

MAHINDRA EPC SERVICES PRIVATE LIMITED

**ACCOUNTS
31ST MARCH, 2014**

INDEPENDENT AUDITOR'S REPORT

To the Members of
MAHINDRA EPC SERVICES PRIVATE LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **MAHINDRA EPC SERVICES PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control 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

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the

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reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and;
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

7. We draw attention to Note No. 32 of the financial statements and for the reasons detailed therein trade receivables amounting to Rs. 4,22,03,283 and interest accrued thereon of Rs. 1,86,15,566 has been considered realisable by the management. We have relied on the management representation in this regard. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

8. As required by 'the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
9. As required by section 227(3) of the Act, we report that:

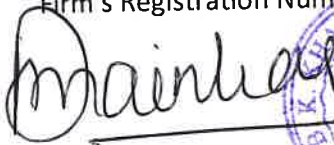
- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;



- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
- e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For B. K. Khare & Co.
Chartered Accountants

Firm's Registration Number 105102W





Devdatta Mainkar
Partner

Membership Number: 109795

Mumbai, April 25, 2014

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph (8) of our report of even date on the accounts of **Mahindra EPC Services Private Limited** ended 31st March 2014.

- i (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on verification.
- (c) During the year, Company has not disposed of any substantial part of fixed assets.

- ii (a) The Management has conducted physical verification of inventory at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records are not material and have been properly dealt with in the books of account.

- iii. The Company has not granted or taken any loans, secured or unsecured, to or from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of sub-clause (b) to (g) of sub-paragraph (iii) of paragraph 4 of the Order are not applicable.

- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to the purchase of inventory and fixed assets and sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.

- v. In our opinion and according to the information and explanations given to us, there were no transactions with any party that needed to be entered in the Register maintained in pursuance of section 301 of the Companies Act, 1956. As there are no transactions in case of any party that need to be entered in



the Register maintained pursuant to section 301 of the Companies Act, 1956, sub-clause (b) of sub-para (v) of Para 4 of the Order is not applicable.

- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA and any other relevant provisions of the Companies Act, 1956.
- vii. The company has internal audit system, which in our opinion, is commensurate with the size of the Company and nature of its operations.
- viii. As informed to us, the maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
- ix (a) According to the records of the Company and information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Wealth-Tax, Service-Tax, Customs Duty, cess and other material statutory dues with the appropriate authorities during the year. According to information and explanations given to us, there are no arrears of outstanding statutory dues as at 31st March 2014 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Sales Tax, Service Tax, Customs Duty, income Tax, Wealth Tax, or Cess outstanding on account of any dispute as on 31st March 2014.
- x. The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in the current financial year and in the immediately preceding financial year.
- xi. Based on our audit procedures and on the basis of information and explanations given by the management, the Company has not defaulted in the repayment of dues to financial institutions and banks.



- xii. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies.
- xiv. The company is not dealing or trading in shares, securities or any other investments. However, in respect of transactions relating investment in certain securities, the Company has maintained proper records of the transactions and contracts of the investments dealt in by the Company and timely entries have been made therein. The investments made by the Company are held in its own name except to the extent of the exemption under section 49 of the Act.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions, the terms and conditions whereof are prejudicial to the interest of the Company.
- xvi. In our opinion and according to information and explanation given to us, the loans availed by the company from the banks during the year under audit have been prima-facie utilised for the intended purpose.
- xvii. According to information and explanations given to us, on an overall examination of the balance sheet and the Cash Flow Statement of the company, we report that funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- xviii. The company has not made any preferential allotment to parties and companies covered under register maintained under Section 301 of the Companies Act, 1956.
- xix. The Company did not issue any debentures during the year.
- xx. During the year, the Company has not made any public issue of equity shares.



- xxi. Based on the audit procedures performed and as per the information and explanations given by the management, no fraud on or by the Company was noticed or reported during the year.

