

## **INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF Haldia Energy Limited**

### **Report on the Ind AS Financial Statements**

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

### **Management's Responsibility for the 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 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 (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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 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 standards and matters which are required to be included in the audit report.
5. We conducted our audit 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 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 Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 made by the Company's Directors, as well as evaluating the overall presentation of the 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 Ind AS financial statements.



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**Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 including the Ind AS, of the state of affairs of the Company as at March 31, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

9. 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 (hereinafter referred to as 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 - A a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. 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, the Statement of Cash Flow 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 Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (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 - B.
- (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 has disclosed the impact, if any, of pending litigations as at March, 31, 2017 on its financial position in its Ind AS financial statements.
- ii) The Company has made provisions as at March, 31, 2017, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
- 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.



## **Annexure - B to Independent Auditors' Report**

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Haldia Energy Limited on the Ind AS financial statements for the year ended March 31, 2017

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### **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 Haldia Energy Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS 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 Ind AS 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 Ind AS financial statements for external purposes in accordance with generally accepted accounting principles.



**Annexure - A to Independent Auditors' Report**

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Haldia Energy Limited on the Ind AS financial statements for the year ended March, 31, 2017

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- 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 are held in the name of the Company.
- ii. (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.  
(b) The discrepancies noted on physical verification of inventory as compared to book records has been properly dealt with in the books of account and were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause (iii)(a) to (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.
- 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. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been specified under sub-section (1) of Section 148 of the Act, 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, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess 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, duty of excise, value added tax which have not been deposited on account of any dispute. The particulars of dues of entry tax as at March 31, 2017 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. Cr.)	Period to which the amount relates	Forum where the dispute is pending
West Bengal Tax On Entry Of Goods Into Local Areas Act, 2012	Entry Tax	22.96	2013-14 to 2016-17	Hon'ble High Court at Calcutta



**Annexure - A to Independent Auditors' Report**

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Haldia Energy Limited on the Ind AS financial statements for the year ended March, 31, 2017

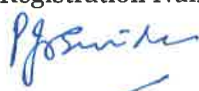
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- viii According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. Based upon the audit procedures performed and the information and explanations given by the management, the Company has not raised moneys by way of initial public offer or further public offer including debt instruments but has taken term loans. The term loans have been applied for the purposes for which they were obtained.
- 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 / provided 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 Ind AS financial statements as required under 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.



Kolkata  
Dated: May 18, 2017

For Batliboi, Purohit & Darbari  
Chartered Accountants  
Firm Registration Number: 303086E

  
(CA P J Bhide)  
Partner  
Membership Number 004714

### Annexure - B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Haldia Energy Limited on the Ind AS financial statements for the year ended March 31, 2017

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A 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 Ind AS 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 Ind AS 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.

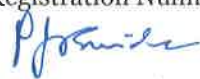
### Opinion

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.

Kolkata  
Dated: May 18, 2017



For Batliboi, Purohit & Darbari  
Chartered Accountants  
Firm Registration Number: 303086E

  
(CA P J Bhide)  
Partner  
Membership Number 004714

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- iv) The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the Company.

Kolkata  
Dated: May 18, 2017



For Batliboi, Purohit & Darbari  
Chartered Accountants  
Firm Registration Number: 303086E

*P. Joshi*

(CA P J Bhide)  
Partner  
Membership Number 004714

Balance Sheet as at March 31, 2017

(₹ in crore)

Particulars	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>ASSETS</b>				
<b>1) Non-current assets</b>				
a. Property, plant and equipment	2	4,351.00	4,471.80	4,583.13
b. Capital work in progress		69.59	53.22	45.15
c. Financial assets				
i. Investments	3	40.00	40.01	0.01
ii. Loans	4	0.64	0.51	0.24
iii. Other financial assets	5	-	0.36	0.34
d. Other non-current assets	6	25.22	120.06	94.62
<b>Total non-current assets</b>		<b>4,486.45</b>	<b>4,685.96</b>	<b>4,723.49</b>
<b>2) Current assets</b>				
a. Inventories	7	127.93	87.12	41.61
b. Financial assets				
i. Trade receivables	8	170.41	155.92	43.78
ii. Cash and cash equivalents	9	27.53	22.66	8.04
iii. Bank balances other than (ii) above	10	7.91	79.97	10.18
iv. Loans	11	0.25	0.57	0.56
v. Other financial assets	12	1,052.50	242.95	23.75
c. Current tax assets (net)		-	-	0.00
d. Other current assets	13	91.26	17.01	6.50
<b>Total current assets</b>		<b>1,477.79</b>	<b>606.20</b>	<b>134.42</b>
<b>Total assets</b>		<b>5,964.24</b>	<b>5,292.16</b>	<b>4,857.91</b>
Regulatory deferral account balances (net)	23	-	10.78	26.92
<b>Total assets and regulatory balances</b>		<b>5,964.24</b>	<b>5,302.94</b>	<b>4,884.83</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
a. Equity share capital	14	1,203.44	1,203.44	1,033.44
b. Other equity	15	439.08	142.95	(90.02)
<b>Total equity</b>		<b>1,642.52</b>	<b>1,346.39</b>	<b>943.42</b>
<b>LIABILITIES</b>				
<b>1. Non-current liabilities</b>				
a. Financial liabilities				
i. Borrowings	16	3,488.77	3,173.71	2,884.20
b. Provisions	17	2.53	1.16	0.77
c. Deferred tax liabilities (net)	44	-	-	-
<b>Total non-current liabilities</b>		<b>3,491.30</b>	<b>3,174.87</b>	<b>2,884.97</b>
<b>2. Current liabilities</b>				
a. Financial liabilities				
i. Borrowings	18	300.03	173.73	84.63
ii. Trade payables	19	75.58	43.23	20.41
iii. Other financial liabilities	20	314.25	561.04	941.73
b. Other current liabilities	21	2.37	1.30	9.61
c. Provisions	22	0.37	0.21	0.06
d. Current tax liabilities (net)		3.99	2.17	-
<b>Total current liabilities</b>		<b>696.59</b>	<b>781.68</b>	<b>1,056.44</b>
<b>Total liabilities</b>		<b>4,187.89</b>	<b>3,956.55</b>	<b>3,941.41</b>
<b>Total equity and liabilities</b>		<b>5,830.41</b>	<b>5,302.94</b>	<b>4,884.83</b>
Regulatory deferral account balances (net)	23	133.83	-	-
<b>Total equity, liabilities and regulatory balances</b>		<b>5,964.24</b>	<b>5,302.94</b>	<b>4,884.83</b>

Significant Accounting Policies

1

Notes 1 - 50 form an integral part of the financial statements

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

For Batliboi, Purohit & Darbari  
Firm Registration Number: 303086E  
Chartered Accountants

CA P. J. Bhide  
Partner  
Membership No.: 004714  
Place: Kolkata  
Date: May 18, 2017



For and on behalf of the Board of Directors

*Sayak Chatterjee*  
Director  
Company Secretary

*[Signature]*  
Managing Director  
Chief Financial Officer



**Haldia Energy Limited**

Registered Office: Barick Bhawan, 6th Floor, 8 Chittaranjan Avenue, Kolkata-700072

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

(₹ in crore)

No.	Particulars	Notes	2016-17	2015-16
I	Revenue from operations	24	2,032.47	1,708.94
II	Other income	25	12.56	16.31
III	<b>Total income (I+II)</b>		<b>2,045.03</b>	<b>1,725.25</b>
IV	<b>Expenses</b>			
	Cost of fuel	26	823.85	710.75
	Employee benefit expenses	27	30.48	25.98
	Finance costs	28	392.75	446.59
	Depreciation and amortisation expenses	29	160.10	158.29
	Other expenses	30	116.27	71.12
	<b>Total expenses</b>		<b>1,523.45</b>	<b>1,412.73</b>
V	<b>Profit for the year before net movement in regulatory deferral balances (III-IV)</b>		<b>521.58</b>	<b>312.52</b>
VI	Net movement in regulatory deferral balances		(144.62)	(16.14)
VII	<b>Profit before tax (V - VI)</b>		<b>376.96</b>	<b>296.38</b>
VIII	Tax expense	44		
	- Current tax		(80.45)	(63.17)
	- Deferred tax		-	-
	<b>Total tax expense</b>		<b>(80.45)</b>	<b>(63.17)</b>
IX	<b>Profit for the period from continuing operations (VII-VIII)</b>		<b>296.51</b>	<b>233.21</b>
X	<b>Other comprehensive income</b>	31		
	(i) Items that will not be reclassified to profit or loss		(0.48)	(0.30)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		0.10	0.06
	<b>Other comprehensive income for the year, net of tax</b>		<b>(0.38)</b>	<b>(0.24)</b>
XI	<b>Total comprehensive income for the year</b>		<b>296.13</b>	<b>232.97</b>
	<b>Earning per equity share for profit from continuing operations</b>	32	₹	₹
	Basic earnings per share		2.46	2.25
	Diluted earnings per share		2.46	2.25

## Significant Accounting Policies

1

Notes 1 - 50 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 Batliboi, Purohit &amp; Darbari

Firm Registration Number: 303086E

Chartered Accountants

CA P.J. Bhide

Partner

Membership No.: 004714

Place: Kolkata

Date: May 18, 2017



For and on behalf of the Board of Directors

  
Director


  
Company Secretary


  
Managing Director


  
Chief Financial Officer

**Haldia Energy Limited**

Registered Office: Barick Bhawan, 6th Floor, 8 Chittaranjan Avenue, Kolkata-700072

**Statement of Cash Flow for the year ended March 31, 2017**

(₹ in crore)

