**Lovelock & Lewes**
Chartered Accountants

## INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF Crescent Power Limited

### Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying standalone financial statements of **Crescent Power Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017 the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates

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made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

## Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

## Other Matter

9. The financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 19, 2016 and May 21, 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us. Our opinion is not qualified in respect of these matters.

## Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. As required by Section 143 (3) of the Act, we report that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

Lovelock & Lewes
Chartered Accountants
Kolkata

(e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

i. The Company does not have any pending litigations as at March 31, 2017 which would impact its financial position.

ii. The Company did not have any foreseeable loss on any long-term contracts including derivative contracts as at March 31, 2017.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017.

iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 38

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

Sougata Mukherjee
Partner
Membership Number 057084

Kolkata
May 18, 2017

**Annexure A to Independent Auditors' Report**

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Crescent Power Limited on the standalone financial statements for the year ended March 31, 2017



## Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Crescent Power Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Kolkata

## Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Crescent Power Limited on the standalone financial statements for the year ended March 31, 2017



company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being

made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31 , 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

Sougata Mukherjee
Partner
Membership Number 057084

Kolkata
May 18, 2017

**Annexure B to Independent Auditors' Report**
Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Crescent Power Limited on the standalone financial statements as of and for the year ended March 31, 2017

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) The title deeds of immovable properties, as disclosed in Note 4 on fixed assets to the financial statements, are held in the name of the Company.

ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service-tax, duty of customs, and duty of excise or value added tax which have not been deposited on account of any dispute.

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans have been applied for the purposes for which they were obtained.

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Kolkata

**Annexure B to Independent Auditors' Report**
Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Crescent Power Limited on the standalone financial statements for the year ended March 31, 2017


x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

Sougata Mukherjee
Partner
Membership Number 057084

Kolkata
May 18, 2017

**Crescent Power Limited**
Registered Office: 6 Church Lane, 1st Floor, Kolkata – 700 001.
CIN: U70101WB2004PLC099945
Tel: (033) 22109358-62 (5 Lines), Fax: (033)22483134
E-mail: corp.ho@rp-sg.in

## Balance Sheet as at 31st March, 2017

(Rupees in lakh)

| Particulars | Notes | 31 March 2017 | 31 March 2016 | 01 April 2015 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 4 | 28,653.23 | 30,187.67 | 19,764.18 |
| Capital work in progress | | 281.26 | 166.51 | 819.24 |
| Financial assets | | | | |
| Investments | 5 | 1.98 | 1.00 | - |
| Trade receivables | | | | |
| Loans | 6 | 4.63 | 7.26 | 6.12 |
| Other financial assets | 7 | 259.16 | 425.78 | 174.48 |
| Deferred tax assets | 33 | 84.30 | 30.61 | 32.80 |
| Other non-current assets | 8 | 23.63 | 14.08 | 33.31 |
| **Total non-current assets** | | **29,308.19** | **30,832.91** | **20,830.13** |
| **Current assets** | | | | |
| Inventories | 9 | 1,165.92 | 1,536.75 | 1,804.73 |
| Financial assets | | | | |
| Investments | 10 | 655.68 | 1,405.00 | 780.00 |
| Trade receivables | 11 | 2,220.68 | 1,309.94 | 549.96 |
| Cash and cash equivalents | 12 | 4,307.74 | 6,123.72 | 5,137.06 |
| Loans | 13 | 4.46 | 101.25 | 303.99 |
| Other financial assets | 14 | 6,020.54 | 2,211.63 | 69.12 |
| Current tax assets (net) | 15 | 17.47 | 314.83 | 204.55 |
| Other current assets | 16 | 70.32 | 36.47 | 137.52 |
| **Total current assets** | | **14,462.81** | **13,039.59** | **8,986.93** |
| **Total assets** | | **43,771.00** | **43,872.50** | **29,817.06** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Equity share capital | 17 | 6,000.00 | 6,000.00 | 6,000.00 |
| Other equity | 18 | 19,697.46 | 14,949.95 | 10,621.29 |
| **Total Equity** | | **25,697.46** | **20,949.95** | **16,621.29** |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Financial liabilities | | | | |
| Borrowings | 19 | 9,773.19 | 11,328.62 | 5,775.26 |
| Other financial liabilities | 20 | 173.43 | 157.66 | 143.33 |
| Provisions | 21 | 78.31 | 59.37 | 47.93 |
| Deferred tax liabilities (net) | 33 | 4,361.13 | 4,506.18 | 4,414.59 |
| Other non-current liabilities | 22 | 72.26 | 87.47 | 102.68 |
| **Total non-current liabilities** | | **14,458.32** | **16,139.30** | **10,483.79** |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| Trade payables | | 859.42 | 2,388.65 | 385.91 |
| Other financial liabilities | 23 | 2,684.23 | 4,319.76 | 2,261.83 |
| Other current liabilities | 24 | 70.96 | 72.92 | 63.83 |
| Provisions | 25 | 0.61 | 1.92 | 0.41 |
| **Total current liabilities** | | **3,615.22** | **6,783.25** | **2,711.98** |
| **Total Liabilities** | | **18,073.54** | **22,922.55** | **13,195.77** |
| **Total equity and liabilities** | | **43,771.00** | **43,872.50** | **29,817.06** |

