CGPL

Coastal Gujarat Power Limited

(A Tata Power Company)

12th Annual Report 2017-18

CGPL

CORPORATE INFORMATION

	Board of Directors
Non-independent, Non-executive	Mr. Ashok Sethi, Chairman Mr. Ramesh N. Subramanyam Ms. Anjali Kulkarni Mr. Asim Kumar De
Independent, Non-executive	Mr. Nawshir H. Mirza Mr. Narendra Nath Misra
Chief Executive Officer	Mr. Kumar V. Ghate
Chief Financial Officer	Mr. Hardeep Singh Guru
Company Secretary	Mr. Darshan Soni
Registered Office	34, Sant Tukaram Marg, Carnac Bunder, Mumbai - 400009, Maharastra, India
Site Office	Village: Tunda, Taluka: Mundra Kutch - 370421
Bankers	State Bank of India Axis Bank Limited IDFC Bank Limited IndusInd Bank ICICI Bank Limited Yes Bank Limited BNP Paribas HSBC
Project Lenders	Asian Development Bank BNP Paribas Korea Export Insurance Corporation (K sure) International Finance Corporation The Export Import Bank of Korea (KEXIM) Allahabad Bank Limited Axis Bank Limited Bank of Maharashtra India Infrastructure Finance Corporation Limited Oriental Bank of Commerce State Bank of India Syndicate Bank Vijaya Bank
Statutory Auditors	S R B C & CO LLP
Corporate Identity Number	U40102MH2006PLC182213

CONTENTS

Annual General Meeting

Date : Tuesday, 24th July 2018
Time : 11: 00 a.m.
Venue : 7B conference room, The Tata Power Company Limited, Corporate Center B, 34, Sant Tukaram Marg, Carnac Bunder, Mumbai - 400 009.

NOTICE BOARD'S REPORT STANDALONE

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWELFTH ANNUAL GENERAL MEETING OF COASTAL GUJARAT POWER LIMITED will be held on Tuesday, the 24th day of July, 2018 at 11:00 a.m. at the 7B conference room, The Tata Power Company Limited, Corporate Center B, 34, Sant Tukaram Marg, Carnac Bunder, Mumbai - 400 009, to transact the following business:

Ordinary business

1. To receive, consider and adopt the audited financial statements of the company for the financial year ended 31st March, 2018 together with the reports of the board of directors and the auditors thereon.

2. To appoint a director in place of Mr. Ramesh Subramanyam, who retires by rotation and, being eligible, offers himself for re-appointment.

3. Ratification of appointment of Statutory Auditors and fixation of their remuneration

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

   "RESOLVED that pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the appointment of S R B C & CO. LLP (SRBC), Chartered Accountants, (ICAI Firm Registration No.324982E/E300003) as statutory auditors of the company to hold office for a period of 5 years from the conclusion of the 11th Annual General Meeting (AGM) of the company till the conclusion of the 16th AGM of the company to be held in 2022 to examine and audit the accounts of the company, on such remuneration as may be mutually agreed upon between the board of directors of the company and the auditors, be and is hereby ratified."

Special business

4. **Re-appointment of Mr. Nawshir Hoshang Mirza as a director and an independent director**

   To consider and, if thought fit, to pass the following resolution as a Special Resolution:-

   "RESOLVED that Mr. Nawshir Hoshang Mirza, who was appointed as an additional director of the company with effect from 5th March, 2018 by the board of directors and who holds office upto the date of this Annual General Meeting of the company under Section 161(1) of the Companies Act, 2013 (the Act) but who is eligible for appointment and in respect of whom the company has received a notice in writing under section 160(1) of the Act from a member proposing his candidature for the office of director, be and is hereby appointed as a director of the company.

   FURTHER RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule IV to the Act, and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, re-appointment of Mr. Nawshir Hoshang Mirza (DIN: 00044816), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for re-appointment, as an independent director of the company, not liable to retire by rotation, for a term of two years commencing from 5th March, 2018 upto 4th March, 2020, be and is hereby approved."

5. **Re-appointment of Mr. Narendra Nath Misra as a director and an independent director**

   To consider and, if thought fit, to pass the following resolution as a Special Resolution:-

   "RESOLVED that Mr. Narendra Nath Misra (DIN: 00575501), who was appointed as an additional director of the company with effect from 5th March, 2018 by the board of directors and who holds office upto the date of this Annual General Meeting of the company under Section 161(1) of the Companies Act, 2013 (the Act) but who is eligible for appointment and in respect of whom the company has received a notice in writing under section 160(1) of the Act from a member proposing his candidature for the office of director, be and is hereby appointed a director of the company.

   FURTHER RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule IV to the Act, and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, appointment of Mr. Narendra Nath Misra (DIN: 00575501), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for re-appointment, as an independent director of the company, not liable to retire by rotation, for a term of two years commencing from 5th March, 2018 upto 4th March, 2020, be and is hereby approved."

NOTICE *(Contd.)*

6. **Appointment of Mr. Asim Kumar De as a director**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

   "RESOLVED that Mr. Asim Kumar De (DIN:03619507), who was appointed as an additional director of the company with effect from 19th June, 2018 by the board of directors and who holds office upto the date of this Annual General Meeting of the company under Section 161(1) of the Companies Act, 2013 (the Act) but who is eligible for appointment and in respect of whom the company has received a notice in writing under Section 160(1) of the Act from a member proposing his candidature for the office of director, be and is hereby appointed a director of the company, liable to retire by rotation."

7. **Ratification of cost auditor's remuneration**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

   "RESOLVED that pursuant to Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the company hereby ratifies the remuneration of ₹2,10,000 plus applicable tax, travel and actual out-of-pocket expenses payable to M/s. Sanjay Gupta and Associates, who are appointed as cost auditors to conduct the audit of cost records maintained by the company for the financial year 2018-19."

NOTES:

1. The relative explanatory statement pursuant to Section 102 of the Companies Act, 2013 (the Act), with regards to the business as set out in item nos. 3 and 7 above and the relevant details of the directors seeking appointment / re-appointment under item no. 2, 4, 5 and 6 above as required under Secretarial Standard - 2 on general meetings issued by the Institute of Company Secretaries of India, are annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT TO BE A MEMBER. THE INSTRUMENT APPOINTING THE PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Corporate members intending to send their authorized representatives to attend the Annual General Meeting (AGM) are requested to send a certified copy of the board resolution authorising their representative to attend and vote on their behalf at the AGM.
4. Members are requested to bring their attendance slips duly completed and signed mentioning therein details of their DP ID and Client ID/ Folio No.

Date : 19th June, 2018
Place: Mumbai

By order of the board of directors,

Darshan Soni
Company Secretary
ACS No.: 30220

Registered Office:
34, Sant Tukaram Marg, Carnac Bunder,
Mumbai - 400 009.
CIN: U40102MH2006PLC182213
Tel: 91 22 67171215 Fax: 91 22 66100863
E-mail: tatapower@tatapower.com
Website: www.tatapower.com

EXPLANATORY STATEMENT

As required by Section 102 of the Companies Act, 2013 (the Act), the following Explanatory Statement sets out all material facts relating to the business mentioned under item nos. 3, 4, 5, 6 and 7 of the accompanying notice dated 19th June, 2018:

Item no. 3: This explanatory statement is provided though strictly not required as per Section 102 of the Act.

Second proviso to Section 139 (1) of the Companies Act, 2013 (the Act) provides that the company shall place the matter relating to appointment of the statutory auditors for ratification by members at every annual general meeting (AGM).

The shareholders had at 11th AGM held on 28th August, 2017, appointed S R B C & CO. LLP (SRBC), Chartered Accountants, (ICAI Firm Registration No.324982E/E300003) as statutory auditors of the company to hold office for a period of 5 years from the conclusion of the 11th AGM of the company till the conclusion of the 16th AGM of the company to be held in 2022 to examine and audit the accounts of the company, on such remuneration as may be mutually agreed upon between the board of directors of the company and the auditors.

In order to comply with the aforesaid provisions of the Act, it is proposed to ratify the appointment of S R B C & CO. LLP (SRBC), Chartered Accountants as statutory auditors of the company at the ensuing AGM.

SRBC have consented to the said appointment and confirmed that their appointment would be in accordance with Section 139 read with Section 141 of the Act.

Accordingly, approval of the members is being sought for the proposal contained in the resolution set out at item no. 3 of the accompanying notice.

The board commends the resolution at item no. 3 of the accompanying notice for approval by the members of the company.

None of the directors or key managerial personnel (KMP) of the company or their respective relatives are concerned or interested in the resolution at item no. 3 of the accompanying notice.

Item no. 4 & 5: Mr. Nawshir Hoshang Mirza and Mr. Narendra Nath Misra, were appointed as independent directors of the company w.e.f. 5th March, 2015 for a period of three years. Their term of appointment was concluded on 4th March, 2018. They have contributed immensely to the board during their tenure as an independent director of the company.

On the recommendation of the nomination and remuneration committee (NRC) and on the basis of performance evaluation report, the board of directors had, at its meeting held on 28th February, 2018, re-appointed Mr. Nawshir Hoshang Mirza and Mr. Narendra Nath Misra as additional independent director of the company under Section 161 & 149 of the Act and Article 132 of the company's Articles of Association, not being liable to retire by rotation, for a period of 2 years commencing from 5th March, 2018 upto 4th March, 2020.

In terms of Section 161(1) of the Act, Mr. Nawshir Hoshang Mirza and Mr. Narendra Nath Misra hold office only upto the date of the forthcoming AGM of the company but are eligible for appointment as directors. A notice under Section 160(1) of the Act has been received from a member signifying its intention to propose Mr. Nawshir Hoshang Mirza and Mr. Narendra Nath Misra's appointment as directors.

The above mentioned directors have given declarations to the board that they meet the criteria for independence as provided under Section 149(6) of the Act.

A brief profile of the directors to be appointed is given below:

Mr. Nawshir Hoshang Mirza is a Chartered Accountant who spent 36 years with S. R. Batliboi & Co. where most of his experience was in the audit and assurance domains. He joined the board of Tata Power in 2006. He is currently also on the boards of Exide Industries Ltd., Thermax Ltd. and Centre for Advancement of Philanthropy, in addition to those within the Tata Power Group of companies. In Tata Power, he chairs the audit committee of directors and is a member of risk management committee and executive committee of the board. He was the country head of Jardine Matheson Ltd. for over ten years after retiring from the profession, during which time he served on other boards of companies and charities.

Mr. Narendra Nath Misra is a B.E. (Electrical) from NIT Rourkela. He is a former director (operations), NTPC Ltd. having 37 years of experience with NTPC. As director (operations) of NTPC with an installed capacity of 43000+ MW, he was responsible for sustained and efficient performance of its power stations, fuel sourcing and management of fuel for a fleet of 114 nos. of coal and 41 nos. of gas based units spread across the length and breadth of the country. He has in depth experience in all facets of the power sector like design, engineering, contracts & procurement, human resources and operation services. He has represented India in CIGRE (international conference on large high voltage electrical system) and has contributed in many study committees and working groups of CIGRE. He is also on the board of other Tata Power group companies.