Particulars	2016-17	2015-16
<b>A. Cash flow from operating activities</b>		
Profit before Taxation	376.96	296.38
Adjustments for :		
Depreciation and amortisation expenses	160.10	158.29
Loss/(Profit) on sale / disposal of assets (net)	-	0.08
Gain on sale of current investments (net)	(2.12)	(5.73)
Dividend income	-	(3.35)
Finance costs	392.75	446.59
Interest income	(1.07)	(1.09)
Notional income	(2.49)	(5.28)
Foreign exchange restatement	(4.41)	-
Advance against depreciation	137.81	-
<b>Operating profit before working capital changes</b>	<b>1,057.53</b>	<b>885.89</b>
Adjustments for :		
(Increase)/Decrease in trade & other receivables	(14.49)	(112.14)
(Increase)/Decrease in inventories	(40.81)	(45.50)
(Increase)/Decrease in other non current assets	(703.22)	(297.72)
Increase/(Decrease) in provisions	156.60	(0.15)
Increase/(Decrease) from other current liabilities	(118.14)	(181.73)
Increase/(Decrease) from trade and other payables	32.35	22.82
<b>Cash generated from operations</b>	<b>369.82</b>	<b>271.47</b>
Income Tax paid	(75.00)	(61.00)
<b>Net cash flow from operating activities</b>	<b>294.82</b>	<b>210.47</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment / capital work-in-progress	(55.67)	(77.03)
Proceeds from sale of property, plant and equipment	-	27.58
Investment in subsidiaries and joint ventures	0.01	(40.00)
Sale/(purchase) of current investments (net)	2.12	5.73
Dividend received	-	3.35
Interest received	1.21	1.03
<b>Net cash used in investing activities</b>	<b>(52.33)</b>	<b>(79.34)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from issue of share capital	-	170.00
Proceeds from long term borrowings ( net of refinance loan )	189.57	472.38
Repayment of long term borrowings	-	(389.13)
Net increase / (decrease) in cash credit facilities and other short term borrowings	126.30	89.09
Finance costs paid	(392.59)	(458.85)
<b>Net cash used in financing activities</b>	<b>(76.72)</b>	<b>(116.51)</b>
<b>Net Increase / (decrease) In cash and cash equivalents</b>	<b>165.77</b>	<b>14.62</b>
<b>Cash and cash equivalents - Opening Balance</b>	<b>22.66</b>	<b>8.04</b>
<b>Cash and cash equivalents - Closing Balance</b>	<b>188.43</b>	<b>22.66</b>

Significant Accounting Policies

1

Notes 1 - 50 form an integral part of the financial statements

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

For Batliboi, Purohit &amp; Darbari

Firm Registration Number: 303086E

Chartered Accountants

CA P.J. Bhide

Partner

Membership No.: 004714

Place: Kolkata

Date: May 18, 2017



For and on behalf of the Board of Directors

Director

Sayed Chatterjee  
Company Secretary

Managing Director

Chief Financial Officer

**Haldia Energy Limited**

Registered Office: Barick Bhawan, 6th Floor, 8 Chittaranjan Avenue, Kolkata-700072

**Statement of Changes in Equity for the year ended March 31, 2017****a. Equity Share Capital**

For financial year ended March 31, 2017

(₹ in crore)

Particulars	Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
Equity Shares	1,203.44	-	1,203.44

For financial year ended March 31, 2016

Particulars	Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
Equity Shares	1,033.44	170.00	1,203.44

**b. Other Equity**

For financial year ended March 31, 2017

Particulars	Reserves and Surplus			Total
	Capital Reserve	General Reserve	Retained Earnings	
Balance at the beginning of the reporting period	0.00	0.01	142.94	142.95
Profit for the year	-	-	296.51	296.51
Other comprehensive income	-	-	(0.38)	(0.38)
<b>Total Comprehensive Income for the year</b>	<b>0.00</b>	<b>-</b>	<b>296.13</b>	<b>296.13</b>
Balance at the end of the reporting period	0.00	0.01	439.07	439.08

For financial year ended March 31, 2016

Particulars	Reserves and Surplus			Total
	Capital Reserve	General Reserve	Retained Earnings	
Balance at the beginning of the reporting period	0.00	0.01	(90.03)	(90.02)
Profit for the year	-	-	233.21	233.21
Other comprehensive income	-	-	(0.24)	(0.24)
<b>Total Comprehensive Income for the year</b>	<b>0.00</b>	<b>-</b>	<b>232.97</b>	<b>232.97</b>
Balance at the end of the reporting period	0.00	0.01	142.94	142.95

Significant Accounting Policies

1

Notes 1 - 50 form an integral part of the financial statements

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

For Batliboi, Purohit & Darbari  
Firm Registration Number: 303086E  
Chartered Accountants

CA P.J. Bhide  
Partner  
Membership No.: 004714  
Place: Kolkata  
Date: May 18, 2017



For and on behalf of the Board of Directors

*[Signature]*  
Director

*[Signature]*  
Company Secretary

*[Signature]*  
Managing Director

*[Signature]*  
Chief Financial Officer

**Haldia Energy Limited**

Registered Office: Barick Bhawan, 6<sup>th</sup> Floor, 8 Chittaranjan Avenue, Kolkata – 700072

Notes forming part of Financial Statements

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**NOTE-1**

- A. The operations of the Company are governed by the Electricity Act, 2003 and various Regulations and/or policies framed thereunder by the appropriate authorities. Accordingly, in preparing the financial statements the relevant provisions of the said Act, Regulations etc. have been duly considered.

**B. SIGNIFICANT ACCOUNTING POLICIES**

**1) Accounting Convention**

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 and the regulations under the Electricity Act, 2003 to the extent applicable.

For all the periods upto and including the year ended March 31, 2016, the financial statements 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 46.

The financial statements are presented in Indian Rupees and all values are rounded to the nearest crore, except otherwise indicated.

**2) Basis of Accounting**

The financial statements have been prepared in accordance with the generally accepted accounting principles in India under historical cost convention on accrual basis except for the following:

- a) certain financial assets and liabilities including derivative instruments measured at fair value
- b) defined benefit plans - plan assets measured at fair value

**3) Expenditure During Construction**

Capital expenditure incurred in a year is capitalized together with incurred expenses on the date such assets are put to use.

Indirect expenses, which are not directly related to the asset, are charged off to the Statement of Profit and Loss.

**4) Accounting estimates and assumptions**

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.

**5) Property Plant & Equipment**

**i) Transition to Ind AS**

The Company being a rate regulated entity has elected to utilize the option under Ind AS 101 of using the previous GAAP carrying amount of its plant, property, equipment subject to rate regulation as its deemed cost on the date of transition to Ind AS on an item by item basis. For remaining items of plant, property, equipment, the company has elected to use fair value as deemed cost on the date of transition to Ind AS.



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### Notes forming part of Financial Statements

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#### 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 within other gains/ losses. The residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively.

#### iii) Depreciation

In terms of the applicable provisions of the Regulations under the Electricity Act, 2003, depreciation on items of plant, property and equipment other than freehold land is provided on straight line method on prorata basis at the rates specified therein. Leasehold land and building is amortized over the unexpired period of the lease.

#### 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.

#### vi) Capital Work In Progress

Capital work-in-progress includes cost of property, plant and equipment under installation/ under development as at the balance sheet date.

### 6) Impairment

#### i) Financial Assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in statement of profit and loss.

#### ii) 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.

If any non-financial assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The carrying amount of the asset is increased to its revised recoverable amount provided that this amount does not exceed the carrying amount



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### Notes forming part of Financial Statements

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that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognized for the asset in prior years.

#### 7) Inventories

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.

#### 8) 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.

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.

Since tax on profits form part of chargeable expenditure under the applicable regulations, deferred tax liability or asset is recoverable or payable through future tariff. Hence, deferred tax asset or liability is made with corresponding provision of liability or asset, as applicable.

#### 9) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with original 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.

#### 10) Foreign Currency Transactions

The Company's financial statements are presented in INR which is also the functional currency of the Company.

Foreign currency transactions are recorded on initial recognition in the functional currency using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary



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items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Outstanding loans repayable in foreign currency are restated at the year end exchange rate. Exchange gains and losses in respect of such restatement is accounted for as an income or expense with the recognition of such amount as refundable or recoverable which will be taken into consideration in determining the Company's future tariff in respect of the amount settled duly considering as appropriate, the impact of the contracts entered into for managing risks thereunder.

#### 11) Financial Instruments

##### A. Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

##### B. Subsequent measurement

###### a) Non-derivative financial instruments

###### i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

###### ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in the fair value are recognized in other comprehensive income.

###### iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

###### iv) Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

###### b) Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

##### Financial assets or financial liabilities, at fair value through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges.



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### Notes forming part of Financial Statements

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Although the Company believes that derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting as per Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets/liabilities in this category are presented as current assets/ current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

#### C. Derecognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of the financial liability) is derecognized from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

#### D. Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, subject to future adjustments.

For all other financial instruments the carrying amounts approximates fair value due to the short maturity of those instruments.

### 12) Employee Benefits

Contribution to Provident fund is accounted for on accrual basis. Provident fund contributions are made to a fund administered through the Office of The Regional Provident Fund Commissioner. Provisions for Gratuity liability and Leave Encashment liability are made on the basis of actuarial valuation done at the end of the year by independent actuary.

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.

### 13) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that the future economic benefits will flow to the entity.

Earnings from sale of electricity are determined in accordance with the applicable orders of the Hon'ble Commission. In terms of the applicable regulations and tariff determination process followed by the Hon'ble Commission, advance against depreciation forms part of tariff. Necessary provision against such advance against depreciation of a year is made awaiting due consideration of the authorities in subsequent tariff determination process.

