 30% plus surcharge @ 12% & Education cess @ 3%, payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(i) Movement in deferred tax balances

For the Year ended 31 March 2018

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	55,44,60,896	51,18,26,237		1,06,62,87,132
	55,44,60,896	51,18,26,237	–	1,06,62,87,132
Tax effect of items constituting deferred tax assets				
Employee Benefits	12,70,596	(22,54,972)	(15,43,555)	(25,27,931)
Equity-Settled Share Based payments				–
Provisions	12,36,35,283	4,72,24,829		17,08,60,112
Deferred income				–
Other Items				–
Carryforward Tax Loss	25,20,97,602	20,75,32,422		45,96,30,024
Minimum Alternate Tax Credit				–
Other Temporary Differences (please specify)				
	37,70,03,481	25,25,02,279	(15,43,555)	62,79,62,205
Net Tax Asset (Liabilities)	(17,74,57,415)	(25,93,23,958)	(15,43,555)	(43,83,24,928)

For the Year ended 31 March 2017

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	1,79,73,783	53,64,87,113		55,44,60,896
	1,79,73,783	53,64,87,113	–	55,44,60,896
Tax effect of items constituting deferred tax assets				
Employee Benefits	4,99,392		7,71,204	12,70,596
Provisions	7,05,27,410	5,31,07,873		12,36,35,283
Carryforward Tax Loss	–	25,20,97,602		25,20,97,602
	7,10,26,802	30,52,05,475	7,71,204	37,70,03,481
Net Tax Asset (Liabilities)	5,30,53,019	(23,12,81,638)	7,71,204	(17,74,57,415)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note No. 10 - Other assets

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
(a) Advances other than capital advances				
(i) Balances with government authorities (other than income taxes)	**15,65,79,194**	**–**	8,49,00,338	–
(ii) Other advances				
– Advances to suppliers	**15,11,70,597**	**–**	16,10,47,972	–
– Advances to employees	**1,65,21,034**	**–**	99,24,579	–
(b) Other Assets				
(i) Advance income tax (net of provisions)	**9,69,60,662**	**–**	5,47,74,347	–
(ii) MAT credit entitlement		**32,88,85,151**		13,94,95,966
Total	**42,12,31,487**	**32,88,85,151**	31,06,47,236	13,94,95,966

Note No. 11 - Inventories

Particulars	As at 31 March 2018	As at 31 March 2017
(a) Project Inventory	**42,88,65,162**	86,33,679
(b) Stores and spares	**8,75,85,626**	1,02,79,130
Total Inventories (at lower of cost and net realisable value)	**51,64,50,788**	1,89,12,809

The carrying amount of inventories is provided as a charge against working capital limits provided by banks.

Note No. 12 - Trade receivables

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
Trade receivables				
(a) Unsecured, considered good	**3,01,91,17,342**	**–**	5,62,03,46,812	–
TOTAL	**3,01,91,17,342**	**–**	5,62,03,46,812	–
Of the above, trade receivables from:				
- Related Parties	**1,60,79,67,691**	**–**	1,96,03,21,000	–
- Others	**1,41,11,49,651**	**–**	3,66,00,25,812	–
Total	**3,01,91,17,342**	**–**	5,62,03,46,812	–

There is no Debts due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or adirector or a member.

Note No. 13 - Cash and Bank Balances

Particulars	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents		
Balances with banks	**1,93,50,62,312**	2,31,53,473
Total Cash and cash equivalent	**1,93,50,62,312**	2,31,53,473
Other Bank Balances		
Margin Money Deposits with maturity greater than 3 months	**42,426**	2,50,04,425
Total Other Bank balances	**42,426**	2,50,04,425

Reconcliation of Cash and Cash Equivalents

Particulars	As at 31 March 2018	As at 31 March 2017
Total Cash and Cash Equivalents as per Balance Sheet	**1,93,50,62,312**	2,31,53,473
Add: Bank Overdraft	**–**	–
Add: Cash and bank balances included in a disposal group held for sale	**–**	–
Total Cash and Cash Equivalents as per Statement of Cashflow	**1,93,50,62,312**	2,31,53,473

