

Pegasus Ventures Private Limited

Audited Accounts

For the year ended March 31, 2014

6, Feltham House, 2nd Floor, 10, J.N. Heredia Marg,
Ballard Estate, Mumbai - 400 001.

Independent Auditors' Report

To the Members of
PEGASUS VENTURES PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Pegasus Ventures Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the 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

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 principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). 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.

Auditors' Responsibility

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.

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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the

accounting estimates made by management, 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.

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:

- 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.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2) 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 sub section (3C) of section 211 of the Companies Act, 1956;
- 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 V. R. Renuka & Co.

Firm Registration No. 108826W

Chartered Accountants

(Sd/-)

V R Renuka

Proprietor

Membership No. 032263

Mumbai, May 30, 2014

Annexure to the Independent Auditors' Report

Referred to in Paragraph 1 of the Auditors' Report under the head of 'Report on Other Legal and Regulatory Requirements' of our report of even date.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- 1) In respect of its fixed assets:
 - a. The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - b. According to the information and explanation given to us, the Company has formulated the regular program of verification by which all the assets of the Company are verified in a phase manner, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets and no material discrepancies were noticed.
 - c. In our opinion and according to the information and explanations given to us, no fixed asset has been disposed off by the Company during the year and hence does not affect the going concern status of the Company.

- 2) In respect of its inventories:

According to the information and explanations given to us and on the basis of our examination of the books of accounts there are no inventory held by the company and therefore the provisions of clause (ii) of the order are not applicable to the Company.

- 3) In respect of the loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act,1956:

- a. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not given loans to any related parties. Therefore the provisions of clause (iii) (a), (b), (c) and (d) of the order are not applicable to the Company.

- b. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has taken loans from two related parties, in respect of the same loans, the maximum amount outstanding at any time during the year is 23,014.39 Lacs and the year-end balance is ₹19,468.51 Lacs.
- 4) 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 the nature of its business for the purchase of materials and fixed assets. Further on the basis of our examination of books and records of the Company and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- 5) In our opinion and according to the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services aggregating during the period to ₹ 5,00,000 or more in respect of each party, in pursuance of contracts or arrangements entered in the register maintained Under Section 301 of the Companies Act, 1956.
- 6) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the Public to which the directives issued by the Reserve Bank of India and provisions of Section 58A and Section 58AA of the Companies Act 1956 and the rules made there under are applicable.
- 7) As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
- 8) As informed to us, for the present business activity of the company, the maintenance of cost records under Section 209 (1)(d) of the companies Act, 1956 is not required.

- 9) In respect of Statutory dues:
- a. According to the information and explanation provided to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Value Added Tax, Wealth tax, Excise duty, Cess and other material statutory dues applicable to it.
 - b. According to the information and explanations given to us, there are no dues of Sales Tax, Service tax, Custom Duty, Wealth Tax, Excise duty or cess outstanding on account of any dispute.
- 10) As the company is incorporated for less than five years, the provision of Clause 4 (x) of the order is not applicable to the Company.
- 11) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions during the year.
- 12) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debenture and other securities.
- 13) According to the information and explanations given to us and in our opinion, the Company is not a chit fund or nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the order are not applicable to the Company.
- 14) According to the information and explanations given to us, the Company has not dealt in and/or traded in shares, securities, debentures and other investments during the year.
- 15) 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 during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.

- 16) In our opinion and according to the information and explanation given to us, the Company had applied the term loans for the purpose for which the loan was obtained.
- 17) The Company has not raised any loans on short term basis. Accordingly, the provisions of Clause 4(xvii) of the Order are not applicable to the Company.
- 18) According to the information and explanations given to us, the Company had not made any preferential allotment of shares to parties and companies covered in the register maintained U/s. 301 of the Companies act 1956
- 19) According to the information and explanations given to us, the Company has not issued any secured debentures, therefore the provisions of clause (xix) of the order are not applicable to the Company.
- 20) During the period covered by our audit report, the Company has not raised any money by way of public issue; therefore the provisions of clause (xx) of the order are not applicable to the Company.
- 21) To the best of our knowledge and belief, according to the information and explanation given to us and based on the audit procedures performed, we report that no material fraud on or by the Company has been noticed or reported during the course of our audit.

For V. R. Renuka & Co.