**The accompanying notes form an integral part of the financial statements.**

This is the Balance Sheet referred to in our Report of even date.

For Lovelock & Lewes
Firm registration number - 301056E
Chartered Accountants

Sougata Mukherjee
Partner
Membership No. : 057084

Kolkata,18th May, 2017

For and on behalf of the Board of Directors

S. Talukdar
Director

S. Mitra
Director

Deb Kumar Dey
Chief Financial Officer

Sudip Kumar Ghosh
Company Secretary

## Crescent Power Limited
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**Statement of Changes in Equity for the year ended 31st March, 2017**

**a Equity Share Capital**

(Rupees in lakh)

| For financial year ended 31 March 2017 | | | For financial year ended 31 March 2016 | | |
|---|---|---|---|---|---|
| Balance as at 01 April 2016 | Changes in equity share capital during the year | Balance as 31 March 2017 | Balance as 01 April 2015 | Changes in equity share capital during the year | Balance as at 31 March 2016 |
| 6,000.00 | - | 6,000.00 | 6,000.00 | - | 6,000.00 |

**b Other Equity**

**(Rupees In Lakhs)**

| Particulars | 31 March 2017 | | 31 March 2016 | |
|---|---|---|---|---|
| | Reserves and Surplus | Total | Reserves and Surplus | Total |
| | Retained Earnings | | Retained Earnings | |
| Balance at the beginning of the reporting period | 14,949.95 | 14,949.95 | 10,621.29 | 10,621.29 |
| Restated balance at the beginning of the reporting period | 14,949.95 | 14,949.95 | 10,621.29 | 10,621.29 |
| Total Comprehensive Income for the year | 4,760.80 | 4,760.80 | 4,336.86 | 4,336.86 |
| Items that will not be reclassified to profit or loss | (16.90) | (16.90) | (10.43) | (10.43) |
| Income tax relating to items that will not be reclassified to profit or loss | 3.61 | 3.61 | 2.23 | 2.23 |
| **Balance at the end of the reporting period** | **19,697.46** | **19,697.46** | **14,949.95** | **14,949.95** |

This is the Statement of Changes in Equity referred to in our Report of even date.

For Lovelock & Lewes
Firm registration number - 301056E
Chartered Accountants

Sougata Mukherjee
Partner
Membership No. : 057084

Kolkata,18th May, 2017

For and on behalf of the Board of Directors

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## Statement of Profit and Loss for the year ended 31st March, 2017

(Rupees in lakh)