Other income from investments and deposits etc. is accounted for on accrual basis inclusive of related tax deducted at source, where applicable.





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**Notes forming part of Financial Statements**

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**14) Borrowings/ Borrowing Costs**

Loans and borrowings are initially recognised at fair value.

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.

**15) Leases**

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalised at fair value or present value of minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight line basis in the statement of profit and loss over the lease term.

**16) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as result of a past event and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of obligation can be estimated reliably.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.



Notes forming part of Financial Statements

2. Property, plant and equipment

(₹ in crore)

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Distribution system	Railway sidings	Total	Capital work in progress
Gross carrying value											
Deemed cost as at April 1, 2015	0.21	93.30	405.51	3,414.51	0.78	0.16	1.84	595.23	71.59	4,583.13	45.15
Additions	-	-	26.40	40.37	1.70	1.67	4.00	3.15	4.58	81.87	8.07
Disposals / adjustments	-	-	-	27.81	0.16	-	0.06	7.03	-	35.06	-
As at March 31, 2016	0.21	93.30	431.91	3,427.07	2.32	1.83	5.78	591.35	76.17	4,629.94	53.22
As at April 1, 2016	0.21	93.30	431.91	3,427.07	2.32	1.83	5.78	591.35	76.17	4,629.94	53.22
Additions	-	-	13.14	22.80	1.05	1.82	0.49	-	-	39.30	16.37
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-	-
Gross carrying value as at March 31, 2017	0.21	93.30	445.05	3,449.87	3.37	3.65	6.27	591.35	76.17	4,669.24	69.59
Accumulated depreciation											
As at April 1, 2015	-	-	-	-	-	-	-	-	-	-	-
Depreciation expense	-	1.07	14.29	124.17	0.11	0.22	0.33	15.37	2.76	158.32	-
Disposals / adjustments	-	-	-	0.15	-	-	-	0.03	-	0.18	-
As at March 31, 2016	-	1.07	14.29	124.02	0.11	0.22	0.33	15.34	2.76	158.14	-
As at April 1, 2016	-	1.07	14.29	124.02	0.11	0.22	0.33	15.34	2.76	158.14	-
Depreciation expense	-	1.07	14.37	125.24	0.16	0.66	0.47	15.37	2.76	160.10	-
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2017	-	2.14	28.66	249.26	0.27	0.88	0.80	30.71	5.52	318.24	-
Net carrying value on March 31, 2017	0.21	91.16	416.39	3,200.61	3.10	2.77	5.47	560.64	70.65	4,351.00	69.59
Net carrying value on March 31, 2016	0.21	92.23	417.62	3,303.05	2.21	1.61	5.45	576.01	73.41	4,471.80	53.22
Net carrying value on April 1, 2015	0.21	93.30	405.51	3,414.51	0.78	0.16	1.84	595.23	71.59	4,583.13	45.15

i) Leased assets

Buildings include the following amounts where the company is a lessee under a finance lease:

Buildings	March 31, 2017	March 31, 2016	April 1, 2015
Cost / Deemed cost	1.11	1.12	1.12
Accumulated depreciation	0.02	0.01	-
Net carrying amount	1.09	1.11	1.12

ii) Property, plant and equipment pledged as security

Refer to note nos. 16 and 18 for information on property, plant & equipment pledged as security by the company.

iii) Contractual obligations

Refer note no. 33a for disclosure of contractual commitments for the acquisition of property, plant & equipment.

iv) Capital work - in - progress

Capital work-in-progress mainly comprises of railway sidings and other infrastructure work.



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Notes forming part of Financial Statements

Non current assets

Financial assets

3. Investments

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Investments in equity instrument (fully paid up) - Unquoted</b>			
<b>Associates</b>			
Wigeon Commotrade Pvt Ltd (Nil, March 31, 2016: 3,300; April 1, 2015: 3,300 Equity Shares of ₹ 10 each, fully paid up)	-	0.00	0.00
Surya Vidyut Limited (March 31, 2017: 40,000,000; March 31, 2016: 40,000,000; April 1, 2015: Nil Equity Shares of ₹ 10 each, fully paid up)	40.00	40.00	-
<b>Joint Venture</b>			
Water Hyacinth Commosale (Nil, March 31, 2016: 5,000; April 1, 2015: 5,000 Equity Shares of ₹ 10 each, fully paid up)	-	0.01	0.01
<b>Total</b>	<b>40.00</b>	<b>40.01</b>	<b>0.01</b>

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Aggregate amount of quoted investments and market value thereof	-	-	-
Aggregate amount of unquoted investments	40.00	40.01	0.01
Aggregate amount of impairment in value of investments	-	-	-

4. Loans

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured considered good			
Loans to employees	0.64	0.51	0.24
<b>Total</b>	<b>0.64</b>	<b>0.51</b>	<b>0.24</b>

5. Other financial assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Security deposits	-	0.36	0.34
<b>Total</b>	<b>-</b>	<b>0.36</b>	<b>0.34</b>

6. Other non current assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital advances	17.74	94.77	93.73
Other advances (coal, freight, inventory, others)	-	24.08	-
Unamortised front end fee	7.48	1.21	0.89
<b>Total</b>	<b>25.22</b>	<b>120.06</b>	<b>94.62</b>

Current assets

7. Inventories

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Stores and spares (includes goods in transit ₹ Nil; March 31, 2016 - ₹ Nil; April 1, 2015 - ₹ Nil)	35.48	21.95	2.06
Fuel (includes goods in transit ₹ 6.47 crore; March 31, 2016 - ₹ 5.96 crore; April 1, 2015 - ₹ 0.89 crore)	92.45	65.17	39.55
<b>Total</b>	<b>127.93</b>	<b>87.12</b>	<b>41.61</b>



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**Notes forming part of Financial Statements****8. Trade receivables**

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured considered good			
Trade Receivables	170.41	155.92	43.78
Less: Allowances for bad and doubtful debt	-	-	-
<b>Total</b>	<b>170.41</b>	<b>155.92</b>	<b>43.78</b>

**9. Cash and cash equivalents**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Balances with banks</b>			
- In current accounts	23.99	22.65	8.02
- Bank Deposits with original maturity of upto 3 months	3.50	-	-
Cash on hand	0.04	0.01	0.02
<b>Total</b>	<b>27.53</b>	<b>22.66</b>	<b>8.04</b>

**10. Bank balances other than cash and cash equivalents**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Bank Deposits with original maturity more than 3 months	7.90	79.96	9.11
Bank Deposits with original maturity more than 12 months	0.01	0.01	1.07
<b>Total</b>	<b>7.91</b>	<b>79.97</b>	<b>10.18</b>

**11. Loans**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Loans to employees	0.25	0.57	0.56
Less: Allowances for bad and doubtful debt	-	-	-
<b>Total</b>	<b>0.25</b>	<b>0.57</b>	<b>0.56</b>

**12. Other financial assets**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Interest accrued on Bank Deposits	0.10	0.24	0.17
Security deposit	16.40	-	-
Advances to holding company	917.00	210.00	-
Advances to fellow subsidiaries	76.40	0.59	0.59
Inter corporate deposit	8.40	-	-
Derivative Asset	29.47	27.08	21.85
Receivable towards claims and services rendered	4.73	5.04	1.14
<b>Total</b>	<b>1,052.50</b>	<b>242.95</b>	<b>23.75</b>

**13. Other current assets**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Others			
Prepaid expenses	4.23	8.57	-
Other advances (coal, freight, inventory, others)	74.75	0.38	-
Prepaid insurance	9.89	7.43	5.96
Unamortised front end fee	2.39	0.63	0.54
<b>Total</b>	<b>91.26</b>	<b>17.01</b>	<b>6.50</b>



Notes forming part of Financial Statements

14. Equity share capital (₹ in crore)

a) Particulars	As at		As at		As at	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	April 1, 2015	April 1, 2015
Authorised	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00
1,250,000,000 (March 31, 2016: 1,250,000,000; April 1, 2015: 1,250,000,000) Equity Shares of ₹ 10 each, fully paid up						
Issued, subscribed and paid-up capital						
1,203,441,049 (March 31, 2016: 1,203,441,049; April 1, 2015: 1,033,441,049) Equity Shares of ₹ 10 each, fully paid up	1,203.44	1,203.44	1,203.44	1,203.44	1,033.44	1,033.44
Total	1,203.44	1,203.44	1,203.44	1,203.44	1,033.44	1,033.44

b) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period are as given below:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No of shares	Amount	No of shares	Amount	No of shares	Amount
Equity shares outstanding at the beginning of the period	12034,41,049	1,203.44	10334,41,049	1,033.44	7304,41,049	730.44
Add: Equity shares issued during the period	-	-	1700,00,000	170.00	3030,00,000	303.00
Equity shares outstanding at the end of the period	12034,41,049	1,203.44	12034,41,049	1,203.44	10334,41,049	1,033.44

c) Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the company, the holders of equity shares will be entitled to receive the sales proceeds of the remaining assets of the company after distribution of all the preferential amounts. The distribution shall be in proportion to the number of equity shares held by the shareholders.

d) Shares of the company held by holding/ ultimate holding company

Particulars	As at		As at		As at	
	March 31, 2017	March 31, 2016	March 31, 2016	March 31, 2016	April 1, 2015	April 1, 2015
Name of the shareholder	Number of shares	%	Number of shares	%	Number of shares	%
CESC Infrastructure Limited	12034,41,049	100%	12034,41,049	100%	10334,41,049	100%

e) Details of shareholders holding more than 5% shares in the Company

Particulars	As at		As at		As at	
	March 31, 2017	March 31, 2016	March 31, 2016	March 31, 2016	April 1, 2015	April 1, 2015
Name of the shareholder	Number of shares	%	Number of shares	%	Number of shares	%
CESC Infrastructure Limited	12034,41,049	100%	12034,41,049	100%	10334,41,049	100%

f) In the period of five years immediately preceding March 31, 2017, the company has neither issued bonus shares, bought back any equity shares nor has allotted any equity shares as fully paid up without payment being received in cash.

g) There are no shares reserved for issue under options and contracts or commitments for the sale of shares or disinvestment.



