Notes forming part of financial statements
(All amounts ₹ in Lakhs, unless otherwise stated)

1. Company Overview

XL Energy Limited is listed company having its shares listed in BSE Limited and National Stock Exchange of India Limited. The Company is engaged in the business of manufacture of equipment for Telecom Industry, manufacturing/trading/production and sale of Solar Photovoltaic Modules and manufacture of Ethanol. However, at present, the business conducted in the Telecom and Ethanol segment have been temporarily discontinued with a negligible business being conducted in the Solar Power Segment.

2. Significant Accounting Policies

2.1. Statement of Compliance:

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 (“Ind AS”). The financial statements up to the financial year ended 31st March, 2017 were prepared in accordance with generally accepted accounting principles in the India, including accounting standards read with Section 133 of the Companies Act, 2013 notified under Companies (Accounting Standards) Rules, 2006 (“Previous GAAP”). These are the Company’s first Ind AS financial statements. The date of transition to Ind AS is 01st April, 2016. Refer Note 3 for the details of first time adoption and exemptions availed by the Company.

2.2 Basis of preparation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (‘the Act’) read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, and presentation requirements of Division II to Schedule III to the Act under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair value.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with the Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures as at date of the financial statements and the reported amounts of the revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Although these estimates are based upon managements best knowledge of current events, actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Contingences and commitments: In the normal course of business, contingent liabilities may arise from litigations and other claims against the Company. Where the potential liabilities have a low probability of crystallizing or are very difficult to quantify reliably, company treat them as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, company do not expect them to have a materially adverse impact on the financial position or profitability.

2.4 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

2.5 Property, plant and equipment

Property, plant and equipment (PPE) are initially recognised at cost. The initial cost of PPE comprises its purchase price, including non-refundable duties and taxes net of any trade discounts and rebates. The cost of PPE includes interest on borrowings (borrowing cost) directly attributable to acquisition, construction or production of qualifying assets subsequent
to initial recognition, PPE are stated at cost less accumulated depreciation (other than freehold land, which are stated at cost) and impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. 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 useful lives.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and capital work in progress) less their residual values over the useful lives, using the straight- line method ("SLM") in the manner prescribed in schedule II to the Act.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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 disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Fully depreciated assets still in use are retained in financial statements.

Property, Plant and Equipment

(₹ Lakhs)

Particulars	Land	Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipment	Computers	Total
Gross Carrying Amount								
Balance as at 01.04.2016	1,154.90	4,711.32	4,975.16	263.35	262.49	73.73	231.56	11,672.51
Additions	-	-	-	-	-		-	-
Deletions	-	-	-	-	(27.23)		-	(27.23)
Balance as at 31-03-2017	**1,154.90**	**4,711.32**	**4,975.16**	**263.35**	**235.26**	**73.73**	**231.56**	**11,645.28**
Additions	-	-	-	-	-	-	-	-
Deletions	(112.25)	(496.09)	(1,876.64)	(240.20)	-	(71.09)	(161.55)	(2,957.82)
Balance as at 31-03-2018	**1,042.65**	**4,215.23**	**3,098.52**	**23.15**	**235.26**	**2.64**	**70.01**	**8,687.46**
Accumulated Depreciation/Amortisation								
Balance as at 01-04-2016	-	323.37	2,211.02	115.58	248.69	62.41	208.93	3,170.00
Additions	-	6.11		0.96	8.54	6.63	8.56	30.80
Deletions	-	-			(21.97)	-		(21.97)
Balance as at 31-03-2017	**-**	**329.48**	**2,211.02**	**116.54**	**235.26**	**69.04**	**217.49**	**3,178.83**
Additions	-	2.32	-	1.92	-	0.15	1.76	6.15
Deletions	-	(180.31)	(1,527.06)	(102.95)	-	(68.61)	(216.16)	(2,095.10)
Balance as at 31-03-2018	**-**	**151.49**	**683.96**	**15.51**	**235.26**	**0.58**	**3.09**	**1,089.89**
Net Carrying Amount								
Balance as at 01-04-2016	1,154.90	4,387.95	2,764.14	147.77	13.80	11.32	22.63	8,502.51
Balance as at 31-03-2017	1,154.90	4,381.84	2,764.14	146.81	-	4.69	14.07	8,466.45
Balance as at 31-03-2018	**1,042.65**	**4,063.74**	**2,414.55**	**7.64**	**-**	**2.07**	**66.92**	**7,597.57**

