Sterling and Wilson
International Solar FZCO
Dubai Airport Free Zone, Dubai

Separate Financial Statements
31 March 2018

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF STERLING AND WILSON INTERNATIONAL SOLAR FZCO

Report on the Audit of the Separate Financial Statements

Opinion
We have audited the separate financial statements of Sterling and Wilson International Solar FZCO, Dubai Airport Free Zone, Dubai ("the Company"), which comprise the separate statement of financial position as at 31 March 2018, and the separate statement of comprehensive income, separate statement of changes in shareholder's funds and separate statement of cash flows for the period from the date of incorporation on 7 December 2017 to 31 March 2018, and notes to the separate financial statements, including a summary of significant accounting policies set out in pages 3 to 19.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2018, and of its financial performance and its cash flows for the period from the date of incorporation on 7 December 2017 to 31 March 2018 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the separate Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Restriction on Use and Distribution
Our report is intended solely for the Company's management and should not be used or distributed to parties other than the Company and its management. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements
Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements
Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Continued…

Auditor's Responsibilities for the Audit of the Separate Financial Statements (Continued)

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Regulatory Requirements

In our opinion, all the necessary books of accounts and other records have been maintained in accordance with the provisions of the implementing regulations issued there under by the Dubai Airport Free Zone pursuant to the Implementing Regulations No. 1 of 2000, Pursuant to Law No. 2 of 1996 and its amendment No. 2 of 2000 for Free Zone Company.

Moore Stephens

Moore Stephens

Dubai
2 August 2018

Separate statement of comprehensive income

(stated in Indian Rupees in millions)

	Note	From the date of incorporation on 7 December 2017 to 31 March 2018
Income		
Sale of goods	5.3 a), 19	**21,858**
Direct costs	6	**(22,753)**
Gross loss		**(895)**
Expenses		
General and administration	7	**106**
Finance charges	8	**259**
		365
Loss for the period		**(1,260)**
Other comprehensive loss		
Item that will not be reclassified to profit or loss:		
Exchange difference on translation to presentation currency		**(6)**
Other comprehensive loss for the period		**(6)**
Total comprehensive loss for the period		**(1,266)**

The attached notes 1 to 23 form part of these separate financial statements.

Separate statement of financial position

(stated in Indian Rupees in millions)

	Note	2018
Assets		
Non-current assets		
Investments in subsidiaries	9	**22**
Total non-current assets		**22**
Current assets		
Accounts and other receivables	10	**17,242**
Bank balances	11	**13**
Total current assets		**17,255**
Total assets		**17,277**
Shareholder's funds and liabilities		
Shareholder's funds		
Share capital	12	**18**
Shareholder's current account	13, 23	**3,124**
Foreign currency translation reserve		**(6)**
Accumulated losses		**(3,119)**
Total shareholder's equity		**17**
Shareholder's loan	15	**16**
Total shareholder's funds		**33**
Liabilities		
Non-current liabilities		
Employees' terminal benefits	16	**1**
Total non-current liabilities		**1**
Current liabilities		
Bank borrowings	17	**1,176**
Accounts and other payables	18	**16,067**
Total current liabilities		**17,243**
Total liabilities		**17,244**
Total shareholder's funds and liabilities		**17,277**

The attached notes 1 to 23 form part of these separate financial statements.

Managing Director
2 August 2018

Separate statement of changes in shareholder's funds

(stated in Indian Rupees in millions)