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note No. 14 - Equity Share Capital

Particulars	**As at 31 March 2018 No. of shares**	As at 31 March 2017 No. of shares
Authorised:		
Equity shares of Rs. 10 each with voting rights	**1,70,00,00,000**	1,50,00,00,000
Issued, Subscribed and Fully Paid:		
Equity shares of Rs. 10 each with voting rights	**13,82,61,728**	13,82,61,728
Total	**13,82,61,728**	13,82,61,728

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes (give details)	Closing Balance
Equity Shares with Voting rights						
Year Ended 31 March 2018						
No. of Shares	13,82,61,728	–	–	–	–	13,82,61,728
Amount	1,38,26,17,280	–	–	–	–	1,38,26,17,280
Year Ended 31 March 2017						
No. of Shares	7,02,71,728	6,79,90,000	–	–	–	13,82,61,728
Amount	70,27,17,280	67,99,00,000	–	–	–	1,38,26,17,280

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: (details of fully paid and partly paid also needs to be given)

No. of Shares

Particulars	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31 March 2018			
Mahindra Holdings Limited, the Holding Company	**13,82,61,728**	**–**	**–**
As at 31 March 2017			
Mahindra Holdings Limited, the Holding Company	13,82,61,728	–	–

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	**As at 31 March 2018** Number of shares held	% holding in that class of shares	As at 31 March 2017 Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra Holdings Limited, the Holding Company	**13,82,61,728**	**100%**	13,82,61,728	100%

(v) As at 31 March 2018 - 43,25,682 shares (As at 31 March, 2017- 43,25,682 shares) were reserved for issuance as follows:

Particulars	**As at 31 March 2018** Options (Numbers)	Exercise Price	As at 31 March 2017 Options (Numbers)	Exercise Price
A. Options outstanding at the beginning of the year	**43,25,682**	**Rs. 21.52**	43,25,682	Rs. 21.52
B. Granted during the year	**0**	**NA**	0	NA
C. Vested during the year	**0**	**NA**	0	NA
D. Exercised during the year	**0**	**NA**	0	NA
E. Lapsed during the year	**0**	**NA**	0	NA
F. Options outstanding at the end of the year (A+B-D-E)	**43,25,682**	**Rs. 21.52**	43,25,682	Rs. 21.52

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note No. 15 - Non-Current Borrowings

Rupees

Particulars	Rate of Interest	Maturity	**As at 31 March 2018 Amount**	As at 31 March 2017 Amount
Measured at amortised cost*				
Secured Borrowings:				
Buyers Credit From Banks	6M LIBOR + Margin	2019-20	**2,04,67,55,492**	1,97,81,57,993
Total Borrowings			**2,04,67,55,492**	1,97,81,57,993

The Company has availed Buyers' Credit Facility of INR 204.68 Cr (USD 31.47) at Libor plus varying premium. The funds have been utilised to construct the 78 MW power plant at Goyalri. The plant is charged as a security against the borrowings.

To hedge the foreign currency risk the Company has taken a full currency SWAP and has converted the USD borrowings to INR. The Company has also converted its variable rate borrowing to fixed by taking an Interest Rate SWAP.

