

PATEL, SHAH & JOSHI

Chartered Accountants

PARTNERS :

M. S. SHAH, B. A. (Econ.), FCA, A.T.I.I. (England)
J. I. MEHTA, B. Com., FCA.

CONSULTANT :

V. N. Shah M. A. (Cantab) ACA (England)

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SUNFLAG POWER LIMITED
CIN NO.: U31200UR2003PLC027802**

Report on the Standalone Financial Statements

1. We have audited the accompanying Standalone financial statements of SUNFLAG POWER LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March, 2019, the statement of Profit and Loss (including other comprehensive income), the statement of change in equity and the statement of cash flow for year ended on that date and a summary of significant accounting policies and other explanatory information. (hereafter referred as 'Standalone financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the matter so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of state of affairs of the Company as at 31st March, 2019, the loss and the total comprehensive income, changes in equity and its cash flows for the year ended on that date.

2. **Basis for Opinion**

We have conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) under Companies Act, 2013. Our responsibilities under those Standard are further described in the Auditors Responsibility for the audit of financial statements section of our Report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the Audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. **Key Audit Matters**

Key Audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Standalone financial statements of the current period. These matters were addressed in the context of our audit of the Standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

4. Information other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparations of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Standalone financial statement and our auditor's report thereon.

Our opinion on the Standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

5. Management's Responsibility for the Standalone Financial Statements

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 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 Ind AS and other accounting principles generally accepted in India. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matter relating to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease the operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

6. Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our Objectives are to obtain reasonable assurance about whether the the Standalone financial statements as a whole are free from material misstatement whether due to error or fraud, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that

is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatement in the Standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable users of a financial statement may be influenced. We considered quantitative materiality and qualitative factors in

(I) Planning the scope of our Audit work and

(II) To evaluate the effects of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matter communicated with those charged with governance, we determined those matters that were of most significance in the audit of Standalone financial statement of the current period and are therefore the key audit matters. We describe these matters in our Auditor's report unless law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be accepted to outweigh the public interest benefit of such communication.

7. Report on Other Legal and Regulatory Requirements

- A. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 we give in the **Annexure-A**, a statement on the matters specified in paragraphs 3 and 4 of the Order.

- B. 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 purposes 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 and the Statement of Profit and Loss including other comprehensive income, statement of Cash flow and statement of change in equity dealt with by this Report are in agreement with the relevant books of account;
 - (d) in our opinion, the aforesaid Standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31 March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the Internal Financial controls over the financial reporting of the company, in all material respect an adequate financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as stated in guidance note on Audit of internal financial controls over financial reporting issued by ICAI.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirement of section 197(16) of the Act, as amended: in our opinion and to the best of our information and according to the explanation given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with the 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 does not have any pending litigation which would affect its financial position.*
 - ii. *the Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses*
 - iii. *the Company does not have any pending amount, required to be transferred, to the Investor Education and Protection Fund.*

For Patel Shah & Joshi
Chartered Accountants
Firm registration No: 107768W


Jayant I Mehta
Partner
Membership No.: 42630



Place : Mumbai
Date : 20th May 2019

Annexure- A to the Independent Auditors' Report

Referred to in paragraph under "Report on other legal and regulatory requirements" section of our report of even date on the Accounts of the Company for the year ended 31 March 2019, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets are physically verified by the management at reasonable intervals, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The title deed of immovable property is held in the name of the company.
- (ii) The Company does not hold any physical inventories. Accordingly, clause (ii) of the Order is not applicable and hence not commented upon.
- (iii) The Company has not granted any loans, secured or unsecured, to the companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 during the year, hence paragraph (iii) of the Order are not applicable to the Company and hence not commented upon.
- (iv) According to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investment guarantees and security.
- (v) We are informed that the Company has not accepted any deposit during the year under section 73 to 76 of the Companies Act, 2013 and rules made there under.
- (vi) According to the information and explanations given to us, Central Government has prescribed the maintenance of cost records under sub-section (1) of the section 148 of the Companies Act, 2013. However, the Company has not commenced any commercial activities and hence clause is not applicable.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities.
 - (b) No disputed amounts payable in respect of income tax, sales tax, service tax or duty of customs or duty of excise or value added tax were outstanding as at 31st March, 2019.
- (viii) The Company does not have any loans or borrowing from financial institution, bank, Government or dues to debenture holders during the year. Accordingly, clause (viii) of the Order is not applicable and hence not commented upon.
- (ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, clause (ix) of the Order is not applicable and hence not commented upon.
- (x) According to the information and explanations given to us, no material fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us, the managerial remuneration has been paid or provided for, in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the company is not a Nidhi Company. Accordingly, clause (xii) of the Order is not applicable and hence not commented upon.