2.6 Capital work-in-progress and intangible assets under development

Capital work-in-progress/intangible assets under development are carried at cost, comprising direct cost, related incidental expenses. An amount of ₹19,356.00 Lakhs in CWIP is the amount which is invested in the Fabcity Project. It is a project initiated by the company in 2008-09 for the setup-up of automatic Solar Photovoltaic Cell manufacturing unit along with semi-automatic Module manufacturing unit. All the equipments envisaged under Fabcity project have been imported and the project executed to the extent of about 75%. The module line which is one part of the fabcity project has since been implemented and commercial operations commenced way back in 2012. However, Since the banks have attached the Property and some of the banks have assigned the Assets to the ARC, there is no further investment by the company to complete the Plant.

Adjustments have been made to the CWIP to the extent of ₹ 4,707.89 Lakhs due to transition to Ind AS, Advances paid for items of Machinery / Material received at the Project Site but not accounted earlier have been included in the CWIP value as on transition date. Borrowing cost attributable to the Loans taken for the Project included in the years prior to the date of transition but not paid have been reversed since the project is suspended.

Capital work-in-progress **(₹ Lakhs)**

Particulars	Fabcity Project	Ethanol Project	Cherlapally	Total
Balance as at 01.04.2016	19,355.05	27.96	111.28	19,494.29
Additions	0.95	-	-	0.95
Deletions	-	-	-	-
Balance as at 31-03-2017	**19,356.00**	**27.96**	**111.28**	**19,495.24**
Additions	-	-	-	-
Deletions	-	-	(111.28)	(111.28)
Balance as at 31-03-2018	**19,356.00**	**27.96**	**-**	**19,383.96**

2.7 Investment in subsidiaries and joint ventures

Investments in subsidiaries and joint venture are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

Impairment to the investment in the foreign subsidiary M/s Saptashva Solar SA, Spain in the form of both equity and share application money pending allotment under the head investments has been effected on the basis of networth of the subsidiary based on its balance sheets as at 31st December, 2015 and 2016 respectively.

Impairment to investment to the Indian Joint Venture (JV) Company M/s Saptashva Solar Limited has not been effected although there is a negative networth of the JV Company, the reason being that the JV Company which had receivables to the extent of ₹ 2.37 Crores against which the JV company initiated arbitration proceedings for recovery has now been decreed in the favour of JV company along with interest and costs. In view of the above, the investment in the JV Company along with the advances provided to the JV Company as described in Note No.5 is not written off or adjusted towards impairment.

The above mentioned adjustments for Impairment of Investment prior to the date of transition to Ind AS have been done on the date of transition ie.01.04.2016.

(₹ Lakhs)

Particulars	As At 31st March, 2018	As At 31st March, 2017	As At 01st April, 2016
TRADE INVESTMENTS			
Unquoted Investments			
A. Investment in Equity instrument in subsidiary -			
Saptashva Solar SA-Spain			
2548006 fully paid equity shares of Euro 1 each	1,636.49	1,636.49	1,636.49
Less : Impairment in value of investment	(1,344.09)	(1,344.09)	(1,271.14)
	292.40	292.40	365.35
B. Investment in Equity instrument ~ Joint Venture			
i. Saptashva Solar Ltd. (50000 Fully paid up Equity Shares of Rs.10/- each)	5.00	5.00	5.00
Less : Impairment in value of investment	-	-	-
	5.00	5.00	5.00
C) Others			
Saptashva Solar SA-Spain			
Share Application Money - pending allotment	1,006.71	1,006.71	1,006.71
Less: Impairment in value of investment	(1,006.71)	(1,006.71)	(1,006.71)
	-	-	-
Total	**297.40**	**297.40**	**370.35**