(i) Details of Long term Borrowings of the Company:

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cashflows	Coupon Rate	Repayment Bullet (or) Installment	Number of Installments	**Amortised cost as at 31 March 2018**
Secured						
Term loans from banks:						
SBI, Antwerp	USD	7.70%	7.67%	20-09-2019	1	**14,78,05,823**
Canara Bank	USD	7.46%	7.43%	31-10-2019	1	**51,34,321**
Canara Bank	USD	7.46%	7.43%	04-11-2019	1	**28,45,07,943**
Canara Bank	USD	7.38%	7.35%	07-11-2019	1	**28,66,03,412**
Canara Bank	USD	7.43%	7.40%	07-11-2019	1	**3,42,15,278**
Canara Bank	USD	7.46%	7.43%	14-11-2019	1	**29,29,48,532**
Canara Bank	USD	7.46%	7.43%	21-11-2019	1	**9,74,21,815**
Canara Bank	USD	7.39%	7.36%	27-11-2019	1	**28,66,03,412**
Canara Bank	USD	7.41%	7.38%	02-12-2019	1	**28,52,37,236**
Canara Bank	USD	7.35%	7.33%	05-12-2019	1	**26,39,49,840**
SBI, Antwerp	USD	7.52%	7.52%	26-12-2019	1	**3,27,16,287**
SBI, Sydney	USD	7.03%	7.03%	21-02-2020	1	**2,96,11,593**
Total Secured						**2,04,67,55,492**

Note:

1 No default has been made in repayment of principal, interest, durring the year in any long term borrowings

Note No. 16 - Provisions

Rupees

Particulars	**As at 31 March 2018 Current**	**As at 31 March 2018 Non-Current**	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
(a) Provision for employee benefits				
(1) Leave Encashment	**21,85,478**	**2,55,95,954**	20,69,184	3,22,28,003
(1) Gratuity	**–**	**2,15,08,946**	–	1,18,60,490
(b) Other Provisions				
(1) Warranty	**3,12,24,582**	**41,71,26,790**	3,03,56,913	28,15,38,064
Total Provisions	**3,34,10,060**	**46,42,31,690**	3,24,26,097	32,56,26,557

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Details of movement in Other Provisions is as follows:

Particulars	Warranty claims	Other Provisions	Onerous contracts	Claims Against Guarantee Commitments	Total
Balance at 1 April 2016	16,81,72,314	3,70,60,008	–	–	20,52,32,322
Additional provisions recognised	13,69,63,405	90,97,669	–	–	14,60,61,074
Amounts used during the period	–	–	–	–	–
Unused amounts reversed during the period	–	–	–	–	–
Unwinding of discount and effect of changes in the discount rate	67,59,258	–	–	–	67,59,258
Balance at 31 March 2017	31,18,94,977	4,61,57,677	–	–	35,80,52,654
Balance at 1 April 2017	31,18,94,977	4,61,57,677	–	–	35,80,52,654
Additional provisions recognised	16,53,12,347	31,32,701			16,84,45,048
Amounts used during the period	(14,31,559)				(14,31,559)
Unused amounts reversed during the period	(1,42,32,007)				(1,42,32,007)
Unwinding of discount and effect of changes in the discount rate	(1,31,92,387)				(1,31,92,387)
Balance at 31 March 2018	**44,83,51,371**	**4,92,90,378**	**–**	**–**	**49,76,41,749**

Warranty Claims:

Provision for warranty represents present value of management's best estimate of the future outflow of economic benefits that will be required in respect of sale of certain products, the estimated cost of which is accrued at the time of sale. Management estimates the related provision for future warranty claims based on historical warranty claim information and is adjusted regularly to reflect new information. The products are generally covered under a free warranty period upto 5 years. It is expected that most of these costs will be incurred in the next five financial years.

Note No. 17 - Current Borrowings

Rupees

Particulars	As at 31 March 2018	As at 31 March 2017
Secured Borrowings		
Loans repayable on demand		
(1) WCDL from bank	**33,53,98,986**	1,01,50,00,000
(2) Cash Credit with bank	**–**	40,93,15,469
Total Current Borrowings	**33,53,98,986**	1,42,43,15,469

Note:

The Company has various working capital limits from banks.

As ot March 31, 2018 the Company has availed Buyers' Credit of INR 33.54 Cr (USD 5.15 mn) at libor plus varying premium for its working capital needs.

