

INDEPENDENT AUDITOR'S REPORT

To the Members of HHV Solar Technologies Limited

Report on the Financial Statements

We have audited the accompanying financial statements of HHV Solar Technologies Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, 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.

Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with 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 of 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 the design, implementation and maintenance of adequate internal financial control 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.

Auditor's 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, issued by the Institute of Chartered Accountants of India, as 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 auditor's 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 auditor considers internal financial control relevant to the Company's preparation of the 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 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 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 of the state of affairs of the Company as at March 31, 2016, its loss, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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 Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 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, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, 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 financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

- (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, 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 26 to the financial statements;
 - 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.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Subramanian Suresh
Partner
Membership Number: 083673
Place of Signature: Chennai
Date: May 26, 2016

Annexure referred to in our report of even date

Re: HHV Solar Technologies Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment/ fixed assets of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of solar modules, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax and cess which have not been deposited on account of

any dispute. According to the records of the company, the dues outstanding of Excise duty and customs duty on account of any dispute are as follows:

Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944 ¹ **	Excise Duty	33,324,133	FY 2009-2012	The Excise Appellate Tribunal
The Central Excise Act, 1944 ¹ **	Excise Duty	6,988,700	FY 2012-2013	Commissioner of Central Excise
The Central Excise Act, 1944 ¹ **	Excise Duty	20,899,141	FY 2013-2015	The Excise Appellate Tribunal

¹ Excludes interest portion on the disputed amount.

** Excludes amount paid under protest Rs.5,982,476.

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud / material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting under clause 3(xi) is not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under

review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP

Firm registration number: 101049W/E300004

Chartered Accountants

per Subramanian Suresh

Partner

Membership No.: 083673

Place: Chennai

Date: May 26, 2016

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF HHV SOLAR TECHNOLOGIES LIMITED

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

To the Members of HHV Solar Technologies Limited

We have audited the internal financial controls over financial reporting of HHV Solar Technologies Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone 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 were operating 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.

Auditor's 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 as specified 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 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, 2016, 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 S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Subramanian Suresh

Partner

Membership Number: 083673

Place of Signature: Chennai

Date: May 26, 2016

HHV Solar Technologies Limited
Balance Sheet as at 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

	Notes	31 March 2016	31 March 2015
Equity and liabilities			
Shareholders' funds			
Share capital	3	253,557,290	253,557,290
Reserves and surplus	4	(315,567,776)	(218,343,354)
		(62,010,486)	35,213,936
Non-current liabilities			
Long-term provisions	6	22,431,557	20,410,899
		22,431,557	20,410,899
Current liabilities			
Short-term borrowings	5	211,856,955	203,290,130
Trade payables	7	533,243,870	316,181,170
Other current liabilities	8	8,088,527	19,979,907
Short-term provisions	6	7,785,622	1,859,292
		760,974,974	541,310,499
Total		721,396,045	596,935,334
Assets			
Non-current assets			
Fixed assets			
Tangible assets	9	207,336,591	127,251,689
Intangible assets	10	3,422,201	1,329,634
Long-term loans and advances	12	23,241,204	18,133,707
		233,999,996	146,715,030
Current assets			
Inventories	11	209,026,369	117,825,848
Trade receivables	13.1	245,087,660	291,700,131
Cash and bank balances	14	10,094,965	10,629,017
Short-term loans and advances	12	3,134,475	14,839,125
Other assets	13.2	20,052,580	15,226,183
		487,396,049	450,220,304
Total		721,396,045	596,935,334
Summary of significant accounting policies	2		

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

As per our report of even date

For S.R Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration number 101049W/E300004

For and on behalf of the board of directors

per Subramanian Suresh

Partner

Membership no.: 083673

R. Chellappan

Managing Director

A.Muralidharan

Director

Place: Chennai

Date : 26 May 2016

Place: Chennai

Date : 26 May 2016

Place: Chennai

Date : 26 May 2016

HHV Solar Technologies Limited**Statement of profit and loss for the year ended 31 March 2016**

(All amounts are in Indian Rupees, unless otherwise stated)

	Notes	31 March 2016	31 March 2015
Revenue			
Revenue from operations	15	849,911,272	1,025,062,591
Other income	16	1,265,266	28,751,324
Total revenue		851,176,538	1,053,813,915
Expenses			
Cost of raw material and components consumed	17	823,734,792	869,245,122
Increase in inventories of finished goods and work-in-progress	18	(69,488,143)	(9,051,969)
Employee benefits expense	19	33,291,246	30,326,271
Other expenses	20	112,433,855	120,402,148
Depreciation and amortisation expense	21	25,135,337	35,379,387
Finance costs	22	23,293,874	17,449,064
Total expenses		948,400,960	1,063,750,023
Loss before tax		(97,224,422)	(9,936,108)
Tax expense			
Less: Current tax		-	-
Less: Deferred tax		-	-
Total tax expense			
Net Loss for the year		(97,224,422)	(9,936,108)
(Loss) per equity share [nominal value of shares Rs.10/- (31 March 2015:Rs.10/-)	33	(26.00)	(2.66)
Summary of significant accounting policies	2		

