

PROMPTEC RENEWABLE ENERGY SOLUTIONS PRIVATE LIMITED

Company Background

Promptec Renewable Energy Solutions Private Limited ("the Company") is a Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in manufacturing of LED (Light Emitting Diode) Lighting, Solar lighting and Power Electronics solutions.

1 SIGNIFICANT ACCOUNTING POLICIES

1.01 Basis of Preparation

1.01A Basis of Accounting-

The financial statements of the Company have been prepared and presented in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply with all material respects with the accounting standards notified under section 133 of the Companies Act, 2013, read together with Rule 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 adopted in the preparation of financial statements are consistent with those of previous year.

1.01B Current/Non Current classification-

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

1.01C Use of Estimates-

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amount of Assets, Liabilities and Disclosure of Contingent Liabilities on the date of the Financial Statements and the reported amount of revenue and expenses during the reported period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets, liabilities, revenue and expenses in future periods. Changes in estimates are reflected in the financial statements in the period in which changes are made and if material, their effects are disclosed in notes to accounts.

1.02 Tangible Assets

- a) Tangible assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets and are further adjusted by the amount of CENVAT credit and VAT credit availed, wherever applicable. Interest and other borrowing costs during construction period to finance qualifying fixed assets is capitalised, if capitalisation criteria are met.
- b) The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset. Similarly, when significant parts of plant and equipment are required to be replaced at intervals or when a major inspection/overhauling is required to be performed, such cost of replacement or inspection is capitalised (if the recognition criteria is satisfied) in the carrying amount of plant and equipment as a replacement cost or cost of major inspection/overhauling, as the case may be and depreciated separately based on their specific useful life.
- c) Subsequent expenditure related to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from the existing assets beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts are charged to the statement of profit and loss for the period during which such expenses are incurred.
- d) Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use at the balance sheet date and are carried at cost comprising direct cost, related incidental expenses, other directly attributable costs and borrowing costs. The allocation of preoperative expenditure is done on the basis of prime cost of fixed assets in the year of commencement of commercial production.
- e) Gains or losses arising from disposal of tangible assets are measured as the difference between the net disposal proceeds and carrying amount of the assets and are recognised in the statement of profit and loss when the assets is disposed off.

1.03 Intangible Assets

a) Acquired intangible assets

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

b) Research and development cost

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the Company can demonstrate all the following:

- i) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- ii) Its intention to complete the asset;
- iii) Its ability to use or sale the asset;
- iv) How the asset will generate future economic benefits;
- v) The availability of adequate resources to complete the development and to use or sale the asset; and
- vi) The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on straight line basis over the estimated useful life.

- c) Gains or losses arising from disposal of the intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the assets are derecognised.

1.04 Depreciation and Amortisation

a) Depreciation of tangible Assets :

- i) Depreciation on Fixed Assets is provided on prorata basis on straight line method using the useful lives of assets estimated by the management and in the manner prescribed in Schedule II of The Companies Act, 2013.
- ii) Dies and tools and mobile phones are depreciated over the estimated useful lives of 6 years and 3 years, respectively, which are lower than those indicated in Schedule II. On the basis of technical assesment, management believes that the useful lives as given above best represent the period over which the assets are expected to be used.

b) Amortisation of intangible Assets :

Intangible assets are amortised on a straight line basis over their estimated useful life of six years.

1.05 Inventories

a) Basis of valuation:

- i) Inventories are carried at lower of cost and net realisable value after providing cost of obsolescence, if any. 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. The comparison of cost and net realisable value is made on an item-by-item basis.

b) Method of Valuation:

- i) Cost of Inventories has been determined by using moving weighted average cost method and comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventories to their present location and condition.
- ii) Cost of finished goods and work-in-progress further includes direct labour and an appropriate share of fixed and variable production overheads and excise duty as applicable. Fixed production overheads are allocated on the basis of normal capacity of production facilities.
- iii) Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

1.06 Foreign Currency Transactions

a) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying the exchange rate prevailing at the date of transaction.

b) Measurement of Foreign Currency items at the Balance Sheet date-

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

c) Exchange differences

Exchange differences arising on conversion/ settlement of foreign currency monetary items are recognised as income or expense in the year in which they arise.

1.07 Employee Benefits

a) Gratuity

The liabilities with respect to Gratuity Plan are determined by actuarial valuation on projected unit credit method on the balance sheet date.

The actuarial valuation of the gratuity of employees at the year end is provided for as assets/ (liability) in the books. Actuarial gains/ (losses) for defined benefit plans are recognised in full and are immediately taken to the statement of profit and loss and are not deferred.

b) Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to provident fund are made in accordance with the relevant scheme and are charged to the statement of profit and loss for the year when contribution are due. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related services.

c) Leave encashment

Accumulated leaves which is expected to be utilised within 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 and discharge at the year end.

1.08 Revenue Recognition

Revenue is recognised 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 recognised:

a) Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer and no significant uncertainty exists regarding the amount of consideration that will be derived from the sale of goods. Sales are recorded net of returns and trade discount. The Company collects sales tax and value added tax (VAT) on behalf of the Government and, therefore, these are not economic benefits flowing to the Company and hence are excluded from revenue. Excise duty is deducted from revenue (gross) to arrive at revenue from operations (net).

b) Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rates.

1.09 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all potentially dilutive equity shares.

1.10 Taxes on Income

Tax expense for the year comprises of current tax and deferred tax.

a) Current Tax

i) Current income tax is measured at the amount expected to be paid to taxation authorities in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) enacted in India by using tax rates and the tax laws that are enacted at the reporting date. The Company is eligible for deduction under section 35(2AB) of Income Tax Act, 1961 in respect of expenses incurred in Research and development unit.

ii) Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the 'Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961', the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement" under loans and advances. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

b) Deferred Tax

Deferred income tax reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws those are enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations, where the Company has unabsorbed depreciation or carry forward losses under tax laws, all deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

Deferred tax assets and deferred tax liabilities are off-set , 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 taxes on income levied by the same governing taxation laws.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer virtually certain that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes virtually certain that sufficient future taxable income will be available.

