

## **DIRECTORS' REPORT**

To,  
The Shareholders of  
**Sikkim Hydro Power Ventures Limited**

Your Directors have pleasure in submitting their Eleventh Annual Report, together with the Audited Accounts of the Company, for the period 1<sup>st</sup> October, 2014 to 31<sup>st</sup> March, 2016 (the **Period**).

### **1. FINANCIAL RESULTS:**

The Company has loss of Rs.70,679/- for the Period; which has been carried to the Balance Sheet.

### **2. PROJECT STATUS:**

The Company is developing a 66 MW Rangit II Hydro Power Project in West Sikkim, which consist a 40m high Dam, 4745m long Head Race Tunnel and Surface Power House.

The Civil Contractor has already mobilised and construction has commenced. All the initial infrastructure works are completed including river diversion works. Entire land for the project has been acquired. Resettlement and Rehabilitation of the affected persons has been completed. The Company has achieved the financial closure for the project. Excavation of Head Race Tunnel, Surge Shaft and P1 portal of Pressure Shaft is in progress.

### **3. DIVIDEND/TRANSFER TO RESERVES:**

In view of loss during the year, the Directors have not recommended any dividend for the financial year under review. No amount is transferred to any reserve.

### **4. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:**

There are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this Report.

### **5. CONSERVATION OF ENERGY, TECHNOLOGY ABSORBTION, FOREIGN EXCHANGE EARNINGS & OUTGO:**

As the Project is under construction, the other particulars required to be provided in terms of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are not applicable. The Company has neither earned nor spent any foreign exchange during the Period.

## **6. PARTICULARS OF EMPLOYEES:**

During the Financial Year / Period or any part of it, the Company has not employed any employee in receipt of remuneration in excess of the limits specified under Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## **7. DIRECTORS' RESPONSIBILITY STATEMENT:**

In accordance with Section 134(5) of the Companies Act, 2013, the Directors to the best of their knowledge and ability confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that Period;
- iii. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;
- v. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **8. BOARD OF DIRECTORS:**

Mr. Hemant Chandel and Mr. Puneet Dammani have joined the Board as the Additional Directors on 29<sup>th</sup> March, 2016 and hold office upto the date of ensuing Annual General Meeting of the Company. The notices under Section 160 of the Companies Act, 2013, along with the requisite deposits have been received from the members signifying their intention to propose Mr. Hemant Chandel and Mr. Puneet Dammani as the candidates to the office of Directors of the Company.

Mr. Vinod Kumar and Mr. Ajay Singh Mehrotra resigned from the Directorship of the Company w.e.f. 29<sup>th</sup> March, 2016.

Mr. Vinod Kumar resigned as the Manager of the Company w.e.f. 29<sup>th</sup> March, 2016.

Mr. Kishor Kumar Mohanty, Director, retires by rotation at the ensuing Annual General Meeting of the Company and being eligible, has offered himself for re-appointment.

## **9. NUMBER OF MEETINGS OF THE BOARD:**

Eleven Board meetings were held during the financial year. These were held on 4<sup>th</sup> November, 2014, 15<sup>th</sup> November, 2014, 12<sup>th</sup> February, 2015, 4<sup>th</sup> March, 2015,

28<sup>th</sup> March, 2015, 1<sup>st</sup> July, 2015, 27<sup>th</sup> August, 2015, 29<sup>th</sup> October, 2015, 18<sup>th</sup> January, 2016, 25<sup>th</sup> February, 2016 and 29<sup>th</sup> March, 2016

The intervening gap between the Meetings was not more than 120 days as prescribed under the Companies Act, 2013. Details of attendance by each Director at the said Board meetings are as under:

Name of Director (s)	Number of Meetings held	Attended
Mr. Hemant Chandel*	1	1
Mr. Puneet Dammani**	1	1
Mr. Kishor Kumar Mohanty	11	11
Mr. Vinod Kumar***	11	11
Mr. Ajay Singh Mehrotra****	11	11

\* Appointed as the Director w.e.f. 29<sup>th</sup> March, 2016.

\*\* Appointed as the Director w.e.f. 29<sup>th</sup> March, 2016.

\*\*\* Ceased to be a Director w.e.f. 29<sup>th</sup> March, 2016.

\*\*\*\* Ceased to be a Director w.e.f. 29<sup>th</sup> March, 2016.

#### **10. BOARD EVALUATION:**

No formal annual evaluation was made by the Board of its own performance and that of its committees and individual directors.

#### **11. POLICY ON DIRECTORS' APPOINTMENT, REMUNERATION AND OTHER DETAILS:**

No formal policy on Directors' appointment, remuneration and other details has been formulated by the Board.

#### **12. RISK MANAGEMENT:**

The Company has not developed and implemented a formal risk management policy for the Company. However, the Board of Directors periodically as a part of its review of the business consider and discuss the external and internal risk factors like markets related, logistics related, Government policy related matters that may threaten the existence of the Company.

#### **13. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

Details of loans, guarantees or investments given or made by the Company as covered under Section 186 of the Companies act, 2013 are given in the Schedule 5 to the Financial Statements.

#### **14. EXTRACT OF THE ANNUAL RETURN:**

As provided under Section 92(3) of the Companies Act, 2013, the extract of annual return is given in Annexure I in the prescribed Form MGT-9, which forms part of this report.

## 15. AUDITORS:

The retiring Auditors, M/s. Chaitanya Dalal & Co., Chartered Accountants, being eligible have offered themselves for re-appointment. The requisite consent and certificate under section 139 of the Companies Act, 2013 has been received from them. Your Directors recommend their re-appointment.

## 16. AUDITORS' REPORT & SECRETARIAL AUDITORS' REPORT:

The Auditors' report does not contain any qualifications, reservations or adverse remarks. The Secretarial Auditors' have qualified their report by stating:

1. The Company has not appointed any KMP, as envisaged in Section 203 of the Companies Act, 2013.
2. The Board composition is not as per Section 149 of the Companies Act, 2013.
3. The Company has not constituted any - Nomination & Remuneration Committee. The Composition of the Audit Committee is not as per Section 177 of the Companies Act, 2013. Also the Company has not established any Vigilance Mechanism for their Directors and Employees.

The Board would like to inform that necessary steps are being taken for the appointment of relevant managerial personnel and committees.

The Report of the Secretarial Auditor is given as an Annexure II which forms part of this report.

## 17. TRANSACTION WITH RELATED PARTIES:

The Company has not made any related party transactions covered under the provisions of section 188 of the Companies Act, 2013 hence; prescribed Form AOC-2 is not applicable.