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

As per our report of even date

For S.R Batliboi & Associates LLP

ICAI Firm Registration number 101049W/E300004

Chartered Accountants

For and on behalf of the board of directors

per Subramanian Suresh
Partner

Membership no.: 083673

R. Chellappan
Managing Director

A.Muralidharan
Director

Place: Chennai
Date : 26 May 2016

Place: Chennai
Date : 26 May 2016

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Date : 26 May 2016

HHV Solar Technologies Limited**Cash flow statement for the year ended 31 March 2016**

(All amounts are in Indian Rupees, unless otherwise stated)

	31 March 2016	31 March 2015
A. Cash flow from operating activities:		
Loss for the year	(97,224,422)	(9,936,108)
Adjustments to reconcile loss before tax to net cash flows:		
Depreciation/amortisation	25,135,337	35,379,387
Provision for bad and doubtful receivables	-	2,108,676
Provision for bad and doubtful advances	-	21,240,328
Provision for warranty	7,186,537	5,536,136
Unrealised foreign exchange loss /(gain)	252,973	(13,779,634)
Interest expense	18,859,470	13,802,982
Liabilities no longer required, written back	(69,426)	(10,861,516)
Interest income	(1,195,840)	(619,416)
Operating (Loss)/ profit before working capital changes	(47,055,371)	42,870,835
Movement in working capital :		
(Increase) / decrease in inventories	(91,200,521)	9,530,248
Decrease / (Increase) in trade receivables	46,858,478	(181,848,530)
Decrease in loans and advances	9,964,293	60,159,377
Increase in other assets	-	(5,000,000)
Increase / (decrease) in trade payables and other current liabilities	205,867,281	(77,745,010)
Increase in provisions	760,451	1,650,918
Cash flow generated from / (used in) operations	125,194,611	(150,382,162)
Taxes paid	(3,367,139)	(2,470,073)
Net cash flow generated from /(used in) operating activities (A)	121,827,472	(152,852,235)
B. Cash flow from investing activities:		
Capital expenditure (refer note 1 below)	(107,312,806)	(2,784,855)
Interest received	320,229	453,888
Investment in margin money deposits (net)	(3,950,786)	(2,963,397)
Net cash used in investing activities (B)	(110,943,363)	(5,294,364)
C. Cash flow from financing activities:		
Proceeds from issuance of preference share capital	-	40,000,000
Proceeds/(repayment) of short-term borrowings (net)	7,441,309	142,325,816
Interest paid	(18,859,470)	(13,802,982)
Net cash flow (used in) / generated from financing activities (C)	(11,418,161)	168,522,834
Net decrease (Increase) in cash and cash equivalents (A + B + C)	(534,052)	10,376,235
Cash and cash equivalents at the beginning of the year	10,629,017	252,782
Closing cash and cash equivalents	10,094,965	10,629,017

1. Increase in capital expenditure include payments for items in capital work-in-progress and purchase of fixed assets. Adjustments for increase / decrease in current liabilities relating to acquisition of fixed assets have been made to the extent identified.

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

As per our report of even date

For S.R Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration number 101049W/E300004

For and on behalf of the board of directors

per Subramanian Suresh

Partner

Membership no.: 083673

R. Chellappan

Managing Director

A.Muralidharan

Director

Place: Chennai

Date : 26 May 2016

Place: Chennai

Date : 26 May 2016

Place: Chennai

Date : 26 May 2016

HHV Solar Technologies Limited

Notes to financial statements for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

1. Nature of operations

HHV Solar Technologies Limited ('the Company') was incorporated on December 24, 2007 as a Private Limited Company with its registered office at Bangalore. Effective February 10, 2014, in line with the management's business expansion plans, the Company was converted into a Public Limited Company, and consequently the name of the Company was changed from "HHV Solar Technologies Private Limited" to "HHV Solar Technologies Limited".

Pursuant to the share purchase and subscription agreement dated January 18, 2013, Swelect Energy Systems Limited ("Swelect") acquired the balance 51% of the equity shares. The Company is engaged in the manufacture and supply of off-grid solar photovoltaic modules, based on crystalline silicon technology (c-Si) and operates as a 100% EOU.

2. Summary of significant accounting policies

(a) Basis of preparation and presentation of financial statements

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies, in all material respects, have been consistently applied by the Company and are consistent with those used in the previous years.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and reported amounts of income and expenses during the year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future years.

