

## INDEPENDENT AUDITORS' REPORT

**To the Members of Surguja Power Private Limited**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Surguja Power Private Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for matters stated in Section 134(5) of the companies Act, 2013 (the "Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal financial control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness



of 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 financial statements.

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

### **Opinion**

In our opinion, and to the best of our information and according to the explanations given to us, the accompanying 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Emphasis of Matter**

As per the information and explanations given to us, though the net worth of the company is negative, based on the financial support from holding company, the financial statements have been prepared on a going concern basis and no adjustments to the carrying values of assets and liabilities is considered necessary by the Management at this stage.

### **Report on Other Legal and Regulatory Requirements**

1. This report does not contain a statement on the matters specified in paragraphs 3 and 4 of 'the Companies (Auditor's Report) Order, 2015', as in our opinion, and according to the information and explanations given to us, the Order is not applicable in the case of the Company.
2. 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



- i. The Company does not have any pending litigations which would impact its financial position;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

Ahmedabad  
May 12, 2015



For **MBD & Co.**  
Firm Registration Number: 135129W  
Chartered Accountants

*Bhavik Shah*

Bhavik Shah  
Partner  
Membership Number: 129674

# SURGUJA POWER PRIVATE LIMITED

Balance Sheet as at 31 March 2015

Amount in Rupees

	Notes	31 March 2015	31 March 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	1,00,000	1,00,000
Reserves and surplus	4	(1,01,54,807)	(69,770)
		<b>(1,00,54,807)</b>	<b>30,230</b>
<b>Non Current liabilities</b>			
Long-term borrowings	5	3,89,01,395	2,92,57,987
		<b>3,89,01,395</b>	<b>2,92,57,987</b>
<b>Current liabilities</b>			
Other current liabilities	6	4,73,534	51,578
		<b>4,73,534</b>	<b>51,578</b>
<b>Total</b>		<b>2,93,20,122</b>	<b>2,93,39,795</b>

## ASSETS

### Non-current assets

#### Fixed assets

##### Tangible assets

Expenditure during construction, pending allocation

7	7,19,179	7,79,520
8	2,85,18,443	2,85,18,443
	<b>2,92,37,622</b>	<b>2,92,97,963</b>

### Current assets

Cash and bank balance

Short term loans and advances

9	78,700	38,032
10	3,800	3,800
	<b>82,500.00</b>	<b>41,832</b>

### Total

Statement of significant accounting policies

	<b>2,93,20,122</b>	<b>2,93,39,795</b>
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The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **M B D & Co.**

Firm Registration Number : 135129W

Chartered Accountants

*Bhavik K. Shah*

**Bhavik K. Shah**

Partner

Membership No. 129674



Place : Ahmedabad

Date : 12th May, 2015

For and on behalf of the board of directors of

**Surguja Power Private Limited**

*Vneet Jaain*

**Vneet Jaain**

Director

*Kandarp Patel*

**Kandarp Patel**

Director

Place : Ahmedabad

Date : 12th May, 2015



# SURGUJA POWER PRIVATE LIMITED

Statement of Profit and Loss for the year ended 31 March 2015

Amount in Rupees

	Notes	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>Expenses</b>			
Depreciation	7	60,341	-
Finance Cost	11	41,53,787	-
Other expenses	12	58,70,909	21,645
<b>Total</b>		<b>1,00,85,037</b>	<b>21,645</b>
<b>Loss for the year</b>		<b>(1,00,85,037)</b>	<b>(21,645)</b>
<b>Earning per equity share (nominal value of share Rs.10 each)</b>			
Basic and Diluted		(1,008.50)	(2.16)
Statement of significant accounting policies	2		