For and on behalf of
B. K. Khare and Co.
Chartered Accountants

Firm Registration No. 105102W




Devdatta Mainkar
Partner
M. No. 109795
Mumbai April 25, 2014

MAHINDRA EPC SERVICES PRIVATE LIMITED

BALANCE SHEET AS AT 31st MARCH, 2014

	Note No	31st March, 2014 Rupees	31st March, 2013 Rupees
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
Share Capital	3	28,00,00,000	11,30,00,000
Reserves and Surplus	4	38,04,54,747	38,96,37,590
(2) Non-Current Liabilities			
Long term provisions	5	63,91,888	3,42,64,992
(3) Current Liabilities			
Trade payables	6	16,55,19,976	2,86,29,69,660
Other current liabilities	7	3,18,83,419	4,19,89,915
Short-term provisions	8	5,88,66,370	5,38,14,166
Total		92,31,16,400	3,49,56,76,323
II. Assets			
(1) Non-current assets			
Fixed assets			
(i) Tangible assets		3,95,43,311	2,01,93,346
(ii) Intangible assets		21,66,121	21,80,960
Capital work-in-progress		43,24,510	-
Intangible assets under development		1,09,75,751	-
Non-current investments	10	5,50,000	50,000
(2) Deferred tax assets (net)	27	2,62,47,998	1,76,65,000
(3) Current assets			
Current investments	11	5,54,34,850	25,23,88,857
Inventories	12	21,71,11,484	15,85,07,421
Trade receivables	13	26,61,94,339	2,41,19,91,726
Cash and cash equivalents	14	4,84,69,770	56,05,29,918
Short-term loans and advances	15	18,24,32,256	5,74,99,840
Other current assets	16	6,96,66,010	1,46,69,255
Total		92,31,16,400	3,49,56,76,323

Per our report attached

For B K Khare & Co.
Chartered Accountants

Firm Registration No. 105102W



Devdatta Mainkar
Partner
M. No. 109795

Mumbai :

For and on behalf of the Board

A. K. T Chari

A. K. T Chari
Director

Satish Kamat

Satish Kamat
Director

MAHINDRA EPC SERVICES PRIVATE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

	Note No	2013-14 Rupees	2012-13 Rupees
Revenues:			
Revenue from operations	17	1,12,83,01,628	4,84,81,54,465
Other Income	18	12,10,77,774	4,61,93,512
Total Revenues		1,24,93,79,402	4,89,43,47,977
Expenses:			
Cost of materials consumed	19	75,51,21,589	3,84,57,13,582
Purchase of traded goods		69,06,528	-
(Increase) / decrease in inventory	20	(4,33,877)	2,06,32,073
Employee benefit expenses	21	16,67,29,754	9,78,24,516
Finance costs	22	21,05,479	19,97,581
Depreciation and amortization expenses	23	37,38,495	17,22,732
Other expenses	24	33,04,35,345	35,87,02,520
Total Expenses		1,26,46,03,313	4,32,65,93,005
(Loss)/Profit before tax		(1,52,23,911)	56,77,54,973
Tax expense:			
(1) Current tax		-	19,65,00,000
(2) Deferred tax	27	(85,82,997)	(1,74,01,000)
(3) Short provision of Current Tax for earlier period		25,41,929	-
(Loss) /Profit for the year		(91,82,843)	38,86,55,973
Earning per equity share:			
Basic & Diluted (Rupees)	26	(0.37)	35.54
(Face value Rs.10/- per share)			

Per our report attached

For B K Khare & Co.

Chartered Accountants

Firm Registration No. 105102W




Devdatta Mainkar

Partner

M. No. 109795

Mumbai :

For and on behalf of the Board



A. K. T Chari

Director



Satish Kamat

Director

MAHINDRA EPC SERVICES PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MAR, 2014