(c) Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at cost, less accumulated depreciation/amortisation and impairment loss if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(d) Depreciation and amortisation

(i) Depreciation on fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management.

HHV Solar Technologies Limited**Notes to financial statements for the year ended 31 March 2016**

(All amounts are in Indian Rupees, unless otherwise stated)

(ii) Useful lives/ depreciation rates

Depreciation is provided using the straight line method as per the useful lives of the assets estimated by the management, in line with schedule II of the Companies Act, 2013 whichever is higher as follows:

Plant and machinery	15 years
Office equipment, electrical etc	5 years
Computers	3 years
Furniture and fittings	10 years
Vehicles	8 years/ 10 years

Intangible assets comprising certified process is amortized using the straight-line method over a period of five years.

(e) Impairment of tangible and intangible fixed assets

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 recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

(f) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of long term investments.

(g) Inventories

Inventories are valued as follows:

Raw-materials, stores and spares Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Work-in-progress, manufactured goods and traded goods Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads, where applicable, based on normal operating capacity. Cost is determined on a weighted average basis.

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

HHV Solar Technologies Limited

Notes to financial statements for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

(h) 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. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from sale of goods, its accessories and other traded/manufactured goods are recognized when significant risks and rewards of ownership are passed to the buyer, which generally coincides with dispatch of goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the Government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head "other income" in the statement of profit and loss.

(i) Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

(j) Retirement and other employee benefits

- i. Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent of the pre-payment.
- ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains/losses are immediately taken to the statement of profit and loss, and are not deferred.
- iii. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

HHV Solar Technologies Limited**Notes to financial statements for the year ended 31 March 2016**

(All amounts are in Indian Rupees, unless otherwise stated)

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

(k) Income taxes

Provision for income tax is made for current and deferred taxes. Provision for current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

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, other than those arising from undertakings enjoying tax holiday benefits, are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against the future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(l) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, if any.

(m) Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(n) Provision

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.

HHV Solar Technologies Limited**Notes to financial statements for the year ended 31 March 2016**

(All amounts are in Indian Rupees, unless otherwise stated)

Provision for warranty:

Provision for warranty related costs are recognized when the product is sold or service provided. Provision is based on historical experience. The estimate of such warranty-related costs is revised annually. A provision is recognized for expected warranty claim on product sold, based on past experience of the levels of repairs and returns. Assumptions used to calculate the provision for warranties are based on the current sales levels and current information available about returns based on the average warranty period for the product portfolio of the Company.

(o) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

(p) Cash and cash equivalents

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

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

(r) Cash flow statement

Cash flows are reported using the indirect method, whereby net profit/(loss) before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future cash receipts or payments and items associated with investing or financing cash flows. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

HHV Solar Technologies Limited**Notes to financial statements for the year ended 31 March 2016**

(All amounts are in Indian Rupees, unless otherwise stated)

3 Share capital

	<u>31 March 2016</u>	<u>31 March 2015</u>
Authorised shares		
4,350,000 (previous year- 4,350,000) equity shares of Rs. 10/- each	43,500,000	43,500,000
22,650,000 (previous year - 22,650,000) 10% cumulative redeemable preference shares of Rs.10/- each	226,500,000	226,500,000
	270,000,000	270,000,000
Issued, subscribed and fully paid-up shares		
3,739,716 (previous year - 3,739,716) equity shares of Rs.10/- each	37,397,160	37,397,160
21,616,013 (previous year - 21,616,013) 10% cumulative redeemable preference shares of Rs. 10/- each	216,160,130	216,160,130
Total issued, subscribed and fully paid-up share capital	253,557,290	253,557,290

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**Equity shares**

	<u>31 March 2016</u>		<u>31 March 2015</u>	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	3,739,716	37,397,160	3,739,716	37,397,160
Movement during the year	-	-	-	-
Outstanding at the end of the year	3,739,716	37,397,160	3,739,716	37,397,160

10% cumulative redeemable preference shares

	<u>31 March 2016</u>		<u>31 March 2015</u>	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	21,616,013	216,160,130	17,616,013	176,160,130
Movement during the year	-	-	4,000,000	40,000,000
Outstanding at the end of the year	21,616,013	216,160,130	21,616,013	216,160,130

b. Terms/rights attached to equity shares

The 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. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

In the event of the liquidation of the Company, the holder of equity share will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be proportionate to the number of equity shares held by the shareholders.

c. Terms/rights attached to preference shares**10% cumulative redeemable preference shares ('CRPS')**

During the year ended 31 March 2015, the Company issued 4,000,000 cumulative redeemable preference shares of Rs.10/- each fully paid up redeemable in three equal annual instalments starting from 31 August 2019. During the year ended 31 March 2014, the Company issued 5,000,000 cumulative redeemable preference shares of Rs.10/- each fully paid up redeemable in three equal annual instalments starting from 31 March 2017. During the year ended 31 March 2013, the Company had issued 12,616,013 cumulative redeemable preference shares of Rs. 10/- each fully paid up redeemable in three equal annual instalments starting from 27 March 2017. The cumulative redeemable preference shares (CRPS) carry a dividend of 10% per annum. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting. Each holder of CRPS is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to CRPS.

