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Table of Contents**Accounts receivable and allowance for doubtful accounts**

Accounts receivable are reported in the balance sheets at the invoiced amounts adjusted for any write-offs and an allowance for doubtful accounts. We establish an allowance for doubtful accounts to adjust our receivables to amounts considered to be ultimately collectible. Our allowance is based on a variety of factors, including the length of time receivables are past due, significant one-time events, the financial health of our customers and historical experience. There was no allowance for doubtful accounts included in accounts receivable as of December 31, 2014 or December 31, 2013. Unbilled receivables was INR 26,556,557 and INR 26,430,656 as of December 31, 2014 and 2013, respectively

**Property and equipment**

Property and equipment consists of land, solar energy systems and construction in progress and is stated at cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance and repairs are charged to expense as incurred. When property and equipment is retired, or otherwise disposed of, the cost and accumulated depreciation is removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation of property and equipment is recognized using the straight-line method over the estimated useful lives of the solar energy systems which is thirty years. Land owned by the Company is not depreciated. Land has an unlimited useful life.

An item of property and equipment initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statements of Operations when the asset is derecognized. For the periods presented, the Company did not recognize any gain or loss on de-recognition of assets. All repair and maintenance costs that do not meet capitalization criteria are recognized in the Statements of Operations as incurred. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate

**Capitalized interest**

Interest expense consisting of amortization of deferred financing costs and amounts incurred on funds borrowed to finance construction of solar energy systems is capitalized until the system is ready for its intended use. The amount of interest capitalized was INR Nil and INR 13,501,370 for the years ended December 31, 2014 and December 31, 2013 respectively.

**Deferred financing costs**

Financing costs incurred in connection with obtaining construction and term financing are deferred and amortized over the maturities of the respective financing arrangements. Amortization of deferred financing costs is capitalized during construction and recorded as interest expense in the financial statements of operations following commencement of commercial operation.

There was no deferred financial costs that were capitalised. Amortization of deferred financing costs was recorded as interest expense and totalled INR 3,482,303 and INR 2,145,285 during the years ended December 31, 2014 and 2013, respectively.

**Impairment of long-lived assets**

Long-lived assets that are held and used are reviewed for impairment whenever events or changes in circumstances indicate carrying values may not be recoverable. An impairment loss is recognized if the total