## 18. AUDIT COMMITTEE:

The Audit Committee of the Board oversees and reviews the financial reporting system and disclosures of its financial results. This Committee reviews the adequacy of internal audit procedures, systems and quality of audits, recommends the appointment of statutory auditors and discusses with them the internal control system. The composition of the Audit Committee is as follows:

Mr. Kishor Kumar Mohanty, Chairman  
Mr. Hemant Chandel, Member  
Mr. Puneet Dammani, Member

Two meetings of the Board were held during the financial year.

Name of Director (s)	Number of Meetings held	Attended
Mr. Kishor Kumar Mohanty	2	2
Mr. Vinod Kumar***	1	-
Mr. Ajay Singh Mehrotra****	1	1
Mr. Puneet Dammani**	1	1
Mr. Hemant Chandel*	1	1

- \* Appointed as the Member of the Audit Committee w.e.f. 29<sup>th</sup> March, 2016.
- \*\* Appointed as the Member of the Audit Committee w.e.f. 29<sup>th</sup> March, 2016.
- \*\*\* Ceased to be a Member of the Audit Committee w.e.f. 29<sup>th</sup> March, 2016.
- \*\*\*\* Ceased to be a Member of the Audit Committee w.e.f. 29<sup>th</sup> March, 2016.

#### **19. CHANGE IN THE NATURE OF BUSINESS:**

There has been no change in the nature of business during the year under review.

#### **20. DEPOSITS:**

The Company has not accepted any deposits covered under Chapter V of the Act.

#### **21. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

There are no significant / material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

#### **22. CORPORATE SOCIAL RESPONSIBILITY:**

CSR related provisions of the Companies act, 2013 do not apply to the Company as the Company does not meet profit, turnover or net worth criteria prescribed in this regard.

#### **23. VIGIL MECHANISM / WHISTLE BLOWER POLICY:**

The Company is yet to establish a vigil mechanism / whistle blower policy.

#### **24. SUBSIDIARIES / ASSOCIATES / JOINT VENTURES:**

The Company does not have any subsidiary or associate company or joint venture.

#### **25. KEY MANAGERIAL PERSONNEL:**

The Board would like to inform that necessary steps are being taken for the appointment of relevant managerial personnel.

#### **26. INTERNAL FINANCIAL CONTROLS & THEIR ADEQUACY:**

Your Company's internal control systems commensurate with the nature and size of its business operations. Your Company has adequate internal financial controls in place to ensure safeguarding of its assets, prevention of frauds and errors, protection against loss from unauthorized use or disposition and the transactions are authorised, recorded and reported diligently in the Financial Statements.

## **27. NOMINATION & REMUNERATION COMMITTEE:**

The Board is in the process of constituting Nomination & the Remuneration Committee.

## **28. ACKNOWLEDGEMENT:**

The Directors wish to express their sincere gratitude to the State Government, the commercial banks and the financial institutions for their continued co-operation and assistance.

For and on behalf of the Board  
**of Sikkim Hydro Power Ventures Limited**

Kishor Kumar Mohanty  
Director

Hemant Chandel  
Director

Place: Mumbai  
Date: 31<sup>st</sup> May, 2016

## ANNEXURE II

### Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON  
31.03.2016

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]*

#### **I. REGISTRATION AND OTHER DETAILS:**

<b>i.</b>	CIN	<b>U40100DL2005PLC257673</b>
<b>ii.</b>	Registration Date	05.09.2005
<b>iii.</b>	Name of the Company	Sikkim Hydro Power Ventures Limited
<b>iv.</b>	Category / Sub-Category of the Company	Company Limited by shares / Indian Non-Government Company.
<b>v.</b>	Address of the Registered office and contact details	Second Floor, Plot No. 360, Block – B, Sector 19, Dwarka, New Delhi – 110 075.
<b>vi.</b>	Whether listed company	No
<b>vii.</b>	Name, Address and Contact details of Registrar and Transfer Agent, if any	N. A.

#### **II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

<b>Sr. No.</b>	<b>Name and Description of main products / services</b>	<b>NIC Code of the Product/</b>	<b>% to total turnover of the company</b>
<b>1</b>	Electric power generation by hydroelectric power plants	35101	N.A.

#### **III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

<b>Sr. No.</b>	<b>Name And Address Of The Company</b>	<b>CIN/GLN</b>	<b>Holding/ Subsidiary /Associate</b>	<b>% of shares held</b>	<b>Applicable Section</b>
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1.	Gammon Infrastructure Projects Ltd.	6,27,35,942	100.00	51.00	6,27,35,942	100.00	51.00	-
	<b>Total</b>	<b>6,27,35,942</b>	<b>100.00</b>	<b>51.00</b>	<b>6,27,35,942</b>	<b>100.00</b>	<b>51.00</b>	-

iii. Change in Promoters' Shareholding (please specify, if there is no change: N.A.

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
-	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDR and ADRs):N.A.

Sr. No.	Name of Shareholder	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. Shares at the beginning/ end of the year	% of total shares of the company				No. of shares	% of total shares of the company

v. Shareholding of Directors and Key Managerial Personnel- NIL

Sr. No.	Name of Director/Key managerial	Shareholding	Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year

	Personnel	No. of Shares at the beginning / end of the year	% of total shares of the Company		g		No. of shares	% of total shares of the company

## V.INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01-Oct-2014)	1,000	37,37,67,406	--	37,37,68,406
<b>i) Principal Amount</b>	--	--	--	--
<b>ii) Interest due but not paid</b>	--	--	--	--
<b>iii) Interest accrued but not due</b>	--	--	--	--
<b>Total (i+ii+iii)</b>	<b>1,000</b>	<b>37,37,67,406</b>	<b>--</b>	<b>37,37,68,406</b>
Change in Indebtedness during the financial year	--	--	--	--
- Addition	--	6,46,62,412	--	6,46,62,412
- Reduction	--	--	--	--
<b>Net Change</b>	<b>--</b>	<b>6,46,62,412</b>	<b>--</b>	<b>6,46,62,412</b>
Indebtedness at the end of the financial year (31-Mar-2016)				
<b>i) Principal Amount</b>				
<b>ii) Interest due but not paid</b>	1000	43,84,29,818	--	43,84,30,818
<b>iii) Interest accrued but not due</b>	--	--	--	--
<b>Total (i+ii+iii)</b>	<b>1000</b>	<b>43,84,29,818</b>	<b>--</b>	<b>43,84,30,818</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager: N.A.**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
1.	Gross salary  (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961  (b) Value of perquisites u/s 17(2) Income-tax Act, 1961  (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961					
2.	Stock Option					
3.	Sweat Equity					
4.	Commission - as % of profit - others, specify...					
5.	Others, please specify					
6.	Total (A)					
	Ceiling as per the Act					