In the opinion of the board, the above directors fulfil the conditions specified in the Act and the Rules made thereunder for their re-appointment as independent directors as they are independent of the management.

EXPLANATORY STATEMENT *(Contd.)*

The terms and conditions of their respective appointments shall be open for inspection by the members at the Registered Office during normal business hours on any working day of the company.

In compliance with the provisions of Section 149 read with Schedule IV to the Act, the appointment of the above directors as independent directors is now being placed before the members for their approval.

The board commends the resolution at item no. 4 & 5 of the accompanying notice for approval by the members of the company.

Other than Mr. Nawshir Hoshang Mirza and Mr. Narendra Nath Misra, none of the directors or key managerial personnel (KMP) of the company or their respective relatives are concerned or interested in the resolution at item no. 4 & 5 of the accompanying notice.

Mr. Nawshir Hoshang Mirza and Mr. Narendra Nath Misra are not related to any other director or KMP of the company.

Item no. 6 On the recommendation of the nomination and remuneration committee (NRC), Mr. Asim Kumar De was appointed as an additional director of the company with effect from 19th June, 2018 by the board of directors under section 161 of the Act and Article 132 of the company's Articles of Association of the company. In terms of section 161(1) of the Act, Mr. Asim Kumar De holds office only upto the date of the forthcoming AGM of the company but is eligible for appointment as a director. A notice under section 160(1) of the act has been received from a member signifying its intention to propose appointment of Mr. Asim Kumar De as a director of the company.

Mr. Asim Kumar De completed his elementary education from Santipur, then completed B.Sc. (Hons.) in Physics (1978) and subsequently, Bachelors of Technology in Electronics & Instrumentation (1982) from Calcutta University.

He joined NTPC in 1982 and worked in different disciplines like erection, commissioning, operations and maintenance of power stations of different capacities across India over a period of 28 years. In 2010, he joined the private sector (Reliance Power) and served as Station Head (Reliance Rosa Thermal Power, UP), and as CEO of an integrated Ultra Mega Supercritical Power Station (Sasan, MP) consisting of 4000MW power generating capacity and coal mines with production capacity of 1 lakh MT per day. In 2016, he joined Tata Power as Chief - Corp. Operations (Generation). In his current role, he is responsible for the Generation business of Tata Power, which include thermal and hydro. He is presently on the board of Maithon Power Limited and Tata Power Green Energy Limited.

The board commends the resolution at item no. 6 of the accompanying notice for approval by the members of the company.

Other than Mr. Asim Kumar De, none of the directors or key managerial personnel (KMP) of the company or their respective relatives are concerned or interested in the resolution at item no. 6 of the accompanying notice.

Mr. Asim Kumar De is not related to any other director or KMP of the company.

Item no. 7: Pursuant to section 148 of the Act, the company is required to have the audit of its cost records conducted by a cost accountant in practice. On the recommendation of the audit committee of directors, the board of directors has, at its meeting held on 23rd April, 2018, approved the re-appointment of M/s. Sanjay Gupta and Associates (SGA) as the cost auditors of the company to conduct audit of cost records maintained by the company for the financial year 2018-19, at a remuneration of ₹ 2,10,000 plus applicable tax and actual out-of-pocket expenses.

SGA have furnished a certificate regarding their eligibility for appointment as cost auditors of the company. They have vast experience in the field of cost audit and have conducted the audit of the cost records of the company for the previous year under the provisions of the Act.

The board commends the resolution at item no. 7 of the accompanying notice for ratification of the cost auditors' remuneration by the members of the company.

None of the directors or key managerial personnel (KMP) of the company or their respective relatives are concerned or interested in the resolution at item no. 7 of the accompanying notice.

Date : 19th June, 2018
Place: Mumbai

By order of the board of directors,

Darshan Soni
Company Secretary
ACS No.: 30220

Registered Office:
34, Sant Tukaram Marg, Carnac Bunder,
Mumbai - 400 009.
CIN: U40102MH2006PLC182213
Tel: 91 22 67171215 Fax: 91 22 66100863
E-mail: tatapower@tatapower.com
Website: www.tatapower.com

Details of the directors seeking re-appointment/appointment at the forthcoming Annual General Meeting
(In pursuance of Secretarial Standard - 2 on General Meetings)

Name of director	Mr. Ramesh Subramanyam	Mr. Nawshir Hoshang Mirza
Date of birth (Age)	27th June, 1969 (48 years)	4th April, 1950 (68 years)
Date of appointment	7th August, 2014	5th March, 2018
Expertise in specific functional areas	He has more than 23 years of experience in diverse organisations like Lloyds Steel Limited, Hindustan Unilever Limited, Monsanto India Limited and Siemens AG. After joining Tata Power in 2007, he has held various positions within Tata Power. He was Chief Financial Officer for Coastal Gujarat Power Limited (Mundra UMPP), Chief of Finance and Accounting for Indian Subsidiaries of Tata Power and Financial Controller of Tata Power before being appointed as CFO of Tata Power. He is also on the board of several other Tata Power Group Companies. He is also the member of core committee of power sector financing of CII.	Mr. Mirza spent 36 years with S. R. Batliboi & Co. where most of his experience was in the audit and assurance domains. He joined the board of Tata Power in 2006. He was the country head of Jardine Matheson Ltd. for over ten years after retiring from the profession, during which time he served on other boards of companies and charities
Qualifications	Graduate in Commerce from Nagpur University, Member of the Institute of Cost Accountants of India & the Institute of Company Secretaries of India, CPA (Certified Public Accountants) from the American Institute of Certified Public Accountants (AICPA).	Chartered Accountant
Directorships held in other companies (excluding foreign companies)	• TP Ajmer Distribution Limited • Walwhan Renewable Energy Limited • Tata Power Solar Systems Limited • Tata Power Renewable Energy Limited	• The Tata Power Company Limited • Tata Power Delhi Distribution Limited • Thermax Limited • Tata Power Renewable Energy Limited • Exide Industries Limited • Centre of Advancement of Philanthropy
Committee position held in other companies	**Audit committee** Chairman • TP Ajmer Distribution Limited	**Nomination and remuneration committee** Chairman • Tata Power Delhi Distribution Limited • Tata Power Renewable Energy Limited **Audit committee** Chairman • Exide Industries Limited • Thermax Limited • The Tata Power Company Limited • Tata Power Renewable Energy Limited Member • Tata Power Delhi Distribution Limited **Corporate social responsibility committee** Member • Thermax Limited **Risk Management committee** Member • The Tata Power Company Limited
Remuneration	NA	Sitting fees of ₹ 9.40 lakh
No. of meetings of the board attended during the year	5	5
No. of shares held: **(a) Own** **(b) For other persons on a beneficial basis**	 Nil One share jointly with the Tata Power Company Limited	 Nil Nil

Details of the directors seeking re-appointment/appointment at the forthcoming Annual General Meeting
(In pursuance of Secretarial Standard - 2 on General Meetings)

Name of director	Mr. Narendra Nath Misra	Mr. Asim Kumar De
Date of birth (Age)	29th October,1954 (63 years)	2nd December,1958 (59 years)
Date of appointment	5th March, 2018	19th June, 2018
Expertise in specific functional areas	He is a former director (operations), NTPC Ltd. having 37 years of experience with NTPC. He has in depth experience in all facets of the power sector like design, engineering, contracts & procurement, human resources and operation services. He is also on the board of other Tata Power group companies since 2015.	He joined NTPC (1982) and worked in different disciplines like erection, commissioning, operations & maintenance of power stations of different capacities across India over a period of 28 years. In 2010, he joined the private sector (Reliance Power) and served as Station Head (Reliance Rosa Thermal Power, UP) & as CEO of an integrated Ultra Mega Supercritical Power Station (Sasan, MP) consisting of 4000MW power generating capacity and coal mines with production capacity of One Lakh MT per day. In 2016, he joined Tata Power as Chief - Corp. Operations (Generation). In his current role, he is responsible for the Generation business of Tata Power which include Thermal and Hydro.
Qualifications	B.E. (Electrical) from NIT Rourkela	B.Sc. (Hons.) in Physics (1978) and Bachelors of Technology in Electronics & Instrumentation (1982) from Calcutta University.
Directorships held in other companies (excluding foreign companies)	• Maithon Power Limited • Gujarat Industries Power Company Limited • Feedback Power Operations and Maintenance Services Private Limited • Feedback Energy Distribution Company Limited • Rajasthan Rajya Vidyut Utpadan Nigam Limited	• Maithon Power Limited • Tata Power Green Energy Limited
Committee position held in other companies	**Nomination and remuneration committee** Chairman • Maithon Power Limited Member • Rajasthan Rajya Vidyut Utpadan Nigam Limited **Audit committee** Member • Rajasthan Rajya Vidyut Utpadan Nigam Limited **Corporate social responsibility committee** Member • Rajasthan Rajya Vidyut Utpadan Nigam Limited	Nil
Remuneration	Sitting fees of ₹ 8.50 lakh	NA
No. of meetings of the board attended during the year	5	NA
No. of shares held: **(a) Own** **(b) For other persons on a beneficial basis**	 Nil Nil	 Nil Nil

Board's Report

To,
The members,

The directors are pleased to present the twelfth annual report on the business and operations of your company and the statements of account for the year ended 31st March, 2018.

1. Financial results

(Figures in ₹ crore)

Particulars	**FY18**	***FY17***
Net sales	6,356.78	*6,054.85*
Operating expenditure	6,455.46	*5,586.42*
Operating profit/ (loss)	**(98.68)**	***468.43***
Less: forex loss	0	*0*
Add: other income	28.53	*17.1*
Less: interest and finance charges	823.41	*832.34*
Profit/ (loss) before depreciation and tax	**(893.56)**	***(346.81)***
Less: depreciation/amortization	516.81	*502.93*
Add: reversal / (provision) for Impairment	(310.94)	*0*
Profit/ (loss) before tax	**(1,721.31)**	***(849.74)***
Less: provision for taxes	0	*0*
Net profit/ (loss) after tax	**(1,721.31)**	***(849.74)***
Distributable profits/(losses)	(1,721.31)	*(849.74)*
Add: Other comprehensive income	1.50	*1.30*
Add: balance brought forward from the previous year	(7,049.46)	*(6,201.02)*
Balance to be carried forward	**(8,769.27)**	***(7,049.46)***

2. Financial performance & state of company's affairs

2.1 Financials

During the year, your company achieved a total sales turnover of ₹ 6,356.78 crore as against ₹ 6,054.85 crore in FY17. Net loss before tax was ₹ 1,721.31 crore for the financial year ended 31st March, 2018 as against net loss of ₹ (849.74) crore for the previous year.