## Notes forming part of Financial Statements

## 15. Other equity

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>a) Retained earnings</b>			
Retained earnings comprise of the Company's prior years' undistributed earnings after taxes	439.07	142.94	(90.03)
<b>b) Capital reserve</b>	0.00	0.00	0.00
<b>c) General reserve</b>	0.01	0.01	0.01
<b>Total</b>	<b>439.08</b>	<b>142.95</b>	<b>(90.02)</b>

## a) Retained earnings

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Opening balance	142.94	(90.03)	(60.18)
Net profit for the period	296.51	233.21	(30.80)
Transition date adjustments	-	-	1.33
Other items of other comprehensive income	(0.38)	(0.24)	(0.38)
<b>Closing balance</b>	<b>439.07</b>	<b>142.94</b>	<b>(90.03)</b>

## b) Capital reserve

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Opening balance	0.00	0.00	0.00
Appropriations during the year	-	-	-
<b>Closing balance</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## c) General reserve

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Opening balance	0.01	0.01	0.01
Appropriations during the year	-	-	-
<b>Closing balance</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>

## Non current liabilities

## 16. Non current borrowings

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Secured</b>			
<b>Term loans</b>			
Rupee Term loans			
from banks	2,746.49	2,903.42	2,278.00
from financial institutions	346.50	350.00	-
Foreign Currency Loan			
from banks	195.90	200.31	761.35
<b>Unsecured</b>			
<b>Term loans</b>			
Rupee Term loans			
from banks	500.00	150.00	470.00
<b>Total non current borrowings</b>	<b>3,788.89</b>	<b>3,603.73</b>	<b>3,509.35</b>
Less: current maturity of long term borrowings	(300.12)	(430.02)	(625.15)
<b>Non current borrowings as per balance sheet</b>	<b>3,488.77</b>	<b>3,173.71</b>	<b>2,884.20</b>

## 1) Nature of security

The Term Loans above are secured ranking pari passu inter se with first charge by way of equitable mortgage/hypothecation of Property, plant and equipment of the company including its land, buildings, any other construction thereon where exists, plant and equipment etc., and hypothecation of company's current assets.



## Notes forming part of Financial Statements

## 2) Repayment terms

(₹ in crore)

Maturity Profile	Balance Outstanding as at March 31, 2017		
	Rupee Term Loan from Banks	Rupee Term Loan from Financial Institutions	Foreign Currency Loans
Loans with residual maturity of upto 1 year	-	-	195.90
Loans with residual maturity between 1 and 3 years	500.00	-	-
Loans with residual maturity between 3 and 5 years	-	-	-
Loans with residual maturity between 5 and 10 years	-	-	-
Loans with residual maturity beyond 10 years	2,746.49	346.50	-
<b>Total</b>	<b>3,246.49</b>	<b>346.50</b>	<b>195.90</b>

Maturity Profile	Balance Outstanding as at March 31, 2016		
	Rupee Term Loan from Banks	Rupee Term Loan from Financial Institutions	Foreign Currency Loans
Loans with residual maturity of upto 1 year	150.00	-	-
Loans with residual maturity between 1 and 3 years	-	-	200.31
Loans with residual maturity between 3 and 5 years	-	-	-
Loans with residual maturity between 5 and 10 years	-	-	-
Loans with residual maturity beyond 10 years	2,903.42	350.00	-
<b>Total</b>	<b>3,053.42</b>	<b>350.00</b>	<b>200.31</b>

Maturity Profile	Balance Outstanding as at April 1, 2015		
	Rupee Term Loan from Banks	Rupee Term Loan from Financial Institutions	Foreign Currency Loans
Loans with residual maturity of upto 1 year	-	-	572.17
Loans with residual maturity between 1 and 3 years	300.00	-	189.18
Loans with residual maturity between 3 and 5 years	170.00	-	-
Loans with residual maturity between 5 and 10 years	-	-	-
Loans with residual maturity beyond 10 years	2,278.00	-	-
<b>Total</b>	<b>2,748.00</b>	<b>-</b>	<b>761.35</b>

## 17. Provisions

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits			
Gratuity	0.74	0.38	0.25
Leave encashment	1.79	0.78	0.52
<b>Total</b>	<b>2.53</b>	<b>1.16</b>	<b>0.77</b>

## 18. Current Borrowings

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Secured</b>			
Loans repayable on demand-From banks			
Overdraft from banks	0.03	173.73	84.63
<b>Unsecured</b>			
Loans repayable on demand-Other loans			
Commercial paper	300.00	-	-
<b>Current borrowings</b>	<b>300.03</b>	<b>173.73</b>	<b>84.63</b>

## 1) Nature of security

Out of the above, ₹ 0.03 crore (March 31, 2016 : ₹ 114.90 crore and April 1, 2015: ₹ 84.63 crore) are secured ranking pari passu inter se, with first charge by way of equitable mortgage / hypothecation of Property, plant and equipment of the company including its land, buildings, any other construction thereon where exists, plant and equipment etc., and hypothecation of company's current assets.



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**Notes forming part of Financial Statements****19. Trade payables**

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payables	75.58	43.23	20.41
<b>Total</b>	<b>75.58</b>	<b>43.23</b>	<b>20.41</b>

**20. Other financial liabilities**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current maturities of long-term debt	300.12	430.02	625.15
Interest accrued	5.14	4.98	16.83
Liabilities on account of capital account	5.31	108.79	299.55
Others	3.68	17.25	0.20
<b>Total</b>	<b>314.25</b>	<b>561.04</b>	<b>941.73</b>

**21. Other current liabilities**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Other payables- Statutory dues	2.37	1.30	9.61
<b>Total</b>	<b>2.37</b>	<b>1.30</b>	<b>9.61</b>

**22. Provisions**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits			
Gratuity	0.10	0.04	-
Leave encashment	0.27	0.17	0.06
<b>Total</b>	<b>0.37</b>	<b>0.21</b>	<b>0.06</b>

**23. Regulatory deferral account balances**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Regulatory deferral account - debit balances</b>			
Deferred payment	33.45	37.86	48.77
<b>Regulatory deferral account - credit balances</b>			
Regulatory liability	29.47	27.08	21.85
Provision for advance against depreciation	137.81	-	-
<b>Regulatory deferral account balances (net)</b>	<b>133.83</b>	<b>(10.78)</b>	<b>(26.92)</b>





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**Notes forming part of Financial Statements****24. Revenue from operations**

(₹ in crore)

Particulars	2016-17	2015-16
<b>Sale of products</b>		
Earnings from Sale of electricity	2,032.47	1,704.01
<b>Other operating revenues</b>		
Others	-	4.93
<b>Total</b>	<b>2,032.47</b>	<b>1,708.94</b>

Earnings from sale of electricity are inclusive of advance against depreciation amounting to ₹ 137.81 crore (previous year: NIL).

**25. Other income**

Particulars	2016-17	2015-16
<b>Interest Income</b>		
From Bank	1.07	1.09
<b>Dividend Income</b>	-	3.35
<b>Other non-operating income</b>		
Gain on sale of current investments (net)	2.12	5.73
Foreign exchange restatement gain	4.41	-
Interest on inter corporate deposit	1.94	-
Unwinding of discount on financial instrument	0.09	0.05
MTM gain on derivatives	2.40	5.23
Others	0.53	0.86
<b>Total</b>	<b>12.56</b>	<b>16.31</b>

**26. Cost of fuel**

Particulars	2016-17	2015-16
<b>Consumption of coal</b>		
Quantity in Tonnes	27,98,889	23,87,195
Value	820.43	700.51
<b>Consumption of oil</b>		
Quantity in Kilolitres	744	2,361
Value	3.42	10.24
<b>Total</b>	<b>823.85</b>	<b>710.75</b>

Cost of fuel includes freight ₹ 289.29 crore (Previous year : ₹ 247.78 crore)

Cost of fuel includes gain of ₹ 1.63 crore (Previous year : ₹ 1.29 crore) due to exchange fluctuations.