Each holder of fully convertible preference shares issued during the previous year had an option to convert into equity share at a mutually agreed date. All holders of fully convertible preference shares exercised their conversion option during the year.

In the event of liquidation of the Company before redemption of CRPS, the holders of CRPS will have priority over equity shares in the payment of dividend and repayment of capital.

d. Shares held by the holding company

	31 March 2016		31 March 2015	
	Number of shares	% holding in the class	Number of shares	% holding in the class
Equity shares of Rs.10/- each fully paid				
Swelect Energy Systems Limited	3,739,716	100.00%	3,739,716	100.00%
Total	3,739,716	100.00%	3,739,716	100.00%
Preference shares of Rs.10/- each fully paid				
Swelect Energy Systems Limited	21,616,013	100.00%	17,616,013	81.50%
Total	21,616,013	100.00%	17,616,013	81.50%

e. Details of shareholders holding more than 5% shares in the Company

	31 March 2016		31 March 2015	
	Number of shares	% holding in the class	Number of shares	% holding in the class
Equity shares of Rs.10/- each fully paid				
Swelect Energy Systems Limited	3,739,716	100.00%	3,739,716	100.00%
Total	3,739,716	100.00%	3,739,716	100.00%
10% cumulative redeemable preference shares				
Swelect Energy Systems Limited	21,616,013	100.00%	17,616,013	81.50%
Hind High Vaccum Company Private Limited	-	0.00%	4,000,000	18.50%
Total	21,616,013	100.00%	21,616,013	100.00%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

HHV Solar Technologies Limited**Notes to financial statements for the year ended 31 March 2016**

(All amounts are in Indian Rupees, unless otherwise stated)

4 Reserves and surplus

	<u>31 March 2016</u>	<u>31 March 2015</u>
Securities premium account		
Balance as per the last financial statements	461,379,220	461,379,220
Movement during the year	-	-
Balance at the end of the year	<u>461,379,220</u>	<u>461,379,220</u>
Deficit in the statement of profit and loss		
Balance as per the last financial statements	(679,722,574)	(669,786,466)
Loss for the year	(97,224,422)	(9,936,108)
Deficit in the statement of profit and loss	<u>(776,946,996)</u>	<u>(679,722,574)</u>
Total reserves and surplus	<u>(315,567,776)</u>	<u>(218,343,354)</u>

5 Short-term borrowings

	<u>31 March 2016</u>	<u>31 March 2015</u>
Inter corporate borrowings	138,132,276	203,290,130
External Commercial Borrowing (ECB)	73,724,679	-
Total	<u>211,856,955</u>	<u>203,290,130</u>
The above amount includes		
Secured borrowings	-	-
Unsecured borrowings	<u>211,856,955</u>	<u>203,290,130</u>

Inter corporate borrowings represents amount borrowed from Swelect Energy Systems Limited (Holding Company) and are repayable on demand.

HHV Solar Technologies Limited**Notes to financial statements for the year ended 31 March 2016**

(All amounts are in Indian Rupees, unless otherwise stated)

6 Provisions

	Long term		Short term	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Provision for employee benefits				
Provision for gratuity (refer note 24)	3,339,493	2,531,825	225,859	91,652
Provision for leave benefits	1,938,399	2,381,409	373,226	111,640
Total (A)	5,277,892	4,913,234	599,085	203,292
Other provisions				
Provision for warranties (refer note 23)	17,153,665	15,497,665	7,186,537	1,656,000
Total (B)	17,153,665	15,497,665	7,186,537	1,656,000
Total (A)+(B)	22,431,557	20,410,899	7,785,622	1,859,292

	31 March 2016	31 March 2015
7 Trade payables and other current liabilities		
Trade payables (Refer note below)	533,243,870	316,181,170
8 Other current liabilities		
Advance from customers	6,244,627	14,581,922
Statutory dues payables	1,843,900	5,397,985
	8,088,527	19,979,907

Note

There is no overdue amount payable to Micro, Small and Medium Enterprises as defined under "The Micro Small and Medium Enterprises Development Act, 2006". Further, the Company has not paid any interest to any Micro, Small and Medium Enterprises during the year.