Details of wholly owned subsidiary

Name of Subsidiary	Principal Activity
Saptashva Solar SA-Spain	Solar Energy

Details of Joint Venture

Name of Joint Venture	Principal Activity
Saptashva Solar Ltd.	EPC Contract in Solar power Sector

2.8 Income tax

Current tax: There is no Current tax liability during the year due to loss incurred by the company.

Deferred tax: Deferred Tax Assets which was created during the Financial Years 2009-10 to 2012-13 aggregating to ₹ 16,976.68 lakhs has been written off as on the date of transition due to application of Ind AS on the basis of valuation of Assets on its realisibility. This Tax Asset is valued at Nil because the company's productive assets have been taken over by the banks / ARC and are in the process of being sold off. The Company's business in terms of production have totally stalled and taking into consideration the balance of period available for utilization of this Deferred tax Asset, there does not seem any possibility of any profitability in the next two years to utilize this tax asset.

2.9 Borrowing Costs:

Borrowing costs incurred in relation to the acquisition and construction of assets is capitalized as part of the cost of such assets up to the date when such assets are ready for intended use or in the case of

Capital Work in Progress, up to the date when the works at site were in progress and not stopped/ stalled due to any reason.

2.10 Employee Benefits:

Defined Contribution Plan: Contributions paid/ payable the defined contribution plan of provident fund for employees covered under the scheme are recognized in the profit and loss account each year. However, during the year the company does not have any employees who are covered under the Provident fund scheme.

Defined Benefit Plan: The Company is accounting gratuity and bonus on cash basis. However, as on the date of balance sheet, the company does not have any liability to gratuity and bonus to any employees of the company.

Other Long Term employee Benefits: There are no long term employee benefits comprising of Leave encashment, bonus, etc. as at the Balance Sheet date.

2.11 Impairment of assets

Financial assets: The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

PPE and intangible assets: Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Profit and Loss.

2.12 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.13 Provisions and Contingent Liabilities:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

(₹ Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017
a) Guarantee / Counter Guarantees given on sale of contracts to		
(i) Sukhbir Solar Energy Pvt. Ltd – BG against performance Guarantee	**121.10**	121.10
(ii) BSNL - BG against Sales Contract Performance guarantee	**234.33**	234.33
(iii) BSNL – BG against AMC Contract Guarantee	**148.23**	148.23
(iv) BSNL - BG against Sales Contract Performance guarantee	**105.22**	105.22
(v) MTNL, New Delhi - BG against Sales Contract Performance guarantee	**68.40**	68.40
Total Bank Guarantees Contingent liability (Bank guarantee provided and being continued against arbitrations in progress)	**677.28**	677.28
b) Disputed income tax liability relating to a demand notice from the Income Tax department for levy of penalty and interest on tax dues for the AY.2005-06, AY.2006-07, AY. 2007-08, AY 2008-09 & AY.2009-10. The company had filed an appeal with the department seeking waiver of penalties imposed on the company since the delays in remittance of dues were due to circumstances beyond the control of the company.	**255.99**	272.37

2.14 Inventories

The stock of construction material, stores and spares are valued at lower of cost on FIFO basis and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to their present location and condition, including octroi and other levies, transit insurance and receiving charges.

Work-in-progress and finished goods include appropriate proportion of overheads and, wherever applicable, excise duty. 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. The company has disposed off or charged off to the profit & loss account most of the stock which was obsolete / dead over the years. All other stock which is usable and has shelf life have been valued on the basis of net realizable value or cost whichever is lower. The stock of PV solar material which is non-recoverable and under litigation prior to the transition date has been written off as on the transition date.