From the date of incorporation on 7 December 2017 to 31 March 2018	Share capital	Shareholder's current account	Foreign currency translation reserve	Accumulated losses	Sub total	Shareholder's loan	Total
Loss for the period	**--**	**--**	**--**	**(1,260)**	**(1,260)**	**--**	**(1,260)**
Other comprehensive loss for the period	**--**	**--**	**(6)**	**--**	**(6)**	**--**	**(6)**
Total comprehensive loss for the period	**--**	**--**	**(6)**	**(1,260)**	**(1,266)**	**--**	**(1,266)**
Share capital introduced	**18**	**--**	**--**	**--**	**18**	**--**	**18**
Adjustment on acquisition of business under common control (Note 14)	**--**	**--**	**--**	**(1,859)**	**(1,859)**	**2,459**	**600**
Transfer to shareholder's current account (Note 23)	**--**	**3,124**	**--**	**--**	**3,124**	**(3,124)**	**--**
Movement during the period	**--**	**--**	**--**	**--**	**--**	**681**	**681**
Balance at 31 March 2018	**18**	**3,124**	**(6)**	**(3,119)**	**17**	**16**	**33**

The attached notes 1 to 23 form part of these separate financial statements.

Separate statement of cash flows

(stated in Indian Rupees in millions)

	Note	From the date of incorporation on 7 December 2017 to 31 March 2018
Cash flows from operating activities		
Loss for the period		**(1,260)**
Adjustment for:		
Provision for employees' terminal benefits	16	**1**
Cash flows used in operations before working capital changes		**(1,259)**
(Increase) accounts and other receivables		**(16,664)**
Increase in accounts and other payables		**16,067**
Net cash used in operating activities		**(1,856)**
Cash flows from financing activities		
Share capital introduced		**18**
Net movement in shareholder's loan		**681**
Net movement in bank borrowings		**1,176**
Net cash from financing activities		**1,875**
Net movement in currency translation		**(6)**
Cash and cash equivalents at the end of the period	11	**13**
Non-cash transactions:		
Transfer of shareholder's loan	23	**2,459**
Transfer of accumulated losses	23	**(1,859)**
Transfer of subsidiaries	9	**(22)**
		578

The attached notes 1 to 23 form part of these separate financial statements.

Notes to the separate financial statements

(stated in Indian Rupees in millions)

1. Legal status and principal activities

Sterling and Wilson International Solar FZCO ("the Company") was incorporated on 7 December 2017 in Dubai Airport Fee Zone with limited liability pursuant to the Implementing Regulations No. 1 of 2000, Pursuant Law No. 2 of 1996 and its Amendment No. 2 of 2000 of H.H. Sheikh Maktoum Bin Rashid Al Maktoum, Ruler of Dubai and the UAE Federal Law No. 8 of 1984 regarding Commercial Companies and its amendments and decisions made and issued there under by the Dubai Airport Free Zone Authority. The principal place of business of the Company is at Park Place Tower, Office No 1803-1804, Sheikh Zayed Road, Dubai, UAE.

The principal activity of the Company includes solar energy systems and components trading.

Previously, the Company was wholly owned by Sterling and Wilson Private Limited, a private limited company incorporated in India. During the period, the control and ownership interest in the Company has been transferred from Sterling and Wilson Private Limited to Sterling and Wilson Solar Private Limited (formerly Rashmika Energy Private Limited), also a private limited company incorporated in India (Note 2).

2. Demerger and transfer of business

Sterling and Wilson Private Limited, India (erstwhile shareholder of the Company) was engaged in the business of mechanical, electrical and plumbing (MEP) services and solar EPC power plants (S-EPC) business. To enable the S-EPC division and MEP business to capitalize on growth opportunities in an independent manner, it was proposed by the shareholders to demerge the S-EPC division into a separate company.

Accordingly, during the period but effective from 1 April 2017, Sterling and Wilson Private Limited, India ("Demerged Company") has demerged its S-EPC Division into Sterling and Wilson Solar Private Limited (formerly Rashmika Energy Private Limited) (current shareholder of the Company) ("Resulting Company") pursuant to an order dated 28 March 2018 from the National Company Law Tribunal (NCLT) Mumbai, India and in accordance with the Scheme of Arrangement ("arrangement") between the Demerged Company and the Resulting Company.

Both the Demerged Company and the Resulting Company are under common ownership and control.

Under the arrangement, the Demerged Company shall vest/transfer into the Resulting Company the S-EPC Division including but not limited to its assets, liabilities, pre-qualifications, letters of intent, tenders, technical experience, contracts, interests/investments in subsidiaries, partnership firm in India, overseas subsidiaries, foreign branches and other assets and liabilities as described in the arrangement.