HHV Solar Technologies Limited
Notes to financial statements for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

9 Tangible assets

Particulars	Plant and machinery	Furniture and fixtures	Vehicles	Computers	Office equipment	Total
Cost						
At 1 April 2014	189,288,524	8,330,988	1,817,950	2,363,627	2,238,180	204,039,269
Additions	1,474,604	19,465	-	537,026	13,135	2,044,230
Disposals	-	-	-	-	-	-
At 31 March 2015	190,763,128	8,350,453	1,817,950	2,900,653	2,251,315	206,083,499
Additions	98,764,481	3,908,797	-	940,112	533,759	104,147,149
Disposals	-	-	-	-	-	-
At 31 March 2016	289,527,609	12,259,250	1,817,950	3,840,765	2,785,074	310,230,648
Depreciation						
At 1 April 2014	42,996,778	8,115,525	1,817,950	2,335,627	2,231,543	57,497,423
Charge for the year	21,081,552	33,579	-	214,060	5,196	21,334,387
Disposals	-	-	-	-	-	-
At 31 March 2015	64,078,330	8,149,104	1,817,950	2,549,687	2,236,739	78,831,810
Charge for the year	23,339,028	250,814	-	404,617	67,788	24,062,247
Disposals	-	-	-	-	-	-
At 31 March 2016	87,417,358	8,399,918	1,817,950	2,954,304	2,304,527	102,894,057
Net block						
At 31 March 2015	126,684,798	201,349	-	350,966	14,576	127,251,689
At 31 March 2016	202,110,251	3,859,332	-	886,461	480,547	207,336,591

10 Intangible assets

Particulars	Certification process
Gross block	
At 1 April 2014	63,932,704
Additions	740,625
Disposals	-
At 31 March 2015	64,673,329
Additions	3,165,657
Disposals	-
At 31 March 2016	67,838,986
Depreciation	
At 1 April 2014	49,298,695
Charge for the year	14,045,000
Disposals	-
At 31 March 2015	63,343,695
Charge for the year	1,073,090
Disposals	-
At 31 March 2016	64,416,785
Net block	
At 31 March 2015	1,329,634
At 31 March 2016	3,422,201

HHV Solar Technologies Limited
Notes to financial statements for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

11 Inventories (valued at lower of cost and net realisable value)

Particulars	31 March 2016	31 March 2015
Raw materials and components	78,496,673	60,751,447
Work-in-progress	14,985,789	5,976,201
Finished goods	109,298,794	48,820,239
Stores and spares	3,243,187	2,277,961
Goods-in-transit	3,001,926	-
	209,026,369	117,825,848

12 Loans and advances

	Non-current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Capital advances				
Unsecured, considered good	180,000	180,000	2,261,875	-
(A)	180,000	180,000	2,261,875	-
Security deposit				
Unsecured, considered good	7,072,000	7,072,000	-	-
(B)	7,072,000	7,072,000	-	-
Advance to suppliers				
Unsecured, considered good	-	-	364,468	14,334,789
(C)	-	-	364,468	14,334,789
Other loans and advances				
<u>Unsecured, considered good:</u>				
Advance income-tax (net of provision for taxation)	7,419,286	4,052,147	-	-
Prepaid expenses	-	-	508,132	504,336
Balances with government authorities	8,569,917	6,829,560	-	-
(D)	15,989,203	10,881,707	508,132	504,336
Unsecured, considered doubtful:				
Balances with government authorities	28,043,917	31,373,720	-	-
Less: Provision for bad and doubtful advances	(28,043,917)	(31,373,720)	-	-
(E)	-	-	-	-
Total (A + B + C + D + E)	23,241,203	18,133,707	3,134,475	14,839,125

13 Trade receivables and other assets
13.1 Trade receivables

	Current	
	31 March 2016	31 March 2015
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	8,766,935	5,157,145
(A)	8,766,935	5,157,145
Unsecured considered doubtful	14,251,805	14,332,829
Provision for doubtful receivables	(14,251,805)	(14,332,829)
(B)	-	-
Other receivables		
-Unsecured considered good	236,320,725	286,542,986
(C)	236,320,725	286,542,986
Total (A + B + C)	245,087,660	291,700,131

13.2 Other assets

	Current	
	31 March 2016	31 March 2015
Unsecured, considered good		
Gratuity fund account	100,000	100,000
Interest accrued but not due on margin money accounts	1,280,408	404,797
Earnest money deposit	5,200,000	5,200,000
Deposits with a maturity period exceeding 3 months but less than 12 months (Refer note below)	13,164,264	9,213,478
Interest receivable from Banks	307,908	307,908
	20,052,580	15,226,183

Note:

Deposits to the extent of Rs.13,164,264 (Previous year :Rs.9,213,478) has been given as collateral to the bank for obtaining the bank guarantee for availing the duty benefit under the E.O.U Scheme.