	31st March, 2014		31st March, 2013	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net profit before Tax		(1,52,23,911)		56,77,54,973
Adjustments for :				
Depreciation/Amortization	37,38,495		17,22,732	
Interest Income	(99,60,932)		(2,65,28,775)	
Interest expense	21,05,479	(41,16,958)	19,97,581	(2,28,08,462)
Operating Profit Before Working Capital Changes		(1,93,40,869)		54,49,46,511
Adjustments for :				
Increase / (decrease) in trade payables	(2,69,74,49,684)		2,81,75,74,028	
Increase / (decrease) in other current liabilities	(1,01,06,497)		3,35,82,117	
Increase / (decrease) in short term provisions	50,52,204		8,53,47,122	
Increase / (decrease) in Long-term provisions	13,78,279		13,74,392	
Decrease / (Increase) in Current Investments	19,69,54,007		(25,23,88,857)	
Decrease / (Increase) in inventories	(5,86,04,063)		(13,67,49,527)	
Decrease / (Increase) in trade and other receivables	2,14,57,97,387		(2,18,39,94,835)	
Decrease / (Increase) in short term loans and advances	(3,54,56,371)		(5,34,03,319)	
Decrease / (Increase) in other current assets	(5,49,96,755)		(1,42,50,410)	
Cash used for Operations		(50,74,31,493)		29,70,90,711
		(52,67,72,362)		84,20,37,223
Income taxes paid (net of refunds)		(7,12,69,357)		(19,65,00,000)
NET CASH USED IN OPERATING ACTIVITIES		(59,80,41,719)		64,55,37,223
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets		(3,83,73,882)		(2,18,11,512)
Purchase of Investments		(5,05,00,000)		-
Interest Received		99,60,932		2,65,28,775
NET CASH USED IN INVESTING ACTIVITIES		(7,89,12,950)		47,17,263
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from issuance of Share Capital		16,70,00,000		2,50,00,000
Proceeds from short term borrowings - Inter Corporate Deposit		10,00,00,000		(13,08,57,250)
Repayment of short term borrowings - Inter Corporate Deposit		(10,00,00,000)		-
Interest expense		(21,05,479)		(19,97,581)
NET CASH FROM FINANCING ACTIVITIES		16,48,94,521		(10,78,54,831)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(51,20,60,148)		54,23,99,655
CASH AND CASH EQUIVALENTS				
Opening Balance		56,05,29,918		1,81,30,264
Closing Balance		4,84,69,770		56,05,29,919
Cash & Cash Equivalents Include :				
Cash and Cheques on hand				
Balances with Scheduled Banks:				
(i) On Current Account	1,42,49,748		22,44,72,929	
(ii) On Fixed Deposit Account	3,42,20,022		33,60,56,989	
		4,84,69,770		56,05,29,918
		4,84,69,770		56,05,29,918

Per our report attached

For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105302W

Devdatta Mainkar
Partner
M. No. 109795
Mumbai :



For and on behalf of the Board

A. K. T Chari

A. K. T Chari
Director

Director

Satish Kamat
Satish Kamat
Director

Mahindra EPC Services Private Limited
Notes to the Financial Statements
For the year ended 31st March, 2014

1. Nature of Operations

Mahindra EPC Services Private Limited ('the Company'), a subsidiary of Mahindra Holdings Limited, is engaged in Engineering, Procurement and Construction of power plants in renewable energy and water management sector and related operations and maintenance activity.

2. Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 ('the Act'), read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and the accounting principles generally accepted in India (Indian GAAP) and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006, to the extent applicable.

The financial statements are prepared and presented in the form set out in Revised Schedule VI of the Act, so far as they are applicable thereto. All assets and liabilities have been classified as current / noncurrent as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI of the Companies Act, 1956. Based on the nature of services and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as twelve months for the purpose of current / noncurrent classification of assets and liabilities.

These financial statements are presented in Indian rupees.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

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Mahindra EPC Services Private Limited
Notes to the Financial Statements
For the year ended 31st March, 2014

c) Tangible and Intangible Assets:

(i) Tangible Fixed Assets:

Tangible fixed assets are carried at cost of acquisition less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation. Borrowing costs relating to acquisition of fixed asset, which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any, is reflected in the Statement of Profit and Loss. Depreciation on assets is calculated on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except for;

- a) Certain items of Plant and Machinery individually costing more than Rs. 5,000 – over their useful lives as determined by the Company .
- b) Cars and vehicles – at 15% of cost.

(ii) Intangible Assets:

Intangible assets are initially measured at cost and amortised on a straight line basis over their estimated useful lives not exceeding ten years.

Software are equally amortised over their estimated useful lives of three years from the year in which they are put to use.

(iii) Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised 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 Company makes a reasonable estimate of the value in use.

d) Inventories:

Inventories are stated at lower of cost and net realisable value.

Cost of raw materials includes all costs of purchase, conversion and other direct attributable costs incurred for bringing the items to their present location and condition and is determined using the weighted average cost method.

The cost of contracts work in progress comprises costs directly attributable to the specific contracts and related overheads.

Land considered as stock-in-trade is valued at lower of cost or net realizable value. Cost comprises of all cost attributable to the acquisition of land.