2.1.1 Provision for impairment

The management has reviewed and reassessed the recoverability of the carrying amount of the assets considering the upward revision in fuel prices, exchange rate variation, power price beyond Power Purchase Agreement (PPA) period and operating parameters. Based on assessment as at 31st March, 2018, your company has accounted an impairment loss of ₹ 310.94 crores.

2.2 Fuel consumption

During the period under review, the coal consumption was 10.80 million MT as against 10.81 million MT in previous year. While approximately 67.8% of the requirement was met by sourcing of coal from KPC mines in Indonesia, the balance was met from other sources globally.

2.3 Operational performance

Details of generation for FY18 vis-a-vis FY17 are given below:

	Generation (MUs)		**Availability (%)**		**Plant load factor (%)**	
	FY18	***FY17***	**FY18**	***FY17***	**FY18**	***FY17***
Station	26,686	*27,460*	79.1%	*80%*	73.4%	*76%*

2.4 Coal procurement initiatives

During the year, various measures were taken by your company to reduce the coal cost and minimize the resultant under-recovery. Further, after the unfavorable Supreme Court order, it has become even more essential to put more efforts to optimize the coal costs.

The following initiatives are being undertaken for reducing the coal cost in the short-term and the long-term:

2.4.1 Short-term initiatives

Your company is working on the following options to optimize the coal mix by using melawan coal, low CV coal and high CV coal in the appropriate proportion, subject to the plant operating parameters:

- **Explore sourcing of high CV coal** - Supply of high CV coal has become integral part of your company's coal mix due to its competitiveness and high CV quality. Normally high CV coal is at premium to the market price. Scouting of high CV Coal shipments which are discount to market to avail the pricing benefit.
- **Explore sourcing of low CV shipments** - Usage of high CV coal allows usage of low CV coal in blend and helps maintain the heat balance. As such, your company can source low CV shipments and avail the cost benefit. Your company plans to source 4,200 to 4,700 GAR quality coal based on availability and competitiveness.
- **Explore sourcing of mid CV off-spec shipments** - Your company is also putting efforts to source mid CV off-spec coal whenever high CV shipments are not available due to the supply constraints.
- **Fixed price contracts for mid CV coal** - Your company is putting efforts to secure coal of mid CV on fixed price contracts (a natural hedge) in times of rising coal market, thereby reducing the cost of coal.

Coal blend ratio of your company by using melawan coal, high CV coal and low CV coal for FY18 vis-a-vis FY17 is given below:

Coal	FY18	*FY17*
MCV	76.7%	*89.7%*
HCV	10.4%	*10.3%*
LCV	12.9%	-

2.4.2 Long-term initiatives

While short-term initiatives provide relief through savings, these may not act as permanent mitigation measures against the under-recovery risk. As a permanent solution, a low cost long term coal supply agreement is required with pricing based on cost plus mechanism and not market driven pricing. In this regard, Tata Power has secured a license in Russian (Krutogorovo, far East Russia) for development of a coal mine for the benefit of the company as well as other group companies. The pre-feasibility studies are underway.

2.5 Initiatives to improve operational efficiency

Your company has also undertaken various projects to improve the operational efficiency. Some of the projects currently under way are detailed below:

a) **Installation of variable frequency drive (VFD) in condensate extraction pump (CEP)** - Installation of VFD drive in CEP was taken as an energy conservation initiative to reduce the auxiliary power consumption of the plant. Installation and commissioning of CEP-VFD is completed in 2 units. Installation and commissioning for the remaining units is planned in FY19.

b) **HRH material upgradation** - An initiative was taken to upgrade the HRH tube material to improve the heat rate and lower the carbon foot print. Upgradation of tubes in all units is being done expeditiously.

c) **Water cannon installation** - Your company also took an initiative to install water cannon to improve the boiler parameters and reduced flue gas exit loss. Installation is completed in 3 units and is under commissioning and performance stabilisation. Installation and commissioning for the remaining units is planned in FY19.

2.6 Initiative to reduce finance costs

In order to optimize the financing costs, your company is exploring refinancing of its existing USD loans with cheaper loans.

3. Dividend

In absence of profits, your company has not declared any dividend for the financial year ended 31st March, 2018.

4. Reserves

Due to losses, the directors are unable to propose any transfer of profits to reserves for FY18.

5. Directors and key managerial personnel

5.1 Directors

5.1.1 Inductions

Mr. Ashok Sethi was appointed as an additional director and chairman of your company by the board w.e.f. 1st August, 2017, in accordance with Article 113 of your company's Articles of Association and Section 161 of the Companies Act, 2013 ("the Act"). Subsequently, the members had, at eleventh AGM held on 28th August, 2017, approved his appointment as non-executive director of your company.

Mr. Asim Kumar De (DIN: 03619507) was also appointed as an additional director of your company with effect from 19th June, 2018 in accordance with Article 113 of your company's Articles of Association and Section 161 of the Act. He holds office only upto the date of the forthcoming annual general meeting (AGM) and a notice under section 160(1) of the Act has been received from a member signifying the intention to propose his appointment as a director. He will also be re-appointed as director, subject to approval of the members at the ensuing AGM.

5.1.2 Re-appointments

The term of appointment of Mr. Nawshir Mirza (DIN: 00044816) and Mr. Narendra Nath Misra (DIN: 00575501) as independent directors of your company for a period of 3 years ended on 4th March, 2018.

Mr. Nawshir Mirza and Mr. Narendra Nath Misra were appointed as additional directors of your company with effect from 5th March, 2018 in accordance with Article 113 of your company's Articles of Association and Section 161 of the Act. They hold office only upto the date of the forthcoming annual general meeting (AGM) and a notice under section 160(1) of the Act has been received from a member signifying the intention to propose their appointment as directors. They were also re-appointed as independent directors for a period of two years with effect from 5th March, 2018, subject to approval of the members at the ensuing AGM.

In accordance with the requirements of the Act and the Articles of Association of your company, Mr. Ramesh Subramanyam (DIN: 02421481) retires by rotation and is eligible for re-appointment.

5.1.3 Cessation

Mr. Krishna Kumar Sharma (DIN: 06391026), Executive Director & CEO of your company retired w.e.f. 31st March, 2018, in view of attaining his superannuation. The board has placed on record its sincere appreciation for the valuable contribution made by Mr. Sharma towards your company during his tenure as an Executive Director & CEO of your company.

In order to reconstitute the board, Mr. Sowmyan Ramakrishnan (DIN: 00005090) has tendered his resignation from the board of your company w.e.f. close of working hours on 19th June, 2018. The board has placed on record its sincere appreciation for the valuable contribution made by Mr. Ramakrishnan towards your company during his tenure as director of your company .

5.2 Key managerial personnel

In terms of Section 203 of the Act, the board had, at its meeting held on 28th February, 2018, approved appointment/ cessation of following key managerial personnel of your company:

(a) Retirement of Mr. Krishna Kumar Sharma as CEO w.e.f. close of working hours on 31st March, 2018, in view of attaining his superannuation.

(b) Appointment of Mr. Kumar V. Ghate as Chief Executive Officer (CEO) w.e.f. 1st April, 2018 in place of Mr. Krishna Kumar Sharma.

(c) Resignation of Mr. Ajay Bagri as Company Secretary (CS) w.e.f. close of working hours on 4th March, 2018 due to his transfer to Tata Power.

(d) Appointment of Mr. Darshan Soni as Company Secretary (CS) w.e.f. 5th March, 2018 in place of Mr. Ajay Bagri.

After the aforesaid reconstitution, the following are key managerial personnel of your company:

- Mr. Kumar V. Ghate, Chief Executive Officer (CEO)
- Mr. Hardeep Singh Guru, Chief Financial Officer (CFO)
- Mr. Darshan Soni, Company Secretary (CS)

5.3 Number of board meeting and dates

5 board meetings were held during the year and the gap between two meetings did not exceed 120 days. These were held on 9th May, 2017, 21st July, 2017, 18th October, 2017, 23rd January, 2018 and 28th February, 2018. One separate meeting of independent directors was also held on 28th February, 2018 which was attended by all the independent directors. The attendance details of directors during FY18 were as follows:

Sl. no.	Name of the director	Category of directorship	Number of board meetings attended
1	Mr. Anil Sardana[1]	Non-independent, non-executive	1
2	Mr. Ashok Sethi[2]		3
3	Mr. Sowmyan Ramakrishnan[3]		5
4	Mr. Ramesh N. Subramanyam		5
5	Ms. Anjali Jayant Kulkarni		5
6	Mr. Nawshir H. Mirza	Independent, non-executive	5
7	Mr. Narendra Nath Misra		5
8	Mr. Krishna Kumar Sharma[4]	Non-independent, executive	5
9	Mr. Asim Kumar De[5]	Additional director	N. A.

[1] Mr. Anil Sardana ceased to be director and chairman of your company w.e.f 18th July, 2017.

[2] Mr. Ashok Sethi appointed as director and chairman of your company w.e.f 1st August, 2017.

[3] Mr. Sowmyan Ramakrishnan has resigned from the board w.e.f. close of working hours on 19th June, 2018.

[4] Mr. Krishna Kumar Sharma ceased to be a member of the board consequent upon his retirement as Executive Director & CEO of your company w.e.f. 31st March, 2018.

[5] Mr. Asim Kumar De was appointed as an additional director of your company w.e.f. 19th June, 2018.

In terms of Section 149 of the Act, Mr. Nawshir Mirza and Mr. Narendra Nath Misra are independent directors of your company. Your company has received declarations from them confirming that they meet the criteria of independence as prescribed under section 149(6) the Act.

5.4 Committees of the board

The committees of the board focus on certain specific areas and make informed decisions in line with the delegated authority. Each committee of the board functions according to its role and defined scope. The following committees have been constituted:

- Audit committee of directors
- Nomination and remuneration committee (NRC)
- Corporate social responsibility committee (CSR)
- Allotment committee

5.4.1 Audit committee of directors

Currently, this committee comprises of the following:

- Mr. Nawshir H. Mirza, Chairman
- Mr. Narendra Nath Misra, Member
- Mr. Ramesh Subramanyam, Member

All the members are financially literate and bring in expertise in the fields of finance, economic, development, strategy and management.

The committee met 4 times during the year. These meetings were held on 9th May, 2017, 21st July, 2017, 18th October, 2017 and 23rd January, 2018, with the requisite quorum. The attendance details of the committee meetings were as follows:

Sl. no.	Name of the director	Category of directorship	Number of audit committee meetings attended
1	Mr. Nawshir H. Mirza	Independent, non-executive	4
2	Mr. Narendra Nath Misra		4
3	Mr. Sowmyan Ramakrishnan[1]	Non-independent, non-executive	4
4	Mr. Ramesh Subramanyam[2]		N. A.

