



Standard Report B.02

INDEPENDENT AUDITORS' REPORT

For the year ended 31 March 2020

Component Name	GCo Solar Pty Ltd
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From: Moore Stephens (WA) Pty Ltd

Date: 3/06/2020

Subject: Component Audit of GCo Solar Pty Ltd for the year ended 31 March 2020

To: Farad K. Lakdawala, Moore, Dubai

Independent Auditors' Report on GCo Solar Pty Ltd

Report on the Group reporting pack

We have audited the accompanying Group reporting pack of GCo Solar Pty Ltd ('the Company') which comprise the balance sheet as at 31 March 2020, the statement of profit and loss, the statement of changes in equity and the statement of cash flows (collectively referred to as 'the Group reporting pack') for the year then ended, annexed thereto, and a summary of significant accounting policies and other explanatory information, prepared in accordance with the group accounting policies followed by Sterling and Wilson Solar Limited ('SWSL') ('the holding company of the SWSL/SWIS FZCO Group'). The Group reporting pack has been prepared solely to enable the holding company, to prepare its consolidated financial statements as at and for the year ended 31 March 2020.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid group reporting pack of the entity has been prepared, in all material respects, as established by you, in accordance with group accounting policies followed by SWSL and is suitable for inclusion in the consolidated financial statements of the SWSL Group.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards (ASAs), which are equivalent to International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Group reporting pack section of our report. We are independent of the Entity in accordance with the Code of Ethics for Accounting Professionals (APES 10) issued by the Chartered Accountants Australia and New Zealand together with the ethical requirements that are relevant to our audit of the Group reporting pack under the provisions of the Corporations Act 2001 (Australia) and the Rules thereunder, and we have fulfilled our other ethical

responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of management for the Group reporting pack

The Company's Board of Directors is responsible for the preparation of the Group reporting pack that give a true and fair view of the financial position, financial performance, financial cash flows of the entity, and a summary of significant account policies and other explanatory information, prepared in accordance with group accounting policies followed by the holding company of the SWSL Group. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the group reporting pack that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Group reporting pack, 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.

The Group reporting pack has been prepared by the management on the basis of instructions received in this regard from SWSL solely for the use by SWSL in preparation of its consolidated financial statements in accordance with the group accounting policies followed by SWSL.

Auditors' Responsibility for the Group reporting pack

Our objectives are to obtain reasonable assurance about whether the financial information as whole is 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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

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

- Identify and assess the risks of material misstatement of the Group reporting pack, 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- 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 Entity'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 interim 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Group reporting pack, including the disclosures, and whether the Group reporting pack represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We are also responsible to 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 the auditor's report to the related disclosures in the Group reporting pack or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We have communicated all matters of significance to you in the communications you requested in your Group referral instructions.

Limitation of Use

This report is intended solely for use by Moore, Dubai in connection with its audit of consolidated financial statements of the SWIS FZCO Group as at and for the year ended 31 March 2020 and should not be used for any other purpose.



Moore Stephens (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Shaun Williams', written in a cursive style.

Shaun Williams
3/6/2020

GCO Solar Pty Ltd

Balance Sheet

as at 31 March 2020

(Currency : AUD\$)

	<i>Note</i>	31 March 2020	31 March 2019
Assets			
Non-current assets			
Property, plant and equipment	5	45,969	497,931
Total non-current assets		45,969	497,931
Current assets			
Inventories	10	-	394,854
Financial assets			
(i) Investments	11	-	-
(ii) Trade receivables	12	1,471,437	1,016,903
(iii) Cash and cash equivalents	13	131,698	77,131
(iv) Bank balances other than cash and cash equivalents	14	-	-
(v) Loans	15	6,364	-
(vi) Derivatives	16	-	-
(vii) Other financial assets	17	31,150	-
Current tax assets (net)	18	-	-
Other current assets	19	1,295,200	9,121
Total current assets		2,935,849	1,498,009
Total assets		2,981,818	1,995,940
Equity and liabilities			
Equity			
Equity share capital	20	3,300,000	3,300,000
Other equity	21		
Retained earnings		(4,990,004)	(3,633,012)
Dividends Paid or Provided		(221,342)	(221,342)
Total equity attributable to owners of the Company		(1,911,346)	(554,354)
Non-controlling interests		-	-
Total equity		(1,911,346)	(554,354)

GCO Solar Pty Ltd

Balance Sheet

as at 31 March 2020

(Currency : AUD\$)

	<i>Note</i>	31 March 2020	31 March 2019
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	22	3,208,323	1,368,073
(ii) Lease liabilities	23	-	-
Provisions	24	-	-
Total non-current liabilities		<u>3,208,323</u>	<u>1,368,073</u>
Current liabilities			
Financial liabilities			
(i) Borrowings	25	-	-
(ii) Lease liabilities	26	-	-
(iii) Trade payables	27	1,068,349	342,601
(iv) Derivatives	28	-	-
(v) Other financial liabilities	29	95,077	-
Other current liabilities	30	198,795	335,698
Provisions	31	322,620	503,922
Current tax liabilities (net)	32	-	-
Total current liabilities		<u>1,684,841</u>	<u>1,182,221</u>
Total liabilities		<u>4,893,164</u>	<u>2,550,294</u>
Total equity and liabilities		<u>2,981,818</u>	<u>1,995,940</u>

As per our report of even date attached.