1.11 Impairment of Assets

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

1.12 Leases

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

1.13 Borrowing Costs

Borrowing cost includes interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

1.14 Provisions and Contingent Liabilities

Provisions

A provision is recognised when the Company has a present obligation as a result of 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 not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Provisions for warranty

Product warranty costs are accrued in the year of sale of products, based on past experience. The Company periodically reviews the adequacy of product warranties and adjust warranty percentage and warranty provisions for actual experience, if necessary. The timing of outflow is expected to be with in one to two years.

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 recognised 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 recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

1.15 Cash and Cash Equivalents

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

**PROMPTEC RENEWABLE ENERGY SOLUTIONS PVT LTD
BALANCE SHEET AS AT MARCH 31, 2016**

		AS AT March 31, 2016 (Rs.in lacs)	AS AT March 31, 2015 (Rs.in lacs)
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
Share capital	2	263.62	210.16
Reserves and surplus	3	1,465.17	292.67
		1,728.79	502.83
2 Non-current liabilities			
Long-term borrowings	4	-	212.46
Long-term provisions	5	45.01	29.43
		45.01	241.89
3 Current liabilities			
Short Term Borrowings	6	957.72	869.49
Trade payables	7		
Total outstanding dues of creditors other than micro and small enterprises		834.10	779.75
Total outstanding dues of micro and small enterprises		88.63	22.07
Other current liabilities	8	221.87	173.08
Short-term provisions	9	41.15	1.17
		2,143.47	1,845.56
Total		3,917.27	2,590.28
II ASSETS			
1 Non-current assets			
Fixed assets	10		
Tangible assets		575.91	375.48
Intangible assets		18.33	-
Deferred Tax Assets (net)	11	49.91	50.06
Long-term loans and advances	12	69.37	22.95
Other Non-Current Assets	13	0.11	0.11
		713.63	448.60
2 Current assets			
Inventories	14	1,529.62	1,156.55
Trade receivables	15	1,571.89	820.19
Cash and bank balances	16	7.44	70.70
Short-term loans and advances	17	94.69	94.24
		3,203.64	2,141.68
Total		3,917.27	2,590.28
Summary of significant accounting policies	1		
Contingent liabilities and commitments	26		
Other notes on accounts	27		

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

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Registration No. 301003E/E3000005

Sd/-
Per Manoj Kumar Gupta
Partner
Membership No. 83906

For and on behalf of Board of Directors

Sd/-
Rajiv Goel
Director
DIN: 00714821

Sd/-
Kiran Moras
Director
DIN: 2184904

Sd/-
Manish Bansal
Authorised Signatory

Certified True Copy
For Promptec Renewable Energy Solutions Pvt. Limited

Noida; May 9, 2016

Director

PROMPTEC RENEWABLE ENERGY SOLUTIONS PVT LTD
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

		Year ended March 31, 2016 (Rs.in lacs)	Year ended March 31, 2015 (Rs.in lacs)
	Notes		
I	INCOME		
	Revenue from operations (gross)	5,481.63	3,478.43
	Less: Excise duty	469.32	177.56
	Revenue from operations (net)	<u>5,012.31</u>	<u>3,300.87</u>
	Other income	94.38	40.78
	Total Revenue	<u>5,106.69</u>	<u>3,341.65</u>
II	EXPENSES		
	Cost of materials consumed	3,329.15	2,508.22
	Change in inventories of finished goods, work in progress and stock in trade	(226.82)	(30.24)
	Employee benefits expense	779.73	454.57
	Finance costs	101.13	132.28
	Depreciation and amortization expense	60.48	34.39
	Other expenses	1,031.83	449.59
	Total Expenses	<u>5,075.50</u>	<u>3,548.81</u>
III	Profit before tax	31.19	(207.16)
IV	Tax expenses		
	Current tax	5.94	-
	MAT credit entitlement	(5.94)	-
	Income tax for earlier years	4.91	-
	Deferred tax	0.15	16.93
	Total tax expense	<u>5.06</u>	<u>16.93</u>
V	Profit for the year	<u>26.13</u>	<u>(224.09)</u>
VI	Earnings per equity share		
	Nominal value of share Rs. 10/-		
	Basic (Rs.)	1.04	(14.26)
	Diluted (Rs.)	1.04	(14.26)
	Summary of significant accounting policies	1	
	Contingent liabilities and commitments	26	
	Other notes on accounts	27	

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

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Registration No. 301003E/E3000005

Sd/-
Per Manoj Kumar Gupta
Partner
Membership No. 83906

For and on behalf of Board of Directors

Sd/-
Rajiv Goel
Director
DIN: 00714821

Sd/-
Kiran Moras
Director
DIN: 2184904

Sd/-
Manish Bansal
Authorised Signatory

Noida; May 9, 2016

PROMPTEC RENEWABLE ENERGY SOLUTIONS PVT LTD
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31 ,2016

A. CASH FLOW FROM OPERATING ACTIVITIES	Year ended March 31, 2016 Rs. in Lacs	Year ended March 31,2015 Rs. in Lacs
Profit before tax	31.19	(207.16)
<u>Adjustments to reconcile profit before tax to net cash flows</u>		
Depreciation and amortisation expense	60.48	34.39
Loss/ (profit) on sale of fixed assets (net)	-	5.64
Provision for doubtful trade receivables	-	54.45
Interest income	(7.69)	(2.49)
Interest expense	73.61	92.44
Excess provisions no longer required written back	(4.88)	-
Reversal of provision for doubtful receivables	(55.25)	-
Operating Profit before working capital changes	97.46	(22.73)
<u>Movement in working capital</u>		
(Increase)/ Decrease in trade receivables	(696.45)	(172.02)
(Increase)/ Decrease in loans and advances	(17.37)	(33.68)
(Increase)/ Decrease in other current assets	-	(0.25)
(Increase)/ Decrease in inventories	(373.07)	(276.46)
Increase/ (Decrease) in trade payables	120.91	296.92
Increase/ (Decrease) in other liabilities and provisions	136.00	(6.44)
Cash generated from/(used) in operations	(732.52)	(214.66)
Direct taxes paid (net of refunds)	(5.62)	-
Net Cash flow from/(used) in Operating Activities (A)	(738.14)	(214.66)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work in progress	(279.24)	(40.80)
Capital advances (net of capital creditors)	(20.55)	-
Fixed Deposits (made)/matured during the year (having original maturity of more than three months)	46.13	(46.66)
Proceeds from sale of fixed assets	-	11.50
Interest income received	7.69	2.49
Net Cash flow from/(used) in Investing Activities (B)	(245.97)	(73.47)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from share capital issued	55.68	-
Proceed from security premium received	1,144.16	-
Repayment of long term borrowings	(247.48)	7.20
Net Proceeds of short term borrowings	88.23	352.70
Interest paid	(73.61)	(92.44)
Net Cash Flow from/(used) in Financing Activities (C)	966.98	267.46
Net increase / decrease in cash and cash equivalents (A+B+C)	(17.13)	(20.67)
Cash and cash equivalents at the beginning of the year	23.06	43.73
Cash and Cash Equivalents at the end of the year	5.93	23.06