HHV Solar Technologies Limited**Notes to financial statements for the year ended 31 March 2016**

(All amounts are in Indian Rupees, unless otherwise stated)

14 Cash and bank balances

	31 Dec 2015	30 September 2015
Cash and cash equivalents		
Balances with banks:		
On current accounts	9,960,894	10,481,652
Cash on hand	134,071	147,365
Total cash and bank balances	10,094,965	10,629,017

15 Revenue from operations

	31 March 2016	31 March 2015
Revenue from operations		
Sale of products		
Manufactured goods - solar modules	849,911,272	1,025,062,591

16 Other income

Interest income	1,195,840	619,416
Miscellaneous income	-	17,270,392
Liabilities no longer required, written back	69,426	10,861,516
	1,265,266	28,751,324

HHV Solar Technologies Limited**Notes to financial statements for the year ended 31 March 2016**

(All amounts are in Indian Rupees, unless otherwise stated)

17 Cost of raw material and components consumed

	31 March 2016	31 March 2015
Inventory at the beginning of the year	60,751,447	81,352,133
Purchases	841,480,018	848,644,436
	<u>902,231,465</u>	<u>929,996,569</u>
Less: Inventory at the end of the year	(78,496,673)	(60,751,447)
Cost of raw material and components consumed	<u>823,734,792</u>	<u>869,245,122</u>

Details of raw material and components consumed

	31 March 2016	31 March 2015
Solar cells	560,424,984	587,365,268
Aluminium Frames	39,056,638	71,721,591
Tedlar back sheet	40,106,562	38,472,779
Junction Box	25,578,574	31,792,818
Glass	49,046,078	50,034,990
Ethylene vinyl acetate (EVA)	28,640,251	32,079,296
Others	80,881,706	57,778,380
	<u>823,734,792</u>	<u>869,245,122</u>

Details of inventories at the end of the year

	31 March 2016	31 March 2015
Raw materials and components		
Solar cells	24,525,051	22,312,666
Aluminium frames	10,412,654	9,641,491
Tedlar Back Sheet	4,287,306	4,929,142
Junction box	4,335,393	6,314,481
Glass	15,701,039	10,643,753
Ethylene vinyl acetate (EVA)	3,915,808	1,742,988
Others	15,319,422	5,166,926
	<u>78,496,673</u>	<u>60,751,447</u>

18 (Increase) in inventories

	31 March 2016	31 March 2015
Inventories at the end of the year		
Finished goods - Solar modules	109,298,794	48,820,239
Work-in-progress - Solar modules	14,985,789	5,976,201
	<u>124,284,583</u>	<u>54,796,440</u>
Inventories at the beginning of the year		
Finished goods - Solar modules	48,820,239	36,081,415
Work-in-progress - Solar modules	5,976,201	9,663,056
	<u>54,796,440</u>	<u>45,744,471</u>
	<u>(69,488,143)</u>	<u>(9,051,969)</u>

19 Employee benefits expense

	31 March 2016	31 March 2015
Salaries, wages and bonus	26,643,469	24,281,659
Contribution to provident and other funds	1,696,299	1,672,867
Gratuity expense (note 24)	1,116,484	1,071,492
Staff welfare expenses	3,834,994	3,300,253
	<u>33,291,246</u>	<u>30,326,271</u>

HHV Solar Technologies Limited**Notes to financial statements for the year ended 31 March 2016**

(All amounts are in Indian Rupees, unless otherwise stated)

20 Other expenses

	31 March 2016	31 March 2015
Sub-contracting and processing expenses	32,116,828	29,110,564
Consumption of stores and spares	10,688,806	13,839,687
Power and fuel	12,398,304	9,354,046
Freight and forwarding charges	3,539,199	4,710,371
Rent	15,052,148	15,284,736
Rates and taxes	1,716,978	1,755,993
Insurance	892,466	810,492
Repairs and maintenance		
- Plant and Machinery	1,751,552	478,049
- Leased Buildings	4,318,633	52,843
- Others	1,905,531	772,776
Sales promotion	706,793	1,538,802
Travelling and conveyance	3,517,248	3,185,028
Communication costs	906,648	365,903
Printing and stationery	483,455	274,661
Exchange differences (net)	8,956,005	4,125,152
Legal and professional fees	3,563,681	3,780,248
Payment to auditor (refer details below)	750,375	569,899
Provision for bad and doubtful receivables	-	2,108,676
Provision for bad and doubtful advances	-	21,240,328
Warranty costs (Refer Note 24)	7,186,537	5,536,136
Miscellaneous expenses	1,982,668	1,507,758
	112,433,855	120,402,148