Firm Registration No. 108826W

Chartered Accountants

(Sd/-)

V R Renuka

Proprietor

Membership No. 032263

Mumbai, May 30, 2014

Pegasus Ventures Private Limited**Balance Sheet as at March 31, 2014**

		(₹ in lacs)	
Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	1	1,001.00	1,001.00
Reserves and Surplus	2	(3.62)	0.37
Non-Current Liabilities			
Long-Term Borrowings	3	19,468.51	18,427.51
Current Liabilities			
Short-Term Borrowings	4	936.64	-
Other Current Liabilities	5	6,038.34	6,039.68
Short term provision	6	0.18	0.18
TOTAL		27,441.05	25,468.74
ASSETS			
Non-Current Assets			
Fixed Assets			
- Tangible	7	6,249.48	-
- Capital work in progress	7	20,660.40	25,288.22
Other Non-Current Assets	8	4.92	6.56
Long Term Loans and Advances	9	120.00	-
Current Assets			
Cash and Cash Equivalents	10	13.27	73.64
Short-Term Loans and Advances	11	392.98	100.32
TOTAL		27,441.05	25,468.74
Significant Accounting Policies	15		
Notes on Financial Statements	1 to 18		
As per our report of even date attached hereto			
For V.R.Renuka & Co.		For and on behalf of the Board of Directors	
Chartered Accountants			
Firm Registration No. 108826W			
sd/-		sd/-	sd/-
V.R. Renuka		Paresh V. Merchant	Nikhil V. Merchant
Proprietor		Director	Director
M No. 032263			
Mumbai, May 30, 2014			Mumbai, May 30, 2014

Pegasus Ventures Private Limited**Statement of Profit and Loss for the year ended March 31, 2014**

			(₹ in lacs)	
Particulars	Note No.	Year Ended March 31, 2014	Year Ended March 31, 2013	
Income:				
Revenue from Operations		-	-	
Other Income	12	1.97	3.25	
Total Revenue		1.97	3.25	
Expenses:				
Employee Benefit Expenses	13	3.58	0.76	
Finance Cost		-	-	
Other Expenses	14	2.38	1.94	
Total Expenses		5.96	2.70	
Profit/(Loss) before Tax		(3.99)	0.55	
Tax Expense:				
(1) Current tax		-	0.18	
(2) Deferred Tax		-	-	
Profit/(Loss) for the period		(3.99)	0.37	
Earnings Per Equity Share				
Basic and diluted (in ₹)		(0.00)	0.00	
Significant Accounting Policies	15			
Notes on Financial Statements	1 to 18			

As per our report of even date attached hereto

For V.R.Renuka & Co.
Chartered Accountants
Firm Registration No. 108826W

For and on behalf of the Board of Directors

sd/-
V.R. Renuka
Proprietor
M No. 032263

sd/-
Paresh V. Merchant
Director

sd/-
Nikhil V. Merchant
Director

Mumbai, May 30, 2014

Mumbai, May 30, 2014

Pegasus Ventures Private Limited**Cash Flow Statement for the period ended March 31, 2014**

(₹ in lacs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
A Cash Flow from Operating Activities		
Profit before tax	(3.99)	0.55
Adjustments for :		
Preliminary Expenses	1.64	1.64
Interest Income	(1.97)	(3.25)
Considered Separately:		
Operating Profit before Working Capital Changes	(4.32)	(1.06)
Adjustments for :		
Trade & Other Receivables	(292.66)	(100.32)
Trade Payables and Other Liabilities	(1.34)	39.68
Cash generated from operations	(298.32)	(61.70)
Direct Taxes (Paid)/Received	-	-
Net Cash from Operating Activities (A)	(298.32)	(61.70)
B Cash Flow from Investing Activities		
Interest Income	1.97	3.25
Payment of Preliminary Expenses	-	(8.20)
Purchase of Fixed Assets	(1,621.66)	(25,288.22)
Net Cash from Investing Activities (B)	(1,619.69)	(25,293.17)
C Cash Flow from Financing Activities		
Issue of Share Capital	-	1,001.00
Long Term & Short Term Funds Borrowed/(Repaid)	1,857.64	24,427.51
Net Cash from Financing Activities (C)	1,857.64	25,428.51
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(60.37)	73.64
Opening Balance of Cash & Cash Equivalents	73.64	-
Closing Balance of Cash & Cash Equivalents	13.27	73.64

As per our report of even date attached hereto

For V.R.Renuka & Co.