**B. Remuneration to other directors: NIL**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
	<u>Independent Directors</u> · Fee for attending board committee meetings · Commission · Others, please specify					
	Total (1)					

	<u>Other Non-Executive Directors</u> · Fee for attending board committee meetings · Commission · Others, please specify					
	Total (2)					
	Total (B)=(1+2)					
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					

**C. Remuneration to Key Managerial Personnel Other Than MD /Manager /WTD: N.A.**

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961  (b) Value of perquisites u/s 17(2) Income-tax Act, 1961  (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as % of profit - others, specify...				
5.	Others, please specify				
6.	Total				

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: N.A.**

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority[RD /NCLT/Court]	Appeal made. If any(give details)

<b>A. Company</b>					
Penalty					
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty					
Punishment					
Compounding					
<b>C. Other Officers In Default</b>					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board  
**Sikkim Hydro Power Ventures Limited**

Kishor Kumar Mohanty  
 Director  
 DIN: 0008049

Hemant Chandel  
 Director  
 DIN: 07473472

Place: Mumbai  
 Date: 31.05.2016

***Veeraraghavan. N***  
Practicing Company Secretary

C/o First Maritime Private Limited  
201, Gheewala Building,  
M. P. Road, Mulund (East),  
Mumbai – 400081  
Mob: 98215 28844  
Email: [nvr54@ymail.com](mailto:nvr54@ymail.com)

**Form No. MR – 3**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH 2016

(Pursuant to Section 204 (1) of the Companies Act 2013 and rule No. 9 of the  
Companies (Appointment and Remuneration Personnel ) Rules , 2014

SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2016.

To  
The Members,  
Sikkim Hydro Power Ventures Limited

I, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sikkim Hydro Power Ventures Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and return filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2016 , according to the provisions of :

- (i). The Companies Act, 2013 ( the Act ) and the rules made thereunder:
- (ii). The Securities Contracts (Regulation) Act, 1956 ( SCRA ) and the rules made thereunder.
- (iii). The Depositories Act 1996 and the Regulations and bye-laws framed thereunder:
- (iv). Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings:
- (v). The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ( SEBI Act ):

The Company being a unlisted public company, the Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ( SEBI Act ) as not applicable to the Company.

I have also examined compliance with the applicable clauses of the following:

- (a) Secretarial Standard issued by The Institute of Company Secretaries of India.
- (b) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited. --- The Company being an unlisted public company, the listing agreements are not applicable to the Company.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- 4. The Company has not appointed any KMP, as envisaged in Section 203 of the Act.**
- 5. The Board composition is not as per Section 149 of the Act.**
- 6. The Company has not constituted any - Nomination & Remuneration Committee. The Composition of the Audit Committee is not as per Section 177 of the Act. Also the Company has not established any Vigilance Mechanism for their Directors and Employees.**
- 7. The current financial year of the Company is from 1<sup>st</sup> October 2014 to 31<sup>st</sup> March 2016**
- 8. The Company has entered into related party transactions, the details of which are given in the Audited Final Accounts.**



I further report that:

The Board of Directors of the Company is not duly constituted

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through, while the dissenting members' views (if any) are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and insure compliance with applicable laws, rules, regulations and guidelines.

Signature

Name of PCS: Veeraraghavan N.  
ACS NO: 6911  
CP NO: 4334

Place: Mumbai  
Date: 30<sup>th</sup> May, 2016



**Chaitanya C. Dalal & Co.**  
**CHARTERED ACCOUNTANTS**

111, Maker Chambers-III, 11<sup>th</sup> Floor, 223,  
Nariman Point, Mumbai 400021, India  
Off: (022)-22873338, 22040533  
Email: ccd2@rediffmail.com Web: caccd.com

## **Independent Auditor's Report**

**To the Members of**  
**SIKKIM HYDRO POWER VENTURES LIMITED**

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

We have audited the accompanying financial statements of **SIKKIM HYDRO POWER VENTURES LIMITED** (“the Company”) which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the eighteen months period then ended, and a summary of significant accounting policies and other explanatory information.

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

The Management and 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 the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, Whether due to fraud or error.

### **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 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 the 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, but not for the purpose of expressing an opinion on Whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the 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 aforesaid 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, and its Loss and its Cash Flow for the eighteen months period ended on that date.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" 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, the Statement of Profit and Loss and the 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 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. Report on internal financial controls over financial reporting of the Company and the operating effectiveness of such controls is not applicable.

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 does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For and on behalf of

**Chaitanya C. Dalal & Co**

Chartered Accountants

Firm's registration number: 101632W

**Chaitanya C. Dalal**

Partner

Membership number: 35809

Place: Mumbai

Date: 31.05.2016

## “Annexure A” to the Independent Auditors’ Report

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the financial statements of the Company for the eighteen months period ended March 31, 2016:

Sr. No.	Particulars	Auditors Remark
(i)	(a) Whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;	The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
	(b) Whether these fixed assets have been physically verified by the management at reasonable intervals; Whether any material discrepancies were noticed on such verification and if so, Whether the same have been properly dealt with in the books of account;	According to the information and explanations given to us the company has a regular program of physical verification of fixed assets which in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed.
	(c) Whether the title deeds of immovable properties are held in the name of the company. If not, provide the details thereof;	As explained to us, the title deeds of immovable properties are held in the name of the company.
(ii)	Whether physical verification of inventory has been conducted at reasonable intervals by the management and Whether any material discrepancies were noticed and if so, Whether they have been properly dealt with in the books of account;	As verified from the books of accounts, the company has no inventory as on March 31, 2016. Hence the clause is not applicable.
(iii)	Whether the company has 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. If so,	As verified from the records & books of accounts, the company has given interest free inter corporate deposit amounting to Rs. 2,50,00,000/- during the period to company covered in the register maintained under section 189 of the Companies Act, 2013.
	(a) Whether the terms and conditions of the grant of such loans are not prejudicial to the company’s interest;	
	(b) Whether the schedule of repayment of principal and payment of interest has been stipulated and Whether the repayments or receipts are regular;	The outstanding balance of interest free inter corporate deposits granted to the parties covered u/s 189 of the Companies Act, 2013 as on March 31, 2016 is Rs. 22,50,00,000/-.
	(c) if the amount is overdue, state the total amount overdue for more than ninety days, and Whether reasonable steps have been taken by the company for recovery of the	