2.15 Exceptional items

Exceptional items represents the nature of transactions which are not of recurring nature during the ordinary course of business but lead to increase/decrease in profit/loss for the year. The loss incurred by the Company on sale of fixed assets is treated as an exceptional item and charged to profit and loss account.

3 Explanation of transition to Ind AS

As stated in Note 2.1, the Company's financial statements for the year ended 31st March, 2018 are the first annual financial statements prepared by the Company in order to comply with Ind AS. The adoption of Ind AS was carried out in accordance with Ind AS 101, using 01st April, 2016 as the

transition date. The transition was carried out from Previous GAAP (based on the AS framework) to Ind AS. The effect of adopting Ind AS has been summarized in the reconciliations provided below.
Ind AS 101 generally requires full retrospective application of the Standards in force at the first reporting date. However, Ind AS 101 allows certain exemptions in the application of particular Standards to prior periods in order to assist companies with the transition process.

3.1 Reconciliations

The accounting policies as stated above in Note 2.2 have been applied in preparing the financial statements for the year ended 31st March, 2018 the financial statements for the year ending 31st March, 2016 and the preparation of an opening Ind AS statement of financial position as at 01st April, 2016. In preparing its opening Ind AS Balance Sheet and Statement of Profit and Loss for the year ended 31st March, 2017, the Company has adjusted amounts reported in financial statements prepared in accordance with Previous GAAP.

Reconciliation of Equity

(₹ Lakhs)

S No	Particulars	As at 31st March, 2017	As at 01st April, 2016
1	**Other Equity as per previous GAAP**	**(11,580.44)**	**(11,377.73)**
2	**Adjustment in retained earnings on transition date**		
	Adjustment on fair valuation of financial liabilities		
	Adjustment on fair valuation of financial assets	(2,350.80)	(2,277.85)
	Valuation of Inventories held as at 01.04.2016 as per Ind AS	(6,313.49)	(6,313.49)
	Adjustment on Inter Corporate Advances	(345.55)	(345.55)
	Deferred Tax Asset (unrealisable)	(16,976.68)	(16,976.68)
	Total (2)	**(25,986.52)**	**(25,913.57)**
3	Other movements in other equity	-	-
	Total (3)	-	-
4	**Other Equity as per Ind AS (1+2+3)**	**(37,566.96)**	**(37,291.30)**
5	Equity Share Capital	2277.44	2277.44
6	Preference Share Capital	10,378.04	10,378.04
	Total Equity as at the year end (4+5+6)	**(24,911.48)**	**(24,635.82)**

Reconciliation of total comprehensive income:

(₹ Lakhs)

Particulars	As at 31st March, 2017
Profit for the year as per Previous GAAP	**(202.71)**
Impact of measurement of financial instruments at fair value	(72.95)
Deferred tax adjustment on fair value measurement of financial instruments	
Actuarial loss/(Gain) on defined obligation recognised in other comprehensive expenses	
Other Comprehensive Income (OCI)	
Actuarial Gain transferred to OCI (after tax)	
Total Comprehensive Income as per Ind As	**(275.66)**

Explanation of material adjustments to Statement of Cash Flows for the year ended 31st March, 2017:

The transition from Previous GAAP to Ind AS has no material impact on the Statement of Cash Flows.

Reconciliation of Balance Sheet

(₹ Lakhs)