**27. Employee benefit expenses**

Particulars	2016-17	2015-16
Salaries and bonus	26.13	23.01
Contribution to provident and other funds	1.09	0.68
Staff Welfare Expenses	3.26	2.29
<b>Total</b>	<b>30.48</b>	<b>25.98</b>

**28. Finance costs**

Particulars	2016-17	2015-16
Interest expense	390.12	443.96
Other borrowing costs	2.63	2.63
<b>Total</b>	<b>392.75</b>	<b>446.59</b>

**29. Depreciation and amortisation expenses**

Particulars	2016-17	2015-16
Depreciation on property, plant and equipment	160.10	158.29
<b>Total</b>	<b>160.10</b>	<b>158.29</b>



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**Notes forming part of Financial Statements****30. Other expenses**

(₹ in crore)

Particulars	2016-17	2015-16
Consumption of stores and spares	11.32	7.43
Repairs		
--Plant and machinery	41.23	40.87
--Building	1.75	1.39
Rent	1.13	1.01
Insurance	7.31	6.08
Remuneration to auditors		
--Statutory audit	0.06	0.05
--Tax audit	0.01	0.01
-- Other services	0.01	0.00
Rates and taxes	1.04	0.65
Foreign exchange restatement	-	(5.25)
Miscellaneous expenses	52.41	24.55
Allocated/transferred to capital work in progress	-	(5.67)
<b>Total</b>	<b>116.27</b>	<b>71.12</b>

i) Miscellaneous expenses includes donation of ₹ 6.00 crore paid to Satya Electoral Trust for political purpose.

ii) Values of raw materials and stores and spare parts consumed (excluding on capital account)

Particulars	2016-17	%	2015-16	%
Raw Material				
Imported	98.26	12	200.82	28
Indigenous	725.59	88	509.93	72
	<b>823.85</b>	<b>100</b>	<b>710.75</b>	<b>100</b>
Stores and spare parts				
Imported	3.54	31	-	-
Indigenous	7.78	69	7.43	100
	<b>11.32</b>	<b>100</b>	<b>7.43</b>	<b>100</b>

**31. Other comprehensive income**

Particulars	2016-17	2015-16
(i) Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans	(0.48)	(0.30)
(ii) Income tax relating to items that will not be reclassified to profit or loss	0.10	0.06
<b>Total other comprehensive income</b>	<b>(0.38)</b>	<b>(0.24)</b>

**32. Earnings per share (EPS)**

The calculation of basic earnings per share as at March 31, 2017 was based on the profit of ₹ 441.24 crore (previous year ₹ 249.41 crore) and a weighted average number of equity shares outstanding: 1,203,441,049 (previous year: 1,036,738,148), calculated as follows:

Particulars	2016-17	2015-16
Face value of equity shares	10	10
Weighted average number of equity shares outstanding	1203,441,049	1036,738,148
Profit/ (loss) for the year (continuing operations)	296.51	233.21
Weighted average earnings per share (basic and diluted)	2.46	2.25



**Notes forming part of Financial Statements**

**33. Contingent liabilities and commitments (to the extent not provided for)**

**a. Capital Commitments**

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Particulars	(₹ in crore)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Property, plant and equipment	22.08	34.07	6.85

b. The Company has challenged the vires of the West Bengal Tax on Entry of Goods Into Local Areas Act, 2012 and has obtained an Order from the Hon'ble High Court at Calcutta adjourning the matter sine die. Accordingly, no provision for entry tax has been made for the total estimated liability of ₹ 22.96 crore (net); March 31, 2016 : ₹ 17.67 crore (net); April 1, 2015: ₹ 15.81 crore. In the event of any adverse decision in the matter, the Company will submit an application before the Hon'ble West Bengal Electricity Regulatory Commission for admission of such amount as an allowable cost.

**34. Value of Imports on CIF basis**

Particulars	(₹ in crore)	
	2016-17	2015-16
Capital goods	-	11.98
Fuel	91.00	160.38
Spares	4.97	6.26

**35. Expenditure in foreign currency**

Particulars	(₹ in crore)	
	2016-17	2015-16
Travelling	0.08	0.01
Finance Costs	10.82	11.76
Milestone/Stage payment for Equipment Supply	33.29	104.34
Fee for Technical Services	0.90	17.92

**36. Quantitative information**

Million kWh

Particulars		
	2016-17	2015-16
Total number of units generated during the year	4031	3662
Total number of units consumed in generating stations	327	331
Total number of units sent out	3,704	3,331
Total number of units through deviation settlement mechanism (net)	(6)	14
Total number of units delivered	3,701	3,309

37. Trade payables include ₹ Nil (March 31, 2016: Nil, April 1, 2015: Nil) due to Micro and Small Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, based on information available with the Company.

**38. Corporate social responsibility**

In terms of the provisions of Companies Act, 2013, the required Corporate Social Responsibility (CSR) spending works out to ₹ 1.65 crore (previous year: not applicable), which has been met by way of direct expenditure and contribution to a trust set up for the said purpose of ₹ 1.18 crore (previous year: not applicable) and ₹ 0.47 crore (previous year: not applicable) respectively.

**39. Disclosure On Specified Bank Notes (SBNs)**

During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notifications G.S.R. 308 (E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	(₹ in crore)		
	SBNs	Other Denomination notes	Total
Closing cash in hand as on November 8, 2016	0.04	0.01	0.05
(+) permitted receipts	-	0.10	0.10
(-) permitted payments	-	0.08	0.08
(-) amount deposited in Banks	0.04	-	0.04
Closing cash in hand as on December 30, 2016	-	0.03	0.03

40. Previous year figures have been re-grouped / re-classified wherever necessary.

**41. Segment reporting**

Based on the "management approach" as defined by Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators.

The Company is engaged in generation of electricity and does not operate in any other reportable segments. There are no reportable geographical segments, since all business is carried out in India.

Revenue of ₹ 2,032.47 crore (March 31, 2016: ₹ 1,704.01 crore) is derived from a single external customer.



Notes forming part of Financial Statements

42. Employee Benefits

a) Defined Benefit Plan

The Company also provides for gratuity and leave encashment benefit to the employees. Annual actuarial valuations at the end of each year are carried out by independent actuary in compliance with Ind AS 19 on "Employee Benefits".

b) The results of the actuarial study for the obligation for employee benefits as computed by the actuary are shown below:

Actuarial study analysis	Gratuity			Leave Encashment		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
<b>Principal actuarial assumptions</b>						
Discount rate	7.23%	7.88%	7.93%	7.23%	7.88%	7.93%
Range of compensation increase	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Attrition rate						
Age upto 40 years	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%
Age 40 years and above	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Components of statement of income statement charge</b>						
Current service cost	0.25	0.14	0.05	0.71	0.04	0.01
Interest cost	0.03	0.02	0.01	0.07	0.05	0.02
<b>Total charged to consolidated statement of profit or loss</b>	<b>0.28</b>	<b>0.16</b>	<b>0.06</b>	<b>0.78</b>	<b>0.09</b>	<b>0.03</b>
<b>Movements in net liability/(asset)</b>						
Net liability at the beginning of the year	0.42	0.25	0.10	0.95	0.58	0.26
Employer contributions	-	-	-	(0.03)	-	(0.01)
Total expense recognised in the consolidated statement of profit or loss	0.29	0.16	0.06	0.79	0.08	0.03
Total amount recognised in OCI	0.13	0.01	0.08	0.36	0.29	0.30
<b>Net liability at the end of the year</b>	<b>0.84</b>	<b>0.42</b>	<b>0.24</b>	<b>2.07</b>	<b>0.95</b>	<b>0.58</b>
<b>Reconciliation of benefit obligations</b>						
Obligation at start of the year	0.42	0.25	0.10	0.95	0.58	0.26
Current service cost	0.25	0.14	0.05	0.71	0.04	0.01
Interest cost	0.04	0.02	0.01	0.08	0.04	0.02
Benefits paid directly by the Company	-	-	-	(0.03)	-	(0.01)
Actuarial loss	0.13	0.01	0.08	0.36	0.29	0.30
<b>Defined benefits obligations at the end of the year</b>	<b>0.84</b>	<b>0.42</b>	<b>0.24</b>	<b>2.07</b>	<b>0.95</b>	<b>0.58</b>
<b>Re-measurements of defined benefit plans</b>						
Actuarial (gain)/loss due to changes in financial assumptions	0.06	-	0.03	0.12	-	0.07
Actuarial (gain)/loss on account of experience adjustments	0.07	0.01	0.05	0.23	0.29	0.23
<b>Total actuarial gain/(loss) recognised in OCI</b>	<b>0.13</b>	<b>0.01</b>	<b>0.08</b>	<b>0.35</b>	<b>0.29</b>	<b>0.30</b>
<b>Change in fair value of plan assets</b>						
Fair value of plan assets at the beginning of the year	-	-	-	-	-	-
Contributions made	-	-	-	0.03	-	0.01
Benefits paid	-	-	-	(0.03)	-	(0.01)
<b>Fair value of plan assets at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

c) Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

Particulars	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
<b>Discount rate</b>						
+ 1% discount rate	0.75	0.37	0.22	1.88	0.87	0.53
- 1% discount rate	0.95	0.48	0.29	2.29	1.05	0.65
<b>Salary increase</b>						
+ 1% salary growth	0.95	0.48	0.29	2.29	1.05	0.65
- 1% salary growth	0.75	0.37	0.22	1.88	0.87	0.53
<b>Withdrawal rate</b>						
+ 50% withdrawal rate	0.84	0.42	0.25	2.07	0.96	0.58
- 50% withdrawal rate	0.84	0.42	0.25	2.06	0.95	0.58
<b>Mortality rate</b>						
+ 10% mortality rate	0.84	0.42	0.25	2.07	0.95	0.58
- 10% mortality rate	0.84	0.42	0.25	2.06	0.95	0.58

d) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

- I) **Credit Risk:** If the scheme is insured and fully funded on PUC basis there is a credit risk to the extent the insurer(s)/ are unable to discharge their obligations including failure to discharge in timely manner
- II) **Pay-as-you-go Risk:** For unfunded schemes financial planning could be difficult as the benefits payable will directly affect the revenue and this could be widely fluctuating from year to year. Moreover there may be an opportunity cost of better investment returns affecting adversely the cost of the scheme
- III) **Discount Rate risk:** The Company is exposed to the risk of fall in discount rate. A fall in discount rate will eventually increase in the ultimate cost of providing the above benefit thereby increasing the value of the liability
- IV) **Liquidity Risk:** This risk arises from the short term asset and liability cash-flow mismatch thereby causing the company being unable to pay the benefits as they fall due in the short term. Such a situation could be the result of holding large illiquid assets disregarding the results of cash-flow projections and cash outflow mismatch. (Or it could be due to insufficient assets/cash).
- v) **Future Salary Increase Risk:** The Scheme cost is very sensitive to the assumed future salary escalation rates for all final salary defined benefit Schemes. If actual future salary escalations are higher than that assumed in the valuation actual Scheme cost and hence the value of the liability will be higher than that estimated.
- VI) **Demographic Risk:** In the valuation of the liability certain demographic (mortality and attrition rates) assumptions are made. The Company is exposed to this risk to the extent of actual experience eventually being worse compared to the assumptions thereby causing an increase in the scheme cost.