PATEL, SHAH & JOSHI
CHARTERED ACCOUNTANTS (REGD.)

- (xiii) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) The company has not made any preferential allotment or private placement of shares or full or partly convertible debentures during the year under review.
- (xv) According to the information and explanations given to us and based on our examination of the record of the company, the company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, clause (xv) of the Order is not applicable and hence not commented upon.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the clause (xvi) of the Order is not applicable to the Company and hence not commented upon.

For **Patel Shah & Joshi**

Chartered Accountants

Firmregistration No: 107768W



Jayant I Mehta

Partner

Membership No.: 42630



Place : Mumbai

Date: 20th May 2019

SUNFLAG POWER LIMITED
B-203, MOUNT VIEW APARTMENT, NEAR ANSAL GREEN VALLEY,
DEHRADUN – 248001 (UTTARAKHAND)
CIN : U31200UR2003PLC027802

Balance Sheet as at 31st March 2019

Particulars		Note No.	As at 31.03.2019	As at 31.03.2018
ASSETS				
1	Non-current Assets			
	(a) Property, plant and equipment	3	18,03,044	18,54,342
	(b) Capital work - in - progress		9,91,23,737	9,76,72,157
	(c) Financial Assets			
	(i) Investments		-	-
	(iii) Bank Balances		-	-
	(iii) Loans		-	-
	(d) Deferred tax assets (net)		-	-
2	Current Assets			
	(a) Inventories		-	-
	(b) Financial assets			
	(i) Trade receivables		-	-
	(ii) Cash and cash equivalents	5	4,37,961	4,52,240
	(iii) Bank Balances		-	-
	(iv) Other financial assets		-	-
	(c) Current tax assets (net)		-	-
	(d) Other Current Assets		-	-
TOTAL ASSETS			10,13,64,742	9,99,78,739
EQUITY AND LIABILITIES				
1	Shareholders' funds			
	(a) Share capital	6	5,00,000	5,00,000
	(b) Other equity		-	-
	(c) Money received against share warrants		-	-
2	Share application money pending allotment			
3	Non-current Liabilities			
	(a) Financial liabilities			
	(i) Borrowings		10,08,60,635	9,94,76,105
	(ii) Other financial liabilities		-	-
	(b) Deferred tax liabilities (Net)		-	-
	(c) Provisions		-	-
	(d) Other non-current liabilities		-	-
4	Current Liabilities			
	(a) Financial liabilities			
	(i) Borrowings		-	-
	(ii) Trade payables		-	-
	(iii) Other financial liabilities	7	-	-
	(b) Other current liabilities		4,107	2,634
TOTAL EQUITY AND LIABILITIES			10,13,64,742	9,99,78,739
Corporate information and Significant accounting policies and Notes forming part of Financial Statements.		1 & 2	-	-

As per our report attached of even date

For **PATEL, SHAH & JOSHI**
Chartered Accountants

JAYANT I. MEHTA
PARTNER
Membership Number 42630



DIRECTORS

PLACE : NAGPUR
DATE : 20 MAY 2019

SUNFLAG POWER LIMITED
B-203, MOUNT VIEW APARTMENT, NEAR ANSAL GREEN VALLEY,
DEHRADUN – 248001 (UTTARAKHAND)
CIN : U31200UR2003PLC027802