Notes :

- The above Cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3, "Cash Flow Statements".
- Components of cash and cash equivalents :-

	As at March 31, 2016 Rs. in Lacs	As at March 31,2015 Rs. in Lacs
a) Cash and cash equivalents		
Balances with banks:		
Current accounts	5.90	21.65
Cash in hand	0.03	1.41
	5.93	23.06
b) Other bank balances		
Fixed Deposits account having a maturity period of more than three months	1.51	47.64
	1.51	47.64
Total	7.44	70.70

As per our report of even date

For and on behalf of Board of Directors

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Registration No. 301003E/E3000005

Sd/-
Rajiv Goel
Director
DIN: 00714821

Sd/-
Kiran Moras
Director
DIN: 2184904

Per Manoj Kumar Gupta
Partner
Membership No. 83906
Noida; May 9, 2016

Sd/-
Manish Bansal
Authorised Signatory

PROMPTEC RENEWABLE ENERGY SOLUTIONS PVT LTD
Notes on Accounts for the year ended March 31, 2016

	As at March 31, 2016 (Rs.in lacs)	As at March 31, 2015 (Rs.in lacs)
2 SHARE CAPITAL		
a) Authorized		
30,00,000 Equity Shares (Previous year: 16,00,000 Equity Shares) of Rs.10/- each	300.00	160.00
5,50,000 Preference Shares (Previous year: 5,50,000 Preference Shares) of Rs.10/- each	55.00	55.00
Issued, subscribed and fully paid-up		
26,36,226 Equity Shares (Previous year: 15,70,993 Equity Shares) of Rs.10/- each	263.62	157.10
Nil Preference Shares (Previous year: 5,30,576 Preference Shares) of Rs.10/- each	-	53.06
	<u>263.62</u>	<u>210.16</u>

b) Reconciliation of the Equity shares outstanding at the beginning and at the end of the year

	March 31, 2016		March 31, 2015	
	No. of shares	(Rs.in lacs)	No. of shares	(Rs.in lacs)
At the beginning of the year	15,70,993	157.10	15,70,993	157.10
Add: Fresh Issue during the year*	5,56,766	55.68	-	-
Add: Conversion of Preference Shares*	5,08,467	50.84	-	-
Outstanding at the end of the year	<u>26,36,226</u>	<u>263.62</u>	<u>15,70,993</u>	<u>157.10</u>

c) (i) Reconciliation of the Series 'A' Preference shares outstanding at the beginning and at the end of the year

	March 31, 2016		March 31, 2015	
	No. of shares	(Rs.in lacs)	No. of shares	(Rs.in lacs)
At the beginning of the year	1,96,248	19.62	1,96,248	19.62
Less: Conversion to Equity Shares *	1,96,248	19.62	-	-
Outstanding at the end of the year	<u>-</u>	<u>-</u>	<u>1,96,248</u>	<u>19.62</u>

(ii) Reconciliation of the Series 'B' Preference shares outstanding at the beginning and at the end of the year

	March 31, 2016		March 31, 2015	
	No. of shares	(Rs.in lacs)	No. of shares	(Rs.in lacs)
At the beginning of the year	1,76,710	17.67	1,76,710	17.67
Less: Conversion to Equity Shares *	1,76,710	17.67	-	-
Outstanding at the end of the year	<u>-</u>	<u>-</u>	<u>1,76,710</u>	<u>17.67</u>

(iii) Reconciliation of the Series 'B1' Preference shares outstanding at the beginning and at the end of the year

	March 31, 2016		March 31, 2015	
	No. of shares	(Rs.in lacs)	No. of shares	(Rs.in lacs)
At the beginning of the year	1,57,618	15.76	1,57,618	15.76
Less: Conversion to Equity Shares *	1,57,618	15.76	-	-
Outstanding at the end of the year	<u>-</u>	<u>-</u>	<u>1,57,618</u>	<u>15.76</u>

*Pursuant to the share subscription cum purchase agreement executed on dated April 21, 2015 and shareholders agreement executed on dated April 22, 2015, the Company has issued 5,56,766 equity Shares of Rs. 10/- each to Havells India Limited. Havells India Limited has also acquired 5,30,576 preference shares consists of 1,96,248 Series 'A', 1,76,710 series 'B' and 1,57,618 series 'B1' preference shares of Rs. 10/- each and 2,83,973 equity shares of Rs. 10/- each from the existing shareholders of the Company. The 5,30,576 preference shares of Rs. 10/- each have been converted into 5,08,467 equity shares of Rs. 10/- each with the recommendations of the Board of Directors of the Company at its meeting held on May 15, 2015 followed by approval of the members in extra-ordinary general meeting dated May 15, 2015, in consequences of which Havells India Limited has become a holding company of the Company.

d) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Re.10/- per share (previous year Re.10/- per share). Each holder of equity shares is entitled to one vote per share.