d) Defined benefit liability

The weighted average duration of the defined benefit obligation for leave encashment is 13.24 years (March 31, 2016 - 12.41 years) and for gratuity is 17.10 years (March 31, 2016 - 15.10 years). The expected maturity analysis of undiscounted gratuity and leave encashment is as follows:

Particulars	Upto 1 year	Between 2 - 5 years	Between 6 - 10 years	Over 10 years	Total
<b>March 31, 2017</b>					
Gratuity		0.10	0.18	0.18	2.69
Leave Encashment		0.28	0.57	0.79	5.48
<b>March 31, 2016</b>					
Gratuity		0.04	0.13	0.07	1.61
Leave Encashment		0.18	0.36	0.15	2.89
<b>April 1, 2015</b>					
Gratuity		-	0.11	0.04	0.96
Leave Encashment		0.08	0.26	0.09	1.85

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

Details of plan assets

The Scheme is unfunded.

Defined contribution plan

The Company maintains a Provident Fund with the Regional Provident Fund authorities where contributions are made by the Company as well as by the employees. An amount of 1.09 crore (March 31, 2016 ₹ 0.68 crore) has been charged off to Statement of Profit and Loss.



Haldia Energy Limited

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Notes forming part of Financial Statements

43. Related party transaction

(a) Parent entities

Name	Relationship	Place of incorporation	Ownership interest		
			As at April 1, 2015	As at March 31, 2016	As at March 31, 2017
CESC Infrastructure Limited	Parent company	India	100%	100%	100%
CESC Limited	Ultimate parent company	India	-	-	-

(b) Subsidiaries, associates, Joint ventures

Name	Relationship	Place of incorporation	As at April 1, 2015	As at March 31, 2016	As at March 31, 2017
Surya Vidyut Limited	Fellow subsidiary	India	-	29.80%	29.80%

(c) Key managerial personnel compensation

(₹ in crore)

Particulars	2016-17	2015-16
Salary of Mr Rabi Chowdhury		
Short term employee benefits	1.31	0.53
Post employment benefits	0.07	0.03
<b>Total</b>	<b>1.38</b>	<b>0.56</b>

d) Transactions with related parties

(₹ in crore)

Nature of Transactions	Ultimate Parent Company			Parent Company			Fellow Subsidiaries		
	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15
<b>Advance received against share subscription</b>									
-CESC Infrastructure Limited	-	-	-	-	170.00	303.00	-	-	-
<b>Advance given against share subscription</b>									
-Surya Vidyut Limited	-	-	-	-	-	-	-	40.00	-
-Water Hyacinth Commosale Private Limited	-	-	-	-	-	-	-	-	0.09
-Wigeon Commotrade Private Limited	-	-	-	-	-	-	-	-	0.50
<b>Refund of advance against share subscription</b>									
-Water Hyacinth Commosale Pvt Ltd	-	-	-	-	-	-	0.09	-	-
-Wigeon Commotrade Pvt Ltd	-	-	-	-	-	-	0.50	-	-
<b>Issue of fully paid up equity shares</b>									
-CESC Infrastructure Limited	-	-	-	-	170.00	303.00	-	-	-
-Surya Vidyut Limited	-	-	-	-	-	-	-	40.00	-
<b>Income from sale/services</b>									
-CESC Limited	2,032.47	1,704.01	203.78	-	-	-	-	-	-
<b>Sale proceeds received</b>									
-CESC Limited	2,017.97	1,591.87	160.00	-	-	-	-	-	-
<b>Other advances</b>									
-CESC Infrastructure Limited	-	-	-	707.00	210.00	-	-	-	-
-Quest Properties India Limited	-	-	-	-	-	-	10.30	2.50	-
-Surya Vidyut Limited	-	-	-	-	-	-	76.40	-	-
<b>Services received</b>									
-Quest Properties India Limited	-	-	-	-	-	-	14.63	-	-
<b>Expenses recoverable</b>									
-CESC Limited	0.45	-	0.06	-	-	-	-	-	-
-CESC Infrastructure Limited	-	-	-	0.16	-	-	-	-	-
-Quest Properties India Limited	-	-	-	-	-	-	0.19	-	0.05
-Dhariwal Infrastructure Limited	-	-	-	-	-	-	0.12	0.02	-
<b>Expenses payable</b>									
-CESC Limited	1.95	3.93	7.21	-	-	-	-	-	-
-CESC Infrastructure Limited	-	-	-	1.07	4.74	2.15	-	-	-
-Quest Properties India Limited	-	-	-	-	-	-	0.16	0.14	0.10
-Ranchl Power Distribution Company Limited	-	-	-	-	-	-	0.01	0.04	0.10
-CESC Projects Limited	-	-	-	-	-	-	0.10	0.09	-
-Dhariwal Infrastructure Limited	-	-	-	-	-	-	-	8.00	-
-RPG Power Trading	-	-	-	-	-	-	0.30	-	-
-Spencer's Retail Limited	-	-	-	-	-	-	0.02	-	-
<b>Reimbursement made during the year</b>									
-CESC Limited	3.88	7.20	24.69	-	-	-	-	-	-
-CESC Infrastructure Limited	-	-	-	4.91	2.15	0.61	-	-	-
-Quest Properties India Limited	-	-	-	-	-	-	0.14	0.08	-
-Ranchl Power Distribution Company Limited	-	-	-	-	-	-	0.04	-	-
-CESC Projects Limited	-	-	-	-	-	-	0.09	-	-
-Dhariwal Infrastructure Limited	-	-	-	-	-	-	8.00	-	-
-Spencer's Retail Limited	-	-	-	-	-	-	0.02	-	-
-Surya Vidyut Limited	-	-	-	-	-	-	-	-	0.02
<b>Reimbursement received during the year</b>									
-CESC Limited	0.32	-	-	-	-	-	-	-	-
-Quest Properties India Limited	-	-	-	-	-	-	0.06	-	-
-Dhariwal Infrastructure Limited	-	-	-	-	-	-	0.02	-	-
<b>Closing Balance</b>									
Debit	168.64	152.08	36.67	916.26	205.26	-	79.24	-	5.50
Credit	-	-	-	-	-	2.15	-	0.17	-



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**Notes forming part of Financial Statements****44. Income tax expense**

(₹ in crore)

The major components of Deferred Tax Assets/ (Liabilities) based on the temporary difference as at 31st March, 2017 are as under:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Liabilities</b>			
Excess of tax depreciation over book depreciation	(653.94)	(375.70)	(341.62)
Others	(3.42)	0.59	0.46
Total	(657.36)	(375.11)	(341.16)
<b>Assets</b>			
Unabsorbed tax losses/ depreciation	707.68	612.48	438.00
Items covered under section 43B	0.71	0.33	0.20
Others	0.01	0.01	0.01
Total	708.40	612.82	438.21
<b>Deferred Tax Assets (Net)</b>	<b>51.04</b>	<b>237.71</b>	<b>97.05</b>
Net deferred tax asset of ₹ 51.04 crore. (March 31, 2016 : ₹ 237.71 crore; April 1, 2015: 97.05 crore) as above has not been recognised.			

The Company has made provision for Current Tax at presumptive tax rate instead of normal tax rate in view of various allowances and deductions available under the Income Tax Act, 1961.



**Notes forming part of Financial Statements****45. Regulatory deferral account balances**

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Regulatory deferral account - debit balances	33.45	37.86	48.77
Regulatory deferral account - credit balances	167.28	27.08	21.85
<b>Regulatory deferral account balances (net)</b>	<b>133.83</b>	<b>(10.78)</b>	<b>(26.92)</b>

a. The Company is engaged primarily in the business of power generation and is governed by the provisions of Electricity Act, 2003. It is also governed by the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended (hereinafter referred to as the 'Tariff Regulations') which provides extensive guidance on the principles and methodologies for determination of the tariff for the purpose of sale of power.

b. The Honb'le West Bengal Electricity Regulatory Commission (WBERC) is the regulator in the state of West Bengal and it determines the tariff in terms of the Tariff Regulations. Under the multi-year tariff framework WBERC determines the tariff for a number of years. At the end of each year within the period covered by the tariff then in force, the Company submits an annual performance review to the WBERC which aims at carrying out adjustments arising out of difference between the actual performances and projected performances under different factors/ heads of accounts. Significant time lag between the incurrence of such costs and their recoverability through tariff results in the recognition of regulatory assets and liabilities.

c. The effect of adjustments relating to advance against depreciation as together with effect of derivative assets/ liabilities and exchange fluctuations have been included in the Regulatory Income / (Expense) from the date of transition under Ind AS, which may however necessitate further adjustments upon receipt of subsequent orders/ directions in this regard.

d. In response to the tariff petitions the WBERC may adjust the tariff to reflect certain unforeseeable items of expenditure and/ or lower than expected income.