The Company, which is into S-EPC business was part of this restructuring arrangement and as a result, the following restructuring was effected at the Company level:

a) A subsidiary of the Demerged Company, Sterling and Wilson International FZE ("SWIFZE"), registered in UAE, has transferred into the Company the following newly incorporated subsidiaries with effect from 1 April 2017:

- Renovable Energia Contracting S.L., Spain
- Sterling and Wilson Solar Solutions Inc., USA

b) SWIFZE has transferred its following subsidiaries into the Company effective from 1 April 2017:

- Sterling and Wilson Middle East Solar Energy L.L.C., UAE (formerly Sterling and Wilson Powergen L.L.C.)
- Sterling and Wilson Engineering (Pty). Ltd., South Africa
- Sterling and Wilson Singapore Pte Ltd., Singapore
- Sterling and Wilson Kazakhstan LLP, Kazakhstan

Although the Company was incorporated only on 7 December 2017, the effective date of transfer of the above subsidiaries was from 1 April 2017. However, the legal formalities for change in shareholding is still under process as of the reporting date.

2. Demerger and transfer of business (Continued)

c) In addition to the above, SWIFZE and another subsidiary of the Demerged Company, Sterling and Wilson Middle East Electromechanical L.L.C. ("SWMELLC") including its subsidiaries, have transferred their accumulated losses as of 1 April 2017 to the Company and one of its subsidiaries, Sterling and Wilson Middle East Solar Energy L.L.C. ("SWMESELLC"). Further, the shareholder's loan as of 1 April 2017 in the books of SWIFZE was also transferred to the Company. The transfer of accumulated losses and the shareholder's loan was effected based on a resolution passed by the Board of SWIFZE pursuant to a provision in the arrangement whereby it was necessary for the amount of the transfers to be approved by the board of the Demerged Company from their view of the appropriateness of the transfer. Subsequent to the reporting date, the shareholder of the Company expressed its intent to convert the shareholder's loan to equity (Note 23).

The restructuring arrangement as discussed in a), b) and c) above was also ratified by the business transfer agreements and resolutions passed by the Board of SWIFZE and the Company.

Further, all contracts/agreements with customer/suppliers, and legal titles to the assets and liabilities are still in the name of SWIFZE or SWMELLC as of the reporting date. The Company or SWMESELLC shall at any time after the conditions stipulated in the arrangement have been fulfilled, perform all such formalities to transfer the legal titles of such contracts/agreements, assets and liabilities in favor of the Company and SWMESELLC.

3. Accounting period

These special purpose financial statements of the Company relate to the period from the date of incorporation on 7 December 2017 to 31 March 2018. These are prepared for management use, presented in Indian Rupees in millions (INR) instead of the functional currency United States Dollar (USD) and are referred to as "separate financial statements".

4. Adoption of new and revised International Financial Reporting Standards

4.1 New and amended standards adopted by the Company during the period

a) *Amended standards adopted by the Company*

The Company has adopted the following applicable new and amended IFRSs as of 7 December 2017:

- Amendments to IAS 7, 'Statement of Cash Flows' issued in January 2016 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

- Amendments to IAS 12, 'Income Taxes' issued in January 2016 clarify that in order to compute a temporary difference, the carrying amount is compared to its tax base. In doing so, the entity should not consider how the related assets will be recovered (such as through sale), or the probability that any resulting deferred tax asset will be recoverable.

  The amendments also clarify that the estimation of taxable profit, against which deferred tax assets can be utilised, is a separate step. If it is considered probable that an asset will be realised at more than its carrying amount, this is reflected in the entity's estimate of future taxable profit. The tax deduction arising from the reversal of deferred tax assets will not be included in the estimated future taxable profit which is used to evaluate whether those assets are recoverable.