Chartered Accountants

Firm Registration No. 108826W

For and on behalf of the Board of Directors

sd/-

V.R. Renuka

Proprietor

M No. 032263

sd/-

Paresh V. Merchant

Director

sd/-

Nikhil V. Merchant

Director

Mumbai, May 30, 2014**Mumbai, May 30, 2014**

Pegasus Ventures Private Limited

Notes on Financial Statement for year ended March 31, 2014

1 Share Capital

(a) Authorised Share Capital:

Particulars	March 31, 2014	March 31, 2013
	₹ in lacs	₹ in lacs
1,00,10,000 (March 31, 2013: 1,00,10,000) Equity shares of ₹ 10/- each	1,001	1,001
Total	1,001	1,001

(b) Issued, subscribed and paid up:

Particulars	March 31, 2014	March 31, 2013
	₹ in lacs	₹ in lacs
1,00,10,000 (March 31, 2013: 1,00,10,000) Equity shares of ₹ 10/- each, fully paid up	1,001	1,001
Total	1,001	1,001

(c) A reconciliation of the number of shares outstanding is set out below:

Particulars	March 31, 2014		March 31, 2013	
	Number of shares	₹ in lacs	Number of shares	₹ in lacs
Outstanding at the beginning of the period	10,010,000	1,001	-	-
Add: Issued during the period	-	-	10,010,000	1,001
Outstanding at the end of the period	10,010,000	1,001	10,010,000	1,001

(d) Details of shares held by Controlling entity:

Particulars	March 31, 2014		March 31, 2013	
	Number of shares	₹ in lacs	Number of shares	₹ in lacs
Holding Company				
Swan Energy Limited (SEL)	10,010,000	1,001	10,010,000	1,001

(e) Details of shareholders, holding more than 5% shares in the company:

Particulars	March 31, 2014		March 31, 2013	
	Number of shares	% holding	Number of shares	% holding
Holding Company				
Swan Energy Limited (SEL)	10,010,000	100.00	10,010,000	100.00

2 Reserves and Surplus

Particulars	March 31, 2014		September 30, 2013	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
Surplus i.e. balance in Statement of Profit & Loss				
At the beginning of the period	0.37		-	
Add: Profit during the period	(3.99)		0.37	
At the end of the period		(3.62)		0.37
Grand Total		(3.62)		0.37

Pegasus Ventures Private Limited

Notes on Financial Statement for year ended March 31, 2014

3 Long Term Borrowings

Particulars	March 31, 2014	March 31, 2013
	₹ in lacs	₹ in lacs
Unsecured Loan from related party		
Swan Energy Limited - Holding Company	16,793.86	12,245.01
Cardinal Energy & Infrastructure Private Limited - Fellow Subsidiary	2,674.65	6,182.50
Total	19,468.51	18,427.51

4 Short Term Borrowings

Particulars	March 31, 2014	March 31, 2013
	₹ in lacs	₹ in lacs
Loans repayable on demand from other parties	936.64	-
Total	936.64	-

5 Other current liabilities

Particulars	March 31, 2014	March 31, 2013
	₹ in lacs	₹ in lacs
Current maturity of long term debt		
From other party (Secured)		
Arum Investments Private Limited	6,000.00	6,000.00
Other payables		
Outstanding Expenses	0.28	0.57
Duties & Taxes	16.34	20.37
Creditors for Capital Expenditure	-	16.83
Creditors for Expenses	21.72	1.91
Total	6,038.34	6,039.68

Term loan from banks/FI include:

Arum Investments Private Limited Loan of ₹ 6,000 Lacs (March 31, 2013 : ₹ 6,000 lacs) is secured by pledge of unencumbered dematerialized equity shares of Swan Energy Limited.

6 Short-term provision

Particulars	March 31, 2014	March 31, 2013
	₹ in lacs	₹ in lacs
Provision for taxation	0.18	0.18
Total	0.18	0.18

Pegasus Ventures Private Limited

Notes on Financial Statement for year ended March 31, 2014

Schedule 7:
Fixed Assets - Capital Work in Progress (₹ in lacs)

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01/04/2013	Additions for the Year	Deductions For the Year	As at 31/03/2014	As at 01/04/2013	For the Year	Adjustments for the Year	As at 31/03/2014	As at 31/03/2014	As at 31/03/2013
Tangible-Assets										
Land - HMT	-	2,559.61	-	2,559.61	-	-	-	-	2,559.61	-
Land - Bondel	-	3,689.87	-	3,689.87	-	-	-	-	3,689.87	-
Current Year Total	-	6,249.48	-	6,249.48	-	-	-	-	6,249.48	-
Previous Year Total	-	-	-	-	-	-	-	-	-	-
Capital Work in Progress/advanc	25,288.22	1,621.66	6,249.48	20,660.40	-	-	-	-	20,660.40	25,288.22
	25,288.22	1,621.66	6,249.48	20,660.40	-	-	-	-	20,660.40	25,288.22
Previous year - CWIP		25,288.22	-	25,288.22	-	-	-	-	25,288.22	-

Pegasus Ventures Private Limited

Notes on Financial Statement for year ended March 31, 2014

8 Other non-current assets

Particulars	March 31, 2014	March 31, 2013
	₹ in lacs	₹ in lacs
Others		
Unamortised Expenses	4.92	6.56
Total	4.92	6.56