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

As per our report of even date

**For M B D & Co.**

Firm Registration Number : 135129W

Chartered Accountants

*Bhavik K. Shah*

**Bhavik K. Shah**

Partner

Membership No. 129674



Place : Ahmedabad

Date : 12th May, 2015

For and on behalf of the board of directors of

**Surguja Power Private Limited**

*Vneet Jaain*

**Vneet Jaain**

Director

*Kandarp Patel*

**Kandarp Patel**

Director

Place : Ahmedabad

Date : 12th May, 2015

# SURGUJA POWER PRIVATE LIMITED

Cash flow statement for the year ended 31 March 2015

	Amount in Rupees	
	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>Cash flow from operating activities</b>		
Loss before tax	(1,00,85,037)	(21,645)
Adjustments for :		
Depreciation for the year	60,341	-
Interest Expense on loan	41,53,787	-
<b>Operating Loss before working capital changes</b>	<b>(58,70,909)</b>	<b>(21,645)</b>
Decrease / (increase) in current assets	-	15,087
Increase / (decrease) in current liabilities	4,21,956	(12,64,136)
<b>Cash generated from operations</b>	<b>(54,48,953)</b>	<b>(12,70,694)</b>
Less: Taxes paid	-	-
<b>Net cash flow from operating activities (A)</b>	<b>(54,48,953)</b>	<b>(12,70,694)</b>
<b>Cash flow from investing activities</b>		
Increase in capital work-in-progress	-	(26,51,740)
<b>Net cash flow used in investing activities (B)</b>	<b>-</b>	<b>(26,51,740)</b>
<b>Cash Flow From Financing Activities</b>		
Proceeds from Long-Term borrowings	54,89,621	39,30,000
<b>Net cash flow from financing activities (C)</b>	<b>54,89,621</b>	<b>39,30,000</b>
Net increase / (decrease) in cash & cash equivalents (A+B+C)	40,668	7,566
Cash & cash equivalents at the beginning of the period	38,032	30,466
<b>Cash &amp; cash equivalents at the end of the period (Refer note 9)</b>	<b>78,700</b>	<b>38,032</b>

## Note :

- 1 Cash and cash equivalents above comprises only of balances held with banks.
- 2 The Cash Flow Statement has been prepared under the Indirect method as set out in Accounting Standard-3 on Cash Flow Statements issued by The Institute of Chartered Accountants of India.
- 3 Figures in brackets represent cash outflow.

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

As per our report of even date

**For M B D & Co.**

Firm Registration Number : 135129W

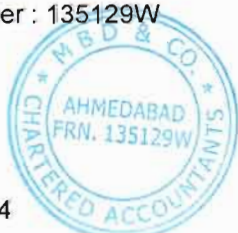
Chartered Accountants

*Bhavik K. Shah*

**Bhavik K. Shah**

Partner

Membership No. 129674



Place : Ahmedabad

Date : 12th May, 2015

For and on behalf of the board of directors of  
**Surguja Power Private Limited**

*Vneet Jaain*

**Vneet Jaain**  
Director

*Kandarp Patel*

**Kandarp Patel**  
Director

Place : Ahmedabad

Date : 12th May, 2015

# SURGUJA POWER PRIVATE LIMITED

## Notes to financial statements for the year ended 31 March 2015

### 1. Nature of Operation/Corporate information

Surguja Power Private Limited was incorporated on January 24, 2012 under the Companies Act, 1956. The company is in process of setting up 540 MW (135 MW x 4 units) Thermal Power Plant at Dist. Surguja, Chhattisgarh. The company has undertaken feasibility studies. However, due to uncertain economic conditions, the management of the company has decided to temporarily suspend the project development work.

### 2. Basis of Preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Section 133 of the Companies Act, 2013 ("the 2013 Act") read with Rule 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on accrual basis under historical cost convention and going concern basis. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

### Summary of Significant Accounting Policies

#### a. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates which are recognized in the period in which the results are known.

#### b. Current & Non current Classification

All the assets and liabilities have been classified as current or non-current as per the normal operating cycle of the Company and other criteria set out in Schedule III to the Companies Act 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities

#### c. Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

#### d. Expenditure during construction period/Project development expenditure

Expenditure related to and incurred during implementation of capital projects is included under "Capital Work in Progress" or "Project Development Expenditure" as the case may be. The same is allocated to the respective fixed assets on completion of construction/ erection of the capital project/ fixed assets. However, if there is interruption in development work of the project or company temporary keeps project on hold no amount shall be transferred to expenditure during construction.



# SURGUJA POWER PRIVATE LIMITED

## Notes to financial statements for the year ended 31 March 2015

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### e. Depreciation

Depreciation on fixed assets has been provided on straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except in case of the power plant assets, in whose case the life of the assets has been assumed based on technical advice, taking into account the nature of the assets, the estimated usage of the asset, the operating condition of the asset, anticipated technological changes, manufacturer warranties and maintenance support etc. Until last year company has been providing depreciation on the assets as per rates and methodology notified under CERC Regulations. However with the recent scenario of the project, company is of the view that depreciation rate as per Schedule II is more appropriate method for calculating depreciation and accordingly same have been provided.