[1] Mr. Sowmyan Ramakrishnan has ceased to be a member of the committee consequent upon his resignation as director of your company w.e.f. close of working hours on 19th June, 2018.

[2] Mr. Ramesh Subramanyam was appointed as a member of the committee w.e.f. 19th June, 2018.

The management is responsible for your company's internal controls and the financial reporting process while the statutory auditors are responsible for performing independent audit of your company's financial statements for issuing reports based on such audit.

The board of directors has entrusted this committee with the responsibility of supervising these processes and thus ensuring accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting.

Your company has reviewed and adopted the charter of the audit committee to bring the terms of the reference, role and scope in conformity with the provisions of the Act. The charter specifies the composition, meetings, quorum, powers, roles and responsibilities etc. of the committee.

The board has delegated the following powers to the audit committee:

- To investigate any activity within the scope of this charter or referred to it by the board.
- Appoint, compensate and oversee the work of any registered public accounting firm employed by the organization.
- Pre-approve all auditing and non-audit services.
- To seek any information from any employee or director of the company.
- To engage independent counsel and other advisors and seek their advice.
- To secure attendance of outsiders with relevant expertise.
- To have full access to the books of account, company facilities, employees and any other service provider to the company.
- Meet with company officers, external auditors or outside counsel, as necessary.
- To engage a valuer where a valuation needs to be made for any property, stock, shares, debentures, goodwill or any other assets or net worth of a company or its liabilities (as per section 247(1) of the Act).

The roles and responsibilities of the audit committee include the following:

- Oversight of the company's financial reporting processes and financial statements.
- Recommend to the board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and fixation of audit fees and terms of appointment.
- Review the adequacy of internal audit function, including the structure and charter of the internal audit department (including outsourced internal audit firms), staffing and seniority of the official heading the department, reporting structure coverage budget and frequency of internal audit.
- Review the appointment, re-appointment, removal and terms of remuneration of the cost auditors. This includes pre-approval of any other services that may be rendered by the cost auditors and fees pertaining thereto.
- Review with the management, external and internal auditors and outsourced internal audit firms, the quality, adequacy and effectiveness of internal control systems and any significant deficiencies or material weakness in the internal controls.

- Evaluation of internal financial controls.
- Evaluate on a regular basis the adequacy of risk management systems.
- Review the effectiveness of the system for monitoring compliance with applicable laws and regulations.
- To review the functioning of the whistle blower mechanism.
- To approve related party transactions except all transactions of the company with its holding company, its own wholly owned subsidiaries whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval, are exempt from the requirements of taking audit committee's approval.

  The audit committee invites such of the executives as it considers appropriate to be present at its meetings. CEO, CFO and Company Secretary attend the meetings. The internal and statutory auditors are also invited to the meetings. The Company Secretary acts as the secretary of the committee.

5.4.2 Nomination and remuneration committee

Currently, the committee comprises of the following:

- Mr. Nawshir H. Mirza, Chairman
- Mr. Ashok Sethi, Member
- Mr. Narendra Nath Misra, Member

The committee met 4 times during the year. These meetings were held on 18th July, 2017, 16th October, 2017, 22nd January 2018 and 28th February, 2018. The attendance details of these meetings were as follows:

Sl. no.	Name of the director	Category of directorship	Number of NRC meetings attended
1	Mr. Nawshir H. Mirza	Independent, non-executive	4
2	Mr. Narendra Nath Misra		4
3	Mr. Sowmyan Ramakrishnan[1]	Non-independent, non-executive	4
4	Mr. Ashok Sethi[2]		N. A.

[1] Mr. Sowmyan Ramakrishnan has ceased to be a member of the committee consequent upon his resignation as director of your company w.e.f. close of working hours on 19th June, 2018.

[2] Mr. Ashok Sethi was appointed as a member of the committee w.e.f. 19th June, 2018.

Your company has adopted the nomination and remuneration committee (NRC) charter to bring the terms of the reference, role and scope in conformity with the provisions of the Act. The charter specifies the principle and objectives, composition, meetings, quorum, powers, roles and responsibilities etc. of the committee.

The board has delegated the following powers to the NRC:

- Investigate any matter within the scope of this charter or as referred to it by the board.
- Seek any information or explanation from any employee or director of the company.
- Ask for any records or documents of the company.
- Invite such executives, as it considers appropriate to be present at the meetings of the committee.

The roles and responsibilities of the NRC include the following:

- Recommend to the board the setup and composition of the board. This shall include "formulation of the criteria for determining qualifications, positive attributes and independence of a director". This also includes periodical review of composition of the board with the objective of achieving an optimum balance of size, skills, independence, knowledge, age, gender and experience.
- Carry out evaluation of every director's performance and support the board and independent directors, as may be required, in evaluation of the performance of the board, its committees and individual directors. This shall include "formulation of criteria for evaluation of independent directors and the board".

- Recommend the remuneration policy for the directors, KMP, executive team and other employees. This includes review and recommendation of the design of annual and long term incentive plan (includes deferred payment plans, equity plans, etc.) for managing director ("MD")/executive directors ("ED"), KMP and the executive team.
- Oversee familiarization programmes for directors.
- Review HR and people strategy and its alignment with the business strategy periodically or when a change is made to either.
- Perform other activities related to the charter as requested by the board from time to time.

5.4.3 Corporate social responsibility committee

In accordance with Section 135 read with Schedule VII of the Companies Act 2013, a CSR committee has been constituted which shall:

- Formulate and recommend to the board, a CSR policy, which shall indicate the activities to be undertaken by the company as specified in Schedule VII to the Act, or as may be prescribed by the Rules thereto.
- Recommend the amount of expenditure to be incurred on such activities.
- Monitor the CSR policy of the company from time to time.

Currently, the committee comprises of the following:

- Mr. Asim Kumar De, Chairman
- Mr. Nawshir H. Mirza, Member
- Ms. Anjali Kulkarni, Member

The committee met 3 times during the year. These meetings were held on 7th April, 2017, 16th October, 2017 and 28th March, 2018. The attendance details of these meetings were as follows:

<table>
<tr><th>Sl. no.</th><th>Name of the director</th><th>Category of directorship</th><th>Number of CSR committee meetings attended</th></tr>
<tr><td>1</td><td>Mr. Nawshir H. Mirza</td><td>Independent non-executive</td><td>3</td></tr>
<tr><td>2</td><td>Mr. Krishna Kumar Sharma[1]</td><td>Non-independent executive</td><td>3</td></tr>
<tr><td>3</td><td>Mr. Sowmyan Ramakrishnan[2]</td><td rowspan="3">Non-independent, non-executive</td><td>3</td></tr>
<tr><td>4</td><td>Ms. Anjali Kulkarni[3]</td><td>N. A.</td></tr>
<tr><td>5</td><td>Mr. Asim Kumar De[4]</td><td>N. A.</td></tr>
</table>

[1] Mr. Krishna Kumar Sharma ceased to be a member of the committee consequent upon his retirement as Executive Director & CEO of your company w.e.f. 31st March, 2018.

[2] Mr. Sowmyan Ramakrishnan has ceased to be a member of the committee consequent upon his resignation as director of your company w.e.f. close of working hours on 19th June, 2018.

[3] Ms. Anjali Kulkarni was appointed as a member of the committee w.e.f. 23rd April, 2018.

[4] Mr. Asim Kumar De was appointed as a member and chairman of the committee w.e.f 19th June, 2018.

5.4.4 Allotment committee

Currently, the committee comprises of the following:

- Mr. Ramesh N. Subramanyam, Chairman
- Mr. Narendra Nath Misra, Member[#]

[#] Mr. Krishna Kumar Sharma ceased to be a member of the committee consequent upon his retirement as Executive Director & CEO of your company w.e.f. 31st March, 2018. Mr. Sowmyan Ramakrishnan was appointed as a member of the committee w.e.f. 23rd April, 2018. Consequent upon his resignation as director of your company w.e.f. close of working hours on 19th June, 2018, Mr. Narendra Nath Misra was appointed as a member of the committee.

During the year, no meeting of the committee was required to be convened.

6. Board diversity

Your company recognises and embraces the importance of a diverse board in its success. It believes that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help it retain competitive advantage. The board adopted the policy on board diversity and director attributes which sets out the approach to diversity of the board of directors. The policy is reproduced in Annexure A.

7. Remuneration policy for the directors, key managerial personnel and other employees

In terms of the provisions of Section 178(3) of the Act, the nomination and remuneration committee (NRC) is responsible for formulating the criteria for determining qualification, positive attributes and independence of a director. The NRC is also responsible for recommending to the board, a policy relating to the remuneration of the directors, key managerial personnel and other employees. In line with this requirement, the board has adopted the remuneration policy for non-executive directors, key managerial personnel and other employees of your company which is reproduced in Annexure B.

Based on the recommendation of the NRC, the board has adopted the advisory note on sitting fees for non-executive directors. The non-executive directors are paid remuneration by way of sitting fees. No sitting fees is paid to employees/consultants of Tata Power, except woman employee nominated as woman director on the board of your company, for attending meetings of the board/committees of your company. No commission is paid to any director of your company.

The details of sitting fees paid to non-executive directors for FY18 for attending the meetings of the board and committees are as follows:

Name of the director	Sitting fees for FY18 (gross) (₹)
Mr. Nawshir H. Mirza	9,40,000
Mr. Sowmyan Ramakrishnan	8,65,000
Mr. Narendra Nath Misra	8,50,000
Ms. Anjali Kulkarni	3,75,000

8. Annual evaluation of board performance and performance of its committees and individual directors

Pursuant to the provisions of the Act, the board has carried out an annual evaluation of its own performance, performance of the directors individually as well as the evaluation of the working of its committees.

The following process was adopted for board evaluation:

- Feedback was sought from each director about their views on the performance of the board, covering various criteria such as degree of fulfilment of key responsibilities, board structure and composition, establishment and delineation of responsibilities to various committees, effectiveness of board processes, information and functioning, board culture and dynamics, quality of relationship between the board and the management and efficacy of communication with external stakeholders. Feedback was also taken from every director on his assessment of the performance of each of the other directors.
- The nomination and remuneration committee (NRC) then discussed the above feedback received from all the directors.
- Based on the inputs received, the chairman of the NRC also made a presentation to the independent directors at their meeting, summarising the inputs received from the directors as regards board performance as a whole and of the chairman. The performance of the non-independent, non-executive directors and board chairman was also reviewed by them.
- Post the meeting of the independent directors, their collective feedback on the performance of the board as a whole was discussed by the chairman of the NRC with the chairman of the board. It was also presented to the board and a plan for improvement was agreed upon and is being pursued.
- Every statutorily mandated committee of the board conducted a self-assessment of its performance and these assessments were presented to the board for consideration. Areas on which the committees of the board were assessed included degree of fulfilment of key responsibilities, adequacy of committee composition and effectiveness of meetings.
- Feedback was provided to the directors, as appropriate. Significant highlights, learning and action points arising out of the evaluation were presented to the board and action plans drawn up. The recommendations made in the previous year were satisfactorily implemented.