| Particulars | Note No. | 2016-17 | 2015-16 |
|---|---|---|---|
| Revenue from operations | 26 | 16,712.14 | 15,609.52 |
| Other income | 27 | 360.43 | 414.98 |
| **Total Income** | | 17,072.57 | 16,024.50 |
| **Expenses** | | | |
| Cost of fuel | 28 | 3,408.70 | 3,507.75 |
| Employee benefit expense | 29 | 826.64 | 723.11 |
| Finance costs | 30 | 1,376.77 | 895.60 |
| Depreciation and amortisation expense | | 1,898.90 | 1,566.18 |
| Other expenses | 31 | 3,757.49 | 3,294.93 |
| **Total expenses** | | 11,268.50 | 9,987.57 |
| **Profit before exceptional items and tax** | | 5,804.07 | 6,036.93 |
| **Exceptional items** | 32 | - | 397.49 |
| **Profit before tax** | | 5,804.07 | 5,639.44 |
| Tax expense | | | |
| - Current tax | | 1,242.01 | 1,208.81 |
| - Deferred tax | 33 | (198.74) | 93.78 |
| **Profit for the year** | | **4,760.80** | **4,336.86** |
| **Other Comprehensive income** | | | |
| Items that will not be reclassified to profit or loss | 34 | **(16.90)** | **(10.43)** |
| Income tax relating to items that will not be reclassified to profit or loss | | **3.61** | **2.23** |
| **Other comprehensive income for the year, net of tax** | | **(13.29)** | **(8.20)** |
| **Total comprehensive income for the year** | | **4,747.51** | **4,328.66** |
| **Earning per equity share for profit from continued and discontinued operations attributable to owners of Crescent Power Limited:** | 35 | | |
| Basic earnings per share (Rs.) | | 7.93 | 7.23 |
| Diluted earnings per share (Rs.) | | 7.93 | 7.23 |

**The accompanying notes form an integral part of the financial statements.**

This is the Statement of Profit and Loss referred to in our Report of even date.

For Lovelock & Lewes
Firm registration number - 301056E
Chartered Accountants

Sougata Mukherjee
Partner
Membership No. : 057084

Kolkata, 18th May, 2017

For and on behalf of the Board of Directors

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**(Rupees in lakhs, except share and per share data, unless otherwise stated)**

**Statement of Cash Flows for the year ended 31st March 2017**

(Rupees in lakh)

| Particulars | 31 March 2017 | 31 March 2016 |
|---|---|---|
| **A. Cash flow from Operating Activities** | | |
| Profit before Taxation | 5,804.07 | 5,639.44 |
| Adjustments for : | | |
| Depreciation and amortisation expenses | 1,898.90 | 1,566.18 |
| Gain on sale of current investments (net) | (233.43) | (298.34) |
| Finance costs | 1,376.77 | 895.60 |
| Interest Income | (111.79) | (101.43) |
| Advance written -off | - | 397.49 |
| **Operating Profit before Working Capital changes** | **8,734.52** | **8,098.94** |
| Adjustments for : | | |
| (Increase)/Decrease in Trade & other receivables | (912.96) | (374.22) |
| (Increase)/Decrease Inventories | 370.83 | 267.98 |
| (Increase)/Decrease in other non current assets | (9.55) | 19.23 |
| Increase/(Decrease) in Provisions | 17.63 | 12.95 |
| Increase/(Decrease) from Other Current Liabilities | (1.96) | 9.09 |
| Increase/(Decrease) from Trade and other payables | (1,373.97) | 1,780.78 |
| **Cash Generated from Operations** | **6,824.54** | **9,814.75** |
| Income Tax paid | (941.04) | (1,313.92) |
| **Net cash flow from Operating Activities** | **5,883.50** | **8,500.83** |
| **B. Cash flow from Investing Activities** | | |
| Purchase of Property, Plant and Equipment / Capital Work-in-Progress | (2,925.91) | (9,132.43) |
| Investment in Subsidiary | - | (1.00) |
| Sale/(purchase) of Investments (net) | (0.98) | (1,021.49) |
| Profit on sale of Investment | 233.43 | 298.34 |
| Interest received | 106.61 | 130.51 |
| Advance to bodies Corporate for share subscription | (2,920.00) | (2,156.00) |
| Advance to bodies corporate | 100.00 | (100.00) |
| Advance to subsidiary for share subscription | - | (250.00) |
| **Net cash used in Investing Activities** | **(5,406.85)** | **(12,232.07)** |
| **C. Cash flow from Financing Activities** | | |
| Proceeds from Long Term Borrowings | 884.00 | 7,410.00 |
| Repayment of Long Term Borrowings | (1,789.56) | (1,789.56) |
| Finance costs paid | (1,387.07) | (902.54) |
| **Net Cash flow from Financing Activities** | **(2,292.63)** | **4,717.90** |
| **Net Increase / (decrease) in cash and cash equivalents** | **(1,815.98)** | **986.66** |
| **Cash and Cash equivalents - Opening Balance** | **6,123.72** | **5,137.06** |
| **Cash and cash equivalents -closing balance** | **4,307.74** | **6,123.72** |