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

e) Terms/rights attached to Preference shares

The Company was having three series of compulsarily convertible preference shares having a par value of Re.10/- per share (previous year Re.10/- per share)

Series 'A' Preference Shares:

Holders of series 'A' preference shares shall at all times before and after conversion of Series 'A' preference shares into equity shares have such number of votes on all matters presented to shareholders equal to the number of equity shares issuable to them as if their series 'A' preference shares had been converted into equity shares at the series 'A' conversion ratio, as the case maybe, on the day of voting.

Subject to applicable law, in the event of liquidation, dissolution or winding up of the Company, the holders of Series 'A' preference shares shall have a preference over all other shareholders and will be entitled to first receive, as permitted by law, and in preference to the other shareholders of the Company, an amount equal to the greater of:

- 150% of the investor subscription amount actually invested, plus any due and unpaid dividends from the proceeds; or
- the holders of series 'A' preference shares will participate in proceeds in proportion to their then shareholding of the Company on an as-converted basis, pro rata, along with the other shareholders of the Company.

Series 'B' Preference Shares:

Holders of series 'B' preference shares shall at all times before and after conversion of Series 'B' preference shares into equity shares have such number of votes on all matters presented to shareholders equal to the number of equity shares issuable to them as if their series 'B' preference shares had been converted into equity shares at the series 'B' conversion ratio, as the case maybe, on the day of voting.

Subject to applicable law, in the event of liquidation, dissolution or winding up of the Company, the holders of series 'B' preference shares shall have a preference over all other shareholders and will be entitled to first receive, as permitted by law, and in preference to the other shareholders of the Company, an amount equal to the greater of:

- 150% of the second tranche Investment, plus any due and unpaid dividends from the proceeds; or
- the holders of series 'B' preference shares will participate in proceeds in proportion to their then shareholding of the Company on an as-converted basis, pro rata, along with the other shareholders of the Company.

Series 'B1' Preference Shares:

Holders of the series 'B1' preference shares shall at all times before and after conversion of series 'B1' preference shares into equity shares have such number of votes on all matters presented to shareholders equal to the number of equity shares issuable to them as if their series 'B1' preference shares had been converted into equity shares at the series 'B1' conversion ratio, as the case maybe, on the day of voting.

In the event of liquidation event, subject to applicable Law, the preference shareholders of the series 'B1' preference shares will have liquidation rights senior to all other outstanding securities of the Company. The reference shareholders shall receive the higher of the following:

- 150% of the total subscription amount, along with all due and unpaid dividends.
- shall have the right to participate, pro-rata to their shareholding on a fully diluted basis, on an as-if-converted basis, along with the other shareholders and the promoters of the company or

f) Shares held by holding Company:

Out of the equity Shares issued by the Company, shares held by its holding company are as follows:

	As at March 31, 2016 (Rs.in lacs)	As at March 31, 2015 (Rs.in lacs)
Havells India Limited, the holding company 13,49,206 Equity Shares (Previous year: Nil) of Rs. 10/- each	134.92	-

g) Details of shareholders holding more than 5% shares in the Company is set out below:

	March 31, 2016		March 31, 2015	
	No. of shares Face Value of Re.10/-	% holding	No. of shares Face Value of Rs.10/-	% holding
Havells India Limited, the holding company	13,49,206	51.18%	-	-
Joshy P P	4,67,737	17.74%	4,90,311	31.21%
Kiran Moras	5,61,879	21.31%	6,76,689	43.07%
Nikhil Das	2,57,404	9.76%	3,10,000	19.73%

3 RESERVES AND SURPLUS**a) Capital Reserve**

As per the last balance sheet
Add: Addition during the year *

Less: Utilized during the year

	As at March 31, 2016 (Rs.in lacs)	As at March 31, 2015 (Rs.in lacs)
	-	-
	<u>2.21</u>	<u>-</u>
	2.21	-
	<u>-</u>	<u>-</u>
	<u>2.21</u>	<u>-</u>

b) Securities Premium Account

As per the last balance sheet
Add: Addition during the year

Less: Utilized during the year

	302.84	302.84
	<u>1,144.16</u>	<u>-</u>
	1,447.00	302.84
	<u>-</u>	<u>-</u>
	<u>1,447.00</u>	<u>302.84</u>

c) General Reserve

As per the last balance sheet
Add: Transfer from surplus as per the statement of profit and loss

	2.26	2.26
	<u>-</u>	<u>-</u>
	<u>2.26</u>	<u>2.26</u>

e) Surplus as per the statement of profit and loss

As per the last balance sheet
Less : Adjustment related to transitional provision as per Schedule II
of the Companies Act, 2013
Add : Profit for the year
Net surplus in the statement of profit and loss

	(12.43)	133.88
	<u>-</u>	<u>77.78</u>
	26.13	<u>(224.09)</u>
	<u>13.70</u>	<u>(12.43)</u>
	<u>-</u>	<u>-</u>
	<u>1,465.17</u>	<u>292.67</u>

Total Reserves and Surplus

* Capital reserve has been created by way of conversion of 3,34,328 preference shares of series 'B' and 'B1' of Rs. 10/- each into 3,12,219 equity shares of Rs. 10/- each. The excess of preference shares are credited to capital reserve.