		NOTES	Balance sheet as at 31st March, 2017			Opening Balance sheet as at 01st April, 2016		
			Previous GAAP	Ind AS Adjustments	Ind AS	Previous GAAP	Ind AS Adjustments	Ind AS
I	**Assets**							
1	**Non-current Assets**							
a	Property Plant & Equipment		8,466.43	-	8,466.43	8,502.51	-	8,502.51
b	Capital Work in Progress		24,203.13	(4,707.89)	19,495.24	24,202.18	(4,707.89)	19,494.29
2	Financial Assets							
a	Non current Investments		2,648.20	(2,350.80)	297.40	2,648.20	(2,277.85)	370.35
b	Trade Receivables		-	-	-	-	-	-
c	Deferred Tax Assets		16,976.68	(16,976.68)	-	16,976.68	(16,976.68)	-
d	Other Non current Assets		19,898.59	(2,301.91)	17,596.68	20,355.00	(2,657.34)	17,697.66
II	**Current Assets**							
a	Inventories		7,606.72	(6,313.49)	1,293.23	7,718.44	(6,313.49)	1,404.95
b	Financial Assets							
I	Trade Receivables		15,558.44	-	15,558.44	15,650.14	-	15,650.14
Ii	Cash and Cash equivalents		1.81	-	1.81	6.95	-	6.95
Iii	Bank Balances other than above		-	-	-	-	-	-
iv	Loans & Deposits		37.55	-	37.55	37.32	-	37.32
V	Other Current Assets		-	-	-	2.74	-	2.74
	Total Assets		**95,397.55**	**(32,650.77)**	**62,746.78**	**96100.16**	**(32,933.25)**	**63,166.91**
I	**Equity and Liabilities**							
a	Equity Share Capital		2,277.44	-	2,277.44	2,277.44	-	2,277.44
b	Preference Share Capital		10,378.04	-	10,378.04	10,378.04	-	10,378.04
c	Other Equity		(11,580.47)	(25,986.52)	(37,566.99)	(11,377.76)	(25,913.54)	(37,291.30)
1	**Non current Liabilities**							
a	**Financial Liabilities**							
i	Non current Trade Payable		391.54	-	391.54	391.54	-	391.54
ii	Other financial liabilities		1,901.99	-	1,901.99	1,901.99	-	1,901.99
b	Other non-current liabilities		3,209.50	(84.46)	3,125.04	3,212.00	(84.46)	3,127.54
2	**Current Liabilities**							
a	**Financial Liabilities**							
i	Borrowings		88,332.62	(6,538.67)	81,793.95	88,691.62	(6,894.10)	81,797.52
ii	Trade Payables		255.27	(41.12)	214.15	288.00	(41.12)	246.88
B	Other current Liabilities		206.20	-	206.20	310.23	-	310.23
c	Provisions		25.42	-	25.42	27.06	-	27.06
	Total		**95,397.55**	**(32,650.77)**	**62,746.78**	**96,100.16**	**(32,933.25)**	**63,166.91**

Reconciliation of Statement of Profit and Loss for the year ended 31st March, 2017

(₹ Lakhs)

	NOTES	Previous GAAP	Ind AS Adjustments	Ind AS
Income				
Revenue from Operations		106.31	-	106.31
Other Income		7.97	-	7.97
Total Income		**114.28**	-	**114.28**
Expenses				
Cost of Materials consumed		111.72	-	111.72
Employees Benefit Expense		19.38	-	19.38
Depreciation and Amortization Expenses		30.80	-	30.80
Other Expenses		153.29	-	153.29
Total Expenses		**316.99**	-	**316.99**
Loss before exceptional items and tax		**(202.71)**	-	**(202.71)**
Exceptional items			(72.95)	(72.95)
Loss before tax		**(202.71)**	**(72.95)**	**(275.66)**
Tax expenses				
Current tax				
Deferred tax				
Net Loss for the year		**(202.71)**	**(72.95)**	**(275.66)**
Other Comprehensive Income/Expense				
Items that will not be reclassified to profit or loss				
Other Comprehensive Income/loss for the year		**(202.71)**	**(72.95)**	**(275.66)**
Total Comprehensive income for the year		**(202.71)**	**(72.95)**	**(275.66)**

4 Financial Assets and Financial Liabilities

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value.

a. Financial assets

(i) Cash and cash equivalents: The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks, which are unrestricted for withdrawal and usage.