As at March 31, 2017 the Company has drawn INR 101.50 Cr. against a sanctioned WCDL limit of INR 350 Cr. The Company has also drawn INR 40.93 Cr. from its cash credit limit with banks. The interest rate for the said borrowings range from 8.05 % - 8.40% p.a.

The said borrowings are secured against the working capital of the Company.

Note 18. – Trade Payables

Particulars	As at 31 March 2018		As at 31 March 2017	
	Current	Non-Current	Current	Non-Current
Trade payable - Other than micro ans small enterprises	**2,68,40,45,982**	**–**	2,39,35,99,021	–
Total trade payables	**2,68,40,45,982**	**–**	2,39,35,99,021	–

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

Note No. 19 - Other Financial Liabilities

Rupees

Particulars	As at 31 March 2018	As at 31 March 2017
Other Financial Liabilities Measured at Amortised Cost		
Current		
(a) Interest accrued	**1,82,16,698**	92,98,270
(b) Other liabilities		
Salary and reimbursements	**9,27,18,337**	9,70,75,250
Provident Fund and other funds payable	**53,88,156**	46,18,482
Other Financial Liabilities Measured at Fair value		
Derivatives not designated as a hedging instruments	**5,60,03,513**	6,56,62,257
Total other financial liabilities	**17,23,26,704**	17,66,54,259

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note No. 20 - Other Liabilities

Particulars	As at 31 March 2018 Current	As at 31 March 2018 Non-Current	As at 31 March 2017 Current	As at 31 March 2017 Non-Current
a. Advances received from customers	**2,11,77,48,431**	**–**	83,84,48,846	–
b. Statutory dues				
- taxes payable (other than income taxes)	**2,21,71,534**		4,96,42,393	–
Total other liabilities	**2,13,99,19,965**	**–**	88,80,91,239	–

Note No. 21 - Revenue from Operations

The following is an analysis of the company's revenue for the year from continuing operations.

Particulars	31 March 2018	31 March 2017
(a) Revenue from EPC Contracts	**9,82,73,75,582**	12,02,60,93,338
(b) Revenue from rendering of services	**44,46,91,323**	19,41,45,888
(c) Other operating revenue	–	4,39,82,214
(d) Construction contract revenue	**71,28,13,426**	3,32,46,651
(e) Sale of power	**54,62,41,381**	–
Total Revenue from Operations	**11,53,11,21,712**	12,29,74,68,091

Note No. 22 - Other Income

Particulars	31 March 2018	31 March 2017
(a) Interest Income		
(1) On Financial Assets at FVTPL	**4,57,85,365**	16,09,78,464
(b) Dividend Income		
(2) Mutual Funds	**2,19,78,238**	13,35,409
(c) Scrap Sales and Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up	**64,93,758**	48,76,292
(d) Other – Shared service income	**3,75,51,591**	7,90,05,735
Total Other Income	**11,18,08,952**	24,61,95,900

Note No. 23(a) - Cost of materials consumed

Particulars	31 March 2018	31 March 2017
Opening stock	**1,02,79,130**	1,53,00,000
Add: Purchases	**6,41,75,79,004**	8,76,10,03,423
	6,42,78,58,134	8,77,63,03,423
Less: Closing stock	**8,75,85,626**	1,02,79,130
Cost of materials consumed	**6,34,02,72,508**	8,76,60,24,293

Note 23(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	31 March 2018	31 March 2017
Inventories at the end of the year:		
Work-in-progress	**42,88,65,162**	86,33,679
	42,88,65,162	86,33,679
Inventories at the beginning of the year:		
Work-in-progress	**86,33,679**	1,87,44,437
Stock-in-trade		
	86,33,679	1,87,44,437
Net (increase)/decrease	**(42,02,31,483)**	1,01,10,758