	As at March 31, 2016 (Rs.in lacs)	As at March 31, 2015 (Rs.in lacs)
4 LONG TERM BORROWINGS		
Term loans from banks (secured)	-	185.21
Loans and advances from Financial Institution (secured)	-	19.11
Loans and advances from Non-banking Financial Company (unsecured)	-	8.14
	<u>-</u>	<u>212.46</u>
a) Term loan from State Bank of Mysore Rs Nil (Previous year: Rs 6.98 lacs) secured against the hypothecation of motor car has been fully repaid during the year.		
b) Term loan from Small Industries Development Bank of India is Rs Nil (Previous year: Rs 177.52 lacs) secured against the first charge on plant and machinery has been fully repaid during the year. The security has been released and charge with Ministry of Corporate affairs has been modified on dated January 6, 2016		
c) Term loan from HDFC Bank Limited Rs Nil (Previous year: Rs 0.71 lacs) secured against hypothecation of motor car has been fully repaid during the year.		
d) Loans and advance from National small industries corporation, Financial Institution Rs. Nil (Previous year: Rs 19.11 lacs) secured against the bank guarantee has been fully repaid during the current year.		
e) Loans and advance from Bajaj Finance Limited, Non-banking Financial Company Rs Nil (Previous year: Rs 8.14 lacs) has been fully repaid during the year.		
5 LONG TERM PROVISIONS		
i) Provision for employee benefits		
Provision for leave encashment	-	12.11
Provision for gratuity {refer note no. 27(3)}	34.27	17.32
	<u>34.27</u>	<u>29.43</u>
ii) Other provisions		
Product warranties {refer note no. 9(a)}	10.74	-
	<u>10.74</u>	<u>-</u>
	<u>45.01</u>	<u>29.43</u>
6 Short Term Borrowings		
Cash credit facility from banks (Secured)	957.72	488.33
Buyer Credit facility and Pre-shipment finance from Bank (Secured)	-	181.16
Other loans and advances (Unsecured)	-	200.00
	<u>957.72</u>	<u>869.49</u>
a) The cash credit facility from banks includes		
(i) Working capital loan from Yes Bank Limited amounting to Rs 957.72 lacs (Previous year: Nil) obtained during the year against first charge on all the current assets and movable fixed assets of the Company (both present and future) and non-disposable undertaking from Havells India Limited to maintain 51% shareholding in the Company. The said loan is repayable on demand and is carrying the interest rate of 11.75% per annum.		
(ii) Cash credit facility Rs Nil (Previous year: Rs. 488.34 lacs), buyer credit facility and pre-shipment finance Rs. Nil (Previous year: Rs. 181.16 lacs) from State Bank of Mysore secured against the following assets have been fully repaid during the year. The Security pledged with the Bank has been released and charge with Ministry of Corporate affairs has been modified accordingly on dated October 31, 2015.		
1) Hypothecation of Stock of Raw Material, Finished Goods & Consumables.		
2) Equitable Mortgage of Personal Property of Mr Kiran Moras and Anitha Coelho.		
3) Second Charge on Existing Plant & Machinery.		
4) Personal Guarantee of All Directors & Mrs Anitha Coelho		
b) Unsecured Loans and advances Rs. Nil (Previous year: Rs. 200.00 lacs) includes promissory notes due to Blume Venture Capital has been fully repaid during the year.		
7 TRADE PAYABLES		
Trade Payables		
Total outstanding dues of micro and small	88.63	22.07
Total outstanding dues of creditors other than micro and small enterprises	834.10	779.75
	<u>922.73</u>	<u>801.82</u>
a) Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for the period ended 31st March, 2016 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.		
i) Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act :		
Principal	88.63	22.07
Interest	-	-
ii) The amount of interest paid by the buyer in terms of section 16, of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	-	-
The total dues of Micro and Small Enterprises which were outstanding for more than stipulated period are Nil (Previous year Rs Nil) as on balance sheet date.		

	As at March 31, 2016 (Rs.in lacs)	As at March 31, 2015 (Rs.in lacs)
8 OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings	8.22	43.24
Capital creditors	3.01	-
Other payables-		
Trade deposits from customers	12.96	-
Advance from Customers	29.14	46.07
Excise duty Payable	17.62	8.52
Other statutory dues payable	23.58	24.49
Other liabilities		
- Payable to employees	114.91	46.03
- Payable against services	7.53	4.73
- Sales incentive payable	4.90	-
	221.87	173.08

- a) Current maturities of long term loan includes due from State Bank of Mysore Rs 8.22 lacs (Previous year: Rs. 11.97 lacs) secured against the hypothecation of motor car is repayable in next 10 monthly instalments and unsecured term loans from Standard Chartered Bank, HDFC Bank and Bajaj Capital Finance Limited Rs. Nil (Previous year: Rs. 31.27 lacs) has been fully repaid during the year.
- b) The Company has made a provision of excise duty payable amounting to Rs.17.62 lacs (previous year Rs.8.52 lacs) on stocks of finished goods and scrap material at the end of the year. Excise duty is considered as an element of cost at the time of manufacture of goods.

9 SHORT TERM PROVISIONS

i) Provision for employee benefits

Provision for gratuity {refer note no. 27(3)}

10.86	1.17
10.86	1.17

ii) Other provisions

Product warranties {refer point (a)}

Income Tax (net of advance tax and TDS)

25.06	-
5.23	-
30.29	-
41.15	1.17

Provision for warranties

a) Provision is recognised for expected warranty claims and after sales services on products sold during the last one to two years, based on past experience of the level of repairs and returns. It is expected that significant portion of these costs will be incurred in the next financial year and all will have been incurred within two years after the reporting date. Assumptions used to calculate the provisions for warranties were based on current sales levels and current information available about returns based on one to two years warranty period for all products sold. The table below gives information about movement in warranty provisions.

At the beginning of the year

Arising during the year

Utilized during the year

At the end of the year

Current portion

Non-current portion (refer note no. 5)