Fixed Deposits provided as Margin Money to banks for the purpose of securing guarantees have now been re-classified as non-current Assets with the adoption of Ind AS from the transition date.

(ii) Trade Receivables and Loans: Trade receivables are initially recognised at fair value. Since inception, the Company has been supplying various products to the two important government telecom companies viz. BSNL and MTNL. The company in the course of its business have been subject to various discriminating deduction on its receivables from above two organizations. The Company has filed arbitration notices against both these organizations which are under various stage of hearing. On completion of the due legal process the Company would be better placed in classification of these receivables and providing for loss, if any. Hence there are no adjustments made towards receivables.

b. Financial liabilities

(i) Loans and borrowings: After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost on accrual basis.

The Entire Loan Liability of Company payable to the banks has been classified as short term loans under Current Liabilities, as the banks have recalled the loans and filed the OA with the DRT for recovery of loans. Some of the Lender Bankers namely the SBI, SBH, SBM & IDBI, who are part of the secured creditors of the Company have assigned their part of the secured debt in the Company in favour of Invent Assets Securitisation and Reconstruction Private Limited, an Asset Reconstruction Company in the previous year. During this year, Federal bank has assigned its debt in favour of JM Financial Asset Reconstruction Company.

During the year, the banks led by Invent Assets Securitisation and Reconstruction Private Limited have sold off the assets of Cherlapally Unit and Shed No. 30 of Mallapur Unit on "as is where is basis", "as is what is basis" and "no recourse basis" free of all encumbrances. Adjustments for the same have been recorded in the books of accounts during the year.

Interest on all banks outstanding has not been provided by the company from the date of recall of loans by the banks. Further interest during construction period accrued but not paid which was part of the CWIP has been reversed as on the transition date.

Following is the breakup of Liability towards the Lender Banks /ARC as per books of accounts of the company :

(₹ Lakhs)

Sl No	Short Term Borrowings – bank wise	As at 31.03.2018	As at 31.03.2017
i)	Invent Assets Securitisation and Reconstruction Pvt. Ltd.	**48,081.00**	49,645.47
ii)	JM Financial Asset Reconstruction Company	**2,788.12**	Nil
iii)	Canara Bank	**20,405.95**	20,405.95
iv)	State Bank of Bikaner & Jaipur	**2,046.52**	2,046.52
v)	Bank of India	**3,351.10**	3,351.10
vi)	Federal Bank	**Nil**	2,788.12
vii)	Vijaya Bank	**2,757.44**	2,757.44
viii)	ICICI Bank	**810.41**	810.41
	Total Loans from banks	**80,240.54**	**81,805.01**

All the loans are secured by,

- Mortgage and first charge on the fixed assets of Ethanol Division situated at Plot No. B 8-10, MIDC, Kushnoor, Nanded, Maharashtra over which Vijaya Bank has exclusive charge.

- Mortgage and first charge on lease hold rights on land admeasuring 2,02,350 sq. mts. Approximately and fixed assets both present and future, situated at survey nos.

50,66,68,69,70,84,85,86 and 87 situated at Fabcity, Raviryal village, Maheswaram Mandal, Rangareddy district, Telangana State.

- First charge on immovable properties, present and future situated at Shed nos 31 and 32, IDA, Mallapur, Hyderabad.

- Hypothecation of all tangible, movable properties and Assets, both present and future including raw materials, goods in process, finished goods and book debts.

- Personal guarantee of Directors of the Company - Mr. Dinesh Kumar, Mr. Aneesh Mittal and Mrs. Ritu Lal Kumar.