	principal and interest;	
(iv)	In respect of loans, investments, guarantees, and security Whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereof. -	As verified from the records & books of accounts, the company has not granted any loan to its directors. Therefore provisions of section 185 and 186 of the Companies Act, 2013 are not applicable.
(v)	In case, the company has accepted deposits, Whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, where applicable, have been complied with? If not, the nature of such contraventions be stated; If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, Whether the same has been complied with or not?	The Company has not accepted deposits from member and public. Therefore the clause is not applicable to the company.
(vi)	Whether maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and Whether such accounts and records have been so made and maintained.	The company is not required to maintain cost record under sub-section (1) of section 148 of the Companies Act 2013.
(vii)	(a) Whether the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as on the last day of the financial period concerned for a period of more than six months from the date they became payable, shall be indicated;	The company has paid undisputed statutory dues, which is outstanding as on March 31, 2016, within the six months from the date they became payable.
	(b) where dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned. (A mere representation to the concerned Department shall not be treated as a dispute).	There is no disputed amounts payable in respect of Income tax, Wealth tax, Service tax, Sales tax, Customs duty and Excise duty.
(viii)	Whether the company has defaulted in repayment of loans or borrowing to a financial institution, bank, Government or	The company has not issued debentures or taken loan from financial institution or bank. Hence

	dues to debenture holders? If yes, the period and the amount of default to be reported (in case of defaults to banks, financial institutions, and Government, lender wise details to be provided).	the clause is not applicable.
(ix)	Whether moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised. If not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported;	No funds were raised by the company by way of initial public offer or term loan. Hence the clause is not applicable.
(x)	Whether any fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the period; If yes, the nature and the amount involved is to be indicated;	We have neither come across any instance of fraud on or by the Company has been noticed or reported during the period, nor have we been informed of such case by the management.
(xi)	Whether managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act? If not, state the amount involved and steps taken by the company for securing refund of the same;	The company has not paid or provided managerial remuneration during the period. Hence the clause is not applicable.
(xii)	Whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1: 20 to meet out the liability and Whether the Nidhi Company is maintaining ten per cent unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability;	The matters specified herein are not applicable to the company.
(xiii)	Whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;	All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
(xiv)	Whether the company has made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period under review and if so, as to Whether the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. If not, provide the details in respect of the amount involved and nature	The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period under review. Hence the clause is not applicable.

	of non-compliance;	
(xv)	Whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, Whether the provisions of section 192 of Companies Act, 2013 have been complied with;	As per information and records available for verification, the company has not entered into any non-cash transactions with directors or persons connected with him. Hence the clause is not applicable.
(xvi)	Whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and if so, Whether the registration has been obtained.	The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For and on behalf of

**Chaitanya C. Dalal & Co**

Chartered Accountants

Firm's registration number: 101632W

**Chaitanya C. Dalal**

Partner

Membership number: 35809

Place: Mumbai

Date: 31.05.2016



**SIKKIM HYDRO POWER VENTURES LIMITED**

CIN: U40100DL2005PLC257673

**BALANCE SHEET AS AT MARCH 31, 2016**

(All amounts in Indian Rupees)

	Notes	As at March 31, 2016	As at September 30, 2014
<b><u>EQUITY AND LIABILITIES:</u></b>			
<b>Shareholders funds</b>			
Share capital	3	627,359,420	627,359,420
Reserves and surplus	4	(5,988,439)	(5,769,689)
<b>Total shareholders funds</b>		<b>621,370,981</b>	<b>621,589,731</b>
<b>Non-current liabilities</b>			
Long - term borrowing	5	438,430,818	373,768,406
Deferred tax liability (Net)		-	-
Other Long term liabilities		-	-
Long - term provisions	7	705,032	537,328
<b>Total non-current liabilities</b>		<b>439,135,850</b>	<b>374,305,734</b>
<b>Current liabilities</b>			
Short-term borrowings		-	-
Trade payable		-	-
Other current liabilities	6	162,323,378	209,822,026.00
Short - term provisions	7	349,087	729,534
<b>Total current liabilities</b>		<b>162,672,465</b>	<b>210,551,560</b>
<b>TOTAL</b>		<b>1,223,179,296</b>	<b>1,206,447,025</b>
<b><u>ASSETS:</u></b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	8	189,051,893	189,892,570
Intangible assets		-	-
Capital work-in-progress			
Intangible asset under development	9	795,460,697	757,531,702
Non-current investments		-	-
Deferred tax assets (Net)		-	-
Long-term loans and advances	10	10,459,766	10,459,766
Others non current assets	11	-	-
<b>Total non-current assets</b>		<b>994,972,356</b>	<b>957,884,038</b>
<b>Current assets</b>			
Cash and bank balances	12	1,346,161	46,690,768.0
Short-term loans and advances	10	225,860,779	200,872,219
Others current assets	11	1,000,000	1,000,000
<b>Total current assets</b>		<b>228,206,940</b>	<b>248,562,987</b>
<b>TOTAL</b>		<b>1,223,179,296</b>	<b>1,206,447,025</b>

As per our report of even date

For Chaitanya C. Dalal & Co  
Chartered Accountants.  
Firm Registration No. 101632W

For and behalf of the Board of Directors of  
Sikkim Hydro Power Ventures Limited

Chaitanya C. Dalal  
Partner.  
Membership No. : 35809

Kishor K. Mohanty  
Director  
DIN:00080498

Mandar Vilas Gite  
Director  
DIN:06651204

Place : Mumbai  
Date : 31.05.2016

**SIKKIM HYDRO POWER VENTURES LIMITED**  
**CIN: U40100DL2005PLC257673**  
**STATEMENT OF PROFIT AND LOSS FOR THE EIGHTEEN MONTHS ENDED MARCH 31, 2016**  
(All amounts in Indian Rupees)

