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## 6. Equity

### **Common stock**

Holders of common stock are entitled to one vote per share, and to receive dividends and, upon liquidation or dissolution, are entitled to receive all assets available for distribution to stockholders. The holders have no preemptive or other subscription rights and there are no redemption or sinking fund provisions with respect to such shares.

Securities premium received and share application money received are included as part of additional paid in capital.

## 7. Related parties

Astronergy Solar Korea Co. Ltd is the parent company whose ultimate parent company is Chint Group Corp., China.

### **Operations and maintenance**

Operations and maintenance services are provided to the Company by an affiliate pursuant to contractual agreements. Costs incurred for these services were INR 6,326,965 and INR 6,083,620 for the quarters ended March 31, 2015 and 2014 respectively. Related amounts were reported as cost of operations in the statements of income and were reflected in operating activities in the statements of cash flows.

### **Parent and affiliates**

As of March 31, 2015 and December 31, 2014, the Company owed affiliates INR 285,637,166 and INR 286,181,602 respectively. Depending on the nature of the activity, amounts are either reflected in operating activities or as a non-cash addition to property and equipment included in due to affiliates.

## 8. Commitments and contingencies

### **Legal proceedings**

There are certain pending litigations relating to the appropriateness of title of certain portions of land held by the Company, on which the solar energy systems are installed, since the date of purchase of the said land. The Company believes that there are no irregularities in its ownership title and based on the opinion of its legal counsel believes that the likelihood of an unfavourable outcome of its ownership of the said land is not probable. In addition, the Company believes that no further settlement or any significant additional liability is expected on account of such disputes pending resolution.

Apart from this case from time to time, we are notified of possible claims or assessments arising in the normal course of business operations. Management continually evaluates such matters with legal counsel and believes that, although the ultimate outcome is not presently determinable, these matters will not result in a material adverse impact on our financial position or operations.

### **Commitment**

The Company has entered into a Power Purchase Agreement ('PPA') with NTPC Vidyut Vyapar Nigam Limited, ('NTPC') on January 27, 2012 for implementation of a 23.9 MW Solar Photovoltaic Power Generation Unit ('Project') in the State of Rajasthan under which it has a commitment to sell electricity for a period of 25 years. If the minimum prescribed units of electricity is not generated and supplied, the Company is liable to pay compensation in accordance with the power purchase agreement.

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