9. Regulatory & legal matters

The businesses of your company are governed primarily by the Electricity Act, 2003 (EA, 2003) and associated regulations. Mentioned below are the critical regulatory orders pertaining to your company that were issued during FY18, none of which impact the "going concern" status of your company.

9.1 Compensatory tariff/force majeure relief

Your company had approached Central Electricity Regulatory Commission (CERC) for evolving a mechanism for compensating CGPL for the adverse impact of the uncontrollable and unprecedented escalation in the imported coal prices and the change in law in Indonesia. CERC had, after considering the recommendations of a Committee appointed for the aforesaid purpose, vide its order dated 21st February, 2014, decided that CGPL was entitled to compensatory tariff from 1st April, 2012 over and above the tariff agreed under the PPA with the procurers, till the hardship on account of Indonesian regulations persisted.

The procurers challenged the order and filed an appeal with Appellate Tribunal for Electricity (APTEL). APTEL passed an interim order dated 21st July, 2014, directing the procurers to pay a compensatory tariff from March 2014 onwards, although it stayed the compensation for the prior period, till disposal of the appeal filed before it. On appeal by the procurers, the interim order of APTEL was set aside by the Supreme Court and APTEL was directed to hear and dispose off the appeals expeditiously.

On 7th April 2016, APTEL, while rejecting the grounds of change in law and use of regulatory powers, remanded the matter to CERC to assess the compensation on grounds of Force Majeure (FM) as permissible under the PPA.

The procurers, including a consumer group, filed a Civil Appeal before the Supreme Court challenging the FM relief provided as per APTEL's judgment. The Supreme Court directed that CERC may pass the Order on FM relief, but it was to be given effect only with the prior permission of the Supreme Court.

Based on the remand by APTEL, matter was heard by CERC and order passed on 6th December, 2016, prescribing the FM relief mechanism.

Subsequently, the civil appeals filed by procurers and consumer groups were heard before the Supreme Court. The Supreme Court vide judgement dated 11th April, 2017, disposed off the appeal with regard to compensatory tariff, inter alia holding that:

a) CGPL's case does not fall under the FM clause in the PPA

b) The Change in Law as defined under PPA contemplates only change in domestic (Indian) laws

The Supreme Court has, however, upheld that the CERC has powers under Section 79(1) (b) of EA, 2003 to regulate, which includes power to determine or adopt tariff even for tariff that is determined under competitive bidding route (Section 63). While the Supreme Court held that the Regulatory Commission has the powers under Section 79 of EA, 2003, the judgement did not specifically validate the applicability of said principle to the relief that had been granted by CERC to CGPL, earlier.

Pursuant to the Supreme Court order, your company' parent, Tata Power, offered to sell 51% equity stake in CGPL to the procurers for a nominal value in return for implementing a viable solution for the project. Based on further representation to government of India and government of Gujarat, a Working Group was constituted for evaluating options for sustaining the operations of the imported coal based power projects. The Working Group comprised of representatives of the procurers and lenders. The Working Group submitted its report after undertaking due diligence on legal, technical and financial aspects of the projects.

The government of Gujarat has now formed a High Power Committee comprising of experts from judiciary, banking and power sector to review the report of the Working Group and suggest means for resolution of issues related to these projects. The High Power Committee is currently evaluating the projects and is expected to submit its recommendation in few months.

Your company remains committed to operating and maintaining the 4,000 MW Mundra Ultra Mega Power Station which is operating at benchmark operational parameters and is making a significant contribution in ensuring the energy security of the country. While your company continues to make efforts to seek additional tariff and is engaged with various stakeholders including the central government, procurers and the lenders, it is pursuing all alternative options at CGPL including sourcing of competitive coal from other relevant geographies as also use low grade and blended coal options to contain the under-recovery at Mundra UMPP. Efforts are also in progress to optimally refinance debt and minimize the total cost incurred on debt servicing. It may also be noted that the combined investments of Tata Power in the Indonesian coal mines along with investment in coal logistics and CGPL, when considered together, provide a natural hedge towards future fluctuations in coal prices. It may be noted that CGPL project cost does not include the investment made in the coal mines.

For the long-term sustainability of the power station, however, your company is exploring all options to structure the investment in a manner that it earns a reasonable return.

9.2 Change in law

9.2.1 Change in law-operations

i) CGPL filed a petition for its claim under change in law relevant to indian provisions for the period FY12, FY13 and FY14 in June 2015 and CERC passed the order on 17th March, 2017, which is consistent with the orders passed by CERC for other generators seeking relief under change in law operations. In order to avoid time lag in recovery of change in law impacts, the CERC has allowed suo motu (without approaching CERC), application of the mechanism prescribed in the order for payment of compensation for the approved change in law events for subsequent period as well.

Your company has filed Appeal No. 172/2017 with APTEL against the said CERC order to the extent of certain disallowances effected by CERC. The matter is pending for further adjudication.

ii) Your company filed a petition for its claim under change in law for few additional change in law incidences having arisen in FY 16, FY 17 as well as for allowance of CSR expenses, on which CERC passed the order on 21st February, 2018. While the order is in line with the change in law relief granted to other generators, your company is in the process of filing an appeal before APTEL against certain disallowances by CERC.

iii) Upon enactment of GST from 1st July, 2017, CERC initiated proceedings to address the impact of introduction of Compensation Cess and abolition of the Clean Energy Cess. The CERC passed an order on 14th March, 2018 allowing Compensation Cess @ ₹ 400/ MT on actual coal consumed based on auditors' certificates. Any refund arising due to subsuming of other taxes in GST would need to be settled mutually between the generators and its procurers.

9.2.2 Change in law-construction

Petition for claiming the impact of change in law - construction, which was filed before CERC in July 2016, was decided by the CERC on 31st August, 2017 with some of the claimed change-in-law incidences having been allowed. Your company has filed an appeal before the APTEL against some of the disallowances. The matter is pending adjudication along with cross appeals filed by procurers.

9.3 Petition seeking in-principle approval for capex and opex to comply with new environment norms

The Ministry of Environment, Forest and Climate Change (MoEF&CC), vide its notification dated 7th December, 2015, has revised the environment emissions norms mandating all thermal power plants to comply with new/revised norms. Your company had filed a petition with CERC seeking in-principle approval for the capital expenditure in order to secure finance from the financial institutions. Meanwhile, your company is already in compliance with the new norms related to suspended particulate matter (SPM) etc. Though your company was all prepared to move ahead and complete requirements on time, but for regulatory delays, the Central Electricity Authority (CEA), in consultation with various stakeholders, has formulated a phasing plan as per which the new norms need to be achieved by all by the end of year 2022. The Central Commission has initiated consultation with CEA to suggest ways and means for implementation of the MoEF norms which process is underway and CEA will submit its report to CERC after which the final directions will be issued.

9.4 Suo-moto petition by CERC on declaration of commercial operation of units 20, 30, 40 & 50

Based on representations made by an individual before Ministry of Corporate Affairs (MCA) and Securities and Exchange Board of India (SEBI) on the issue of declaration of commercial operations dates for Units 20, 30, 40 and 50 of Mundra UMPP, the matter was referred to CERC and a suo-motu petition has been initiated in the matter. When the matter was listed and heard before CERC on maintainability on 24th May, 2016, issues on locus standi of the individual and jurisdiction of CERC were raised by your company. The CERC has held that it has jurisdiction and allowed the petition to be maintainable and listed for further proceedings. While the CERC will now hear the petition on merits in due course, the CEA and WRLDC had earlier reviewed all inputs and given their acceptance on COD dates.

10. Risks and concerns

Your company is faced with different types of risks, all of which need different approaches for mitigation. Your company has the following major risks:

- Risk of increase in coal prices leading to higher under recovery
- Major threats to stations from terrorism / sabotage
- Impact of currency rate fluctuations on foreign borrowings costs
- Risk of fire & explosions
- Non-compliance to lender covenants

11. Risk management framework

Based on the risk management strategy document, a standardized risk management process and system has been implemented. Risk plans have been framed for all identified risks and uploaded in the system with mitigation actions, target dates and responsibility. This has enabled continuous tracking of status of mitigation action and monitoring of risk mitigation completion index (RMCI). The risk register contains the mitigation plans for eleven categories of risk. The risk management committees (RMC) closely monitor and reviews the risk plans. The RMC comprises of CEO, CFO, Chief O&M, Chief O&M (Services) and other functional heads. CEO is the chairman of the RMC.

All risks have been classified into strategic, tactical and operational risks. The RMC meets every quarter to review major strategic, tactical and operations risks and to identify new risks.

Your company has refined its risk quantification method, which will help identify key risks of the organisation and reduce subjectivity in assessment of residual value. This will also help in implementing appropriate controls in business processes. Also grouping of risks has been undertaken for better management control. Risks are grouped into top 21 key risk themes to focus on critical risks.

In FY16 the British Standards Institution (BSI) has conferred the 'statement of compliance' to your company for ISO 31000:2009 - a recognition that implies that your company has strong processes for risk identification, management and mitigation.

BSI has done the audit and awarded ISO 22301:2012 - certification for societal security and business continuity management system to your company. Since last 2 years, your company is celebrating business continuity awareness week for increasing the level of awareness across the employees. Various initiatives were undertaken like mock drills, training sessions, posters/ screen savers, quiz competition, etc.

The external assessment for ISO 31000:2009 and ISO 22301:2012 is now scheduled for August 2018.

12. Internal controls and systems

Tata Power has set up the internal audit function which covers your company and endeavours to make meaningful contributions to the organisation's overall governance, risk management and internal controls. The function reviews and ensures sustained effectiveness of internal financial controls (IFC) by adopting a systematic approach.

Section 177 of the Companies Act, 2013 and the audit committee charter states that audit committee to review the effectiveness of your company's internal control system, including financial controls, information technology security and its control.

Section 143(3) of the act states that auditor's report shall, inter alia, state whether your company has adequate internal financial controls (IFC) system in place and the operating effectiveness of such controls.

Section 134 of the act requires directors to confirm that your company have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively. With this objective in mind and to fulfill the requirements of the Companies Act, 2013, in the FY18, the Tata Power internal audit team, with the support of audit firms, performed the test of design and test of effectiveness of IFC. Scoping was done based on major classes of transactions and account balances, general IT controls and entity level controls were considered for review. Internal audit plan was executed by internal audit team of Tata Power along with co-sourced partner.

Assurance on internal control is based on a two pronged approach - at entity level and business process level. Effectiveness of framework is evaluated through a combination of approaches such as internal audits, control self-assessment, CEO & CFO certification on internal controls on financial reporting & statutory compliances, review of statutory auditors over financial reporting & compliances, business performance reporting and review by board, SAP ERP environment and culture.