	Notes	From Oct 1, 2014 to March 31, 2016 Rupees	From Jan 1, 2014 to September 30, 2014 Rupees
<b>Income</b>			
Other income	13	-	-
<b>Total income (A)</b>		<u>-</u>	<u>-</u>
<b>Expenses</b>			
Other expenses	14	70,679	88,099
<b>Total expenses (B)</b>		<u>70,679</u>	<u>88,099</u>
<b>Earnings before interest, tax and depreciation and amortisation (EBIDTA) (A - B)</b>			
		(70,679)	(88,099)
Finance costs		-	-
Depreciation/Amortisation		<u>-</u>	<u>-</u>
<b>Profit before tax and exceptional items</b>		<u>(70,679)</u>	<u>(88,099)</u>
Exceptional items		-	-
<b>Profit before tax and after exceptional items</b>		<u>(70,679)</u>	<u>(88,099)</u>
Less : Tax expenses			
Current Tax		-	-
Deferred Tax		<u>-</u>	<u>-</u>
<b>Net current tax expense</b>		<u>-</u>	<u>-</u>
<b>Profit after tax (PAT)</b>		<u><u>(70,679)</u></u>	<u><u>(88,099)</u></u>
<b>Earnings per share ('EPS')</b>			
Basic	15	(0.001)	(0.001)
Diluted		(0.001)	(0.001)

Summary of significant accounting policies 2.1

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

As per our report of even date

For Chaitanya C. Dalal & Co  
Chartered Accountants.  
Firm Registration No. 101632W

For and behalf of the Board of Directors of  
Sikkim Hydro Power Ventures Limited

Chaitanya C. Dalal  
Partner.  
Membership No. : 35809

Kishor K. Mohanty  
Director  
DIN:00080498

Mandar Vilas Gite  
Director

Place : Mumbai  
Date : 31.05.2016

**SIKKIM HYDRO POWER VENTURES LIMITED**  
**CIN: U40100DL2005PLC257673**  
**CASH FLOW STATEMENT FOR THE EIGHTEEN MONTHS ENDED MARCH 31, 2016**  
(All amounts in Indian Rupees)

	Period ended March 31, 2016	Period ended September 30, 2014
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net loss before tax	(70,679)	(88,099)
Adjustments for :		
Depeiciation on assest adjusted	(148,070)	-
<b>Operating Profit before Working Capital Changes</b>	<b>(218,749)</b>	<b>(88,099)</b>
Movement in working capital :		
(Increase) / Decrease in Trade and Other Receivables	-	-
(Increase) / Decrease in Short-term loans and advances	(24,988,560)	-
Increase in Trade Payables and current liabilities	(47,711,391)	-
Cash Generated from the Operations	<b>(72,918,700)</b>	<b>(88,099)</b>
Direct Taxes paid	-	-
<b>Net Cash from Operating Activities</b>	<b>(72,918,700)</b>	<b>(88,099)</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES :</b>		
Purchase of Fixed Assets	82,980	(20,436,863)
Capital work in progress	(37,171,298)	-
Intereset income received	(37,088,318)	(20,436,863)
<b>Net Cash (used for) Investing Activities</b>	<b>(37,088,318)</b>	<b>(20,436,863)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from issue/allotment of equity shares	-	-
Proceeds from borrowing	-	1,000
Inter corporate deposits received	64,662,412	90,423,132
Repayment of Inter corporate deposits	-	(43,500,000)
<b>Net Cash from Financing Activities</b>	<b>64,662,412</b>	<b>46,924,132</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(45,344,606)</b>	<b>26,399,171</b>
Cash and Cash Equivalents -Opening Balance	46,690,767	20,291,598
Cash and Cash Equivalents -Closing Balance	1,346,161	46,690,768
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(45,344,606)</b>	<b>26,399,170</b>
	-	0
<b>Components of Cash and Cash Equivalents</b>		
Cash on hand	16,837	232,700
With Banks in Current Account	1,329,324	46,458,068
	<b>1,346,161</b>	<b>46,690,768</b>

Note : Figures in brackets denote outflows.

For Chaitanya C. Dalal & Co  
Chartered Accountants.  
Firm Registration No. 101632W

For and behalf of the Board of Directors of  
Sikkim Hydro Power Ventures Limited

Chaitanya C. Dalal  
Partner  
Membership No. : 35809

Kishor K. Mohanty  
Director  
DIN:00080498

Mandar Vilas Gite  
Director

0

Place : Mumbai  
Date : 31.05.2016

Manager

**SIKKIM HYDRO POWER VENTURES LIMITED**  
**CIN: U40100DL2005PLC257673**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016**

**1 Corporate information**

Sikkim Hydro Power Ventures Limited (SHPVL) was incorporated under the Companies Act, 1956, on September 5, 2005, as a 100% subsidiary of Gammon Infrastructure Projects Limited for the purpose of acting as the Special Purpose Vehicle for developing the Rangit II Hydroelectric project at Sikkim on Build, Own, Operate and Transfer (BOOT). The project involves the development of 66MW hydroelectric power project on the river Rimbi, a tributary of river Rangit.

**2 Basis of preparation**

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India under the historical cost convention under accrual basis. Pursuant to Section 133 of Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rule, 2014 till the standards of accounting or an addendum thereto are prescribed by Central Government in consultation and recommendation of National Financial Reporting Authority, the existing Accounting Standard notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial Statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211 (3C) of Companies Act, 1956 (Companies (Accounting Standard), Rule, 2006 as amended) and other relevant provision of the Companies Act, 2013.

The classification of assets and liabilities of the Company is done into current and non-current based on the operating cycle of the business of the Company. The operating cycle of the business of the Company is less than twelve months and therefore all current and non-current classifications are done based on the status of realisability and expected settlement of the respective asset and liability within a period of twelve months from the reporting date as required by Revised Schedule VI to the Companies Act 1956.”

The accounting policies adopted in the preparation of the financial statements are consistent with those used in the previous year, except for the change in the accounting policy explained below.

Revenues/Incomes and Costs/Expenditures are generally accounted on accrual basis, as they are earned or incurred.

**2.1 Summary of significant accounting policies**

**a. Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon management’s best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring material adjustment to the carrying amounts of assets or liabilities in future periods.

**b. Tangible fixed assets**

Tangible fixed assets are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition of its intended use. The costs comprises of the purchase price, borrowings costs if capitalization criteria are met and directly attributable costs of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the cost of the tangible fixed asset. Any subsequent expenses related to a tangible fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other day to day repairs and maintenance expenditure and the cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Depreciation on tangible fixed assets is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. In case where the remaining useful life as per Schedule II is nil, the carrying amount of assets have been fully adjusted in the opening balance of retained earnings.

Gains or losses arising from derecognition of tangible fixed 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 asset is derecognised.

**Intangible assets**

Intangible assets are stated at cost of construction less accumulated amortised amount and accumulated impairment losses, if any. Costs include direct costs of construction of the power project and costs incidental and related to the construction activity. Costs incidental to the construction activity, including financing costs on borrowings attributable to construction of the power project, have been capitalised to the power project till the date of completion of construction.