The management believes the adoption of the above amendments effective for the current accounting period has not had any material impact on the recognition, measurement, presentation and disclosure of items in the separate financial statements.

b) *New standard issued but not effective for the financial period beginning 7 December 2017 and early adopted by the Company*

- IFRS 9, 'Financial Instruments' has an effective date for accounting periods beginning on or after 1 January 2018. IFRS 9 outlines the recognition, measurement and derecognition of financial assets and financial liabilities, the impairment of financial assets and hedge accounting. Financial assets are to be measured at amortised cost, fair value through profit or loss or fair value through other comprehensive income, with an irrevocable option on initial recognition to recognise some equity financial assets at fair value through other comprehensive income. The impairment model in IFRS 9 moves to one that is based on expected credit losses rather than the IAS 39 incurred loss model. The derecognition principles of IAS 39, 'Financial Instrument: Recognition and Measurement' have been transferred to IFRS 9. The hedge accounting requirements have been liberalised from that allowed previously. The requirements are based on whether an economic hedge is in existence, with less restriction to prove whether a relationship will be effective than current requirements.

The adoption of IFRS 9 has not had a material impact on the Company's separate financial statements.

4. Adoption of new and revised International Financial Reporting Standards (Continued)

4.2 Standards that are not yet effective and have not been adopted early by the Company

The following standards that are applicable to the Company have been published and are mandatory for accounting periods of the Company beginning after 7 December 2017, but which have not been adopted early by the Company:

a) IFRS 16, 'Leases' is effective for annual periods beginning on or after 1 January 2019. The scope of IFRS 16 includes leases of all assets, with certain exceptions. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessor accounting is substantially unchanged from accounting under IAS 17. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective transition approach. The standard's transition provisions permit certain reliefs. Early application is permitted, but not before an entity applies IFRS 15.

b) IFRS 15, 'Revenue from Contracts with Customers' issued in May 2014 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation

The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue information about performance obligations; changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will apply to annual periods beginning on or after 1 January 2018.

The management believes the adoption of the above standards is not likely to have any material impact on the recognition, measurement, presentation and disclosure of items in the separate financial statements for future periods.

5. Basis of preparation and significant accounting policies and estimates

5.1 Basis of preparation

These financial statements represent the separate financial statements of the Company in which the investments in subsidiaries are accounted at cost as explained in the respective accounting policy notes set out below. As required by International Financial Reporting Standards, the Company has prepared consolidated financial statements in which the financial statements of the subsidiaries are consolidated. These separate financial statements are supplementary to the consolidated financial statements and are not intended to replace or substitute that consolidated financial statements.

These separate financial statements for the period from the date of incorporation on 7 December 2017 to 31 March 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and for management purposes. The separate financial statements have been presented in Indian Rupees (INR) and the Company's functional currency is United States Dollar (USD). All amounts have been rounded off to the nearest two decimal places in millions, unless otherwise stated.

5.2 Basis of measurement

These separate financial statements have been prepared on the historical cost basis. The principal accounting policies that have been applied by the Company in these separate financial statements are set out below.

5.3 Significant accounting policies

a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable taking into account contractually defined terms of payment, excluding discounts.

5. Basis of preparation and significant accounting policies and estimates (Continued)

5.3 Significant accounting policies (Continued)

a) Revenue recognition (Continued)

Sale of goods
Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, normally on delivery to the customer.

b) Direct costs

Direct costs comprise costs that relates directly to the specific contract, costs that are attributable to the contracting activity in general and which can be allocated to contracts and other costs as are specifically chargeable to the customer under the terms of contracts.

c) Investments in subsidiaries

Investments in subsidiaries are carried at cost, less any impairment provisions.

d) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

e) Financial instruments – recognition, classification, measurement, derecognition and offsetting

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

<u>*Financial assets*</u>

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income (FVOCI) – debt investment;
- Fair value through other comprehensive income (FVOCI) – equity investment; or
- Fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

5. Basis of preparation and significant accounting policies and estimates (Continued)

5.3 Significant accounting policies (Continued)

e) Financial instruments – recognition, classification, measurement, derecognition and offsetting (Continued)

(ii) Classification and subsequent measurement (Continued)

Financial assets (Continued)

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified or measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5. Basis of preparation and significant accounting policies and estimates (Continued)

5.3 Significant accounting policies (Continued)

e) Financial instruments – recognition, classification, measurement, derecognition and offsetting (Continued)

(ii) Classification and subsequent measurement (Continued)

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

- Financial assets at FVTPL

  These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the separate statement of comprehensive income.