-	-
55.22	24.03
(19.42)	(24.03)
35.80	-
25.06	-
10.74	-

	As at March 31, 2016 (Rs.in lacs)	As at March 31, 2015 (Rs.in lacs)
11 DEFERRED TAX ASSETS (NET)		
Deffered Tax Liabilities		
On account of difference in rates and method of depreciation of fixed assets	67.93	43.92
Gross Deferred Tax Liabilities	<u>67.93</u>	<u>43.92</u>
Deffered Tax Assets		
on account of Business losses and unabsorbed depreciation	95.82	93.98
on account of expenditure charged to the statement of profit and loss account but allowed for tax purpose on payment basis	22.02	-
Gross Deferred Tax Assets	<u>117.84</u>	<u>93.98</u>
Net Deffered Tax Assets	<u><u>49.91</u></u>	<u><u>50.06</u></u>
The Company has recognised deferred tax assets on carried forward business losses and unabsorbed depreciation in accordance with Accounting Standard - 22 - 'Accounting for Taxes on income' based on virtual certainty duly supported by firm contracts resulting in sufficient future taxable income against which such deferred tax assets will be realised.		
12 LONG TERM LOANS AND ADVANCES		
Unsecured- Considered good		
Capital Advances	23.56	-
Security deposits	36.61	20.04
MAT credit entitlement	5.94	-
Deposits with Statutory/Government authorities	3.26	2.91
	<u>69.37</u>	<u>22.95</u>
13 OTHER NON-CURRENT ASSETS		
Unsecured- considered good		
Fixed deposits with banks having maturity period of more than twelve months	0.11	0.11
	<u>0.11</u>	<u>0.11</u>
14 INVENTORIES		
Raw materials and components	1,103.37	976.85
Work-in-progress	216.84	102.97
Finished goods	189.68	76.73
Stores and spares	19.73	-
	<u>1,529.62</u>	<u>1,156.55</u>
The above includes goods in transit as under:		
Raw Materials	8.25	29.85
Finished goods	26.03	-
a) Inventories have been taken at lower of cost and net realisable value.		
15 TRADE RECEIVABLES		
Outstanding due for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	104.77	470.71
Unsecured, considered doubtful	-	55.25
	<u>104.77</u>	<u>525.96</u>
Less: Provision for doubtful receivables	-	55.25
	<u>104.77</u>	<u>470.71</u>
Other receivables		
Unsecured, considered good*	1,467.12	349.48
Unsecured, considered doubtful	-	-
	<u>1,467.12</u>	<u>349.48</u>
Less: Provision for doubtful receivables	-	-
	<u>1,467.12</u>	<u>349.48</u>
	<u><u>1,571.89</u></u>	<u><u>820.19</u></u>
* Trade receivables include Rs.811.85 lacs (Previous year: Rs.Nil) due from holding company.		
16 CASH AND BANK BALANCES		
a) Cash and cash equivalents		
Balances with banks:		
Current accounts	5.90	21.65
Cash in hand	0.03	1.41
	<u>5.93</u>	<u>23.06</u>
b) Other bank balances		
Fixed deposits account having a remaining maturity period of more than three months but less than twelve months	1.51	47.64
	<u>1.51</u>	<u>47.64</u>
	<u>7.44</u>	<u>70.70</u>
17 SHORT TERM LOANS AND ADVANCES		
Unsecured -considered good		
Advances against material & services	18.96	6.26
Prepaid expenses	0.88	0.33
Balance with Statutory/Government authorities		
Excise duty	15.59	62.89
Service tax	19.11	0.09
VAT	3.25	0.76
Other deposits with Statutory/ Government authorities	5.99	1.62
Other loans and advances	30.91	22.29
	<u>94.69</u>	<u>94.24</u>

	For the year ended 31st March, 2016 (Rs.in lacs)	For the year ended 31st March, 2015 (Rs.in lacs)	
18 REVENUE FROM OPERATIONS			
Sale of products			
Finished goods	5,495.64	3,482.42	
	<u>5,495.64</u>	<u>3,482.42</u>	
Less: Turnover discount, incentives and rebates	14.01	3.99	
	<u>5,481.63</u>	<u>3,478.43</u>	
Revenue from operations (gross)	5,481.63	3,478.43	
Less: Excise duty	469.32	177.56	
Revenue from operations (net)	5,012.31	3,300.87	
Details of products sold			
Finished goods			
Lighting and fixtures	5,495.64	3,482.42	
	<u>5,495.64</u>	<u>3,482.42</u>	
19 OTHER INCOME			
Interest income on bank deposits	7.69	2.49	
Excess provisions no longer required written back	4.88	-	
Provision for doubtful receivables written back	55.25	-	
Other Non operating income	26.56	38.29	
	<u>94.38</u>	<u>40.78</u>	
20 COST OF MATERIALS CONSUMED			
Inventory at the beginning of the year	976.85	730.63	
Add: Purchases	3,455.67	2,754.44	
	<u>4,432.52</u>	<u>3,485.07</u>	
Less: Inventory at the end of the year	1,103.37	976.85	
Cost of raw material and components consumed	3,329.15	2,508.22	
Details of the raw material and components consumed			
Aluminium	318.00	239.58	
Battery	93.35	70.33	
Cable	75.07	56.56	
Capicitor	128.23	96.61	
LED Bulbs	713.22	537.35	
PCB	402.33	303.12	
Resistors	18.00	13.56	
Transformer	45.85	34.55	
Others Electronic components	936.65	705.68	
Others	598.45	450.88	
	<u>3,329.15</u>	<u>2,508.22</u>	
	For the year ended 31st March, 2016 (Rs.in lacs)	For the year ended 31st March, 2015 (Rs.in lacs)	(Increase)/ Decrease
21 CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS			
Inventories at the end of the year			
Finished goods	189.68	76.73	(112.95)
Work-in-progress	216.84	102.97	(113.87)
	<u>406.52</u>	<u>179.70</u>	<u>(226.82)</u>
Inventories at the beginning of the year			
Finished goods	76.73	114.47	37.74
Work-in-progress	102.97	34.99	(67.98)
	<u>179.70</u>	<u>149.46</u>	<u>(30.24)</u>
Details of inventory at the end of the year		For the year ended 31st March, 2016 (Rs.in lacs)	For the year ended 31st March, 2015 (Rs.in lacs)
Finished Goods-Lighting and Fixtures		189.68	76.73
Work-in-progress-Lighting and Fixtures		216.84	102.97
		<u>406.52</u>	<u>179.70</u>
Details of inventory at the beginning of the year			
Finished Goods-Lighting and Fixtures		76.73	114.47
Work-in-progress-Lighting and Fixtures		102.97	34.99
		<u>179.70</u>	<u>149.46</u>
22 EMPLOYEE BENEFITS EXPENSE			
Salaries, wages, bonus, commision and other benefits		691.07	408.80
Contribution towards PF and ESI		40.57	27.67
Gratuity expense {refer note no. 27(3)}		26.64	7.84
Staff welfare expenses		21.45	10.26
		<u>779.73</u>	<u>454.57</u>