Self constructed intangible assets are amortised on a straight line basis, from the date they are put to use, over the balance period of the Contract from the date the said asset was put to use. The amortisation period and the amortisation method are reviewed at each financial year end.

**SIKKIM HYDRO POWER VENTURES LIMITED**

**CIN: U40100DL2005PLC257673**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016**

Gains or losses arising from derecognition of an intangible asset 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 asset is derecognised.

**SIKKIM HYDRO POWER VENTURES LIMITED**

**CIN: U40100DL2005PLC257673**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016**

**c. Impairment**

The carrying amounts of assets including goodwill, 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 asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, the asset is depreciated or amortised on the revised carrying amount of the asset over its remaining useful life.

**d. Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use are capitalized. Other borrowing costs are recognised as expenditure in the period in which they are incurred.

**e. Provision for taxes**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India.

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 is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. 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 the deferred tax liabilities related to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised 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 tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

The Company is eligible for 100% tax holiday under section 80-IA of the Income Tax Act, 1961. As a result, timing differences arising and reversing during the tax holiday period are not recognized by the Company.

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income-tax during the specified period.

**f. Earnings per share**

Basic and diluted 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. Partly paid shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted number of equity shares are adjusted for events such as bonus issue, bonus element in the rights issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without 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 effects of all dilutive potential equity shares.

**g. Employee benefits**

Retirement benefits in the form of Provident Fund is a defined contribution scheme. The contributions are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

The Company operates only one defined benefit plan for its employees i.e. gratuity liability. The costs of providing this benefit are determined on the basis of actuarial valuation at the each year end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses of the defined benefit plan are recognised in full in the period in which they occur in the statement of profit and loss.

**SIKKIM HYDRO POWER VENTURES LIMITED**

**CIN: U40100DL2005PLC257673**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016**

Accumulated leave, which is expected to be utilised within the next twelve 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.

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 and losses of the defined benefit plan are recognised in full in the period in which they occur in the statement of profit and loss and are not deferred.

**h. Segment reporting**

Business segments have been identified on the basis of the nature of services, the risk return profile of individual business, the organizational structure and the internal reporting system of the Company.

Segment Composition -

The company's operations comprise only a single business and geographical segment, namely operation of the in India an hence the Accounting Standard AS-17 on Segment Reporting is not applicable to the company.

**i. 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 will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

**j. Cash and cash equivalents**

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

**k. Contingent Liability**

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 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 an 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.

**l. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006**

As per the information available with the Company, there are no Micro, Small, and Medium Enterprises, as defined in the Micro, Small, and Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal or interest.

The above information regarding Micro, Small, and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

**m. Measurement of EBIDTA**

As permitted by the *Guidance Note on the Revised Schedule VI to the Companies Act, 1956*, the Company has elected to present earnings before interest, depreciation and amortisation and tax (EBIDTA) as a separate line item on the face of the the statement of profit and loss. The Company measures EBIDTA on the basis of profit/(loss) from continuing operations. In the measurement, the Company does not include depreciation and amortisation expense, finance costs and tax expense.

**SIKKIM HYDRO POWER VENTURES LIMITED**  
**CIN: U40100DL2005PLC257673**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO**  
**FINANCIAL STATEMENTS FOR THE EIGHTEEN MONTHS ENDED MARCH 31, 2016**  
(All amounts in Indian Rupees)

3	<b>Share capital</b>	<b>As at</b>		
<b>Particulars</b>	<b>March 31, 2016</b>	<b>September 30, 2014</b>		
<b>Authorised shares :</b>				
75,000,000 (previous period 75,000,000) equity shares of Rs. 10/- each	750,000,000	750,000,000		
<b>Total</b>	<b>750,000,000</b>	<b>750,000,000</b>		
<b>Issued, subscribed and fully paid-up shares :</b>				
62,735,942 (previous period 62,735,942) equity shares of Rs. 10/- each	627,359,420	627,359,420		
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>627,359,420</b>	<b>627,359,420</b>		
<b>a) Registered holding of the Company's shares :</b>				
<b>Equity shares</b>				
	<b>As At</b>		<b>As At</b>	
	<b>March 31, 2016</b>		<b>September 30, 2014</b>	
<b>Name of the registered shareholder</b>	<b>Numbers</b>	<b>Rupees</b>	<b>Numbers</b>	<b>Rupees</b>
<b>Equity shares of Rs 10 each paid up</b>				
Gammon Infrastructure Projects Ltd	62,735,942	627,359,420	62,735,942	627,359,420
<b>Total</b>	<b>62,735,942</b>	<b>627,359,420</b>	<b>62,735,942</b>	<b>627,359,420</b>
<b>b) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period</b>				
<b>Equity shares</b>				
	<b>As At</b>		<b>As At</b>	
	<b>March 31, 2016</b>		<b>September 30, 2014</b>	
<b>Particulars</b>	<b>Numbers</b>	<b>Rupees</b>	<b>Numbers</b>	<b>Rupees</b>
<b>Equity shares of Rs 10 each paid up</b>				
At the beginning of the period	62,735,942	627,359,420	62,735,942	627,359,420
Issued during the period	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>62,735,942</b>	<b>627,359,420</b>	<b>62,735,942</b>	<b>627,359,420</b>
<b>c) The Company has only one class of shares referred to as equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.</b>				
<b>d) In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.</b>				
<b>e) Details of shareholders holding more than 5% equity shares in the Company</b>				
<b>Equity shares</b>				
	<b>As At</b>		<b>As At</b>	
	<b>March 31, 2016</b>		<b>September 30, 2014</b>	
<b>Shareholders</b>	<b>Numbers</b>	<b>% of holding</b>	<b>Numbers</b>	<b>% of holding</b>
<b>Equity shares of Rs 10 each paid up</b>				
Gammon Infrastructure Projects Ltd, Holding Company	62,735,942	100%	62,735,942	100.00%
As per the 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 the shares.				
4	<b>Reserves and surplus</b>		<b>As at</b>	
			<b>March 31, 2016</b>	<b>September 30, 2014</b>
<b>Surplus / (deficit) in the statement of Profit and Loss</b>				
Balance as per the last financials			(5,769,690.00)	(5,681,591)
Add : Profit / (Loss) for the period			(70,679.00)	(88,099)
Less : Depreciation on asset adjusted			(148,070.00)	-
<b>Closing Balance</b>			<b>(5,988,439)</b>	<b>(5,769,689)</b>
<b>Total reserves and surplus</b>			<b>(5,988,439)</b>	<b>(5,769,689)</b>
5	<b>Long-term borrowings</b>		<b>As at</b>	
			<b>March 31, 2016</b>	<b>September 30, 2014</b>
	<b>Non-current</b>		<b>Current</b>	
<b>Particulars</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>March 31, 2016</b>	<b>September 30, 2014</b>	<b>March 31, 2016</b>	<b>September 30, 2014</b>
<b>Secured Loan:</b>				
<b>( Charge on Uncalled share capital, Tangible &amp; Intangible assets &amp; Book Debts of the company)</b>				
From Bank				
- Bank of India	1,000	1,000	-	-
Note: The company has availed the Rupee term loan ("RTL") facility of Rs.23.76 crores from the Indian Renewable Energy Development Agency Limited, Rs.198.57 crores from Power Finance Corporation Limited and Rs.150 crores from Bank of India thereby making the total amount secured by the charge as Rs.372.33 crores. Due to non-fulfillment of few sanction terms, the entire amount have not been disbursed by the lenders.				
<b>Unsecured Loan:</b>				
Interest free Intercompany loans from:				
- Gammon Infrastructure Projects Ltd	438,429,818	373,767,406	-	-
(Repayment is due on March 31, 2018)				
<b>Total long term borrowings</b>	<b>438,430,818</b>	<b>373,768,406</b>	<b>-</b>	<b>-</b>
6	<b>Other current liabilities</b>		<b>As at</b>	
			<b>March 31, 2016</b>	<b>September 30, 2014</b>
<b>Particulars</b>				
Due to related party				
Gammon Infrastructure Projects Limited, holding company			1,556,354	391,217
Others :				
Statutory liabilities			52,299	397,759
Other liabilities			160,714,725	209,033,050
<b>Total other current liabilities</b>			<b>162,323,378</b>	<b>209,822,026</b>