For XXX
Chartered Accountants
Firm's Registration No

For and on behalf of the Board of Directors of

GCO Solar Pty Ltd

XXX
Partner
Membership No: XXX

XXX
Designation

Place: XXX
Date: XXX

Place: XXX
Date: XX

GCO Solar Pty Ltd

Statement of Profit and Loss

for the year ended 31 March 2020

(Currency : AUD\$)

Particulars	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
Income			
Revenue from operations	33	8,507,621	1,370,690
Other income	34	301,547	6,566
Total income		8,809,168	1,377,256
Expenses			
Cost of construction materials, stores and spare parts	35	1,689,712	-
Changes in inventories of stock-in-trade	36	-	-
Direct project costs	37	4,841,355	1,190,311
Employee benefits expense	38	2,108,615	704,402
Other expenses	41	1,326,275	356,103
Total expenses		9,965,957	2,250,816
Consolidated earnings before interest, tax, depreciation and amortisation (EBITDA)		(1,156,789)	(873,560)
Finance costs	39	162,521	11,960
Depreciation and amortisation expense	40	37,650	33,670
Consolidated profit before income tax		(1,356,960)	(919,190)
Tax expense:	43		
Current tax		-	-
Current tax relating to earlier period		-	-
Deferred tax (credit)		-	-
		-	-
Consolidated profit for the year/period after income tax		(1,356,960)	(919,190)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
(i) Remeasurements of defined benefit liability		-	-
(ii) Income tax relating to the items that will not be reclassified to profit and loss		-	-
Items that will be reclassified subsequently to profit or loss:			
(i) Exchange differences in translating financial statements of foreign operations		-	-
(ii) Effective portion of gain on hedging instruments in cash flow hedges		-	-
(iii) Income tax relating to the above		-	-
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		(1,356,960)	(919,190)
Consolidated profit attributable to:			
Owners of the Company		-	-
Non-controlling interests		-	-
Consolidated profit for the year		-	-
Other comprehensive income attributable to:			
Owners of the Company		-	-
Non-controlling interests		-	-
Other comprehensive income for the year		-	-
Total comprehensive income attributable to:			
Owners of the Company		-	-
Non-controlling interests		-	-
Total comprehensive income for the year		-	-
Earnings per equity share			
Basic and diluted earnings per share (Rs) (face value of Rs 10 split into face value of Re 1 each)		-	-

As per our report of even date attached.

For XXX
Chartered Accountants
Firm's Registration No

XXX
Partner
Membership No: XXX

Place: XXX
Date: XXX

For and on behalf of the Board of Directors of
GCO Solar Pty Ltd

XXX
Designation

Place: XXX
Date: XX

GCO Solar Pty Ltd

Statement of Cash Flow

for the year ended 31 March 2020

(Currency : AUD\$)

	For the year ended 31 March 2020	For the year ended 31 March 2019
A) Cash flow from operating activities		
Profit (Loss) before Tax	(1,356,960)	(2,112,512)
<i>Adjustments for:</i>		
Depreciation and amortisation expense	37,650	90,670
Provision for bad and doubtful debts	-	25,887
Bad debts written off	-	-
Recovery of bad debts	-	-
Loans and advances written off	-	-
Profit on sale of assets (net)	(14,670)	-
Provision for leave encashment	329,171	237,904
Finance costs	162,521	20,002
Interest income	(313)	(2,906)
Provision for mark-to-market (gain) / loss on derivative instruments	-	-
Unrealised foreign exchange loss (net)	-	-
Operating profit before working capital changes	<u>(842,601)</u>	<u>(1,740,955)</u>
<i>Working capital adjustments:</i>		
Decrease / (Increase) in inventories	380,194	18,045
(Increase) in trade receivables	(454,535)	(296,385)
(Increase) in loans and advances	(1,226,582)	(55,545)
(Increase)/ Decrease in restricted cash	-	-
(Decrease)/ Increase in trade payables, other current liabilities and provisions	581,758	1,249,888
Decrease in other non-current assets	-	-
Net change in working capital	<u>(719,164)</u>	<u>916,003</u>
Cash flows (used in) / generated from operating activities	<u>(1,561,765)</u>	<u>(824,952)</u>
Income tax (paid) (net)	-	-
Effects of exchange differences on translation of assets and liabilities	-	-
Net cash flows (used in) / generated from operating activities (A)	<u><u>(1,561,765)</u></u>	<u><u>(824,952)</u></u>
B) Cash flow from investing activities		
(Purchase) of property, plant and equipment, capital work-in-progress and intangible assets	(61,709)	(34,393)
(Investment) in fixed deposits (net)	-	-
Proceeds from sale of property, plant and equipment	-	-
(Investment) / redemption of treasury bills (net)	-	-
Interest received	313	2,906
Loans given to related parties*	-	-
Loans repaid by related parties	-	-
Acquisition of subsidiary (refer note 6)	-	-
Net cash flows (used in) from investing activities (B)	<u><u>(61,396)</u></u>	<u><u>(31,487)</u></u>
C) Cash flow from financing activities		
Proceeds from / (repayment) of Secured Short-term borrowings (net)	-	-
Proceeds from unsecured short-term borrowings	-	-
(Repayment) of unsecured short-term borrowings	-	-
Proceeds from / (repayment) of Secured Long term borrowings (net)	1,840,250	(154,303)
Proceeds from unsecured long-term borrowings	-	-
(Repayment) of unsecured long-term borrowings	-	-
Finance costs paid	(162,521)	(20,002)
Payment of Equity Dividend tax	-	(221,342)
Net cash flows generated from/ (used in) financing activities (C)	<u><u>1,677,729</u></u>	<u><u>(395,647)</u></u>
Net movement in currency translation (D)	-	-
Net increase in cash and cash equivalents (A+B+C+D)	54,567	(1,252,086)
Cash and cash equivalents at the beginning of the year	77,131	1,329,217
Cash and cash equivalents of subsidiaries acquired during the year (refer note 6 and 4)	-	-
Cash and cash equivalents at the end of the year	<u><u>131,698</u></u>	<u><u>77,131</u></u>

Notes :

- 1 The above consolidated statement has been prepared under the indirect method as set out in Indian Accounting standard 7 Statement of Cash Flows notified u/s 133 of Companies Act, 2013 ('Act') read with Rule 4 of the Companies (Indian Accounting Standards) Rules 2015 and the relevant provisions of the Act.
- 2 Current account balances with banks include Rs XX million (31 March 2019: Rs XX million) held at a foreign branch at Philippines which are not freely remissible to the Company because of exchange restrictions.
- 3 Cash comprises cash on hand and current accounts. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition).
- 4 **Components of cash and cash equivalents**

Balance with banks		
- in current accounts	131,698	76,841
Cash on hand	-	290
	131,698	77,131

- 5 Changes in liabilities arising from financing activity, including both changes arising from cash flows and non-cash changes

Particulars	As at 1 April 2019	Changes considered in statement of cash-flow	Non-cash changes on account of foreign exchange	As at 31 March 2020
Long-term borrowings	-	-	-	-
Short-term borrowings	-	-	-	-

Particulars	As at 1 April 2018	Changes considered in statement of cash-flow	Non-cash changes on account of foreign exchange	As at 31 March 2019
Long-term borrowings	-	-	-	-
Short-term borrowings	-	-	-	-

- 6 The above consolidated statement of cash flows includes Rs XX million (31 March 2020: Rs XX million) towards corporate social responsibility.