Note No. 24 - Employee Benefits Expense

Particulars	31 March 2018	31 March 2017
(a) Salaries and wages, including bonus	**73,36,79,326**	63,27,15,941
(b) Contribution to provident and other funds	**4,18,56,508**	3,29,64,960
(c) Staff welfare expenses	**3,95,20,996**	3,83,92,978
Total Employee Benefit Expense	**81,50,56,830**	70,40,73,879

Movement in Share Options

Particulars	Equity-settled share-based payments: Number of Shares	Weighted average exercise price (in INR)
1. The number and weighted average exercise prices of share options outstanding at the beginning of the period;	**4,325,682**	21.52
2. Granted during the period	**–**	NA
3. Forfeited during the period	**–**	NA
4. Exercised during the period	**–**	NA
5. Expired during the period	**–**	NA
6. Outstanding at the end of the period	**43,25,682**	21.52
7. Exercisable at the end of the period	**43,25,682**	21.52

Note No. 25 - Finance Cost (Net)

Particulars	31 March 2018	31 March 2017
(a) Interest expense	**18,58,68,255**	3,75,96,177
Less: Amounts included in the cost of qualifying assets		(40,89,120)
(b) Other borrowing cost	**–**	1,71,66,152
(c) Discounting of long term financial assets	**(79,54,804)**	(1,65,04,927)
Total finance costs (Net)	**17,79,13,451**	3,41,68,282

Analysis of Interest Expenses by Category

Particulars	31 March 2018	31 March 2017
Interest Expenses		
(a) On Financial Liability at Amortised Cost	**18,58,68,255**	5,47,62,328

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note No. 26 - Other Expenses

Particulars	31 March 2018	31 March 2017
(a) Rent including lease rentals	**4,26,41,875**	3,71,08,278
(b) Rates and taxes	**41,523**	47,300
(c) Insurance	**–**	5,05,618
(d) Repairs and maintenance - Others	**1,20,84,304**	59,66,886
(e) Advertisement	**71,12,222**	1,02,92,051
(f) Travelling and Conveyance Expenses	**8,31,88,641**	6,18,38,052
(g) Net loss/(gain) on foreign currency transactions net off Derivative gain/ loss (other than considered as finance costs)	**1,08,59,058**	2,86,88,039
(h) Auditors remuneration and out-of-pocket expenses (excl. taxes)	**11,61,060**	12,68,588
(i) As Auditors	**7,70,000**	7,00,000
(ii) For Taxation matters	**2,00,000**	1,75,000
(iii) For Company Law matters	**1,00,000**	3,25,000
(iv) For Other services	**91,060**	68,588
(i) Other expenses		
(i) Warranty Expenses (Net) [Refer Note 16]	**15,10,80,339**	16,30,91,138
(ii) Legal and other professional costs	**4,92,38,018**	4,39,09,725
(iii) Bank Charges	**4,38,58,779**	3,61,14,999
(iv) Power & Fuel	**1,02,13,374**	80,02,989
(v) Communication expenses	**87,24,762**	1,25,94,628
(vi) CSR Expenses	**89,42,618**	37,60,192
(vii) Printing & Stationary	**39,15,617**	43,95,063
(viii) Software Expenses	**37,93,036**	1,10,24,806
(ix) Miscellaneous expenses	**1,43,34,189**	99,38,796
Total Other Expenses	**45,11,89,415**	43,85,47,148

Note No. 27 - Earnings per Share

Particulars	31 March 2018 Per Share	31 March 2017 Per Share
Basic Earnings per share		
From continuing operations	**3.40**	3.45
From discontinuing operations		
Total basic earnings per share	**3.40**	3.45
Diluted Earnings per share		
From continuing operations	**3.31**	3.36
From discontinuing operations		
Total diluted earnings per share	**3.31**	3.36

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	31 March 2018	31 March 2017
Profit/(loss) for the year attributable to owners of the Company	**46,96,59,337**	41,89,49,959
Weighted average number of equity shares	**13,82,61,728**	12,12,73,836
Earnings per share from continuing operations - Basic	**3.40**	3.45

Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock options and Convertible bonds for the respective periods. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.