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**7 Provisions**

Particulars	As at	As at	As at	As at
	March 31, 2016	September 30, 2014	March 31, 2016	September 30, 2014
			Current	
<b>Provision for employee benefits :</b>				
- Leave Encashment	438,430	282,535	89,124	561,857
- Gratuity	266,602	254,793	245,833	153,547
	<b>705,032</b>	<b>537,328</b>	<b>334,957</b>	<b>715,404</b>
Provision for taxation, net of advance tax			35,350	35,350
Less: Advance income-tax	-	-	21,220	21,220
	-	-	<b>14,130</b>	<b>14,130</b>
<b>Total provisions</b>	<b>705,032</b>	<b>537,328</b>	<b>349,087</b>	<b>729,534</b>

**Gratuity**

Gratuity is a defined benefit plan under which employees who have 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 gratuity liability is unfunded.

The following table summarises the components of net benefit expense recognized in the profit and loss account and amounts recognized in the balance sheet.

Particulars	Period ended	Period ended
	March 31, 2016	September 30, 2014
Net employees benefit expense (recognized in Personnel Cost)		
Current Service Cost	102,039	242,188
Interest Cost	55,126	22,595
Actuarial (Gain)/Loss	(22,533)	(13,002)
Net Transfer Out	-	-
Past Service Cost	-	-
<b>Total</b>	<b>134,632</b>	<b>251,781</b>

The changes in the present value of the defined benefit obligation are as follows

Particulars	Period ended	Period ended
	March 31, 2016	September 30, 2014
Defined benefit obligation	408,340	156,559
Current Service Cost	102,039	242,188
Interest Cost	55,126	22,595
Actuarial (Gain)/Loss (on account of experience adjustments)*	(22,533)	(13,002)
Less : Benefit Paid	(30,537)	-
Net Transfer Out	-	-
	<b>512,435</b>	<b>408,340</b>

As the Company's gratuity obligation is fully unfunded, the Company does not expect to contribute any amounts to its gratuity plan in the next annual period.

The principal assumptions used in determining the gratuity obligations are as follows:

Particulars	Period ended	Period ended
	March 31, 2016	September 30, 2014
Discount rate	7.67%	9%
Expected rate of return on plan assets	5%	5%
Attrition rate	2%	2%
Retirement age	60 years	60 years

The estimates of future salary increases, considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

8 Tangible asset Particulars	Leasehold Land	Office Equipments	Motor Cars	Furniture and Fixtures	Computers	Total
	<b>Cost or valuation</b>					
As at September 30, 2014	188,358,707	467,905	1,512,681	439,089	344,687	191,123,069
Additions/adjustments	-	82,980.00	-	-	-	82,980
Sales/disposals/adjustments	-	-	-	-	-	-
As at March 31, 2016	<b>188,358,707</b>	<b>550,885</b>	<b>1,512,681</b>	<b>439,089</b>	<b>344,687</b>	<b>191,206,049</b>
<b>Depreciation</b>						
As at September 30, 2014	-	81,831	777,562	149,438	221,668	1,230,499
Charge for the period	-	295,514	405,435	99,688	123,019	923,657
Sales/disposals/adjustments	-	-	-	-	-	-
As at March 31, 2016	-	<b>377,345</b>	<b>1,182,997</b>	<b>249,126</b>	<b>344,687</b>	<b>2,154,156</b>
<b>Net Block</b>						
As at September 30, 2014	188,358,707	386,074	735,119	289,651	123,019	189,892,570
As at March 31, 2016	<b>188,358,707</b>	<b>173,540</b>	<b>329,684</b>	<b>189,963</b>	<b>-</b>	<b>189,051,893</b>

9 Intangible asset under development Particulars	As at	As at
	March 31, 2016	September 30, 2014
Project expenses	354,030,820	351,316,387
Establishment expenses	187,165,877	172,637,755
Personnel costs	76,062,284	58,864,892
Financial costs	175,945,038	173,231,577
Depreciation	2,256,678	1,481,091
<b>Total intangible asset under development</b>	<b>795,460,697</b>	<b>757,531,702</b>