As per our report of even date attached.

For **XXX**
Chartered Accountants
Firm's Registration No

For and on behalf of the Board of Directors of
GCO Solar Pty Ltd

XXX
Partner
Membership No: XXX

XXX
Designation

Place: XXX
Date: XXX

Place: XXX
Date: XX

GCO Solar Pty Ltd

Statement of Changes in Equity

for the year ended 31 March 2020

(Currency : AUD\$)

A. Equity share capital

Particulars	31 March 2020	31 March 2019
Balance at the beginning of the year	3,300,000	3,300,000
Add: Issued during the year/period	-	-
Add: Shares issued pursuant to Scheme of Arrangement (Refer note 4)	-	-
Less: Shares cancelled Pursuant to Scheme of Arrangement (Refer note 4)	-	-
Balance at the end of the year/period	3,300,000	3,300,000

B. Other equity

	Attributable to the Owners of the Company						Attributable to non-controlling interests of the Company	Total	
	Reserves and Surplus				Items of other comprehensive income				Total attributable to owners of the Company
	Capital reserve on Demerger	Capital Reserve	Legal Reserve	Retained earnings	Effective portion of cash flow hedge	Foreign currency translation reserve			
Balance as at 1 April 2019	-	-	-	(3,854,386)	-	-	(3,854,386)	-	(3,854,386)
Adjustments:									
Total comprehensive income for the year									
Loss for the year	-	-	-	(1,356,960)	-	-	(1,356,960)	-	(1,356,960)
<i>Items of OCI for the year, net of tax:</i>									
Remeasurement of the defined benefit liability	-	-	-	-	-	-	-	-	-
Exchange differences in translating financial statements of foreign operations	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	(1,356,960)	-	-	(1,356,960)	-	(1,356,960)
<i>Transactions with owners, recorded directly in equity</i>									
Arising on acquisition of subsidiaries during the year (refer note 6)	-	-	-	-	-	-	-	-	-
Transfer to non controlling interests	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2020	-	-	-	(5,211,346)	-	-	(5,211,346)	-	(5,211,346)

GCO Solar Pty Ltd

Statement of Changes in Equity

for the year ended 31 March 2020

(Currency : AUD\$)

B. Other equity (Continued)

	Attributable to the Owners of the Company						Total attributable to owners of the Company	Attributable to non-controlling interests of the Company	Total
	Reserves and Surplus			Items of other comprehensive income					
	Capital reserve on Demerger	Capital Reserve	Legal Reserve	Retained earnings	Effective portion of cash flow hedge	Foreign currency translation reserve			
Balance as at 1 April 2018	-	-	-	(1,485,619)	-	-	(1,485,619)	-	(1,485,619)
Adjustments:									
Total comprehensive income for the year									
Loss for the year	-	-	-	(2,368,767)	-	-	(2,368,767)	-	(2,368,767)
<i>Items of OCI for the year, net of tax:</i>									
Remeasurement of the defined benefit liability	-	-	-	-	-	-	-	-	-
Exchange differences in translating financial statements of foreign operations	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	(2,368,767)	-	-	(2,368,767)	-	(2,368,767)
<i>Transactions with owners, recorded directly in equity</i>									
Arising on acquisition of subsidiaries during the year (refer note 6)	-	-	-	-	-	-	-	-	-
Transfer to non controlling interests	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2019	-	-	-	(3,854,386)	-	-	(3,854,386)	-	(3,854,386)

As per our report of even date attached.

For XXX
Chartered Accountants
Firm's Registration No

For and on behalf of the Board of Directors of

GCO Solar Pty Ltd

XXX
Partner
Membership No: XXX

XXX
Designation

Place: XXX
Date: XXX

Place: XXX
Date: XX

GCO Solar Pty Ltd

Notes to the consolidated financial statements (Continued)

as at 31 March 2020

(Currency : AUD\$)

5 Property, plant and equipment and capital work-in-progress

Reconciliation of carrying amount for the year ended 31 March 2020

Particulars	Leasehold improvements	Land & Buildings	Plant and equipment	Low Value Pool	Vehicles	Computer hardware	Total (A)	Capital work-in-progress (B)	Total (A+B)
Gross carrying amount :									
Balance as at 1 April 2019	20,931	-	857,156	-	829,392	8,007	1,715,486	-	1,715,486
Add: Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-
Add: Additions during the year	-	-	-	-	-	61,709	61,709	-	61,709
Less: Disposals during the year	-	-	857,156	-	829,392	41,980	1,728,528	-	1,728,528
Less: Capitalised during the year	-	-	-	-	-	-	-	-	-
Add: Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2020	20,931	-	-	-	-	27,736	48,667	-	48,667
Accumulated depreciation and amortisation :									
Balance as at 1 April 2019	-	-	647,331	-	570,225	-	1,217,556	-	1,217,556
Add: Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-
Add: Depreciation for the year	-	-	16,695	-	16,700	2,698	36,093	-	36,093
Less: Disposals during the year	-	-	664,026	-	586,925	-	1,250,951	-	1,250,951
Add: Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2020	-	-	-	-	-	2,698	2,698	-	2,698
Carrying amounts (net)									
At 1 April 2019	20,931	-	209,825	-	259,167	8,007	497,931	-	497,931
At 31 March 2020	20,931	-	-	-	-	25,038	45,969	-	45,969

*Amounts less than Rs 0.01 million

GCO Solar Pty Ltd

Notes to the consolidated financial statements (Continued)

as at 31 March 2020

(Currency : AUD\$)