	31 March 2018	31 March 2017
Profit/(loss) for the year used in the calculation of basic earnings per share	**46,96,59,337**	41,89,49,959
Add: Interest expense and exchange fluctuation on convertible bonds (net) - adjusted for attributable taxes	**–**	–
Profit/(loss) for the year used in the calculation of diluted earnings per share	**46,96,59,337**	41,89,49,959
Profit for the year on discontinued operations used in the calculation of diluted earnings per share from discontinued operations	**–**	–
Profits used in the calculation of diluted earnings per share from continuing operations	**46,96,59,337**	41,89,49,959

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	31 March 2018	31 March 2017
Weighted average number of equity shares used in the calculation of Basic EPS	**13,82,61,728**	12,12,73,836
Add: Effect of Warrants,		
ESOPs	**34,97,032**	**34,97,032**
Weighted average number of equity shares used in the calculation of Diluted EPS	**14,17,58,760**	12,47,70,868

Note No. 28 - Financial Instruments

Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a periodic basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of 31 March 2018 and 31 March 2017 is as follows:

	31-Mar-18	31-Mar-17
Debt (A)	**2,38,21,54,478**	2,99,31,57,993
Equity (B)	**5,98,15,72,308**	5,50,32,97,532
Debt Ratio (A/B)	**0.40**	0.54

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Categories of financial assets and financial liabilities

As at 31 March 2018

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	**–**	**50,000**	**–**	**50,000**
Loans	**1,18,00,00,000**	**–**	**–**	**1,18,00,00,000**
Other Financial Assets				
– Non Derivative Financial Assets	**5,74,25,787**	**–**	**–**	**5,74,25,787**
Current Assets				
Investments	**–**	**10,10,54,156**	**–**	**10,10,54,156**
Trade Receivables	**3,01,91,17,342**	**–**	**–**	**3,01,91,17,342**
Other Bank Balances	**42,426**	**–**	**–**	**42,426**
Loans	**35,00,00,000**	**–**	**–**	**35,00,00,000**
Other Financial Assets				
– Non Derivative Financial Assets	**4,20,44,305**	**–**	**–**	**4,20,44,305**
Non-current Liabilities				
Borrowings	**2,04,67,55,492**	**–**	**–**	**2,04,67,55,492**
Current Liabilities				
Borrowings	**33,53,98,986**	**–**	**–**	**33,53,98,986**
Trade Payables	**2,68,40,45,982**	**–**	**–**	**2,68,40,45,982**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**11,63,23,191**	**–**	**–**	**11,63,23,191**
– Derivative Financial Liabilities	**–**	**5,60,03,513**	**–**	**5,60,03,513**

As at 31 March 2017

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	–	50,000	–	50,000
Loans	18,00,00,000	–	–	18,00,00,000
Other Financial Assets				
– Non Derivative Financial Assets	1,37,44,123	–	–	1,37,44,123
Current Assets				
Investments	–	9,40,100	–	9,40,100
Trade Receivables	5,62,03,46,812	–	–	5,62,03,46,812
Other Bank Balances	2,50,04,425	–	–	2,50,04,425
– Other Financial Assets				
– Non Derivative Financial Assets	16,72,07,461	–	–	16,72,07,461
Non-current Liabilities				
Borrowings	1,97,81,57,993	–	–	1,97,81,57,993
Current Liabilities				
Borrowings	1,42,43,15,469	–	–	1,42,43,15,469
Trade Payables	2,39,35,99,021	–	–	2,39,35,99,021
Other Financial Liabilities				
– Non Derivative Financial Liabilities	11,09,92,002	–	–	11,09,92,002
– Derivative Financial Liabilities	–	6,56,62,257	–	6,56,62,257

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collaterel , where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterpaty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-agencies.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The Company based on its assessment believes that there is no credit loss as on March 31, 2018 to be provided in the statement of profit and loss.