Payment to auditor**As auditor:**

Audit fee	500,000	500,000
Internal financial control reporting	50,000	-
Reimbursement of expenses	200,375	69,899
	750,375	569,899

21 Depreciation and amortisation expense

Depreciation of tangible assets	24,062,247	21,334,387
Amortisation of intangible assets	1,073,090	14,045,000
	25,135,337	35,379,387

22 Finance costs

Interest	18,859,470	13,802,982
Bank and other charges	4,434,404	3,646,082
	23,293,874	17,449,064

23 Provision for warranties

At the beginning of the year	17,153,665	11,617,529
Arising during the year	7,186,537	5,536,136
At the end of the year	24,340,202	17,153,665

HHV Solar Technologies Limited**Notes to financial statements for the year ended 31 March 2016**

(All amounts are in Indian Rupees, unless otherwise stated)

24 Employee benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The following tables summaries the components of net benefit expense recognised in the Statement of profit and loss account and the amounts recognised in the balance sheet for the gratuity plan.

Particulars	31 March 2016	31 March 2015
Change in benefit obligations		
Present value of obligations at the beginning of the year	2,623,477	1,584,831
Service cost	860,259	686,505
Interest on defined benefit obligation	198,905	121,901
Benefits settled	(174,609)	(32,814)
Actuarial gain	57,320	263,054
Present value of obligations at the end of the year	3,565,352	2,623,477
Reconciliation of present value of obligations and fair value of plan assets		
Fair value of plan assets at the end of the year	-	-
Present value of defined benefit obligations at the end of the year	3,565,352	2,623,477
Liability recognised in the balance sheet	3,565,352	2,623,477
Gratuity cost for the year		
Service cost	860,259	686,505
Interest cost	198,905	121,901
Expected return on plan assets	-	-
Actuarial gain	57,320	263,054
Net gratuity cost	1,116,484	1,071,460

Amount for the current and previous four years are as follows:

Year ended	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Defined benefit obligations	3,565,352	2,623,477	1,584,831	1,248,473
Plan assets	-	-	-	-
Deficit	3,565,352	2,623,477	1,584,831	1,248,473
Experience adjustments on plan liabilities / (asset)	57,320	263,054	(53,484)	(49,151)

The principal assumptions used in determining gratuity benefit obligations for the Company's plan are shown below:

Gratuity plan	31 March 2016	31 March 2015
Assumptions:		
Interest rate	7.82%	7.74%
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	6.00%	6.00%
Attrition rate	5.00%	5.00%
Retirement age	58 years	58 years

HHV Solar Technologies Private Limited
Notes to financial statements for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

25 Related party transactions
Names of related parties

Holding company	Swelect Energy Systems Limited
Fellow Subsidiary	Swelect Energy Systems Pte. Ltd, Singapore
Enterprises owned or significantly influenced by Key Management Personnel or their relatives	K J Solar Systems Private Limited (w.e.f 11th February 2016)
Key Management Personnel	Mr. R Chellappan - Managing Director Mr. A Muralidharan - Director

Particulars	Swelect Energy Systems Limited		Swelect Energy Systems Pte. Ltd		K J Solar Systems Private Limited		Total	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Sale of goods	383,229,129	17,000,331	-	-	77,635,920	-	460,865,049	17,000,331
Purchase of goods	92,000	420,000	472,786,499	218,094,010	-	-	472,878,499	218,514,010
Purchase of capital goods	-	-	51,111,981	-	-	-	51,111,981	-
Interest expense	18,187,132	11,722,745	-	-	-	-	18,187,132	11,722,745
Power charges	580,698	684,679	-	-	-	-	580,698	684,679
Lease Rental charges	831,756	737,366	-	-	-	-	831,756	737,366
Other expenses	-	-	56,379	-	-	-	56,379	-
Inter corporate borrowings	233,391,928	275,226,588	-	-	-	-	233,391,928	275,226,588
Repayment of Inter Corporate loan	298,549,781	140,370,204	-	-	-	-	298,549,781	140,370,204
Advance received against supply of goods	-	14,000,000	-	-	-	-	-	14,000,000

25 Related party transactions

Particulars	Swelect Energy Systems Limited		Swelect Energy Systems Pte. Ltd		K J Solar Systems Private Limited		Total	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Balance outstanding at the year end:								
Amounts payable								
Trade payables	-	-	338,074,933	82,538,390	-	-	338,074,933	82,538,390
Advance received	-	14,000,000	-	-	-	-	-	14,000,000
Inter corporate borrowings	138,132,278	203,290,130	-	-	-	-	138,132,278	203,290,130
Amounts receivable								
Trade receivables	-	-	-	-	77,635,920	-	77,635,920	-

HHV Solar Technologies Limited**Notes to financial statements for the year ended 31 March 2016**

(All amounts are in Indian Rupees, unless otherwise stated)

26 Contingent liabilities

Claims against the Company not acknowledged as debts

a) Excise related matters*

	31 March 2016	31 March 2015
	67,194,450	95,021,753

*The above amounts excludes interest on the duty demand and penalty.