5 Property, plant and equipment and capital work-in-progress (Continued)

Reconciliation of carrying amount for the year ended 31 March 2019

Particulars	Leasehold improvements	Land & Buildings	Plant and equipment	Low Value Pool	Vehicles	Computer hardware	Total (A)	Capital work-in progress (B)	Total (A+B)
Gross carrying amount :									
Balance as at 1 April 2018	20,931	433,947	695,961	145,923	841,880	-	2,138,642	-	2,138,642
Add: Acquisition of a subsidiary (refer note 6)	-	-	-	-	-	-	-	-	-
Add: Additions during the year	-	-	161,195	-	-	8,007	169,202	-	169,202
Less: Disposals during the year	-	433,947	-	145,923	12,488	-	592,358	-	592,358
Less: Capitalised during the year	-	-	-	-	-	-	-	-	-
Add: Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2019	20,931	-	857,156	-	829,392	8,007	1,715,486	-	1,715,486
Accumulated depreciation and amortisation :									
Balance as at 1 April 2018	-	-	439,045	141,197	501,527	-	1,081,769	-	1,081,769
Add: Acquisition of a subsidiary (refer note 6)	-	-	-	-	-	-	-	-	-
Add: Depreciation for the year	-	-	48,565	291	68,698	-	117,554	-	117,554
Less: Disposals during the year	-	-	(159,720)	141,488	-	-	(18,232)	-	(18,232)
Add: Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2019	-	-	647,331	-	570,225	-	1,217,556	-	1,217,556
Carrying amounts (net)									
At 1 April 2018	20,931	433,947	256,916	4,726	340,353	-	1,056,873	-	1,056,873
At 31 March 2019	20,931	-	209,825	-	259,167	8,007	497,931	-	497,931

*Amounts less than Rs 0.01 million

GCO Solar Pty Ltd

Notes to the consolidated financial statements (Continued)

as at 31 March 2020

(Currency : AUD\$)

5 Property, plant and equipment and capital work-in-progress (Continued)

Notes:

- a) Borrowing cost capitalised Rs Nil for the year ended 31 March 2020 (year ended 31 March 2019: Rs Nil).
- b) Impairment loss recognised Rs Nil for the year ended 31 March 2020 (year ended 31 March 2019: Rs Nil)
- c) Adjustments includes the exchange fluctuation of Rs XX million for the year ended 31 March 2020 (year ended 31 March 2019: Rs XX million) on gross block and Rs (XX) million for the year ended 31 March 2020 (year ended 31 March 2019: Rs XX million) on accumulated depreciation / amortisation due to translation of property, plant and equipment and capital work-in-progress of all foreign operations at closing exchange rate.
- d) Movable fixed assets with carrying amount of Rs Nil for the year ended 31 March 2020 (period ended 31 March 2019: Rs Nil million) are subject to first charge to secured bank loans obtained by a fellow subsidiary of the Company.
- e) For the period ended 31 March 2020, Acquisitions pursuant to the scheme of arrangement / acquisition of subsidiary includes following property, plant and equipment acquired due to acquisition of controlling interest in a subsidiary company:

Particulars	Plant and equipment	Furniture and fixtures	Computer hardware	Total
Gross carrying amount	-	-	-	-
Less: Accumulated depreciation and amortisation	-	-	-	-
Balance	-	-	-	-

f) **Transferred to direct project cost**

31 March 2020 31 March 2019

Depreciation of property, plant and equipment	-	-
Amortisation of intangible assets	-	-
Less: Transferred to direct project costs	-	-
Depreciation and amortisation expense as per the Consolidated statement of profit and loss	-	-

GCO Solar Pty Ltd

Notes to the Financial Statements (Continued)

as at 31 March 2020

(Currency : AUD\$)

	31 March 2020	31 March 2019
6 Loans		
<i>(Unsecured, considered good)</i>		
<i>To parties other than related parties</i>		
Security deposits	-	-
	-	-
	-	-
7 Deferred tax assets (net)		
<i>Deferred tax assets</i>		
Carry forward business losses	-	-
Employee benefits	-	-
Provision for bad and doubtful debts	-	-
Provision for mark to market losses on derivative instruments	-	-
Provision for onerous contract	-	-
Fair value of financial assets	-	-
Provision for liquidated damages	-	-
Amortisation of expenses on demerger	-	-
Provision for Bonus	-	-
Others	-	-
	-	-
	-	-
<i>Deferred tax liabilities</i>		
Excess of depreciation as per book depreciation over Income tax Act, 1961	-	-
Mark to market gain on derivative instruments	-	-
Fair valuation of financial liabilities	-	-
Others	-	-
	-	-
	-	-
Deferred tax assets (net)	-	-
8 Non-current tax assets (net)		
Advance tax (net of provision for tax Rs Nil (31 March 2019: Rs Nil))	-	-
	-	-
	-	-
9 Other non-current assets		
<i>(Unsecured, considered good)</i>		
<i>To parties other than related parties</i>		
Prepayments	-	-
Balance with government authorities	-	-
	-	-
	-	-

GCO Solar Pty Ltd

Notes to the Financial Statements (Continued)

as at 31 March 2020

(Currency : AUD\$)

	31 March 2020	31 March 2019
10 Inventories		
Inventory on hand	-	227,767
Work-in-progress		167,087
	<u>-</u>	<u>394,854</u>
11 Current investments		
Treasury bills	-	-
	<u>-</u>	<u>-</u>
12 Trade receivables		
Trade debtors*	1,197,505	1,044,870
Trade debtors retention	273,932	-
Less: Provision for doubtful debts	-	(27,967)
	<u>1,471,437</u>	<u>1,016,903</u>
<i>* The net receivable position of GCo Australia Pty Ltd in the books as at 31 March 2020 based on the updated financials:</i>		
Receivable from GCo Pty Ltd	450,685	-
Advance towards Labour	32,923	-
Less: Payable to GCo Pty Ltd	307,997	-
Net Receivable	<u>109,765</u>	<u>-</u>