- Financial assets at amortised cost

  These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the separate statement of comprehensive income. Any gain or loss on derecognition is recognised in the separate statement of comprehensive income.

- Debt investments at FVOCI

  These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in the separate statement of comprehensive income. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the separate statement of comprehensive income.

- Equity investments at FVOCI

  These assets are subsequently measured at fair value. Dividends are recognised as income in the separate statement of comprehensive income unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to the separate statement of comprehensive income.

5. Basis of preparation and significant accounting policies and estimates (Continued)

5.3 Significant accounting policies (Continued)

e) Financial instruments – recognition, classification, measurement, derecognition and offsetting (Continued)

(ii) Classification and subsequent measurement (Continued)

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the separate statement of comprehensive income. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the separate statement of comprehensive income. Any gain or loss on derecognition is also recognised in the separate statement of comprehensive income.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its separate statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the separate statement of comprehensive income.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the separate statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

f) Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- Trade accounts receivables; and
- Financial assets measured at amortised cost (other than trade accounts receivables).

In case of trade accounts receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime of ECL.

5. Basis of preparation and significant accounting policies and estimates (Continued)

5.3 Significant accounting policies (Continued)

f) Impairment of financial assets (Continued)

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. Lifetime ECL are the expected credit losses resulting from all possible defaults events over the expected life of a financial asset. 12 month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date. ECL are measured in a manner that they reflect unbiased and profitability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in the separate statement of comprehensive income.

g) Employees' terminal benefits

Provision is made for employees' terminal benefits on the basis prescribed under UAE Labour Laws based on employees' salaries and number of years of service. The terminal benefits are paid to employees on termination or completion of their term of employment. Accordingly, the Company has no expectation of settling its employees' terminal benefits obligation in the near future.

h) Foreign currencies

Functional and presentation currency
The Company's functional currency is United States Dollar (USD) and the separate financial statements are presented in Indian Rupees (INR).

Transactions and balances
Transactions in currencies other than USD are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Exchange differences arising in these cases are dealt with in the separate statement of comprehensive income.

In determining the spot exchange rate to use on initial recognition of the related assets, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

Translation of financial statements
The separate financial statements of the Company are translated into the presentation currency as follows:

(a) assets and liabilities in the separate statement of financial position are translated at the closing rate prevailing on the reporting date;

(b) income and expenses in the separate statement of comprehensive income are translated at average exchange rates; and

(c) all resulting exchange differences from translation of separate financial statements are recognised as other comprehensive income and are reflected as a separate component of equity in a foreign currency translation reserve.

i) Cash and cash equivalents

Cash and cash equivalents consist of unrestricted bank balances.

j) Operating leases

Rentals payable under operating leases are charged to the separate statement of comprehensive income on a straight-line basis over the term of the relevant lease.

5. Basis of preparation and significant accounting policies and estimates (Continued)

5.3 Significant accounting policies (Continued)

k) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from the past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

Contingent liabilities are not recognized but are disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognized as provision.