The **internal audit** process includes review and evaluation of process robustness, effectiveness of controls and compliances. It also ensures adherence to policies and systems and mitigation of the operational risks perceived for each area under audit. Internal audit policy and manual has been framed, based on which a flexible risk based audit plan has been formulated that aligns with the organizational strategy and impact on business objectives.

The process of company are categorized into vital, essential and desirable where vital process are audited every year, essential and desirable are reviewed once in two years. In addition specific focus areas are covered based on inputs from senior leadership and audit committee. Criteria for classification of audit observations as major or minor have been revised to make it more objective. 100% audit of internal financial controls are ensured every year. 100% audit of fraud risk mitigation controls identified during fraud risk assessment are conducted every year. The actions emerging out of internal audits conducted reflects a decreasing trend of 245 to 225 over last three years. Follow up audits are conducted to review of effectiveness for all actions taken. Action status are tracked periodically and reported to the audit committee.

Significant observations including recommendations for improvement of the business processes are reviewed by the management before reporting to the audit committee. The audit committee then reviews the internal audit reports and the status of implementation of the agreed action plan. Post recognition of 'General conformance to international audit standards' from Institute of Internal Auditors (IIA Global) in 2013, quality review of audit reports is carried out as per IIA Global guidelines before the report is issued.

The indices to measure control effectiveness and robustness is through risk and control index and process robustness index. RCI trend of three years reflects a consistent performance of 91% with additional controls being added during RCM updation. PRI trend also reflects a positive trend from 43% in FY 2015-2016 and 80% in 2017-2018.

Improved control assurance is achieved through data analytics tool for scientific sampling, exceptional reporting through large database, assists in effective/focussed field work which will improve the quality of audit and give value added results. Internal audit reports are reviewed by management and significant issues and recommendations are presented to audit committee. On review of audit observations and action taken, there were no adverse audit observations which had not been acted upon having material impact on financials or commercial implications or material non-compliances.

The control **self-assessment** is one of the best practices which has been adopted and rolled out annually.

The CSA ensures optimum coverage of audit universe to provide assurance on the operating effectiveness based on results of evaluation across all processes. The questionnaire is based on the controls defined in the risk and control matrix which is updated dynamically based on process changes and integrated with internal financial controls and fraud risk controls. The control gaps identified by process owners are addressed by appropriate action plans with target dates and person responsible. CSA tool acts as a pillar to identify focus audit areas for audit plan and certification for internal controls effectiveness. CSA for all the processes have been released. Most of the responses have been received with no material observations.

The **Risk and Control Matrix (RCM)** is the foundation of internal audit for evaluation of the internal controls/policies that should exist in various management functions. A repository of RCM was developed which is continuously updated with fraud risk control identified as part of fraud risk assessment, operational risk emanating from enterprise risk management and internal financial controls. Committee of sponsoring organisations of the treadway commission (COSO) assertions are also integrated in the RCM which provides guidance on the design and evaluation of internal controls. At the end of every audit assignment, the RCM is refreshed and aligned to process changes.

Assessment mechanism for measuring the existence and effectiveness of controls are established by the fact that the value added index, which is a measure of effectiveness and contribution of the internal audit to top management and audit committee, has improved over the years.

In compliance to the Companies Act requirement, test of design and test of effectiveness of internal financial controls were conducted and adopted across the group. Internal financial controls identified as part of this exercise were integrated into RCM. The CEO & CFO certify to the board that internal controls over financial reporting are satisfactory. The board reviews the performance of various business segments each quarter. Such reviews have not given any indication of material failure of controls.

All the **legal compliances** are mapped and monitored through an online system called Legatrix. This system has escalation mechanisms for non-compliances.

Legal firm 'Legasis' is assigned the task of updation of amendments for various statutory compliances in the system. Status of compliances are reported and reviewed during BSC review. Additionally, internal audit reviews the statutory compliances as part of every audit conducted during the year. On review of the audit observations and action taken on audit observations, there were no adverse audit observations which had not been acted upon having material impact on statutory requirements.

The statutory auditors have conducted their independent evaluation and no material non-compliance with laws that has a direct relevance to the financial statements have been reported.

Show cause notices are currently being tracked manually. Legatrix provides a module to upload show cause and other statutory notices received in the system. This will provide a repository of all notices received. Functions are in the process of moving into this digital platform.

As on 31st March, 2018, there was 100% compliance reported in the system. The Executive Director & CEO also furnished a statutory compliance certificate to the board at every meeting.

Your company's secretarial audit carried out in the current year has not indicated any non-compliance.

Your company has used various tools and mechanisms including SAP ERP system to ensure proper controls and the authorizations are in place. GRC module with multiple rules have been implemented which has resulted in best in class robust ERP environment. The internal auditors review the access rights as part of their audit assignment and gaps noted have been duly acted upon.

13. Whistle blower policy/vigil mechanism

Your company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. In line with the Tata Code of Conduct (TCoC), any actual or potential violation, howsoever insignificant or perceived as such, would be a matter of serious concern for your company. The role of the employees in pointing out such violations of the TCoC cannot be undermined.

Pursuant to Section 177(9) of the Act, a vigil mechanism was established for directors and employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of your company's code of conduct or ethics policy.

Accordingly, the vigil mechanism provides a mechanism for employees of your company to approach the Chief Ethics Counsellor (CEC) or the chairman of the audit committee.

14. Sustainability

14.1 Care for our people

Safety is a core value of your company. Highlights of efforts in the areas of safety are as follows:

- 809 lost time incident (LTI) free day and 15.43 safe million man-hours were achieved in FY18.
- Unsafe acts/conditions are reported by employees from site using "Tata Power Suraksha app", which are subsequently tracked and addressed through SAP.
- "Suraksha Samvad", behaviour based safety program by "Aakar" (an NGO whose services are rendered for behavioral based safety training for business associates) was conducted covering a total of 551 business associates. Various other programs such as tool box talk, worker development programs, group meetings, personal contacts, etc. were conducted.
- L1 level safety training through Tata Power Skill Development Institute (TPSDI) was conducted for business associates and 1,721 workers were covered in this training. Similarly, L2 & L3 level safety training modules were introduced in this year that covered 615 and 134 (L2/ L3) business associates.
- Safety awareness programs on road safety, home safety, earthquake and fire safety were organized in "Aashiyana township" and nearby villages and schools to sensitize the community and employees.
- Proactive safety measures like hazard identification and risk assessment (HIRA), job safety analysis (JSA), daily activity list (DAL), pre-start up safety review (PSUSR), etc. are being rigorously followed.
- Safety critical jobs and issues are discussed in daily morning meeting and senior leadership team guides for resolution.
- All employees have understood and signed safety code of conduct (SCOC).
- Testing and certification of electrical tools, distribution board, etc. are conducted quarterly.
- Safety town halls were organised quarterly for safety dialogue with employees.
- Specialised safety training by external experts were conducted on various topics like rigging & slinging, scaffolding erection, working at height, defensive driving, advance fire etc.
- Road safety improvements are taken at "Aashiyana township" such as road safety signage, convex mirrors at blind corners, safety bollards, cat eyes etc.
- Online fire hydrant pressure monitoring system is developed and SMS alerts are configured, if pressure falls below specified limit.
- Safety observation reporting by Business associates was introduced through "Stakeholder Surksha App" in this year.

A summary of safety results achieved (for both employees and contract workforce) is shown below:

Sl. no	Parameters	FY18	FY17
1	Fatality (number)	0	*0*
2	LTIFR (Lost time injuries frequency rate per million man hours)	0.15	*0*
3	TIFR (Total injury frequency rate)(number of injuries per million man hours)	6.48	*11.55*
4	First aid cases (number)	35	*65*
5	Man-days lost	8	*0*
6	Man-days worked	8,10,075	*8,11,379*

14.2 Care for community and environment

14.2.1 Corporate social responsibility (CSR):

The CSR expenditures were made to respond to local demands for developmental activities with a view to establish your company as the "neighbour of choice".

Some of the major CSR activities pursued under the three thematic domains of CSR strategic intent are (A) Livelihood linked ecology (B) Basic needs (C) Social capital and infrastructure:

- **Sagarbandhu program:**

  Formation of another village development and advisory committee in village Tragadi, micro financing for foot fishermen community, preparation for land lease and master mapping for the proposed shrimp/ prawn farming. Your company is working extensively with two permanent fishing villages and one bunder i.e. Modhva, Tragadi and Tragadi bunder (which is inhabited by the transient fishermen community). Your company has charted out a plan of action, which apart from providing support for livelihood improvement, also looked for sustainable measures and skill development to further strengthen the fisher folk to generate adequate household income/ savings and be emancipated from their on-going debt trap.

- **Kanthi area livelihood program:**

  Your company supplied fodder for 3,600 cattle, which benefited 450 cattle owners under Kanthi area livelihood program through establishment of two gauseva charitable trust. For better management of the gaushala, computerized gaushala management software has been prepared and installed.

- **Water harvesting and conservation:**

  Participatory ground water management is a flagship initiative of your company, in the two blocks of Mundra and Mandvi Taluka of Kutch district, Gujarat. The scoping exercise in the areas of your company approximately 221.77 sq. km. was conducted (in phase 1 and 2), which revealed that over exploitation of wells are depleting water table resulting in a severe and irreversible damage to the water sources of the region. In this endeavour CGPL-TPCDT has partnered with ACT (arid community & technologies and geo science services) an NGO working on participatory ground water management (PGWM), working on water harvesting in the geologically defined kankavati sandstone which stretches along the 4500 sq. km. of Kutch coastline and covers much of the catchment of UMPP, Mundra. Under this innovative integrated intervention plan, your company has started implementation in 12 villages by strengthening the Geo-hydrological conditions in response to the water scarcity, developing mini watershed development plan after the success of faradi irrigation dam, water resource development and management plan developed on the basis of estimations of water balance and to meet the deficit of approx. 30 mcm. The participatory groundwater management has adopted a life cycle approach; (supply and demand), hence, corresponding to offsetting the water deficit, a strong community mobilization programme has been launched with farmers in the area to propagate optimal water use, promote innovative agricultural practices and support through technical inputs in micro irrigation. Subsequently, to increase self reliance on local water institutional mechanism has been set up, where approximately 120 farmers have been mobilized and bhujal jankars/pani pandits capacity building programme, was carried out.

  Protocol development is one of the important area of intervention in the programme to ensure drinking water security in the respective village, hence, the team aims to develop village level protocols which will be adopted and replicated by other organisations viz industries, govt, NGOs etc. The success of the work undertaken in the field in PGWM has also featured in the compendium published by central ground water board (Govt. of India) and in the International Magazine.

- **Implementation of micro irrigation system (MIS) in partnership with Gujarat Green Revolution Company (GGRC):**

  Your company has partnered with GGRC and has implemented MIS in 503 hectares in 9 villages in the vicinity covered till 263 farmers. Now, this program is self-sustained; no more financial support is being extended from your company.