GCO Solar Pty Ltd

Notes to the Financial Statements (*Continued*)

as at 31 March 2020

(Currency : AUD\$)

	31 March 2020	31 March 2019
13 Cash and cash equivalents		
<i>Current Bank Accounts -</i>		
NAB - 681762763	46,065	-
ANZ - 252720114	401	401
ANZ - 259115632	85,232	76,440
Petty Cash	-	290
	<u>131,698</u>	<u>77,131</u>
14 Bank balances other than cash and cash equivalents		
Balances with banks		
- in current accounts*	-	-
- Fixed deposits with banks (with original maturity more than 3 months but less than 12 months)**	-	-
	<u>-</u>	<u>-</u>
15 Loans		
<i>(Unsecured, considered good)</i>		
<i>To related parties</i>		
Loans given to fellow subsidiaries	-	-
<i>To parties other than related parties</i>		
Other deposits	6,364	-
Security deposits	-	-
Loan to employees	-	-
	<u>6,364</u>	<u>-</u>
16 Derivatives		
Foreign currency forward exchange contract assets	-	-
	<u>-</u>	<u>-</u>
17 Other financial assets		
<i>(Unsecured, considered good)</i>		
<i>From related parties</i>		
Interest accrued on loan to fellow subsidiaries	-	-
Interest accrued on receivables from fellow subsidiary	-	-
Recoverable expenses from shareholders	-	-
S&W Establishment Costs	18,494	-
Labour hire charges advances (payable)	12,656	-
Unbilled receivables	-	-
<i>From parties other than related parties</i>		
Unbilled receivables	-	-
	<u>31,150</u>	<u>-</u>
18 Current tax assets (net)		
Advance tax {net of provision for tax of Rs Nil (31 March 2019: Rs Nil)}	-	-
	<u>-</u>	<u>-</u>
19 Other current assets		
Labour hire charges advances (payable)	-	(97,011)
Disposal Clearing Account	4,984	-
Pre-paid Insurance	24,214	54,542
Pre-paid Interest	482	1,003
Other Current Assets	50,587	50,587
Unbilled Receivables from related parties	-	-
Unbilled Receivables from parties other than related parties	1,131,973	-
Net GST receivable (payable)	82,960	-
	<u>1,295,200</u>	<u>9,121</u>

GCO Solar Pty Ltd

Notes to the Financial Statements (Continued)

as at 31 March 2020

(Currency : AUD\$)

	31 March 2020	31 March 2019
20 Share capital		
Authorised		
3,300,000 No's Equity shares of \$ 1/-	3,300,000	3,300,000
Issued, subscribed and fully paid up:		
3,300,000 Equity shares of \$ 1 , fully paid-up	3,300,000	3,300,000
	<u>3,300,000</u>	<u>3,300,000</u>

(A) Reconciliation of shares outstanding at the beginning and at the end of the year/period :

	31 March 2020		31 March 2019	
	Number	Amount	Number	Amount
Equity shares				
Balance as at beginning of the year (Pre-split)	3,300,000	3,300,000	3,300,000	3,300,000
Adjustment for Sub-Division of Equity Shares (refer note (f) below)	-	-	-	-
Balance as at the end of the year/period (Post-split)	3,300,000	3,300,000	3,300,000	3,300,000
Add: Issued during the year	-	-	-	-
Add: Issued pursuant to scheme of arrangement (refer note 4)	-	-	-	-
Less: Cancelled pursuant to scheme of arrangement (refer note 4)	-	-	-	-
Balance as at the end of the year/period	<u>3,300,000</u>	<u>3,300,000</u>	<u>3,300,000</u>	<u>3,300,000</u>

21 Other equity

Particulars	Note	31 March 2020	31 March 2019
Capital reserve on demerger	(i)	-	-
Capital reserve	(ii)	-	-
Foreign currency translation reserve	(iii)	-	-
Legal Reserve	(iv)	-	-
Effective portion of cash flow hedge	(v)	-	-
Retained earnings	(vi)	-	-
		<u>-</u>	<u>-</u>

Particulars	31 March 2020	31 March 2019
(i) Capital reserve on demerger		
Balance as at the beginning of the year	-	-
Add: Acquired pursuant to scheme of arrangement (refer note 4)	-	-
Balance at the end of the year/period	<u>-</u>	<u>-</u>
(ii) Capital reserve		
Balance as at the beginning of the year/period	-	-
Add: Acquired pursuant to scheme of arrangement (refer note 4)	-	-
Balance at the end of the year/period	<u>-</u>	<u>-</u>
(iii) Foreign currency translation reserve		
Balance as at the beginning of the year/period	-	-
Add : Acquired pursuant to scheme of arrangement (refer note 4)	-	-
Add: Exchange difference on translation of foreign operations arisen during the year	-	-
Add: Transfer to non controlling interest	-	-
Balance at the end of the year/period	<u>-</u>	<u>-</u>
(iv) Legal reserve		
Balance as at the beginning of the year	-	-
Add : Acquired pursuant to scheme of arrangement (refer note 4)	-	-
Balance at the end of the year/period	<u>-</u>	<u>-</u>
(v) Effective portion of cash flow hedge		
Balance as at the beginning of the year/period	-	-
Add : Acquired pursuant to scheme of arrangement (refer note 4)	-	-
Less: Effective portion of gain on hedging instruments in cash flow hedges	-	-
Balance at the end of the year	<u>-</u>	<u>-</u>
(vi) Retained earnings		
At the beginning of the year	-	-
Add : Acquired pursuant to scheme of arrangement (refer note 4)	-	-
Less: Transfer to non controlling interest	-	-
Add: Profit for the year/period	-	-
Remeasurements of defined benefit liability, net of tax	-	-
Balance at the end of the year/period	<u>-</u>	<u>-</u>
Total other equity	<u>-</u>	<u>-</u>

GCO Solar Pty Ltd

Notes to the Financial Statements (Continued)

as at 31 March 2020

(Currency : AUD\$)

21 Other equity (Continued)

Nature and purpose of reserves

(i) Capital reserve on demerger

The Company's capital reserve on demerger is on account of the difference between the net assets and liabilities taken over relating to the S-EPC business pursuant to the scheme of arrangement (refer note 4)

(ii) Capital reserve

Capital Reserve is mainly on account of acquisition of ownership interests in Sterling and Wilson Middle East Solar Energy L.L.C. (formerly known as Sterling and Wilson Powergen L.L.C.), registered in UAE.