27 Value of imports calculated on CIF basis

Raw materials and components

Stores and spares

	469,865,872	239,144,902
	4,960,314	4,993,448
	474,826,186	244,138,350

28 Expenditure in foreign currency

Travelling

Certification charges

	542,116	65,334
	-	245,592
	542,116	310,926

29 Imported and indigenous raw materials, components and stores and spares

	% of total consumption		Value	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Raw materials and components				
Imported	56	28	462,075,029	246,640,013
Indigenous	44	72	361,659,763	622,605,109
	100	100	823,734,792	869,245,122
Stores and spares				
Imported	46	36	4,960,314	4,993,448
Indigenous	54	64	5,728,492	8,846,239
	100	100	10,688,806	13,839,687

30 Earnings in foreign exchange (on accrual basis)

Exports at F.O.B. value

	31 March 2016	31 March 2015
	8,240,590	25,025,042

31 Leases**Operating leases: Company as lessee****Particulars**

Lease payments for the year

	15,052,148	15,284,736
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HHV Solar Technologies Limited
Notes to financial statements for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

32 Derivative instruments and foreign currency exposures

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below :

Particulars	Foreign currency	31 March 2016		31 March 2015	
		Amount in foreign currency	Amount in Indian Rupees	Amount in foreign currency	Amount in Indian Rupees
Receivables	USD	174,239	9,988,820	170,849	9,572,852
	EURO	8,250	674,126	8,250	674,126
	GBP	3,750	353,513	4,509	440,665
Advance from customers	USD	3,786	251,439	3,786	237,409
Payables	USD	5,078,680	339,149,682	1,446,291	91,203,136
	EURO	4,632	351,010	67,198	4,597,741
	GBP	74,545	7,167,474	68,132	6,369,743
External Commercial Borrowing (ECB)	USD	703,572	46,977,513	-	-
	EURO	352,958	26,747,163	-	-
Cash balance	USD	352	23,204	516	32,106
	NTS	1,300	2,366	1,300	2,366
	CNY/RNB	17	159	17	159
	EURO	1,070	79,351	-	-
Bank balance	USD	259	17,041	705	43,838
	EURO	667	49,482	667	44,631

33 Loss per equity share

The following reflects the loss and share data used in the basic and diluted loss per share computations:

	31 March 2016	31 March 2015
Loss for the year as per statement of profit & loss	(97,224,422)	(9,936,108)
Net loss attributable to the equity share holders (A)	(97,224,422)	(9,936,108)
	Number of shares	Number of shares
Weighted average number of equity shares - (B)	3,739,716	3,739,716
Basic and diluted loss per equity share - (A/B)	(26.00)	(2.66)

34 Segment information
A. Primary segment information (By business segments)

The Company's operations predominantly relate to manufacturing of solar modules and accordingly, this is the only primary reportable segment.

B. Secondary segment information (By geographical segments)

The following table shows the geographical distribution of the Company's segment revenues and additions to tangible and intangible assets for the year ended 31 March 2016 and for the year ended 31 March 2015. All tangible and intangible assets are located in India.

Particulars	Geographical segment			
	31 March 2016		31 March 2015	
	Outside India	India	Outside India	India
Revenues	8,240,590	841,670,682	25,025,042	1,000,037,549
Additions to tangible and intangible assets	-	107,312,806	-	2,784,855
Segment assets	11,188,062	602,895,177	3,677,785	593,257,549

35 The Board of Directors of the Company at its meeting held on 16 December 2015 approved a Scheme of Arrangement ("the Scheme") enabling the merger of one of its subsidiary, namely HHV Solar Technologies Limited ("HHV") with the Company, with effect from 1st April 2015 ("Appointed Date"). The Scheme of Arrangement has been approved by the respective shareholders of subsidiary and the creditors of both the Companies. Pending approval of the scheme of amalgamation by the Hon'ble High Court of Madras and such other statutory / regulatory authority, the scheme has not been given effect to in the financial statements

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Previous year figures have been regrouped/reclassified, wherever necessary, to conform to the current year's classification.

For S.R Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number 101049W/E300004

For and on behalf of the board of directors

per Subramanian Suresh
Partner
Membership no.: 083673

R. Chellappan
Managing Director

A.Muralidharan
Director

Place: Chennai
Date : 26 May 2016

Place: Chennai
Date : 26 May 2016

Place: Chennai
Date : 26 May 2016