Cash Flow Statement for the year ended 31 March, 2019

Amount `

Particulars	Year ended 31/03/2019	Year ended 31/03/2018
A Cash flow from operating activities		
Other non cash flow charges	51,298	1,12,877
Operating Profit before working capital changes	51,298	1,12,877
<u>Changes in working capital</u>		
Increase in Current Assets	-	-
Increase /(Decrease) in current liabilities	1,473	2,634
Net Cash from Operating Activities	52,771	1,15,511
B Cash flow from investing activities		
Increase in Capital WIP	-14,51,580	-13,97,110
Light Vehicle purchased	0	0
Unamortised Expenses	0	0
Total	-14,51,580	-13,97,110
C Cash flow from financing activities		
Advance from Holding company	13,84,530	12,93,841
D Change in cash balances		
	-14,279	12,242
Opening cash and bank balances	4,52,240	4,39,998
Closing cash and bank balances	4,37,961	4,52,240

As per our attached report of even date

For Patel, Shah & Joshi
Chartered Accountants
Firm Regn No. 107768W

J. Mehta
CA Jayant I. Mehta
Partner
Membership No. 42630

PLACE : NAGPUR
DATE : 20 MAY 2019



For & on behalf of the Board

[Signature]

[Signature]

DIRECTORS

CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2019

Note
No.

1 CORPORATE INFORMATION

Sunflag Power Ltd. (SPL) is a special purpose vehicle promoted by Sunflag Iron & Steel Co. Ltd for setting up of a **60 MW** run-of-river hydropower project in Uttarakhand. Hanol Tiuni hydel scheme is proposed across Tons River, one of the main tributary to the river Yamuna.

2 SIGNIFICANT ACCOUNTING POLICIES :

2.1 Basis of Preparation of Accounts :

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable Accounting Standards issued by the Institute of Chartered Accountant of India and the relevant provisions of the Companies Act, 1956.

2.2 Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.3 Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.4 Depreciation

No depreciation is charged on freehold land

2.5 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.6 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.



by

for

- 3 **Tangible Assets**

Particulars	Gross Block		Gross Block		Depreciation charge for the year	Net Block		Net Block	
	Balance as at 1 st April 2018	Additions/ (Disposals)	Balance as at 31 st March 2019	Balance as at 1 st April 2018		Balance as at 31 st March 2019	Balance as at 31 st March 2018	Balance as at 31 st March 2019	
Freehold land	16,80,000		1680000	0	0	0	16,80,000	16,80,000	
Light Vehicles	24,60,881	0	2460881	22,86,539	51,298	23,37,837	1,74,342	1,23,044	
Total	41,40,881	0	41,40,881	22,86,539	51,298	23,37,837	18,54,342	18,03,044	

4 Unamortised Expenses to the extent not Written off relating to preliminary expenses

Cash and Cash Equivalent

Particulars	As at 31 March 2019	As at 31 March 2018
Balance in Current Account with Banks		
SBI Tuini	316	14,595
HDFC- Nagpur	4,37,645	4,37,645
Total	4,37,961	4,52,240

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number		Number	
6 Authorised				
Equity Shares of `10 each	1,00,00,000	10,00,00,000	1,00,00,000	10,00,00,000
Issued				
Equity Shares of `10 each	50,000	5,00,000	50,000	5,00,000
Subscribed & Fully Paid up Equity Shares.				
Equity Shares of `10 each fully paid	50,000	5,00,000	50,000	5,00,000

i) There are no differential rights, preferences and restrictions attached to any shares.

ii) Name of Shareholder		
Sunflag Iron and Steel Co Ltd	As at 31 March 2019	As at 31 March 2018
No. of Shares held	49940	49940
% of Holding	99.88	99.88

7 Other Current Liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
TDS payable	4,107	2,634
Service Tax Payable	0	0
Total	4,107	2,634

8 Related party Disclosure

Party	Relationship
Sunflag Iron and Steel Company Limited	Ultimate Holding Company.
a. Mr. Ravi Bhushan Bhardwaj	Key Managerial Personnel
b. Mr. Pranav Bhardwaj	

Details of related party transactions during the year ended 31 March, 2019 and balances outstanding as at 31 March, 2019:

Particulars	Year ended	Year ended
	31-03-2019	31-03-2018
Ultimate Holding Company		
- Unsecured loan	13,84,530	12,93,841
Outstanding as at the end of the year		
- Unsecured loan	10,08,60,635	9,94,76,105

For Patel, Shah & Joshi
Chartered Accountants
Firm Regn No. 107768W

For & on behalf of the Board

CA Jayant I. Mehta
Partner
Membership No. 42630



DIRECTORS

PLACE : NAGPUR
DATE : 20 MAY 2019