(iii) Foreign currency translation reserve

These comprise of all exchange differences arising from translation of financial statements of foreign operations.

(iv) Legal Reserve

Legal reserve is created out of net profits of subsidiary company, in accordance with article 255 of the Federal Law No 8 of 1984 and its amendments relating to Commercial Companies Law of United Arab Emirates.

10% of net income for the period is to be transferred to legal reserve. Further, in accordance with the provisions of the said laws, the subsidiary companies have resolved to discontinue such annual transfers since the balance in the reserve account is 50% of the share capital. The reserve is not available for distribution except in circumstances as stipulated in the said laws.

(v) Effective portion of cash flow hedge

The Company has designated its hedging instruments obtained after 1 April 2016 as cash flow hedges and any effective portion of cash flow hedge is maintained in the said reserve. In case the hedging becomes ineffective, the amount is recognised in the Consolidated statement of profit and loss.

(vi) Retained Earnings

Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to the owners of the Group.

(vii) Analysis of accumulated Other comprehensive income, net of tax Remeasurement of Defined Benefit Liability

Particulars	31 March 2020	31 March 2019
Opening balance	-	-
Add: Acquired pursuant to scheme of arrangement (refer note 4)	-	-
(Loss) / Gain on remeasurement of defined benefit liability	-	-
Closing balance	-	-

GCO Solar Pty Ltd

Notes to the Financial Statements (*Continued*)

as at 31 March 2020

(Currency : AUD\$)

	31 March 2020	31 March 2019
22 Non-current borrowings		
Loan from Parent	3,208,323	1,368,073
	<u>3,208,323</u>	<u>1,368,073</u>
23 Non-current lease liabilities		
Land and Buildings	-	-
Exchange and network assets	-	-
Other equipments	-	-
	<u>-</u>	<u>-</u>
24 Long-term provisions		
Provision for employee benefits (refer note 46)		
Gratuity	-	-
Terminal benefits	-	-
	<u>-</u>	<u>-</u>
25 Current borrowings		
<i>Secured loans</i>	-	-
<i>Unsecured loans</i>	-	-
	<u>-</u>	<u>-</u>
26 Current lease liabilities		
Land and Buildings	-	-
Exchange and network assets	-	-
Other equipments	-	-
	<u>-</u>	<u>-</u>
27 Trade payables		
Trade Payables	1,068,349	342,601
	<u>1,068,349</u>	<u>342,601</u>
28 Derivatives		
Foreign currency forward exchange contract liabilities	-	-
	<u>-</u>	<u>-</u>

GCO Solar Pty Ltd

Notes to the Financial Statements (Continued)

as at 31 March 2020

(Currency : AUD\$)

	31 March 2020	31 March 2019
29 Other financial liabilities		
<i>To related parties</i>		
Interest accrued and not due		
to banks	-	-
To others	-	-
Employee benefits payable	95,077	-
Other payables*	-	-
<i>To parties other than related parties</i>		
Interest accrued and due :	-	-
- To micro enterprises and small enterprises (refer note 27)	-	-
- To others	-	-
Interest accrued and not due :		
- To banks	-	-
- To others	-	-
Employee expenses payable	-	-
	95,077	-
	95,077	-
<i>*Payable to fellow subsidiary on account of transfer of branch w.e.f 1 January 2019, payable towards the reimbursement of expenses etc.</i>		
30 Other current liabilities		
Employee benefits payable	-	103,139
Net GST payable (receivable)	-	62,250
PAYG tax payable (Employee tax payable)	198,795	170,309
Insurance Funding	-	-
Loan from Intercompany	-	-
	198,795	335,698
	198,795	335,698
31 Short-term provisions		
Provision for annual leave	75,579	115,698
Provision for long service leave	81,645	58,789
Provision for Personal/Carers leave	165,396	329,435
	322,620	503,922
	322,620	503,922
32 Current tax liabilities (net)		
Provision for current tax (net of advance tax of Rs XX million (31 March 2019: Rs XX million))	-	-
	-	-
	-	-

GCO Solar Pty Ltd

Notes to the Financial Statements (Continued)

for the year ended 31 March 2020

(Currency : AUD\$)

	For the year ended 31 March 2020	For the year ended 31 March 2019
33 Revenue from operations		
Sale of services		
Income from works contracts	8,333,157	1,184,320
Revenue from operation and maintenance services	174,464	186,370
Other operating income		
Sale of scrap	-	-
Export incentive	-	-
Others	-	-
	<u>8,507,621</u>	<u>1,370,690</u>
34 Other income		
Interest income under the effective interest method on:		
- financial assets		
- deposits with banks	313	41
- loan to employees	-	-
- deferred payment terms	-	-
Supplier balances written back	-	-
Insurance claim received	-	-
Profit on sale of property, plant and equipments (net)	14,670	-
Other income	286,564	6,525
	<u>301,547</u>	<u>6,566</u>
35 Cost of construction materials, stores and spare parts		
Inventory of materials at the beginning of the year/period	-	-
Inventory of materials acquired pursuant to scheme of arrangement (refer note 4)	-	-
Add: Purchase during the year/period		
Materials	1,741,583	-
Work in Progress, net	(51,871)	-
Less: Inventory of materials at the end of the year/period	-	-
	<u>1,689,712</u>	<u>-</u>
36 Change in inventory of stock-in-trade		
Inventory of stock-in-trade at the beginning of the year/period	-	-
Inventory of stock-in-trade acquired pursuant to scheme of arrangement (refer note 4)	-	-
Inventory of stock-in-trade at the end of the year/period	-	-
	<u>-</u>	<u>-</u>
Decrease in inventory	-	-

GCO Solar Pty Ltd

Notes to the Financial Statements (Continued)

for the year ended 31 March 2020

(Currency : AUD\$)