(ii) Foreign Currency Convertible Bonds (FCCB's) :

The Company had raised an amount of USD 40.00 Million through FCCB's of which a total of USD 35.80 million had since been converted into Equity shares of Company as per FCCB terms. Currently, an amount equivalent to USD 4.20 million is outstanding for redemption / conversion. We had approached the custodian in Singapore who informed us that the bonds as such have changed multiple hands since the time of issue. Due to governing laws in Singapore, the custodians are unable to provide us the details of existing FCCB holders. We have however petitioned the custodians of the FCCB's to provide us the names and contact details of the existing FCCB holders so as to get in touch with them inorder to undertake a definitive agreement with them. We are awaiting feedback for the same. Till such time the contact with the FCCB holders takes place and an agreement for the redemption / conversion is made, the company thought it fit to classify the FCCB's balance amount of USD 4.20 million as a long term liability and not as current liability.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offsetted and the net amount is reported in financial statements if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

5 Company's Profitability & Networth :

With the adoption of Ind AS, the Net Worth of the Company has turned negative. As explained in the previous financial year that some of the Lender Bankers namely the SBI, SBH, SBM & IDBI, who are part of the secured creditors of the Company have assigned their secured debt in the Company in favour of Invent Assets Securitisation and Reconstruction Private Limited, an Asset Reconstruction Company (ARC), Federal Bank being one of the lender banks has assigned its debt in favour of JM Financial Asset Reconstruction Company (ARC) during the financial year 2017-18. The banks led by Invent ARC has since, initiated steps for the realization of the debt assigned to it by way of auction/sale of identified Secured Assets. In such process, the Company's Cherlapally Unit and Shed No. 30 at Mallapur Unit have been sold away by way of auction by Invent ARC in May 2017.

As informed in the previous financial year that the company is working with an MNC for takeover of the Fabcity Project, which is a Photovoltaic Cell and Module Manufacturing Plant based at Fabcity, Hyderabad, the negotiations with the MNC have come to a final stage. This asset is a critical one required for the continuance of Solar power business and revival of the company. There is a lot of genuine interest shown by the investors to possess and develop solar power manufacturing facility within the country in view of the drive for Green energy and the fallout of the Global need for controlling global warming.

6 Convertible Redeemable Preference Shares :

Convertible Redeemable Preference Shares (CRPS) had been issued by the Company to the Banks under the Master Restructuring Agreement (MRA) entered into during the Corporate Debt Restructuring (CDR) package in March 2010. In order the facilitate the company and for conserving financial resources of the company, an amount representing the amount of interest accrued / to be accrued on the loans from 01st July, 2009 to 31st December, 2010 was converted into CRPS as envisaged in the CDR package. Despite strong and best efforts by the management of the company, the covenants of the CDR package could not be implemented due to various reasons including the continuing and extremely adverse domestic and international market situations. In September 2012, the CDR package was allowed to lapse and no further extension was given by the banks. The banks recalled the entire loans outstanding (including the CRPS) and filed an Original Application (OA) before the honorable Debt Recovery Tribunal (DRT) seeking recovery of its loans in October 2013. The Company has not provided interest / dividend on the CRPS since the entire loan including the CRPS amount has been crystallized by the banks as one single consolidated Debt by the banks while filing the OA for recovery of Debt. However, Since this CRPS was part of the debt to banks against which the CRPS was issued at the time of the CDR, the status of the CRPS will be known after the completion of proceeding by the DRT and hence no changes are effected in the books of accounts.

7 Balances appearing under short term borrowings, trade payables, other current liabilities, long term loans and advances, CWIP advances, trade receivables, short term loans and advances and other current assets are subject to confirmation and / or reconciliation, if any. The consequential effect of any impairment of assets, addition to liabilities, write off of advances, writeback of any liabilities on such reconciliation, the effect of such write off / writeback to the profit & loss account is not ascertained or quantified and not reflected in the financial statements

8 Segment Reports

Segment reporting is not applicable to this company.

9 Consolidation of Accounts of subsidiary and Joint Venture

The financial statements of foreign subsidiary and the Indian Joint Venture Company have not been consolidated with the financial statements of the Company for the year ended 31st March, 2018 since the Net worth of both the subsidiary and joint venture have become negative and there are no operations carried out.