There is no change in estimation techniques or significant assumptions during the reporting period.

LIQUIDITY RISK

(i) Liquidity risk management

The mangement of the Company has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial liabilities				
31-Mar-18				
Non-interest bearing	**2,80,03,69,173**	–	–	–
Variable interest rate instruments	**33,53,98,986**	**2,04,67,55,492**	–	–
Total	**3,13,57,68,159**	**2,04,67,55,492**	–	–
31-Mar-17				
Non-interest bearing	2,50,45,91,022	–	–	–
Variable interest rate instruments	1,42,43,15,469	1,97,81,57,993	–	–
Total	3,92,89,06,491	1,97,81,57,993	–	–

The following table details the Company's/Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Derivative financial instruments				
31-Mar-18				
Net settled:				
– Interest rate swaps	–	**4,75,66,371**	–	–
– Foreign exchange forward contracts	**84,37,142**	–	–	–
Total	**84,37,142**	**4,75,66,371**	–	–
31-Mar-17				
Net settled:				
– Interest rate swaps	–	6,25,56,031	–	–
– Foreign exchange forward contracts	31,06,226	–	–	–
Total	31,06,226	6,25,56,031	0	0

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	**31-Mar-18** INR	31-Mar-17 INR
Secured Bank Overdraft facility		
– Expiring within one year.................	–	–
– Expiring beyond one year..............	**4,61,78,45,522**	1,09,75,26,538
	4,61,78,45,522	1,09,75,26,538

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial assets				
31-Mar-18				
Non-interest bearing	**3,46,85,87,434**	–	–	–
Fixed interest rate instruments	**1,18,00,42,426**	–	–	–
Total	**4,64,86,29,860**	–	–	–
31-Mar-17				
Non-interest bearing	5,80,12,98,396	–	–	–
Fixed interest rate instruments	20,50,04,425	–	–	–
Total	6,00,63,02,821	–	–	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's/ Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging the transactions at the time the Company enters into a contract with its customers by passing the exchange risk to the customer. The foreign curency borrowings are entirely hedged for the entire period of the borrowing.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Currency	31-Mar-18	31-Mar-17
Trade Receivables	USD	**99,18,250**	6,66,00,000
Trade Payables	USD	**34,87,43,165**	8,93,66,611
Secured Bank Loans	USD	**2,38,21,54,478**	1,97,81,57,993
Advance from Customers	USD	**1,74,78,13,020**	–

Of the above foreing currency exposures, the following exposures are not hedged by a derivative:

Particulars	Currency	31-Mar-18	31-Mar-17
Trade Receivables	USD	**99,18,250**	6,66,00,000
Trade Payables (Refer Note 1)	USD	**34,87,43,165**	8,93,66,611
Secured Bank Loans	USD	**33,53,98,986**	–
Advance from Customers	USD	**1,74,78,13,020**	–

Note 1: Trade Payables on goods traded are hedged by way of a clause in the contract with the customers wherein the foreign currency risk is transferred to the customer.

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

	Currency	Change in rate	Effect on profit before tax	Effect on pre-tax equity
31-Mar-18	USD	+10%	(24,22,03,692)	–
	USD	-10%	24,22,03,692	–
31-Mar-17	USD	+10%	(22,76,661)	–
	USD	-10%	22,76,661	–

Profit is more sensitive to movements in the INR/USD rates in 2018 than 2017 because of the increased USD denominated borrowings, trade payables and advance from customers.

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. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. March 31, 2018 after taking into account the effect of interest rate swaps, approximately 86% of the Company's borrowings are at a fixed rate of interest (31 March 2017: 58%).

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase/decrease in basis points	Effect on profit before tax
31-Mar-18	**INR**	**+50**	**(16,76,995)**
	INR	**-50**	**16,76,995**
31-Mar-17	INR	+50	(71,21,577)
	INR	-50	71,21,577

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.