**Notes forming part of Financial Statements**

**46. Transition to Ind AS**

These are the Company's first financial statements prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

The accounting policies set out in Note 1 above have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet at April 1, 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). 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 set out in the following tables and notes:

**A. Exceptions:**

- 1) Estimates exception: Upon an assessment of the estimates made under Indian GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, except where estimates were required by Ind AS and not required by Indian GAAP.
- 2) The Company has classified financial assets in accordance with Ind AS 109 on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

**B. Exemptions:**

Ind AS 101 allows first time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

- 1) The Company has elected to apply the deemed cost option available under Para D7AA of Ind AS 101 i.e. all items of property, plant and equipment, finance leases and intangible assets have been recognised in the financial statements as at the date of transition to Ind AS at the carrying value measured as per previous GAAP.
- 2) The Company has elected to apply previous GAAP carrying amount to its investment in subsidiaries, associates and joint venture as deemed cost as on the date of transition to Ind AS.
- 3) The Company has elected to continue the previous GAAP policy of capitalizing exchange differences arising from translation of long-term foreign currency monetary items till March 31, 2016.
- 4) Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to apply this exemption for such contracts/ arrangements.

**C. Reconciliations:**

**1. Reconciliation of Equity as at the date of transition**

(₹ in crore)

SI No.	Particulars	Notes to first time adoption	Amount	Amount
<b>A</b>	<b>Equity under IGAAP</b>			<b>942.09</b>
<b>B</b>	<b>Changes on account of transition date adjustments</b>			
	<b>P&amp;L components</b>			
1	Impact of EIR accounting for loan	1	1.42	
2	Fair valuation of interest free employee loans	2	(0.09)	
3	MTM impact	3	21.85	
4	MTM impact (pass-through)	3	(21.85)	
5	Reclassification of actuarial gains and losses on employee benefit expenses	4	0.38	
	<b>Total (B)</b>			<b>1.71</b>
<b>C</b>	<b>Other comprehensive income components</b>			
1	Reclassification of actuarial gains and losses on employee benefit expenses	4	(0.38)	
	<b>Total (C)</b>			<b>(0.38)</b>
<b>D</b>	<b>TOTAL (B)+(C)</b>			<b>1.33</b>
<b>E</b>	Deferred tax impact on transition date adjustments	5		0.46
<b>F</b>	Deferred tax impact on land	5		0.01
<b>G</b>	Deferred tax recoverable (pass through)	5		(0.47)
<b>H</b>	Total impact on retained earnings			1.33
<b>I</b>	<b>Equity under Ind AS (A)+(H)</b>			<b>943.42</b>

**2. Reconciliation of Equity as at March 31, 2016**

SI No.	Particulars	Notes to first time adoption	Amount	Amount
<b>A</b>	<b>Equity under IGAAP</b>			<b>1,344.69</b>
<b>B</b>	<b>Changes on account of transition date adjustments</b>			
	<b>P&amp;L components</b>			
1	Transition date adjustments		1.33	
2	Impact of EIR accounting for loan	1	0.42	
3	Fair valuation of interest free employee loans	2	(0.05)	
4	MTM impact	3	5.23	
5	MTM Impact (pass-through)	3	(5.23)	
5	Reclassification of actuarial gains and losses on employee benefit expenses	4	0.24	
	<b>Total (B)</b>			<b>1.94</b>
<b>C</b>	<b>Other comprehensive income components</b>			
1	Reclassification of actuarial gains and losses on employee benefit expenses	4	(0.24)	
	<b>Total (C)</b>			<b>(0.24)</b>
<b>D</b>	<b>Total (B)+(C)</b>			<b>1.70</b>
<b>E</b>	Deferred tax impact on Ind AS adjustments	5		0.59
<b>F</b>	Deferred tax impact on land	5		0.01
<b>G</b>	Deferred tax recoverable (pass through)	5		(0.60)
<b>H</b>	Total impact on retained earnings			1.70
<b>I</b>	<b>Equity under Ind AS (A)+(H)</b>			<b>1,346.39</b>





Notes forming part of Financial Statements

3. Reconciliation of total comprehensive Income for financial year ended March 31, 2016

(₹ in crore)

Sl No.	Particulars	Notes to first time adoption	Amount	Amount
A	Profit after tax under IGAAP			232.60
B	Changes on account of Ind AS transition adjustments			
1	Impact of EIR accounting for loan	1	0.42	
2	Fair valuation of interest free employee loans	2	(0.05)	
3	MTM Impact	3	5.23	
4	MTM impact (pass-through)	3	(5.23)	
5	Reclassification of actuarial gains and losses on employee benefit expenses	4	0.24	
6	Deferred tax impact on Ind AS adjustments	5	0.59	
7	Deferred tax impact on land	5	0.01	
8	Deferred tax recoverable (pass through)	5	(0.60)	
	Total (B)			0.61
C	Profit after tax under Ind AS (A)+(B)			233.21
D	Remeasurements of the net defined benefit plans to other comprehensive income	4		(0.30)
E	Other comprehensive income net of tax (B)			(0.24)
F	Total retained earnings / comprehensive Income under Ind AS (C)+(E)			232.97

4. Impact of IND AS on the Cash Flow Statement for the year ended March 31, 2016

Sl No.	Particulars	IGAAP	Effect of transition to Ind AS	Ind AS
A	Net cash flow from Operating Activities	280.26	(69.79)	210.47
B	Net cash used in Investing Activities	(79.34)	-	(79.34)
C	Net cash used from Financing Activities	(116.51)	-	(116.51)
D	Net Increase / (decrease) in cash and cash equivalents (A)+(B)+(C)	84.41	(69.79)	14.62
E	Cash and Cash equivalents - Opening Balance	18.22	(10.18)	8.04
F	Cash and Cash equivalents - Closing Balance (D)+(E)	102.63	(79.97)	22.66

D. Notes to first time adoption

Note 1 Impact of EIR accounting for loan

Under Indian GAAP, transaction costs incurred in connection with interest bearing loans and borrowings are amortised upfront and charged to profit or loss for the period. Under Ind-AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

Note 2 Fair valuation of interest free employee loans/ security deposit

Under the previous GAAP, interest free employee loans were recorded at transaction value. Under Ind AS, all financial assets are required to be fair valued. Accordingly, the Company has fair valued its employee loans under Ind AS. Difference between the fair value and transaction value of employee loan has been recorded as prepaid salary.

Note 3 Fair valuation of derivatives

The fair value gain of forward foreign exchange contracts is recognised under Ind-AS, and was not recognised under Indian GAAP.

Note 4 Reclassification of actuarial gains and losses on employee benefit expenses

Under Indian GAAP, actuarial gains and losses relating to post employment benefit plans are charged to profit and loss. Under Ind-AS, remeasurements comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income.

Note 5 Deferred tax impact on Ind AS adjustments

Under IGAAP, deferred tax is recognised using the income statement approach i.e. the tax effect of timing differences between accounting income and taxable income for the period. Under Ind AS, the Company has recognised deferred taxes using the balance sheet approach i.e. reflecting the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes.

Note 6 Trade receivables

As per Ind AS 109, the company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the allowance for doubtful debts was ₹ Nil as at March 31, 2016 (April 1, 2015: ₹ Nil).

Note 7 Other comprehensive Income

Under Ind AS, all items of Income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of Income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive Income' includes remeasurements of defined benefit plans, foreign exchange differences arising on translation of foreign operations, effective portion of gains and losses on cash flow hedging instruments and fair value gains or (losses) on FVTOCI equity instruments. The concept of other comprehensive income did not exist under previous GAAP.



## Notes forming part of Financial Statements

## E. Reconciliation of equity as previously reported under IGAAP to Ind AS

(₹ in crore)