	For the year ended 31 March 2020	For the year ended 31 March 2019
37 Direct project costs		
Communication expenses	-	-
Stores and spare parts consumed	-	-
Commission expenses	-	-
Legal and professional fees	-	-
Printing and stationery expenses	-	-
Insurance costs	-	-
Repairs and maintenance - others	52,726	1,723
Selling and marketing expenses	-	-
Traveling and conveyance expenses	39,613	2,500
Rent (refer note 44)	-	-
Rates and taxes	-	-
Electricity, power and fuel	-	-
Donation	-	-
Loans and advances written off	-	-
Bank charges	-	-
Security Charges	-	-
Land development charges	-	-
Forward cover cancellation charges	-	-
Labour Hire	1,128,636	79,290
Materials	-	154,887
Work in Progress, net	-	(152,153)
Depreciation	-	-
Miscellaneous expenses	1,036,843	103,857
	<u>2,257,818</u>	<u>190,104</u>
Employee benefits expense		
Salaries, wages and bonus	1,122,565	746,843
Employee benefits payable	147,897	81,086
Compensated absences	16,317	8,423
Staff welfare expenses	8,659	7,338
	<u>1,295,438</u>	<u>843,690</u>
Sub-contractor expenses	1,288,099	156,518
	<u>4,841,355</u>	<u>1,190,311</u>
38 Employee benefits expense		
Salaries, wages and bonus	1,667,702	620,397
Employee benefits payable	321,227	59,208
Compensated absences	91,121	24,797
Staff welfare expenses	28,565	-
	<u>2,108,615</u>	<u>704,402</u>
39 Finance costs		
Interest expense		
- on secured loans	-	-
- on unsecured loans	-	-
- on dues of micro enterprises and small enterprises	-	-
- on income tax and indirect taxes	-	-
- on retention payable	-	-
- on others	162,521	11,960
Bill discounting charges	-	-
Other borrowing costs	-	-
	<u>162,521</u>	<u>11,960</u>

GCO Solar Pty Ltd

Notes to the Financial Statements (Continued)

for the year ended 31 March 2020

(Currency : AUD\$)

	For the year ended 31 March 2020	For the year ended 31 March 2019
40 Depreciation and amortisation		
Depreciation on property, plant and equipment	36,093	30,445
Amortisation of intangible assets	1,557	3,225
	<u>37,650</u>	<u>33,670</u>
41 Other expenses		
Communication expenses	18,282	11,572
Stores and spare parts consumed	-	-
Commission expenses	-	-
Estimating Expense	143,097	11,356
Legal and professional fees	227,801	37,613
Printing and stationery expenses	11,775	5,279
Insurance costs	164,214	54,745
Computer software and maintenance	52,916	12,991
Repairs and maintenance - others	11,673	4,919
Freight and couriers	1,505	6,296
Selling and marketing expenses	7,632	4,998
Motor vehicle expenses	77,150	27,264
Traveling and conveyance expenses	108,889	55,669
Cleaning	5,339	4,915
Rent (refer note 44)	133,135	48,795
Rates and taxes	-	-
Electricity, power and fuel and water	6,192	3,114
Water	-	792
Payment to auditors (refer note (a) below)	-	-
Foreign exchange loss (net)	-	-
Loss on sale of fixed assets (net)	-	-
Donation	1,015	-
Management support fees	-	-
Bank charges	2,738	654
Loans and advances written off	-	-
Bad debts written off	4,172	195
Security Charges	-	-
Other staff expense	-	16,335
Recruitment expenses	52,308	25,493
Management support fees	-	-
Miscellaneous expenses	296,442	23,108
	<u>1,326,275</u>	<u>356,103</u>
(a) Payment to auditors		
As auditor		
Statutory audit	-	-
In other capacity		
Tax audit	-	-
Certification services		
Other services*	-	-
	<u>-</u>	<u>-</u>

* This relates to the payment made to the auditors on account of proposed initial public offering of equity shares of face value of Re 1 each. The expenses are recoverable from selling shareholders in the ratio of their existing shareholding percentage.

GCO Solar Pty Ltd

Notes to the consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : AUD\$)

42 Related party disclosures

The only related party the company had transactions with in the period as well as balances as at 31 March 2020 were as follows:

GCo Pty Ltd
Sterling & Wilson Solar Australia Pty Ltd
Sterling & Wilson Hybrid

43 Income taxes

a) Amount recognised in the statement of profit and loss

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Current tax expense :		
Current year	-	-
Adjustment of tax relating to earlier years	-	-
	-	-
Deferred tax (credit) :		
Origination and reversal of temporary differences	-	-
	-	-
Tax expenses for the year	-	-

b) Income tax recognised in other comprehensive income

Particulars	31 March 2020		Net of tax
	Before tax	Tax (expense) benefit	
Items that will not be reclassified to profit or loss			
Remeasurement (losses) on post employment defined benefit plan	-	-	-
Items that will be reclassified to profit or loss			
Exchange differences in translating financial statements of foreign operations	-	-	-

Particulars	31 March 2019		Net of tax
	Before tax	Tax (expense) benefit	
Items that will not be reclassified to profit or loss			
Remeasurement (losses) on post employment defined benefit plan	-	-	-
Items that will be reclassified to profit or loss			
Exchange differences in translating financial statements of foreign operations	-	-	-

c) Reconciliation of effective tax rate

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit before tax	(1,356,960)	(919,190)
Tax using the Company's domestic tax rate at 30%		(275,757)
Tax using the Company's domestic tax rate at 27.5%	(373,164)	-
Tax effect of:		
Difference in tax rates	373,164	275,757
Tax relating to previous periods	-	-
Total tax expense	-	-

GCO Solar Pty Ltd

Notes to the consolidated financial statements (Continued)

for the year ended 31 March 2020

(Currency : AUD\$)

43 Income taxes (Continued)

d) The major components of deferred tax (liabilities) / assets arising on account of timing differences are as follows:

Movement in deferred tax balances for the year ended 31 March 2020

Particulars	Net asset/ (liability) 1 April 2019	Recognised in profit or loss during the year	Recognised in OCI during year	Other adjustments/ Forex	Net asset/ (liability) 31 March 2020
Provision for doubtful debts and advances	-	-	-	-	-
Employee benefits	-	-	-	-	-
Tax losses available for set off against future taxable income	-	-	-	-	-
Deductible temporary difference on prepayments	-	-	-	-	-
Others	-	-	-	-	-
Net deferred tax asset	-	-	-	-	-

Movement in deferred tax balances for the period ended 31 March 2019

Particulars	Net asset/ (liability) 1 April 2018	Recognised in profit or loss during the year	Recognised in OCI during year	Other adjustments/ Forex	Net asset/ (liability) 31 March 2019
Provision for doubtful debts and advances	-	-	-	-	-
Employee benefits	-	-	-	-	-
Tax losses available for set off against future taxable income	-	-	-	-	-
Deductible temporary difference on prepayments	-	-	-	-	-
Others	-	-	-	-	-
Net deferred tax asset	-	-	-	-	-

e) Unrecognised deferred tax assets

Deferred tax assets have not been recognised during the year in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom:

	31 March 2020		31 March 2019	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Carry forward losses	-	-	-	-
Provision and accruals	322,620	88,721	575,323	172,597
Total	322,620	88,721	575,323	172,597

f) Tax losses carried forward

Particulars	Year ended 31 March 2020	Expiry date	Year ended 31 March 2019	Expiry date
Expire	-	-	-	-
Never expire	-	-	-	-

GCO Solar Pty Ltd

Notes to the standalone financial statements (Continued)

for the year ended 31 March 2020

(Currency : AUD\$)

44 Financial instruments – Fair values and risk management

(a) Financial risk management

iii Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term debt.

Currency Risk

The Company is not currently exposed to currency risk given there are no balances held in foreign currency.

Exposure to currency risk

The currency profile of financial assets and financial liabilities are as below:

Amounts in AUD	31 March 2020			
	USD	EUR	AUD	Others *
Financial assets				
Trade Receivables	-	-	-	-
Cash and Cash Equivalents	-	-	-	-
Other receivables	-	-	-	-
Exposure to foreign currency assets	-	-	-	-
Forward exchange contract	-	-	-	-
Net exposure to foreign currency Asset	-	-	-	-
Financial liabilities				
Trade payables and other payable	-	-	-	-
Exposure to foreign currency liabilities	-	-	-	-
Forward exchange contract	-	-	-	-
Net exposure to foreign currency liabilities	-	-	-	-
Net Exposure	-	-	-	-

Amounts in AUD	31 March 2019			
	USD	EUR	AUD	Others *
Financial assets				
Trade Receivable	-	-	-	-
Cash and Cash Equivalents	-	-	-	-
Other receivables	-	-	-	-
Exposure to foreign currency assets	-	-	-	-
Forward exchange contract	-	-	-	-
Net exposure to foreign currency assets	-	-	-	-
Financial liabilities				
Trade payables and other payable	-	-	-	-
Exposure to foreign currency liabilities	-	-	-	-
Forward exchange contract	-	-	-	-
Net exposure to foreign currency liabilities	-	-	-	-
Net exposure	-	-	-	-

GCO Solar Pty Ltd

Notes to the standalone financial statements *(Continued)*

for the year ended 31 March 2020

(Currency : AUD\$)

44 Financial instruments – Fair values and risk management

(a) Financial risk management *(Continued)*

iii Market risk *(Continued)*

Currency Risk *(Continued)*

Sensitivity analysis

A 5% strengthening / weakening of the respective foreign currencies with respect to functional currency of Group would result in increase or decrease in profit or loss and equity as shown in table below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The following analysis has been worked out based on the exposures as of the date of statements of financial position.

Effect in AUD	31 March 2020		31 March 2019	
	Profit and Loss		Profit and Loss	
	Strengthening	Weakening	Strengthening	Weakening
USD	-	-	-	-
EUR	-	-	-	-
AUD	-	-	-	-
Others *	-	-	-	-

GCO Solar Pty Ltd

Notes to the consolidated financial statements *(Continued)*

for the year ended 31 March 2020

(Currency : AUD\$)

44 Financial instruments – Fair values and risk management *(Continued)*

(b) Financial risk management *(Continued)*

iii Market risk *(Continued)*

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's exposure to market risk for changes in interest rates relates to fixed deposits and borrowings from financial institutions. The company manages its interest rate risk arising from foreign currency floating rate loans by using interest rate swaps as hedges of variability in cash flows attributable to interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's exposure to market risk for changes in interest rates relates to fixed deposits and borrowings from financial institutions.

Particulars	31 March 2020	31 March 2019
Fixed rate instruments		
Financial Assets	1,640,649	1,094,034
Financial liabilities	4,570,544	2,143,383
	<u>(2,929,895)</u>	<u>3,237,417</u>
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	-
	<u>-</u>	<u>-</u>

Interest rate sensitivity - fixed rate instruments

The Group's fixed rate borrowings and fixed rate bank deposits are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flow will fluctuate because of a change in market interest rates.

Interest rate sensitivity - variable rate instruments

	31 March 2020	31 March 2019
AUD	Profit or loss	Profit or loss
Variable-rate instruments	-	-
Cash flow sensitivity (net)	<u>-</u>	<u>-</u>

GCO Solar Pty Ltd

Notes to the consolidated financial statements *(Continued)*

for the year ended 31 March 2020

(Currency : AUD\$)

44 Financial instruments – Fair values and risk management *(Continued)*

(c) Financial risk management *(Continued)*

iii Market risk *(Continued)*

(c) Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total borrowings, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Group's adjusted net debt to equity ratio is as follows:

Particulars	31 March 2020	31 March 2019
Non-Current Borrowings	3,208,323	1,368,073
Current Borrowings	-	-
Gross debt	3,208,323	1,368,073
Less : Cash and cash equivalents	131,698	77,131
Adjusted net debt	3,076,625	1,290,942
Total equity	(1,911,346)	(554,354)
Adjusted net debt to adjusted equity ratio	(1.61)	(2.33)