5.4 Significant accounting estimates

The preparation of separate financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revisions affect both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Impairment of trade accounts receivable

The Company reviews its trade accounts receivable to assess impairment at regular intervals. The Company's credit risk is primarily attributable to its trade accounts receivable. In determining whether impairment losses should be reported in the separate statement of comprehensive income, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for expected credit loss is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

6. Direct costs

	From the date of incorporation on 7 December 2017 to 31 March 2018
Material purchases	**22,723**
Others	**30**
	22,753

7. General and administration expenses

	From the date of incorporation on 7 December 2017 to 31 March 2018
Salaries and employee related costs	**79**
Legal and professional fees	**22**
Rent and license fees	**4**
Others	**1**
	106

8. Finance charges

	From the date of incorporation on 7 December 2017 to 31 March 2018
Interest expense – shareholder (Note 19)	**237**
Interest expense – bank borrowings	**11**
Letter of credit and guarantee charges	**11**
	259

9. Investments in subsidiaries

The following summarizes information of the Company's investments in subsidiaries:

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest held by the Company	Carrying value
		2018	**2018**
Sterling and Wilson Solar Solutions Inc.	USA	**100%**	**--**
Renovable Energia Contracting, S.L.	Spain	**99%**	**--**
Sterling and Wilson Middle East Solar Energy L.L.C (formerly Sterling and Wilson Powergen L.L.C.)	UAE	**49%**	**19**
Sterling and Wilson Singapore Pte. Ltd.	Singapore	**100%**	**3**
Sterling and Wilson Engineering (Pty) Ltd.	South Africa	**70%**	**--**
			22

Sterling and Wilson Singapore Pte. Ltd. has the following subsidiary:

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest held by Sterling and Wilson Singapore Pte Ltd.
		2018
Sterling and Wilson Kazakhstan LLP	Kazakhstan	**100%**

The principal activities of the subsidiaries include solar energy systems and components trading, rental and installation. The subsidiaries are also engaged in design, engineering, procurement, fabrication, construction, installation, commissioning, testing and handing over of solar generating facilities and other related activities.

Although the shareholding in UAE subsidiary is only 49%, the Company controls the subsidiary as it has the power to direct the relevant activities of the subsidiary, and thereby can significantly affect the returns of the subsidiary.

The ownership interests of all of the above subsidiaries were transferred to the Company by virtue of restructuring arrangement discussed in Notes 2 a) and b).

10. Accounts and other receivables

	2018
Due from related parties	
- Trade	**5,386**
- Funding	**9,343**
Due from a subsidiary (funding)	**523**
Advance to suppliers	**4**
Deposits and prepayments	**1,986**
	17,242

11. Bank balances

	2018
Bank current accounts	**13**
	13

12. Share capital

	2018
Authorised, issued and fully paid (1 share of AED 1,000,000 each)	**18**
	18

13. Shareholder's current account

This represents amount credited to shareholder's current account pursuant to a resolution of the shareholder of the Company to convert its loan into equity with retrospective effect from 31 March 2018 (see note 23).

14. Acquisition of business under common control

During the period, the Company has acquired the accumulated losses and shareholder's loan as of 1 April 2017 from SWIFZE. Subsequent to the reporting date, the shareholder of the Company expressed its intent to convert the shareholder's loan to equity (Note 23).

The liabilities and accumulated losses acquired by the Company from SWIFZE were as follows:

Shareholder's loan	**(2,459)**
Accumulated losses	**1,859**

The consideration for the above transfer has been adjusted against the relevant related party balances.

15. Shareholder's loan

Shareholder's loan is unsecured, carries interest at 9.5% per annum, without defined repayment arrangement and is repayable only at the option of the Company.

16. Employees' terminal benefits

The provision for end of service benefits for employees is made in accordance with the requirements of the labour laws of the UAE. This is an unfunded defined benefits retirement plan. Employees are entitled to benefits based on length of service and final remuneration and are payable on termination or completion of term of employment. The cost of providing these benefits is charged as an expense on an annual basis.

The movement in the provision recognised in the separate statement of financial position is as follows:

	2018
Provided during the period	**1**
Balance at the end of the period	**1**

17. Bank borrowings

Bank borrowings represent trust receipts availed from a commercial bank by a related party on behalf of the Company. These carry interest at 1 month London Interbank Offered Rate (LIBOR) plus 225 BPS, and are secured by corporate guarantee of a related party.