	For the year ended 31st March, 2016 (Rs.in lacs)	For the year ended 31st March, 2015 (Rs.in lacs)
23 FINANCE COSTS		
Interest expense	73.61	92.44
Bank charges	27.52	39.84
	101.13	132.28
24 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of tangible assets	59.40	34.39
Amortisation of intangible assets	1.08	-
	60.48	34.39
25 OTHER EXPENSES		
Consumption of stores and spare parts	130.67	45.91
Power and fuel	14.66	10.60
Job work charges	294.59	106.81
Increase / (decrease) in excise duty on inventory of finished goods and scrap	11.35	8.53
Freight and forwarding expenses	67.41	5.47
Testing Charges	19.12	7.61
Repairs and maintenance		
Plant & Machinery	5.21	1.47
Building	0.70	5.22
Others	20.30	10.26
Insurance	1.67	2.97
Rates and taxes	8.20	9.71
Rent	16.05	12.43
Travelling and conveyance	61.26	38.29
Communication expenses	21.16	11.00
Legal and professional charges	22.96	6.08
Payment to Auditors		
As Auditors		
Audit fee	6.00	1.00
Tax audit fee	0.20	-
Reimbursement of expenses	0.10	-
Exchange Fluctuations (net)	4.56	7.00
Service tax and custom duty paid	4.40	-
Commission on sales	87.30	27.27
Loss on sale/ discard of fixed assets (net)	-	5.64
Bad debts written off	122.86	16.71
Provision for doubtful trade receivables	-	54.45
Printing and stationery	5.36	2.50
Advertisement and sales promotion	9.63	5.30
Product warranties and after sales services	55.22	24.03
Share issue Expenses	25.71	-
Miscellaneous expenses	15.18	23.33
	1,031.83	449.59

PROMPTEC RENEWABLE ENERGY SOLUTIONS PVT LTD

10 FIXED ASSETS

(Rs.in lacs)

SI . No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
		As at April 1, 2015	Addition during the year	Sales/ Adjustment during the year	As at March 31,2016	Upto last year	For the year	Sales/ Adjustment during the year *	To date	As at March 31,2016	As at March 31,2015
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
a)	Tangible										
1	Buildings	92.40	33.44	-	125.84	4.75	2.96	-	7.71	118.13	87.65
2	Plant and Machinery	254.12	52.54	-	306.66	41.87	33.71	-	75.58	231.08	212.25
3	Furniture and Fixtures	42.25	36.16	-	78.41	14.52	4.78	-	19.30	59.11	27.73
4	Vehicles	60.16	-	-	60.16	20.91	7.16	-	28.07	32.09	39.25
5	R & D Equipments	-	87.70	-	87.70	-	3.91	-	3.91	83.79	-
6	Office Equipments	2.65	23.49	-	26.14	1.56	2.27	-	3.83	22.31	1.09
7	Computers	24.53	17.83	-	42.36	17.02	4.56	-	21.58	20.78	7.51
8	Electric fans & Installations	-	8.67	-	8.67	-	0.05	-	0.05	8.62	-
	Total Tangible Assets	476.11	259.83	-	735.94	100.63	59.40	-	160.03	575.91	375.48
	Previous Year	462.27	40.80	26.96	476.11	153.84	34.39	87.60	100.63	375.48	308.43
b)	Intangible Assets										
	Computer Software	-	19.41	-	19.41	-	1.08	-	1.08	18.33	-
	Total Intangible Assets	-	19.41	-	19.41	-	1.08	-	1.08	18.33	-
	Previous Year	-	-	-	-	-	-	-	-	-	-
	Total-Current Year	476.11	279.24	-	755.35	100.63	60.48	-	161.11	594.24	375.48
	Total-Previous Year	462.27	40.80	26.96	476.11	153.84	34.39	87.60	100.63	375.48	308.43

* Sales/ Adjustment of Rs.87.60 lacs includes Rs. 77.78 lacs being impact of change in useful life of the assets under schedule -II of the Companies Act,2013 and balance Rs.9.82 lacs represents accumulated depreciation on sale of assets.

26 CONTINGENT LIABILITIES, COMMITMENTS AND LITIGATIONS

	2015-16	(Rs.in lacs) 2014-15
A Contingent liabilities (to the extent not provided for)		
a Disputed tax liabilities in respect of pending cases before appellate authorities {Amount deposited under protest Rs. 3.44 lacs (previous year Rs. Nil)} {refer point (i)}	12.98	109.76

Notes:

i) The various disputed tax liabilities are as under :

Sl. Description	Period to which relates	2015-16	(Rs.in lacs) 2014-15
		Disputed amount	
a) Income Tax Disallowances / additions made by the income tax department pending before Commissioner of income tax (Apeals)	AY 2013-14	1.50	1.50
b) Sales Tax / VAT Show cause notices / demands raised by Sales tax / VAT department pending before Joint Commissioner (Apeals), Karnataka	FY 2011-12	11.48	108.26
		12.98	109.76

Based on favourable decisions in similar cases, legal opinions taken by the Company and discussions with the solicitors, the Company does not expect any liability against these matters and hence no provision has been considered in the books of accounts.

B Bank guarantees and Letter of credits

Bank Guarantees issued by banks	2.26	42.40
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C Commitments

Estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	54.34	-
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27 OTHER NOTES ON ACCOUNTS

1 The Company has incurred following expenditure on Research and Development:

	2015-16	(Rs. in lacs) 2014-15
a) Revenue Expenditure		
Cost of Materials Consumed	30.69	1.38
Employee Benefits Expense	68.10	26.66
Other Expenses	10.23	1.98
	109.02	30.02
b) Capital Expenditure		
Tangible Assets	71.52	-
Intangible Assets	16.18	-
	87.70	-

2 Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise are as under:

Currency	Nature of Transaction	(Rs. in lacs)			
		As at March 31, 2016		As at March 31, 2015	
		Foreign Currency	Indian Rupees	Foreign Currency	Indian Rupees
USD	Export Trade Receivables	\$ 0.53	35.19	\$ 0.54	33.58
	Import Trade Payables	\$ 0.52	34.70	\$ 0.51	31.92

3 Disclosures pursuant to Accounting Standard - 15 "Employee Benefits"(specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2014) are given below :

Contribution to Defined Contribution Plan, recognised as expense for the year is as under:

	2015-16	(Rs. in lacs) 2014-15
Employer's Contribution towards Provident Fund (PF)	31.15	20.24
Employer's Contribution towards Employee State Insurance (ESI)	9.42	7.43
	40.57	27.67

Defined Benefit Plan

Under the gratuity plan, every employee who has completed atleast five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The present value of Gratuity fund obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

	2015-16	(Rs. in lacs) 2014-15
a) Reconciliation of opening and closing balances of Defined Benefit obligation		
Defined Benefit obligation at beginning of the year	18.49	10.65
Interest Cost	1.38	0.94
Current Service Cost	7.16	3.19
Benefit paid	-	-
Actuarial (gain) / loss on obligation	18.10	3.71
Defined Benefit obligation at year end	45.13	18.49
b) Reconciliation of fair value of assets and obligations		
Fair value of plan assets	-	-
Present value of obligation	(45.13)	(18.49)
Amount recognised in Balance Sheet- Asset / (Liability)	(45.13)	(18.49)
c) Expenses recognised during the year		
Current Service Cost	7.16	3.19
Interest Cost on benefit obligation	1.38	0.94
Expected return on plan assets	-	-
Net Actuarial (gain) / loss recognised in the year	18.10	3.71
Net Cost debited to statement of profit and loss	26.64	7.84
d) Actuarial assumptions		
Discount rate (per annum)	2015-16 7.60%	2014-15 7.70%
Attrition Rate	28%	20%
e) Amounts for current and previous year:		
Present value of obligation	2015-16 45.13	2014-15 18.49
Fair value of plan assets	-	-
Surplus / (Deficit)	(45.13)	(18.49)
Experience Adjustments of Plan Assets [Gain / (loss)]	-	-
Experience Adjustments of Obligation [Gain / (loss)]	21.95	2.63
f) The Company has not maintained any fund for the plan assets during the previous year.		

The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary.

4 Related party transactions

The related parties as per the terms of Accounting Standard-18,"Related Party Disclosures", (specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2014) are disclosed below:-

(A) Names of related parties and description of relationship :

Holding Company	Relationship
1 Havells India Limited	Holding Company
Key Management Personnel	
1 Shri Kiran Moras	Director
2 Shri Joshy P P	Director
3 Shri Nikhil Dass	Director (upto May 15,2015)

(B) Transactions during the year**(i) Sales of Finished Goods****Holding Company**

Havells India Limited

	2015-16	(Rs. in lacs) 2014-15
Havells India Limited	2,290.14	-
	2,290.14	-

(i) Purchase of Raw Material			
Holding Company			
Havells India Limited		21.80	-
		21.80	-
(ii) Re-imbursement of Expenses			
Holding Company			
Havells India Limited		83.85	-
Key Management Personnel			
Shri Kiran Moras		5.00	6.06
Shri Joshy P P		5.90	5.66
Shri Nikhil Dass		5.69	4.44
		100.44	16.16
(iii) Managerial remuneration			
Key Management Personnel			
Shri Kiran Moras		34.38	27.50
Shri Joshy P P		34.38	27.50
Shri Nikhil Dass		3.71	27.50
		72.47	82.50
(C) Balances at the year end			
(i) Amount Receivables			
Holding Company			
Havells India Limited		811.85	-
		811.85	-
(ii) Amount Payables			
Key Management Personnel			
Shri Kiran Moras		3.39	5.60
Shri Joshy P P		1.69	6.51
Shri Nikhil Dass		-	0.33
		5.08	12.44
5 Earnings per share			
a) Basic Earnings per share			
<u>Numerator for earnings per share</u>			
Profit after taxation		26.13	(224.09)
<u>Denominator for earnings per share</u>			
Weighted number of equity shares outstanding during the year		(Nos.) 25,08,165	15,70,993
Earnings per share-Basic (one equity share of Re. 10/- each)		Rs. 1.04	(14.26)
b) Diluted Earnings per share			
<u>Numerator for earnings per share</u>			
Profit after taxation		26.13	(224.09)
<u>Denominator for earnings per share</u>			
Weighted number of equity shares outstanding during the year		(Nos.) 25,08,165 #	20,79,460
Earnings per share- Diluted (one equity share of Re. 10/- each)		Rs. 1.04	(10.78)
Diluted earning per share (Rs)*			
*The conversion effect of potential equity shares are anti-dilutive in nature, hence the effect of potential equity shares are ignored in calculating diluted earnings per share. Accordingly diluted earning per shares considered as same as of basic earning per share			
		2015-16	(Rs. in lacs) 2014-15
6 CIF value of Imports			
Raw materials and components		946.11	462.59
Capital goods		10.77	-
		956.88	462.59
		2015-16	2014-15
7 Earnings in foreign currency (on accrual basis)			
F.O.B. value of exports		287.01	610.79

8 **Value of Imported/Indigenous raw materials and components/stores and spares consumed and percentage thereof**

	2015-16		2014-15	
Raw materials consumed	(%)	Amount	(%)	Amount
Indigenous	80.03	2,664.37	81.56	2,045.63
Imported	19.97	664.78	18.44	462.59
	100.00	3,329.15	100.00	2,508.22
Stores and Spares consumed				
Indigenous	100.00	130.67	100.00	45.91
Imported	-	-	-	-
	100.00	130.67	100.00	45.91

9 The figures have been rounded off to the nearest lacs of rupees upto two decimal places. The figure 0.00 wherever stated represents value less than Rs. 500/-.

10 Previous year figures has been regrouped/reclassified wherever necessary to make them comparable with the current year figures.

11 Note No.1 to 27 form integral part of the balance sheet and statement of profit and loss.

As per our report of even date

For and on behalf of Board of Directors

For S.R. Batliboi & Co. LLP
Chartered Accountants

ICAI Registration No. 301003E/E3000005

Sd/-
Rajiv Goel
Director
DIN: 00714821

Sd/-
Kiran Moras
Director
DIN: 2184904

Sd/-
Per Manoj Kumar Gupta

Partner
Membership No. 83906

Sd/-
Manish Bansal
Authorised Signatory

Noida; May 9, 2016