### f. Provisions, Contingent Liabilities & Contingent Assets

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

### g. Earnings Per Share

Basic earnings per share are 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.

### h. Cash and Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

### i. Impairment of assets

The carrying values of assets / cash generating units are reviewed for impairment at each balance sheet date. If any indication of impairment exists, the recoverable amount is estimated. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the period in which an asset is identified as impaired. The impairment loss, if any, recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.





# SURGUJA POWER PRIVATE LIMITED

Notes to financial statements for the year ended 31 March 2015

## 3 Share Capital

	31 March 2015	Amount in Rupees 31 March 2014
<b>Authorised shares</b>		
10,000 Equity shares of Rs. 10/- each	1,00,000	1,00,000
<b>Issued, subscribed fully paid-up shares</b>		
10,000 Equity shares of Rs. 10/- each fully paid	1,00,000	1,00,000
	<b>1,00,000</b>	<b>1,00,000</b>

### a. Terms / rights attached to equity shares

Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the liquidator may divide amongst the members, in piece or kind, the whole or any part of the assets of the company.

### b. Shares held by holding company

	31 March 2015		31 March 2014	
Equity Shares	Numbers	Amount in Rupees	Numbers	Amount in Rupees
Holding Company				
Adani Mining Private Limited (together with its nominees)	10,000	1,00,000	10,000	1,00,000
	<b>10,000</b>	<b>1,00,000</b>	<b>10,000</b>	<b>1,00,000</b>

### c. Details of shareholders holding more than 5% shares in the company

	31 March 2015		31 March 2014	
Equity Shares	Numbers	Amount in Rupees	Numbers	% holding in the class
Adani Mining Private Limited (together with its nominees)	10,000	100%	10,000	100%
	<b>10,000</b>	<b>100%</b>	<b>10,000</b>	<b>100%</b>

## 4 Reserves and surplus

	31 March 2015	Amount in Rupees 31 March 2014
Deficit in the statement of profit and loss		
Balance as per last financial statements	(69,770)	(48,125)
Loss for the year	(1,00,85,037)	(21,645)
<b>Net deficit in the statement of profit and loss</b>	<b>(1,01,54,807)</b>	<b>(69,770)</b>
	<b>(1,01,54,807)</b>	<b>(69,770)</b>

## 5 Long-term borrowings

	31 March 2015	Amount in Rupees 31 March 2014
Interest bearing loan from holding (For the purpose of meeting out business needs)	3,89,01,395	2,92,57,987
	<b>3,89,01,395</b>	<b>2,92,57,987</b>

## 6 Other Current liabilities

	31 March 2015	Amount in Rupees 31 March 2014
Statutory obligations	1,11,983	337
Retention Money	2,82,899	13,235
Hold for other Recoveries	67,416	-
Other Payable	11,236	38,006
	<b>4,73,534</b>	<b>51,578</b>



# SURGUJA POWER PRIVATE LIMITED

Notes to financial statements for the year ended 31 March 2015

## 7 Tangible assets

Particulars	Gross block as at			Depreciation <sup>2</sup>			Net block as at	
	1 April 2014	Additions	Deductions	31 March 2015	1 April 2014	For the year	31 March 2015	31 March 2014
Buildings <sup>1</sup>	7,11,104	-	-	7,11,104	-	-	-	-
Plant and machinery	7,44,030	-	-	7,44,030	50,586	50,571	6,42,873	6,93,444
Furniture and fixtures	1,05,276	-	-	1,05,276	19,200	9,770	76,306	86,076
<b>Total</b>	<b>15,60,410</b>	<b>-</b>	<b>-</b>	<b>15,60,410</b>	<b>7,80,890</b>	<b>60,341</b>	<b>7,19,179</b>	<b>7,79,520</b>
<b>Previous year</b>	<b>15,60,410</b>	<b>-</b>	<b>-</b>	<b>15,60,410</b>	<b>7,35,393</b>	<b>45,496</b>	<b>7,79,520</b>	<b>8,25,017</b>

### Notes:

- Buildings consist of temporary structures at project sites and the same is accordingly depreciated @ 100% in the year of purchase itself.
- During the year, the estimated useful life and residual value of the fixed assets have been revised in accordance with Schedule II of the Companies Act, 2013. Due to the change in estimated useful life and residual value of assets, the depreciation charge for the period ended 31 March 2015, is increased by Rs. 14,845/- with corresponding impact on carrying value of tangible fixed assets.