18. Accounts and other payables

	2018
Trade accounts payable	**11,416**
Due to related parties	**19**
Accrued expenses and other payables	**4,632**
	16,067

19. Related party transactions

The Company has entered into both funding and other transactions with related parties during the period. Related parties represent shareholder and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. Prices and terms of these transactions were approved by the management. The significant transactions during the period with the shareholder are as follows:

	From the date of incorporation on 7 December 2017 to 31 March 2018
Sale of goods	**21,858**
Interest expense (Note 8)	**237**

The amounts due from/to related parties and subsidiary do not attract interest and are receivable/payable on demand.

20. Financial risk and capital management

20.1 Financial risk factors

The Company's financial instruments consist mainly of accounts and other receivables, bank balances, accounts and other payables, and bank borrowings. The management believes that the fair values of the financial assets and liabilities approximate to their carrying amounts.

The Company's financial risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects of the financial performance. Under the Company's risk management programme, management identifies and documents key risks and sets out policies and procedures required to mitigate these risks. The identified key risks are:

a) Currency risk

The Company manages its currency risk by regularly assessing current and expected foreign currency exchange rate movements. These separate financial statements are presented in Indian Rupees (INR). Management believes that there is minimal risk of significant losses due to exchange rate fluctuations, as majority of the transactions are in USD or in currencies which are fixed to USD.

b) Interest rate risk

The Company's interest rate risk arises from bank borrowings. The interest rate risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings.

A change of 100 basis points in interest rates at the reporting date (assuming that all other variable remain constant) would have increased/(decreased) loss as follows:

	2018
Change in interest rate (+/-)	Effect on loss (+/-)
1%	**11**

c) Credit risk

The Company is potentially exposed to concentration of credit risk from its financial assets which comprise principally of bank balances and amounts due from related parties. The Company's bank accounts are placed with high credit quality financial institutions. The credit risk on amounts due from related parties is subjected to credit evaluations.

The Company is exposed to a concentration of credit risk. At the reporting date, 100% of the amounts due from related parties are due from 2 parties.

With respect to credit risk arising from the financial assets of the Company, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

20. Financial risk and capital management (Continued)

20.1 Financial risk factors (Continued)

d) Liquidity risk

The Company manages its liquidity risk by ensuring it has sufficient liquid cash balances to meet its payment obligations as they fall due. The Company maintains good working relations with its banks and ensures compliance with the covenants as stipulated in facility agreements.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 March, based on contractual payment dates:

2018	On demand	0 to3 months	3 to 12 months	Total
Accounts and other payable	**19**	**4,632**	**11,416**	**16,067**
Bank borrowings	**--**	**1,176**	**--**	**1,176**
Total	**19**	**5,808**	**11,416**	**17,243**

20.2 Capital management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholder by pricing products commensurately with the level of risk.

The Company sets the amount of capital funds in accordance with the planned level of operations and in proportion to the levels of risk. The Company manages the shareholder's funds and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the shareholder's funds, the Company may adjust the amount of dividends paid to shareholder, return funds to shareholder, issue new shares, or sell assets to reduce its exposure to debt. Capital comprises share capital, shareholder's current account, foreign currency translation reserve and accumulated losses and is measured at INR 17 millions as at 31 March 2018.

21. Contingent liabilities

	2018
Letters of credit	**1,760**

Letters of credit are availed by a related party on behalf of the Company and are secured by corporate guarantees from related parties.

22. Commitments as a lessee under operating lease

The Company had future aggregate minimum lease payments under non-cancellable operating lease commitments on certain offices and other business-related premises as follows:

	2018
Not later than one year from reporting date	**7**
1 – 5 years post reporting date	**10**
	17

23. Subsequent event

Pursuant to a resolution dated 16 July 2018, the shareholder of the Company expressed its intent to convert its loan to the Company to the extent of INR 3,124 millions into equity with retroactive effect from 31 March 2018. Accordingly, the amount of debt to the extent of INR 3,124 millions as at 31 March 2018 is disclosed as part of equity under "shareholder's current account".