10 Related Party Transactions:

Information relating to Related Party transactions as per Accounting Standard18, issued by The Institute of Chartered Accountants of India, specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 is as under:

Names of related parties and the nature of relationships:

Name	Relationship
i. Saptashva Solar Ltd.	Joint Venture Company (48.97%)
ii. Saptashva Solar SA	Wholly owned subsidiary Company
iii. Key Management Personnel:	
Mr Dinesh Kumar	Managing Director
Mr Aneesh Mittal	Whole time Director

Mr K Surender Reddy	Chief Financial Officer
Ms Bhargavi Maheshuni	Company Secretary

a) Transactions made during the period: **(₹ Lakhs)**

Name of the Party	Relationship	Sale of goods & Services	Advances/ Loans/ investment given	Advances/ Loans/ investment recovered	Loans received	Loans repaid	Receivable/ (payable) as at 31.03.2018
Saptashva Solar Limited	Joint Venture Company	-	6.13	-	-	-	128.57

b) Amounts outstanding at the Balance Sheet date **(₹ Lakhs)**

		2017-18		2016-17		
Name of the Party	Relationship	Amounts Due to the company	Amounts Payable by the company	Amounts Due to the company	Amounts Payable by the company	Remarks
Saptashva Solar Limited	Joint Venture Company	5.00	-	5.00	-	Equity Subscribed
Saptashva Solar Limited	Joint Venture Company	128.57	-	122.44	-	Loans given / received

c) Advances were provided to the stepdown subsidiary Saptashva Solar SRL, Italy in the year 2009-10 to an extent of ₹ 345.55 lakhs for expenses and primarily for acquisition of licenses for set up solar power plants in Italy have been written off since the projects were not set up and the licenses have also expired.

11 Earnings per share (EPS)

Basic EPS is computed by dividing the profit or loss attributable to the equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is computed by adjusting the profit or loss attributable to the ordinary equity shareholders and the weighted average number of ordinary equity shares, for the effects of all dilutive potential ordinary shares.

Particulars	2017-18	2016-17
Net Profit /(Loss) after tax for the year (₹ in Lakhs)	(158.92)	(275.66)
Weighted Average no of Equity Shares (Nos)	22,774,397	22,774,397
Earnings per share (Basic/ Diluted) (₹)	(0.70)	(1.21)

12 a) Earnings in Foreign Currency: NIL
b) Expenditure in Foreign Currency: NIL

13 Details of Imported and Indigenous Raw Materials, Spare Parts and other Components: NIL

14 **Auditors'' Remuneration** **(₹ Lakhs)**

	Year Ended 31st March, 2018	Year Ended 31st March, 2018
Statutory Audit	1.00	1.00
Tax Audit	0.50	0.50
Other Services	0.50	-

15 Capacities and Production:

During the year the production facilities for SMPS and CDMA and Cable Jointing Kits at Cherlapally was sold off by the lender Banks led by Invent ARC. Further the manufacturing facilities pertaining to solar modules at Mallapur, Hyderabad and Ethanol at Nanded, Maharastra have been totally inoperative. All the production facilities have been inoperative during the previous year also.

16 There are no dues to Micro, small and medium enterprises under Development Act, 2006, exceeding 45 days. The micro, small and medium industries are determined to the extent such parties have been identified on the basis of the information available with the Company.

17 Previous year figures have been regrouped / reclassified wherever necessary as per Ind AS.

As per our report of even date **For and on behalf of the Board**
For V N R Associates
Chartered Accountants
FRN No. 004478S

Sd/-	**Sd/-**	**Sd/-**	**Sd/-**	**Sd/-**
V.N. Rao	**Dinesh Kumar**	**Aneesh Mittal**	**K Surender Reddy**	**Bhargavi M**
Partner	**Managing Director**	**WholetimeDirector**	**Chief Financial Officer**	**Company Secretary**
Membership No.: 018492				

Place: Hyderabad
Date: 13.06.2018