Notes:
a) The Statement of Cash Flows has been prepared under the indirect method as given in the Indian Accounting Standard (IND AS 7) on the Statement of Cash Flows.
b) Previous year's figures have been regrouped/ reclassified wherever necessary to corrospond with the current year's classification/ disclosure.

This is Statement of Cash Flows referred to in our Report of even date.

For Lovelock & Lewes
Firm registration number - 301056E
Chartered Accountants

Sougata Mukherjee
Partner
Membership No. : 057084

Kolkata,18th May, 2017

For and on behalf of the Board of Directors

S. Talukdar
Director

S. Mitra
Director

Deb Kumar Dey
Chief Financial Officer

Sudip Kumar Ghosh
Company Secretary

## Crescent Power Limited

Registered Office: 6 Church Lane, 1st Floor, Kolkata – 700 001.
CIN: U70101WB2004PLC099945
Tel: (033) 22109358-62 (5 Lines), Fax: (033)22483134
E-mail: corp.ho@rp-sg.in

### Significant accounting policies and notes to the Financial Statement for financial year ended 31 March 2017

**(Rupees in lakhs, except share and per share data, unless otherwise stated)**

1 **Corporate information**

Crescent Power Limited ("the Company") is a limited company incorporated and domiciled in India. Its registered office is located at 6 Church Lane, 1st floor, Kolkata -700 001, India.

The Company is engaged primarily in the business of power generation and also provides contracting services, having its thermal power plant in the State of West Bengal and solar power plant in the State of Tamil Nadu.

2 **Significant accounting policies, judgements and estimates**

**Basis of preparation of financial statements**

2.1 **Statement of compliance**

These financial statements have been prepared to comply in all material aspects with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 notified under Section 133 of the Companies Act, 2013 and other provisions of the Companies Act, 2013 to the extent applicable.

The financial statements upto the year ended March 31, 2016,were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind AS. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is given in Note 44.

The financial statements are presented in Indian rupees rounded off to nearest lakhs.

2.2 **Basis of Measurement**

The financial statements have been prepared on the historical cost convention and on accrual basis except for the following:
(a) certain financial assets and liabilities
(b) defined benefit plans - plan assets measured at fair value

2.3 **Use of estimate**

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3 **Summary of significant accounting policies**

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

3.1.1 **Financial asset**

**i) Initial measurement**

All financial assets are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date. Financials assets of the Company include investments in equity shares of subsidiary , trade and other receivables, loans and advances to employees etc.

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**ii) Classification and subsequent measurement**
For the purpose of subsequent measurement, financial assets of the Company are classified in the following categories:
1) financial assets measured at amortised cost
2) financial assets measured at fair value through other comprehensive income
3) financial assets measured at fair value through profit and loss and

The classification of financial assets depends on the objective of the business model. Management determines the classification of its financial assets at initial recognition.

***Financial instruments measured at amortised cost:***
A financial instrument is measured at amortised cost if both the following conditions are met:
(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables, bank deposits, security deposits, cash and cash equivalents, employee and other advances.

**3.1.2 Investments**
Investments in subsidiary is measured at cost.

**3.1.3 Trade receivables**
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment (if any).

**3.1.4 Financial liability**

**i) Initial measurement**
All financial liabilities are recognised initially at fair value net of directly attributable transaction costs. The Company's financial liabilities include loans and borrowings, trade and other payables etc.

**ii) Classification and subsequent measurement**
For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories:
1) financial liabilities measured at amortised cost
2) financial liabilities measured at fair value through profit and loss

**3.1.5 Loans and borrowings**
Loans and borrowings are initially recognised at fair value net of transaction costs incurred. Subsequently, these are measured at amortised cost using the effective interest rate ('EIR') method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

**3.1.6 Trade and other payables**
These amount represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortized cost using the EIR model.