Particulars	Balance Sheet as at March 31, 2016			Balance Sheet as at April 1, 2015		
	IGAAP	Effect of transition to Ind AS	Ind AS	IGAAP	Effect of transition to Ind AS	Ind AS
<b>ASSETS</b>						
<b>Non-current Assets</b>						
Property, Plant and Equipment	4,471.80	-	4,471.80	4,583.13	-	4,583.13
Capital work-in-progress	53.22	-	53.22	45.15	-	45.15
<b>Financial Assets</b>						
Investments	40.01	-	40.01	0.01	-	0.01
Loans	0.51	-	0.51	0.33	(0.09)	0.24
Other financial assets	0.36	-	0.36	0.34	-	0.34
Other Non current Assets	118.85	1.21	120.06	93.73	0.89	94.62
<b>Total non-current assets</b>	<b>4,684.75</b>	<b>1.21</b>	<b>4,685.96</b>	<b>4,722.69</b>	<b>0.80</b>	<b>4,723.49</b>
<b>Current Assets</b>						
Inventories	87.12	-	87.12	41.61	-	41.61
<b>Financial Assets</b>						
Trade receivables	155.92	-	155.92	43.78	-	43.78
Cash and cash equivalents	22.66	-	22.66	8.04	-	8.04
Bank balances other than above	79.97	-	79.97	10.18	-	10.18
Loans	0.71	(0.14)	0.57	0.56	-	0.56
Others financial assets	215.87	27.08	242.95	1.90	21.85	23.75
Current Tax Assets (net)	-	-	-	0.00	-	0.00
Other current Assets	54.24	(37.23)	17.01	54.74	(48.24)	6.50
<b>Total current assets</b>	<b>616.49</b>	<b>(10.29)</b>	<b>606.20</b>	<b>160.81</b>	<b>(26.39)</b>	<b>134.42</b>
<b>Total assets</b>	<b>5,301.24</b>	<b>(9.08)</b>	<b>5,292.16</b>	<b>4,883.50</b>	<b>(25.59)</b>	<b>4,857.91</b>
Regulatory deferral account balances (net)	-	10.78	10.78	-	26.92	26.92
<b>Total assets and regulatory balances</b>	<b>5,301.24</b>	<b>1.70</b>	<b>5,302.94</b>	<b>4,883.50</b>	<b>1.33</b>	<b>4,884.83</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Equity Share capital	1,203.44	-	1,203.44	1,033.44	-	1,033.44
Other Equity	141.25	1.70	142.95	(91.35)	1.33	(90.02)
<b>Total equity</b>	<b>1,344.69</b>	<b>1.70</b>	<b>1,346.39</b>	<b>942.09</b>	<b>1.33</b>	<b>943.42</b>
<b>Liabilities</b>						
<b>Non-current Liabilities :</b>						
<b>Financial Liabilities</b>						
Borrowings	3,173.71	-	3,173.71	2,884.20	-	2,884.20
Provisions	1.16	-	1.16	0.77	-	0.77
Deferred tax liabilities (net)	-	-	-	-	-	0.00
Other non current liabilities	-	-	-	-	-	0.00
<b>Total non-current liabilities</b>	<b>3,174.87</b>	<b>-</b>	<b>3,174.87</b>	<b>2,884.97</b>	<b>-</b>	<b>2,884.97</b>
<b>Current Liabilities</b>						
<b>Financial Liabilities</b>						
Borrowings	173.73	-	173.73	84.63	-	84.63
Trade Payables	43.23	-	43.23	20.41	-	20.41
Other financial liabilities	561.04	-	561.04	941.73	-	941.73
Other current liabilities	1.30	-	1.30	9.61	-	9.61
Provisions	0.21	-	0.21	0.06	-	0.06
Current Tax Liabilities (net)	2.17	-	2.17	-	-	-
<b>Total current liabilities</b>	<b>781.68</b>	<b>-</b>	<b>781.68</b>	<b>1,056.44</b>	<b>-</b>	<b>1,056.44</b>
<b>Total equity and liabilities</b>	<b>5,301.24</b>	<b>1.70</b>	<b>5,302.94</b>	<b>4,883.50</b>	<b>1.33</b>	<b>4,884.83</b>



**Haldia Energy Limited**

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**Notes forming part of Financial Statements****F. Reconciliation of statement of profit and loss as previously reported under IGAAP to Ind AS**

Particulars	IGAAP	Effect of transition to Ind AS	(₹ in crore) Ind AS
Revenue from operations	1,708.95	-	1,708.94
Other income	11.03	5.28	16.31
<b>Total Revenue</b>	<b>1,719.98</b>	<b>5.28</b>	<b>1,725.25</b>
<b>Expenses</b>			
Cost of fuel	710.75	-	710.75
Employee benefit expenses	26.17	(0.19)	25.98
Finance costs	447.01	(0.42)	446.59
Depreciation and amortisation expenses	158.29	-	158.29
Other expenses	82.04	(10.92)	71.12
<b>Total expenses</b>	<b>1,424.26</b>	<b>(11.53)</b>	<b>1,412.73</b>
<b>Profit before regulatory (income) / expense</b>	<b>295.71</b>	<b>16.81</b>	<b>312.52</b>
Regulatory (Income) / expenses (net)	-	16.14	16.14
<b>Profit before tax</b>	<b>295.71</b>	<b>0.67</b>	<b>296.38</b>
<b>Tax expense</b>			
Current tax	(63.11)	(0.06)	(63.17)
Deferred tax	-	-	-
<b>Profit after tax</b>	<b>232.60</b>	<b>0.61</b>	<b>233.21</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plan	-	(0.30)	(0.30)
Income tax on above	-	0.06	0.06
<b>Total comprehensive income for the year</b>	<b>232.60</b>	<b>0.37</b>	<b>232.97</b>



Notes forming part of Financial Statements

47. Standards Issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. The amendments are applicable to the Company from April 01, 2017.

48. Financial Instruments

a) The carrying value and fair value of financial instruments by categories as at March 31 2017, March 31, 2016 and April 1, 2015 are as follows:

(₹ in crore)

	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Amortized cost	FVTOCI	FVTPL	Amortized cost	FVTOCI	FVTPL	Amortized cost	FVTOCI	FVTPL
<b>Financial assets</b>									
Investments in subsidiaries, associates and joint ventures	40.00	-	-	40.01	-	-	0.01	-	-
Loans to employees	-	-	0.89	-	-	1.08	-	-	0.80
Security deposits	-	-	16.40	-	-	0.36	-	-	0.34
Trade receivables	170.41	-	-	155.92	-	-	43.78	-	-
Cash and cash equivalents	27.53	-	-	22.66	-	-	8.04	-	-
Bank balances other than cash and cash equivalents	7.91	-	-	79.97	-	-	10.18	-	-
Advances to holding company	917.00	-	-	210.00	-	-	-	-	-
Advances to subsidiaries	76.40	-	-	0.59	-	-	0.59	-	-
Inter corporate deposit	8.40	-	-	-	-	-	-	-	-
Derivative Asset	29.47	-	-	27.08	-	-	21.85	-	-
Other financial assets	21.23	-	-	5.28	-	-	1.31	-	-
<b>Total</b>	<b>1,298.35</b>	<b>-</b>	<b>17.29</b>	<b>541.51</b>	<b>-</b>	<b>1.44</b>	<b>85.76</b>	<b>-</b>	<b>1.14</b>
<b>Financial liabilities</b>									
Borrowings	4,088.92	-	-	3,777.46	-	-	3,593.98	-	-
Trade payables	75.58	-	-	43.23	-	-	20.41	-	-
Other financial liabilities	14.13	-	-	131.02	-	-	316.58	-	-
<b>Total</b>	<b>4,178.63</b>	<b>-</b>	<b>-</b>	<b>3,951.71</b>	<b>-</b>	<b>-</b>	<b>3,930.97</b>	<b>-</b>	<b>-</b>

The fair value of the above are close to its amortised cost due to its short term nature.

b) Fair value hierarchy

The table shown below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined below:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Financial assets and liabilities measured at fair value As at March 31, 2017	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Derivative Asset	-	29.47	-	29.47
Loans to employees	-	-	0.89	0.89
Security deposits	-	-	16.40	16.40
<b>Total financial assets</b>	<b>-</b>	<b>29.47</b>	<b>17.29</b>	<b>46.76</b>

Financial assets and liabilities measured at fair value As at March 31, 2016	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Derivative Asset	-	27.08	-	27.08
Loans to employees	-	-	1.08	1.08
Security deposits	-	-	0.36	0.36
<b>Total financial assets</b>	<b>-</b>	<b>27.08</b>	<b>1.44</b>	<b>28.52</b>

Financial assets and liabilities measured at fair value As at April 1, 2015	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Derivative Asset	-	21.85	-	21.85
Loans to employees	-	-	0.80	0.80
Security deposits	-	-	0.34	0.34
<b>Total financial assets</b>	<b>-</b>	<b>21.85</b>	<b>1.14</b>	<b>22.99</b>



c) Valuation techniques

The main level 3 inputs for unlisted equity securities are evaluated as follows:

- 1) Discount rates are determined using capital asset pricing model to calculate pre-tax rate that reflects current market assessments of time value of money and the risk specific to the asset.
- 2) Earnings growth factor for unlisted equity securities are based on market rates for similar types of securities.
- 3) Risk adjustments specific to the counterparties are derived from credit risk grading determined by the Company's internal credit risk management group.

The following methods and assumptions were used to estimate the fair values

- 1) Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- 2) The fair values of the quoted instruments are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt of similar terms, credit risk and remaining maturities.
- 3) The fair values of the unquoted equity shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

Changes in level 2 & 3 fair values are analysed at each reporting period.

Haldia Energy Limited

Registered Office: Barick Bhawan, 6th Floor, 8 Chittaranjan Avenue, Kolkata-700072

## Notes forming part of Financial Statements

### 49. Financial risk management objective and policies

The Company's operations of generation of electricity are governed by the provisions of the Electricity Act, 2003 and Regulations framed thereunder by the West Bengal Electricity Regulatory Commission and accordingly the Company, being a generating company under the statute, is subject to regulatory provisions/ guidelines and issues evolving therefrom, having a bearing on the Company's liquidity, earning, expenditure and profitability, based on efficiency parameters provided therein including timing of disposal by the authority.

The Company has been managing its operations keeping in view its profitability and liquidity in terms of the above regulations. In order to manage credit risk arising from sale of electricity periodical review of the financial reliability of its customer, taking into account the current economic trends, is conducted. Availability of capital and liquidity is also managed in consonance with the applicable regulatory provisions.

### 50. Capital management

While managing the capital, the Company ensures to take adequate precaution for providing returns to the shareholders and benefit for other stakeholders, including protecting and strengthening the balance sheet.

The company has not declared or paid any dividends during the year (previous year: Nil).

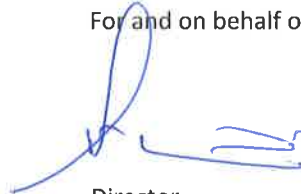
For Batliboi, Purohit & Darbari  
Firm Registration Number: 303086E  
Chartered Accountants



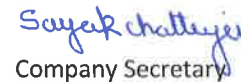
CA P.J. Bhide  
Partner  
Membership No.: 004714  
Place: Kolkata  
Date: May 18, 2017



For and on behalf of the Board of Directors



Director



Company Secretary



Managing Director



Chief Financial Officer