# SURGUJA POWER PRIVATE LIMITED

Notes to financial statements for the year ended 31 March 2015

## 8 Expenditure during construction, pending allocation

	31 March 2015	Amount in Rupees 31 March 2014
Opening balance brought forward	2,85,18,443	2,58,21,206
<b>Administrative and Finance charges</b>		
Consultancy services	-	24,08,466
Travelling expenses	-	96,121
Administrative and office expenses	-	15,892
Other expenses	-	1,31,261
<b>Total (a)</b>	-	<b>26,51,740</b>
Depreciation (b)	-	45,497
<b>Total (a+b)</b>	<b>2,85,18,443</b>	<b>2,85,18,443</b>

Note: During the year as there has been no considerable progress in the project activities, owing to overall scenario of power industry, company has decided to charge off all expenses incurred during the year including interest on loan to statement of profit and loss and accordingly no amount has been transferred to expenditure during construction, pending allocation.

## 9 Cash and bank balance

	31 March 2015	Amount in Rupees 31 March 2014
<b>Cash and cash equivalents</b>		
<b>Balance with banks</b>		
In current accounts	78,700	38,032
	<b>78,700</b>	<b>38,032</b>

## 10 Short Term Loans & Advance (Unsecured considered good)

	31 March 2014	Amount in Rupees 31 March 2013
Security deposit	3,800	3,800
	<b>3,800</b>	<b>3,800</b>

## 11 Finance Cost

	For the year ended 31 March 2015	Amount in Rupees For the period ended 31 March 2014
Interest Expense on loan	41,53,787	-
	<b>41,53,787</b>	<b>-</b>

## 12 Other expenses

	For the year ended 31 March 2015	Amount in Rupees For the period ended 31 March 2014
Rates and taxes	2,400	2,400
Professional fees	55,56,992	3,638
Audit fees - for statutory audit	11,461	11,236
Legal fees	-	4,371
Legal and licence charges	3,00,000	-
Bank Charges	56	-
	<b>58,70,909</b>	<b>21,645</b>



# SURGUJA POWER PRIVATE LIMITED

Notes to financial statements for the year ended 31 March 2015

## 13 Capital commitments

	Amount in Rupees	
	31 March 2015	31 March 2014
Estimated amount of contract (Net of advances) remaining to be executed on capital account and not provided for	1,03,68,797	74,28,555

- 14 There are no Micro, Small and Medium Enterprises, to whom the company owes dues and which are outstanding as at the Balance Sheet date. The above information has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

## 15 Related Parties

Holding Company	:	Adani Mining Private Limited
Ultimate Holding Company	:	Adani Enterprises Limited
Key Management Personnel	:	Mr. Vneet Jaain
		Mr. Vinod Bhandawat
		Mr. Kandarp Patel (w.e.f. 6th June, 2014)
		Mr. Juvenil Jani (upto 7th June, 2014)

Information in respect of Related Parties			Amount in Rupees	
	UltimateHolding Company		Holding Company	
Particulars	31 March 2015	31 March 2014	31 March 2015	31 March 2014
<b>Unsecured Loan received</b>				
Adani Mining Private Limited	-	-	96,43,408	39,30,000
<b>Interest Expenses</b>				
Adani Mining Private Limited	-	-	41,53,787	-
<b>Balance Outstanding of Unsecured Loan</b>				
Adani Mining Private Limited	-	-	3,89,01,395	2,92,57,987

As per our report of even date

For M B D & Co.

Firm Registration Number : 135129W

Chartered Accountants

*Bhavik K. Shah*

Bhavik K. Shah

Partner

Membership No. 129674

Place : Ahmedabad

Date : 12th May, 2015

For and on behalf of the board of directors of

Surguja Power Private Limited

*Vneet Jaain*

Vneet Jaain

Director

Place : Ahmedabad

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Director