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## Significant accounting policies and notes to the Financial Statement for financial year ended 31 March 2017

**(Rupees in lakhs, except share and per share data, unless otherwise stated)**

### 3.2 Property, plant and equipment

**i) Transition to Ind AS**
The Company has elected to utilize the option under Ind AS 101 of using the previous GAAP carrying amount for all its plant, property, equipment as its deemed cost on the date of transition to Ind AS.

**ii) Recognition and measurement**
Items of property, plant and equipment are measured at cost less accumulated depreciation/, amortisation and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use.
Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment. These are included in profit or loss.
The residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively.

**iii) Depreciation**
Depreciation on items of plant, property and equipment is provided on straight line method based on the useful life as prescribed under Schedule II of the Companies Act, 2013.Building constructed over leasehold land are depreciated based on the useful life specified in Schedule II or the lease tenure, whichever is lower.

**iv) Subsequent costs**
Subsequent expenditure including cost of major overhaul and inspection is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.
The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of any component recognised as a separated component is derecognised when replaced. All other repairs and maintenance are recognised in profit or loss as incurred.

**v) Spare parts**
Items of spare parts, stand-by equipment and servicing equipment which meet the definition of property, plant and equipment are capitalized and depreciated on straight line method on prorata basis at the rates specified therein. Other spare parts are carried as inventory and recognized in the income statement on consumption.

### 3.3 Capital work in progress
Capital work in progress is stated at cost net of accumulated impairment losses, if any.

### 3.4 Leases
The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.
For arrangements entered into prior to 1 April 2015, the date of inception is deemed to be 1 April 2015 in accordance with Ind-AS 101, First-time Adoption of Indian Accounting Standard.

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***As a lessee***
A lease is classified on the inception date as a finance or an operating lease. Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or if lower the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leases under which substantially all the risks and rewards of ownership are not transferred to the Company are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

**3.5 Inventory**
Inventories of stores and spares and fuel are valued at lower of cost and net realizable value. Cost is calculated on weighted average basis and comprises expenditure incurred in the normal course of business in bringing such inventories to their location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Obsolete, slow moving and defective inventories are identified at the time of physical verification of inventories and where necessary adjustment is made for such items.

**3.6 Impairment**

***a) Financial assets***
In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on trade receivables (if any).

**b) Non-financial assets**
The Company assesses at each reporting date whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

**3.7 Taxes**
Income tax expense comprises current and deferred tax. Current tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current income taxes are recognized under "income tax payable" net of payments on account, or under "tax receivables" where there is a credit balance.

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Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### 3.8 Employee benefits

The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company.

Contribution to Provident fund and Contributory pension fund are accounted for on accrual basis. The Company operates defined contribution schemes for Provident and Pension Fund. Contributions to these funds are made regularly to government authorities and are recognised in the financial statements on accrual basis.

Actuarial gains or losses are recognized in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income.

Remeasurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.

### 3.9 Provisions and contingent liabilities

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

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### 3.10 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand, book overdraft and are considered part of the Company's cash management system.

### 3.11 Revenue recognition

Revenue from sale of electricity is net of discount for prompt payment of bills and are accounted for on the basis of billings to the procurer. Revenue from contracting service is accounted for on accrual basis and recognised as per terms of the relevant arrangement. Sale of scrap is recognised at the point of sale to the purchaser, which coincides with delivery.

### 3.12 Other income

**Interest income**

Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

### 3.13 Borrowing cost

Borrowing costs that are directly attributable to the acquisition, construction or erection of qualifying assets are capitalised as part of cost of such asset until such time that the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale.

When the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the borrowing costs incurred are capitalized. When Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the capitalization of the borrowing costs is computed based on the weighted average cost of general borrowing that are outstanding during the period and used for the acquisition of the qualifying asset.

Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.
All other borrowing costs are recognised as an expense in the year in which they are incurred.

### 3.14 Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

### 3.15 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

### 3.16 Foreign Currency Transactions

Transactions in foreign currency are recognized at the prevailing exchange rates on the transaction dates. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the year-end are translated at year-end exchange rates. Gains and losses on settlement or on year-end translations are recognized in the Statement of Profit and Loss.

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