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Mahindra EPC Services Private Limited
Notes to the Financial Statements
For the year ended 31st March, 2014

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

e) Foreign Exchange Transactions:

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognized as income or expense, as the case may be.

The Company uses foreign currency forward contracts to hedge its risk associated with the foreign currency fluctuations relating to firm commitments. In respect of forward exchange contracts covered under AS 11, "The effect of changes in foreign exchange rates", any premium or discount arising at the inception of a forward exchange contract is recognized as income or expense over the life of the contract. Any profit or loss arising on cancellation or renewal of such forward exchange contract is recognised as income or expense for the year.

Pursuant to the announcement made by the Institute of Chartered Accountants of India (ICAI) regarding "Accounting for Derivatives", provision for losses in respect of forward exchange contracts classified as derivatives is made on mark to market valuation of such contracts. Gains on mark to market valuation, if any, on such derivatives are not recognised in financial statements.

f) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) EPC Contracts

Revenue from fixed price EPC contracts is recognized on percentage of completion method measured on the basis of stage of completion determined on the basis of certifications done internally or by external consultants or customers as well as on the basis of billing schedule agreed.

(ii) Sales of goods

Revenue from sale of goods is recognized on transfer of all significant risks and rewards of ownership to the buyer. Sales are stated net of trade discount, duties and sales tax.

(iii) Service Income



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Mahindra EPC Services Private Limited
Notes to the Financial Statements
For the year ended 31st March, 2014

Service income is recognised as per the terms of the contract when the related services are rendered. It is stated net of service tax.

(iv) Interest income

Interest income is recognized on time proportion basis.

(v) Dividend Income

Dividend income is recognized when the right to receive dividend is established.

g) Investments

Investments are classified under Non-current and Current categories.

'Non-current Investments' are carried at acquisition /amortized cost. A provision is made for diminution, other than temporary, on an individual basis.

'Current Investments' are carried at the lower of cost or fair value on an individual basis.

h) Employee Benefits:

(i) Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus / ex-gratia are recognized in the period in which the employee renders the related service. Provision for short term compensated absences is made on arithmetic basis.

(ii) Post employment employee benefits

a) Defined Contribution schemes

The Company's contributions to the Provident Fund and Employee's State Insurance Fund are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

b) Defined benefits plans

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.



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Mahindra EPC Services Private Limited
Notes to the Financial Statements
For the year ended 31st March, 2014

i) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. 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 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. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, 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 reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

j) Provisions and Contingent Liabilities :

- (i) The Company provides for warranty obligation on substantial completion of contracts based on technical evaluation.
- (ii) Contingent liabilities are disclosed by way of note to the financial statements, after careful evaluation by the management of the facts and legal aspects of the matter involved.

k) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.



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Mahindra EPC Services Private Limited
Notes to the Financial Statements
For the year ended 31st March, 2014

I) Earnings Per Share

Basic and diluted earnings per share is 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.



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MAHINDRA EPC SERVICES PRIVATE LIMITED

Note no. 3 : Share Capital:

	31st March, 2014 Rupees	31st March, 2013 Rupees
Authorized :		
4,00,00,000 (31st March, 2013: 4,00,00,000) Equity Shares of Rs. 10 each	40,00,00,000	40,00,00,000
Total....	40,00,00,000	40,00,00,000
Issued and Subscribed:		
280,00,000 (31st March, 2013: 113,00,000) Equity Shares of Rs. 10 each, fully paid up	28,00,00,000	11,30,00,000
Total....	28,00,00,000	11,30,00,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the year:

	31st March, 2014		31st March, 2013	
	No. of Shares	Rupees	No. of Shares	Rupees
Equity Shares:				
At the beginning of the period.....	1,13,00,000	11,30,00,000	88,00,000	8,80,00,000
Issued during the period	1,67,00,000	16,70,00,000	25,00,000	2,50,00,000
Outstanding at the end of the period.....	2,80,00,000	28,00,00,000	1,13,00,000	11,30,00,000

b. Terms / rights attached to equity shares:

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

c. Shares held by holding Company:

Entire equity Shares of the Company are held by Mahindra Holdings Limited, the Holding Company.

d. Details of shareholders holding more than 5% shares in the company:

	31st March, 2014		31st March, 2013	
	No. of Shares	% holding	No. of Shares	Rupees
Equity Shares:				
Mahindra Holdings Limited	2,80,00,000	100%	1,13,00,000	100%



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MAHINDRA EPC SERVICES PRIVATE LIMITED

Note no. 4 : Reserves and Surplus:

	31st March, 2014 Rupees	31st March, 2013 Rupees
Surplus in the Statement of Profit and Loss		
Balance as per the last financial statement	38,96,37,590	9,81,617
(Loss)/ Profit for the year in the statement of Profit and Loss	(91,82,843)	38,86,55,973
Net Surplus	38,04,54,747	38,96,37,590

Note no. 5 : Long term provisions :

	31st March, 2014 Rupees	31st March, 2013 Rupees
Provision for employee benefits:		
Provision for gratuity [Refer note no. 38]	36,34,975	13,74,392
Leave encashment [Refer note no. 38]	27,56,913	36,39,217
Provision for taxation (net of advance taxes paid)	-	2,92,51,383
Total	63,91,888	3,42,64,992

Note no. 6 : Trade payables:

	31st March, 2014 Rupees	31st March, 2013 Rupees
Trade payables		
Other than Micro and Small Enterprises [Refer note no. 29]	16,55,19,976	2,86,29,69,660
Total	16,55,19,976	2,86,29,69,660

Note no. 7 : Other current liabilities :

	31st March, 2014 Rupees	31st March, 2013 Rupees
Advance From Customers	18,81,075	-
Salary and reimbursements	1,81,51,012	1,38,99,932
Provided Fund and other funds payable	14,42,562	7,79,532
Payable to statutory authorities (including TDS,VAT , Service tax etc.)	54,07,981	52,33,514
Payables for capital expenditure	46,00,789	-
Interest payable to supplier	-	23,52,309
Penalty payable to supplier	-	1,97,24,628
Other liabilities	4,00,000	-
Total	3,18,83,419	4,19,89,915

Note no. 8 : Short term provisions :

	31st March, 2014 Rupees	31st March, 2013 Rupees
Provision for employee benefits:		
Provision for gratuity [Refer note no. 38]	11,295	-
Leave encashment [Refer note no. 38]	1,72,109	-
Provision for Warranties [Refer note no. 30]	5,86,82,966	5,38,14,166
Total	5,88,66,370	5,38,14,166



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MAHINDRA EPC SERVICES PRIVATE LIMITED

Note no. 9 : Fixed Assets :

Description of Assets	Gross block (At Cost)				Depreciation / Amortization				Net Block	
	As at 31st March, 2013	Additions / adjustments	Deductions / adjustments	As at 31st March, 2014	As at 31st March, 2013	Charge for the year	Deductions / Adjustments	As at 31st March, 2014	As at 31st March, 2014	As at 31st March, 2013
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
1 . Tangible Assets :										
Plant and Machinery	1,50,46,687	2,11,23,130	33,447	3,61,36,370	9,10,868	22,32,304	4,205	31,38,967	3,29,97,403	1,41,35,819
Office Equipment	53,52,973	6,46,433	-	59,99,406	1,77,549	3,03,212	-	4,80,761	55,18,645	51,75,424
Furniture & Fixture	4,00,157	2,81,167	-	6,81,324	18,301	32,779	-	51,080	6,30,244	3,81,856
Vehicles	6,88,088	-	-	6,88,088	1,87,841	1,03,228	-	2,91,069	3,97,019	5,00,247
Total	2,14,87,905	2,20,50,730	33,447	4,35,05,188	12,94,559	26,71,523	4,205	39,61,877	3,95,43,311	2,01,93,346
2 . Intangible Assets :										
Software	27,90,851	10,52,133	-	38,42,984	6,09,891	10,66,972	-	16,76,863	21,66,121	21,80,960
Total	27,90,851	10,52,133	-	38,42,984	6,09,891	10,66,972	-	16,76,863	21,66,121	21,80,960
Total	2,42,78,756	2,31,02,863	33,447	4,73,48,172	19,04,450	37,38,495	4,205	56,38,740	4,17,09,432	2,23,74,306
Previous year total	24,67,244	2,18,11,512	-	2,42,78,756	1,81,718	17,22,732	-	19,04,450	2,23,74,306	2,23,74,306



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