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10	Loans and advances	Non Current		Current	
		As at March 31, 2016	As at September 30, 2014	As at March 31, 2016	As at September 30, 2014
	<b>Particulars</b>				
	<b>Loans and advances to related parties</b> (Unsecured, considered good)				
	Gammon India Ltd, Ultimate Holding Company	-	-	49,430	-
	Tidong Hydro Power Ltd	-	-	178,902	177,178
	Younghang Power Ventures Ltd	-	-	110,456	110,456
	Pravara Renewable Energy Limited	-	-	-	710
	(A)	-	-	338,788	288,344
	<b>Advances recoverable in cash or in kind</b>				
	Mobilization advance against capital expenditure to Contractors				
	Gammon India Ltd, Ultimate Holding Company			-	-
	Others	10,459,766	10,459,766	-	-
	Staff advance	-	-	437,780	287,732
	(B)	10,459,766	10,459,766	437,780	287,732
	<b>Inter corporate deposit given</b>				
	(C)	-	-	225,000,000	200,000,000
		-	-	225,000,000	200,000,000
	<b>Interest accrued receivable</b>				
	(D)	-	-	84,211	296,143
		-	-	84,211	296,143
	<b>Total loans and advances (A + B + C + D)</b>	<b>10,459,766</b>	<b>10,459,766</b>	<b>225,860,779</b>	<b>200,872,219</b>
11	<b>Other assets</b>				
	<b>Particulars</b>				
	Fixed deposits with banks (Refer note 12)	-	-	1,000,000	1,000,000
	<b>Total other assets</b>	-	-	1,000,000	1,000,000
12	<b>Cash and cash equivalents</b>				
	<b>Particulars</b>				
	<b>Cash and cash equivalents</b>				
	Balances with banks on current accounts	-	-	1,329,324	46,458,068
	Cash on hand	-	-	16,837	232,700
	<b>Other bank balance :</b>				
	Fixed Deposit with banks for a period exceeding three months	-	-	1,000,000	1,000,000
	Amounts disclosed under Other assets (Refer note 11)	-	-	(1,000,000)	(1,000,000)
	<b>Total cash and cash equivalents</b>	-	-	1,346,161	46,690,768
13	<b>Other income</b>				
	<b>Particulars</b>			<b>Period ended</b>	<b>Period ended</b>
				<b>March 31, 2016</b>	<b>September 30, 2014</b>
	Interest income			-	-
	<b>Total other income</b>			-	-
14	<b>Other expenses</b>				
	<b>Particulars</b>			<b>Period ended</b>	<b>Period ended</b>
				<b>March 31, 2016</b>	<b>September 30, 2014</b>
	ROC fees			19,926	6,228
	Stamping / franking			-	50,250
	Other expenses			-	20,947
	Auditors Remuneration			50,753	10,674
	<b>Total other expenses</b>			70,679	88,099
15	<b>Earnings per share ('EPS')</b>				
	The following reflects the profit and equity share data used in the basic and diluted earnings per share			<b>Period ended</b>	<b>Period ended</b>
	<b>Particulars</b>			<b>March 31, 2016</b>	<b>September 30, 2014</b>
	Loss after tax			(70,679)	(88,099)
	Outstanding number of equity shares (Nos.)			62,735,942	62,735,942
	Weighted average number of equity shares in calculated EPS (Nos.)			62,735,942	62,735,942
	Nominal value of equity shares (Rupees per share)			10	10
	Basic EPS			(0.001)	(0.001)
	Diluted EPS			(0.001)	(0.001)
16	<b>Contingent Liabilities and Commitments</b>				
	<b>a. Contingent liabilities:</b>				
	There are no contingent liabilities as at March 31, 2016 and September 30, 2014.				
	<b>b. Capital Commitments:</b>				
	Capital commitment towards EPC contracts : Rs. 3,96,94,27,644 (previous period Rs 4,018,509,591)				
17	<b>Segment reporting</b>				
	The Company's operation constitutes a single business segment namely "Infrastructure Development" as per Accounting Standard (AS) - 17 "Segment Reporting" as notified under the Companies (Accounting Standards) Rules, 2006, (as amended).				

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**18 Related party disclosures**

**Names of the related parties and related party relationships**

**a) Related parties where control exists :**

Gammon India Limited Ultimate holding company  
Gammon Infrastructure Projects Limited Holding company

**Fellow Subsidiaries :**

Cochin Bridge Infrastructure Company Limited  
Rajahmundry Expressway Ltd.  
Tidong Hydro Power Ltd  
Pravara Renewable Energy Limited  
Younghang Power Venture Limited  
Gammon Renewable Energy Infrastructure Project Limited

**b) Transactions with related parties**

Transactions	Ultimate Holding Company	Holding Company	Fellow Subsidiaries
Inter corporate deposits taken from Gammon Infrastructure Projects Limited		64,662,412 (90,423,132)	
Inter corporate deposits refunded to Gammon Infrastructure Projects Limited		- (43,500,000)	
Inter corporate deposits given to Lodha Developers Pvt. Ltd.			- (200,000,000)
Gammon Renewable Energy Infrastructure Project Limited			110,000,000 -
Inter corporate deposits received back from Gammon Renewable Energy Infrastructure Project Limited			85,000,000 -
Deposit received for nomination of directorship Gammon Infrastructure Projects Limited		- (200,000)	
Refund of deposit received for nomination of directorship Gammon Infrastructure Projects Limited		- (200,000)	
Expenses incurred on behalf of the Company by Gammon Infrastructure Projects Limited		1,165,137 (2,034,516)	
Expenses incurred by the Company on behalf of Tidong Hydro Power Limited			1,724 (76,702)
Younghang Power Venture Limited			- (12,299)
Outstanding inter corporate deposits including interest payable to Gammon Infrastructure Projects Limited		438,429,818 (373,767,406)	
Rajahmundry Expressway Limited			-
Outstanding balance payable to Gammon Infrastructure Projects Limited		1,556,354 (391,217)	
Balance receivable from Gammon India Limited	49,430		
Gammon Renewable Energy Infrastructure Project Limited			25,000,000 -
Lodha Developers Pvt. Ltd.			200,000,000 (200,000,000)
Pravara Renewable Energy Limited			- (710)
Tidong Hydro Power Limited			178,902 (177,178)
Younghang Power Venture Limited			110,456 (110,456)

(Previous period's figure in brackets)

**19 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006**

As per the information available with the Company, there are no Micro, Small, and Medium Enterprises, as defined in the Micro, Small, and Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal or interest.

The above information regarding Micro, Small, and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

**20 Prior period figures have been regrouped / reclassified wherever necessary. Current period's figures are for the period from October 1, 2014 to March 31, 2016 and that of previous period are for the period from January 1, 2014 to September 30, 2014.**

As per our report of even date

For Chaitanya C Dalal & Co.  
Chartered Accountants  
Firm Registration No. 101632W

For and behalf of the Board of Directors of  
Sikkim Hydro Power Ventures Limited

Chaitanya C Dalal  
Partner  
Membership No. : 35809

Kishor K. Mohanty      Mandar Vilas Gite  
Director                      Director  
DIN:00080498

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Place : Mumbai  
Date : 31.05.2016