- **Sanitation:**

  Due to continuous effort of your company and government of gujarat, Mandvi block was declared as open defection free as on 26th January, 2017. They appreciated the joint efforts of your company and coastal salinity preventive cell (CSPC) (Tata trust). This partnership has given the desired result. Basically, through this project, CSPC and your company had given more stress in creation of awareness among the community. Various tools were used for addressing behaviour change continuous liasoning with the government and capacity building in 93 panchayats has resulted in construction of 3200 toilets in Mandvi block. Government has also appreciated the commitment of CGPL team towards "Total Sanitation Campaign" which is a national mandate.

- **Project Suryoday:**

  First Net metering project in Kutch; partnered with government of gujarat and panchayat for self sufficiency and installed 17 units in one village. This model will be replicated in other villages after the successful outcome.

- **Shiksha Saarthi:**

  Your company addressed the issue of "Quality Education" by promoting 'learning achievement' in the schools nearby through various inputs viz. establishment of science centre, teachers training, educational kits to the new school entrants.

- **Biodiversity:**

  Your company has worked very extensively in partnership with local NGO and IUCN for biodiversity mapping and conservation in Kutch and identified 20 projects, which have later been handed over to BMCs for projects' self-sustenance.

- **Matters related to lenders:**

  Your company in close coordination with IFC and ADB has developed management and monitoring plan (M&M) and remedial action plan (RAP) to address the issue related to fishermen community. The latest summary of status of the 16 action points reflected in the Management and Monitoring (M&M) plan is available on the micro site of your company among which 14 are closed and 2 are still ongoing. With regard to the RAP (ADB) a categorical status update on five action points, which all are completed, is also put on the CGPL micro site. Your company has worked with reputed institutions (IUCN, NIO, CMFRI, MGLI, Taleem, Kadam Enviro, ARCADIS, GreenC etc.) to establish that your company's operations have no adverse impact on the environment and marine life around the plant, especially the inlet and outfall channel. Apart from ESP, ETP, and STP for emission and effluent control, your company has undertaken extra initiatives to develop biodiversity management plans in the region with the support of IUCN and developed Biodiversity Management Plan (BMP). Assurance activities in the form of experimental cage fishing in the outfall channel has now been completed with the completion of 21 rounds, which has established that there are no any adverse effects in the marine aquatic due to plant operation of your company. It has decisively established that there is no adverse impact on variety of fish culture.

- **Social Audit:**

  The positive social impact of these initiatives is measured in terms of CSI (community satisfaction index), which has shown a consistent increase over the years (2010-11: 24.6%; 2011-12: 26.2%; 2012-13: 61.81%; 2013-2015: 62.28%; 2015-16: 70% & 2016-17: 72%). This is a composite index consisting of community reactions to multi-sector CSR initiatives undertaken by your company and is measured through scientific means by government accredited expert agency (MGLI - Mahatma Gandhi Labour Institute, Govt. of Gujarat).

  However, there are certain disgruntled elements and vested interests operating at local level. These groups have continued to make false allegations of adverse impact on the marine environment and livelihood of society due to the operations of your company, in terms of increasing temperatures of sea water, ingress of salinity, loss of livelihood and demanded related compensation. Your company has undertaken sufficient assurance studies and remedial actions in this regard. All CSR activities are implemented through community organizations (VDACs) and expert technical agencies and NGOs. While all efforts undertaken by your company are well documented, the allegations made by complainants are unsubstantiated and not backed by credible data. Various programs and other studies undertaken by your company are available as a process of public disclosure and can be accessed through https://www.tatapower.com/businesses/cgpl-mundra/csr.aspx.

The Annual Report on CSR activities of the company for FY 2017-18, is attached as Annexure - C.

14.2.2 Ash management

After commissioning of all the units, the estimated total ash generation is about 6.4 lakh tons per annum based on generation plan. As per the MoEF guidelines issued in 2009, complete ash generated by the station needs to be utilized within a stipulated time frame.

Your company has systematically planned fly ash utilization and current utilization of fly ash is 80.2%. The details are as follows:

Year	MoEF target (%)	Total ash generate (MT)	Target as MoEF (MT)	Utilization (MT)	Utilization (%)	Balance to be utilized within next 2 years (MT)	Balance to be utilized within next 5 years (MT)	Total ash in the pond (MT)
FY13	NA	3,24,838	NA	26,651	8.2	NA	2,98,187	2,98,187
FY14	50	5,32,093	2,66,046	1,33,470	25.1	1,32,576	2,66,047	3,98,623
FY15	70	6,48,134	4,53,693	1,80,560	27.9	2,73,133	1,94,441	4,67,574
FY16	90	7,16,286	6,44,657	5,15,828	72.0	1,28,829	71,629	2,00,458
FY17	100	7,87,533	7,87,533	6,30,854	80.1	1,56,679	0	1,56,679
FY18	100	7,86,192	7,86,192	6,30,913	80.25	1,55,280	0	1,55,280

15. Human resources development

Some of the major human resource initiatives undertaken by your company during the year include:

- **Employee engagement** - Engagement action planning workshops were conducted for Managers, and action plan was implemented to further enhance employee engagement. Major events for employee engagement and welfare conducted during the year are Town Hall meetings with CEO, Annual Sports day, cross country race, celebration of festivals, Inter and intra divisional sports events etc.
- **Rewards & Recognition** - Total 388 nos. of rewards were given during FY18. Various forums for R&R at CGPL are annual reward night, monthly townhalls and departmental spot awards.
- **Training & development** - Training needs were identified for every employee through PMS for development and growth of employees. 87% training need compliance index (TNCI) has been achieved during the period under review and the average training mandays achieved is 6.7.
- **Leadership development program** - Around 86 man days training has been imparted in FY18 to senior executives in areas like building engagement-leadership development program, BCP & disaster recovery plan, emotional intelligence & stress management, awareness on CAPEX & budgeting process, gender sensitization/ POSH, TBEM, design FMEA/ RCM, tgels etc.
- **Digitalization of food coupons** - Sodexo digital card have been issued in place of Sodexo coupons.
- **Medical health camps and medical awareness program** - Various health camps and medical awareness programs were organized during the year like annual medical health checkup, blood donation camp, eye checkup camp, polio immunization camp. First aid training was provided to employees and contract workers.
- **Digitalization of employee & business associates health records** - Health management software at your company has been started and linked with SAP HR module. Employees as well as contract workers health records are uploaded in this software for easy access.
- **Competency enhancement of business associates** - Renewed focus was there on competency development of workforce of business associates in collaboration with TPSDI, Mundra. 148 associates were trained in various technical modules while 1,635 associates were trained in safety foundation course. Additionally, more than 551 associates were trained on behavioural competencies through Aakar (an NGO which conducts behavioural safety training called "Suraksha samwad").
- **Contract workers welfare and statutory compliances** - Payment of wages through bank account has been implemented for 100% associates at your company. All labour law related compliances have been ensured. Few welfare activities were also conducted for contract workers.

- **Sexual harassment** - Your company has continuously endeavoured towards improving diversity and creating a safe and fair workplace for its employees. Your company has formulated a policy on prevention, prohibition and redressal of sexual harassment at workplace (POSH) in line with requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An internal complaints committee (ICC) has been set up to redress complaints received regarding sexual harassment. The policy has guidelines on the redressal and enquiry process that is to be followed by complainants and the ICC, whilst dealing with issues related to sexual harassment at the workplace towards any woman colleague. All women associates (permanent, temporary, contractual and trainees) as well as any woman visiting your company's office premises or women service providers are covered under this policy. All employees are treated with dignity with a view to maintain a work environment free of sexual harassment whether physical, verbal or psychological.

  The following is a summary of sexual harassment issues raised, attended and dispensed during FY18.

  - No. of complaints received : 01
  - No. of complaints disposed off : 01
  - No. of cases pending for more than 90 days : Nil
  - No. of workshop or awareness programs against sexual harassment carried out : 08

16. Conservation of energy, technology absorption

The information on conservation of energy and technology absorption stipulated under Section 134 (3) (m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, is attached as Annexure - D.

17. Foreign exchange earnings and outgo

The foreign exchange expenditure during the FY18 was as follows:

Particulars	Amount (₹ crore)
Capital goods and coal imports	4,989.74
Spare parts	5.02
Interest charges	188.35
Compensation payments	37.80
Travelling expenses	0.02

18. Loans, guarantees, securities and investments

Your company, being an infrastructure company, is exempt from the provisions as applicable to loans, guarantees and securities under Section 186 of the Act. The details of investments are provided in the schedules to the financial statements.

19. Deposits

As on 31st March 2018, your company had not taken any deposits.

20. Credit rating

CRISIL has maintained its long term standalone credit rating of CRISIL A-/Stable. The rating reflected continued pressure on cash flows and under-recovery of fuel cost. However, it also reflected the strong operational, management and financial support which your company receives from The Tata Power Company Limited i.e. sponsorship support agreement with your company's project lenders which requires Tata Power to provide financial support by way of deficit funding.

For the long term and short term loan facility, which are backed by unconditional and irrevocable guarantee from Tata Power, CRISIL has assigned the rating as CRISIL AA- (SO)/stable and CRISIL A1+(SO), respectively.

21. Particulars of employees and remuneration

The information required under Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in the annexure forming part of this report. In terms of the first provision to Section 136 of the Act, the report and accounts are being sent to the members excluding the aforesaid annexure. Any member interested in obtaining the same may write to your company secretary at the registered office of your company. None of the employees listed in the said annexure is related to any director of your company.

22. Related party transactions

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of your company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act"), your company has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

The details are annexed herewith as Annexure E.

23. Subsidiaries/joint ventures/associates

As on 31st March, 2018, your company has one wholly owned subsidiary, Energy Eastern Pte. Ltd. (EEPL). EEPL is engaged in arranging shipping of coal required for the project. Your company has infused equity funding of USD 711,032 till 31st March, 2018 in EEPL. EEPL made a profit of USD 1,513,010 during the financial year ended 31st March, 2018, as against profit of USD 2,078,915 in the previous financial year.

The report on the performance and financial position of the subsidiary has been provided in Form AOC-1 as Annexure F.

24. Extract of annual return

Pursuant to Section 92 of the Act and Rule 12 of The Companies (Management and Administration) Rules, 2014, the extract of annual return in Form MGT-9 is provided in Annexure G.

25. Auditors

The members had, at its meeting held on 28th August, 2017, appointed S R B C & Co. LLP (SRBC), Chartered Accountants, as statutory auditors of your company for a period of 5 years from the conclusion of the 11th Annual General Meeting (AGM) till the conclusion of the 16th AGM to be held in 2022.

The board has at its meeting held on 23rd April, 2018, recommended to the members to ratify the said appointment of SRBC and their remuneration. In this connection, attention of the members is invited for approval of item no. 3 of the notice, for ratification of appointment of statutory auditors.