9 Long Term Loans and Advances

Particulars	March 31, 2014	March 31, 2013
	₹ in lacs	₹ in lacs
Others		
Advance to other parties for capital goods	120.00	-
Total	120.00	-

10 Cash and cash equivalents

Particulars	March 31, 2014	March 31, 2013
	₹ in lacs	₹ in lacs
Cash in hand	-	-
Balances with banks		
In Current Accounts	13.27	73.64
Total	13.27	73.64

11 Short-term loans and advances

Particulars	March 31, 2014	March 31, 2013
	₹ in lacs	₹ in lacs
Other Loans & Advances		
Advance to other parties	392.46	100.00
Advance Tax	0.52	0.32
Balance with statutory Authority	-	-
Total	392.98	100.32

12 Other income

Particulars	Apr'13-Mar'14	Apr'12-Mar'13
	₹ in lacs	₹ in lacs
Interest Income	1.97	3.25
Total	1.97	3.25

13 Employee benefit expenses

Particulars	Apr'13-Mar'14	Apr'12-Mar'13
	₹ in lacs	₹ in lacs
Salaries Wages and bonus	3.58	0.76
Total	3.58	0.76

14 Other Expenses

Particulars	Apr'13-Mar'14	Apr'12-Mar'13
	₹ in lacs	₹ in lacs
Audit Fees	0.28	0.28
Preliminary Expenses Written Off	1.64	1.64
Printing & Stationery	-	0.02
Professional Fees	0.20	-
Miscellaneous Expenses	0.13	0.00
Rates & Taxes	0.13	-
Total	2.38	1.94

15 SIGNIFICANT ACCOUNTING POLICIES

A Basis of Preparation of Financial Statements

The financial statements have been prepared to comply with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. The financial statements are presented in the general format specified in Revised Schedule VI to the Companies Act, 1956.

B Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

C Revenue Recognition

Interest income is recognised on time basis determined by the amount outstanding and the rate applicable.

D Taxation

Tax expenses are the aggregate of current tax and deferred tax charged or credited in the statement of Profit and Loss for the year.

a) Current Tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961.

b) Deferred Tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the year. The deferred tax charge or credit and the deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is virtual certainty that the assets can be realised in future.

E Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit and Loss account.

F Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

G Capital Work in Progress

Borrowing and other incidental costs incurred for acquisition of property has been capitalised and is incurred in the cost of such property. Capital work in progress is stated at cost and not depreciated. Depreciation on capital work in progress commences when the assets are ready for their intended use.

H Cash & Cash Equivalents

The company considers all highly liquid financial instruments, which are readily convertible into known amount of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

Pegasus Ventures Private Limited

Notes on Financial Statement for the period ended March 31, 2014

16 Earning Per Share	Apr'13-Mar'14	Apr'12-Mar'13
i) Net profit after tax as per Statements of Profit & Loss attributable to Equity Shareholders (₹ In Lacs)	(3.99)	0.37
ii) Weighted average number of shares used as denomination for calculating Basic and Diluted earning per share	10,010,000	10,010,000
iii) Face value of shares (₹ Per Share)	10.00	10.00
iv) Basic/Diluted earning per share (in ₹)	(0.00)	0.00

17 Payment to Auditors (Excluding Service Tax)		
i) Statutory Audit Fees (₹ In lacs)	0.25	0.25

18 Related Party Disclosures, as required by AS-18 are given below:

A List of Related Parties

Sr No.	Name of the parties	Relationship
i)	Swan Energy Limited	Holding Company
ii)	Cardinal Energy and Infrastructure Private Limited	Fellow - Subsidiary

B Transaction during the period with Related Parties

i) Swan Energy Limited		
Issue of shares (₹ In Lacs)	-	1,001.00
Loans & Advance taken (₹ In lacs)	6,470.85	13,245.01
Loans & Advance paid back (₹ In lacs)	1,922.00	1,000.00
Payable (₹ In Lacs)	16,793.86	12,245.01
ii) Cardinal Energy and Infrastructure Private Limited		
Loans & Advance taken (₹ In lacs)	627.15	6,182.50
Loans & Advance paid back (₹ In lacs)	4,135.00	-
Payable (₹ In Lacs)	2,674.65	6,182.50

As per our report of even date attached hereto

For V.R.Renuka & CO.

Chartered Accountants

Firm Registration No. 108826W

sd/-

V.R. Renuka

Proprietor

M No. 032263

For and on behalf of the Board of Directors

sd/-

Paresh V. Merchant

Director

sd/-

Nikhil V. Merchant

Director

Mumbai, May 30, 2014

Mumbai, May 30, 2014