26. Auditor's report

The notes forming part of the accounts referred to in auditors' report of your company are self-explanatory and, therefore, do not call for any further explanation under Section 134(3)(f) of the Act.

27. Cost auditor and cost audit report

M/s. Sanjay Gupta and Associates, Cost Accountant, were appointed as cost auditor of your company for FY18.

In accordance with the requirement of the central government and pursuant to Section 148 of the Act, your company carries out an annual audit of cost accounts. The cost audit report and the compliance report of your company for FY17, was filed on 18th August, 2017 with the Ministry of Corporate Affairs through extensive business reporting language (XBRL) by M/s. Sanjay Gupta and Associates, Cost Accountants, before the due date of 30th September, 2017.

28. Secretarial audit report

Pursuant to provisions of Section 204 of the Companies Act, 2013, your company had appointed M/s. Parikh & Associates, Company Secretaries as secretarial auditors for FY18. Secretarial audit report of your company is self-explanatory and, therefore, do not call for any further explanation.

The secretarial audit report is annexed herewith as Annexure H.

29. Directors responsibility statement

Based on the framework of internal financial controls and compliance systems established and maintained by your company, work performed by the internal, cost and secretarial auditors including audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that your company's internal financial controls were adequate and effective during the financial year 2017-18.

Accordingly, pursuant to Section 134(5) of the Companies Act, 2013, the board of directors, to the best of their knowledge confirms that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to all material departures;
- The directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- The directors had prepared the annual accounts on a going concern basis;
- The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

30. Acknowledgements

On behalf of the directors of your company, would like to place on record our deep appreciation to our shareholders, customers, business partners, vendors, both international and domestic, bankers, financial institutions and academic institutions.

The directors are thankful to the government of India and the various ministries, the state governments and the various ministries, the central and state electricity regulatory authorities, APTEL, corporation and municipal authorities of the areas where your company operates and communities associated with its area of operation.

The directors would also like to appreciate and value the contributions made by all our employees and their families for making your company what it is.

On behalf of the board of directors,

Ashok Sethi
Chairman
(DIN: 01741911)

Date: 17th July, 2018
Place: Mumbai

Annexure A

Policy on board diversity & director attributes

1. **Objective**

1.1 The policy on board diversity ('the policy') sets out the approach to diversity on the board of directors ('the board') of Coastal Gujarat Power Limited (the company).

1.2 The company recognises that diversity at board level is a necessary requirement in ensuring an effective board. A mix of executive, independent and other non-executive directors is one important facet of diverse attributes that the company desires. Further, a diverse board representing differences in the educational qualifications, knowledge, experience, gender, age, thought and perspective results in delivering a competitive advantage and a better appreciation of the interests of stakeholders. These differences should be balanced against the need for a cohesive, effective board. All board appointments shall be made on merit having regard to this policy.

2. **Attributes of directors**

2.1 The following attributes need to be considered in considering optimum board composition:

2.1.1 Gender diversity: Having at least one woman director on the board with an aspiration to reach three women directors.

2.1.2 Age: The average age of board members should be in the range of 60 - 65 years.

2.1.3 Competency: The board should have a mix of members with different educational qualifications, knowledge and with adequate experience in finance, accounting, economics, legal and regulatory matters, the environment, green technologies, operations of the company's businesses, energy commodity markets and other disciplines related to the company's businesses.

2.1.4 Independence: The independent directors should satisfy the requirements of the Companies Act, 2013 (the Act) and the listing agreements in respect of the 'independence' criterion.

2.2 Additional attributes

2.2.1 The directors should not have any other pecuniary relationship with the company, its subsidiaries, associates or joint ventures and the company's promoters, besides sitting fees and commission.

2.2.2 The directors should not have any of their relatives (as defined in the Act and Rules made thereunder) as directors or employees or other stakeholders (other than with immaterial dealings) of the company, its subsidiaries, associates or joint ventures.

2.2.3 The directors should maintain an arm's length relationship between themselves and the employees of the company, as also with the directors and employees of its subsidiaries, associates, joint ventures, promoters and stakeholders for whom the relationship with these entities is material.

2.2.4 The directors should not be the subject of allegations of illegal or unethical behavior, in their private or professional lives.

2.2.5 The directors should have ability to devote sufficient time to the affairs of the Company.

3. **Role of the nomination and remuneration committee**

3.1 The nomination and remuneration committee ('the NRC') shall review and assess board composition whilst recommending the appointment or reappointment of independent directors.

4. **Review of the policy**

4.1 The NRC will review this policy periodically and recommend revisions to the board for consideration.

Annexure B

Remuneration policy for directors, key managerial personnel and other employees

The philosophy for remuneration of directors, key managerial personnel ("KMP") and all other employees of Coastal Gujarat Power Limited ("company") is based on the commitment of fostering a culture of leadership with trust. The remuneration policy is aligned to this philosophy.

This remuneration policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 ("**Act**"). In case of any inconsistency between the provisions of law and this remuneration policy, the provisions of the law shall prevail and the company shall abide by the applicable law. While formulating this policy, the nomination and remuneration committee ("**NRC**") has considered the factors laid down under Section 178(4) of the Act, which are as under:

"(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals."

Key principles governing this remuneration policy are as follows which give due regard to the policies of the parent company:

- **Remuneration for independent directors and non-independent, non-executive directors**
  - Independent directors ("ID") and non-independent non-executive directors ("NED") (other than employees of other Tata companies and nominees of the joint venture partner) may be paid sitting fees (for attending the meetings of the board and of committees of which they may be members) and commission within regulatory limits.
  - Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the NRC and approved by the board.
  - Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate directors aligned to the requirements of the company (taking into consideration the challenges faced by the company and its future growth imperatives).
  - Overall remuneration should be reflective of size of the company, complexity of the sector/industry/company's operations and the company's capacity to pay the remuneration.
  - Overall remuneration practices should be consistent with recognized best practices.
  - Quantum of sitting fees may be subject to review on a periodic basis, as required.
  - The aggregate commission payable to all the NEDs and IDs will be recommended by the NRC to the board based on company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the board.
  - The NRC will recommend to the board the quantum of commission for each director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the board and committee meetings, individual contributions at the meetings and contributions made by directors other than in meetings.
  - In addition to the sitting fees and commission, the company may pay to any director such fair and reasonable expenditure, as may have been incurred by the director while performing his/ her role as a director of the company. This could include reasonable expenditure incurred by the director for attending board/board committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/ management, site visits, induction and training (organized by the company for directors) and in obtaining professional advice from independent advisors in the furtherance of his/her duties as a director.
- **Remuneration for managing director ("MD")/executive directors ("ED")/KMP/ rest of the employees**[1]
  - The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be
    - Market competitive (market for every role is defined as companies from which the company attracts talent or companies to which the company loses talent)

[1] Excludes employees covered by any long term settlements or specific term contracts. The remuneration for these employees would be driven by the respective long term settlements or contracts.

Annexure B

Remuneration policy for directors, key managerial personnel and other employees *(Contd.)*

- Driven by the role played by the individual,
- Reflective of size of the company, complexity of the sector/ industry/ company's operations and the company's capacity to pay,
- Consistent with recognized best practices and
- Aligned to any regulatory requirements.

• In terms of remuneration mix or composition,

- The remuneration mix for the MD/ EDs is as per the contract approved by the shareholders. In case of any change, the same would require the approval of the shareholders.
- Basic/ fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience.

In addition to the basic/ fixed salary, the company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimization, where possible. The company also provides all employees with a social security net (subject to limits) by covering medical expenses and hospitalization through re-imbursements or insurance cover and accidental death and dismemberment through personal accident insurance.

- The company provides retirement benefits as per applicable Tata Power group policy.
- [In addition to the basic/ fixed salary, benefits, perquisites and allowances as provided above, the company provides MD/ EDs such remuneration by way of an annual incentive remuneration/ performance linked bonus subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the board. An indicative list of factors that may be considered for determination of the extent of this component are:
  - Company performance on certain defined qualitative and quantitative parameters as may be decided by the board from time to time,
  - Industry benchmarks of remuneration,
  - Performance of the individual.][2]
  - The company provides the rest of the employees a performance linked bonus. The performance linked bonus would be driven by the outcome of the performance appraisal process and the performance of the company.

• **Remuneration payable to director for services rendered in other capacity**

The remuneration payable to the directors shall be inclusive of any remuneration payable for services rendered by such director in any other capacity unless:

• The services rendered are of a professional nature; and

• The NRC is of the opinion that the director possesses requisite qualification for the practice of the profession.

• **Policy implementation**

The NRC is responsible for recommending the remuneration policy to the board. The board is responsible for approving and overseeing implementation of the remuneration policy.

[2] To be retained only if commission is not provided to MD/ EDs

Annexure C

Annual Report on CSR Activities for FY 2017-18

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

   The project/programmes are covered in the following areas:

   1) **Livelihood linked biodiversity/ecology** - It covers work on agriculture, fisheries, animal husbandry, water harvesting and conservation, mangrove plantation, biodiversity conservation.

   2) **Basic needs** - Health and nutrition, education, public health (drinking water and sanitation), livelihood promotion through SHG.

   3) **Building social capital and infrastructure** - Work towards model village, rural energy, skill development, creation of community Need based proper resources.

2. **The composition of the CSR committee**

   The CSR committee consists of the following directors:

   - Mr. Asim Kumar De - Chairman
   - Mr. Nawshir H. Mirza - Member (Independent director)
   - Ms. Anjali Kulkarni - Member

3. **Average net profit of the company for last three financial years**

   Your company has incurred average losses during the last three immediately preceding financial years.

4. **Prescribed CSR expenditure(two percent of the amount as in Item 3 above)**

   Not applicable.

5. **Details of CSR spent during the financial year**

   (a) **Total amount to be spent for the financial year:** ₹ 579.89 lakhs*
   **excluding expenditure on administrative overheads of ₹ 107.64 lakhs.*

   (b) **Amount unspent, if any:** Nil. Your company has incurred average losses during the last three immediately preceding financial years. Therefore, the mandatory spend of at least 2% of the average net profit was not applicable.

   (c) **Manner in which the amount spent during the financial year**: As per Schedule-I.

6. **In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its board report.**

   Not applicable.

7. **A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the company.**

   To the best of the knowledge and belief and according to the information and explanation obtained by them, the CSR committee hereby states that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and the CSR policy of your company.

Annexure C

Schedule I to the Annual Report on CSR activities

Sl. no.	CSR project or activity Identified	Sector in which the project is covered	Project or programs (1) Local area or other (2) Specify the state & district where projects or programs was undertaken	Amount outlay (Budget) project or programs wise (₹ in lakhs) for FY 2017-18	Amount spent on the projects or programs SUB heads: (1) Direct expenditure on projects or programs (2) Overheads (₹ in lakhs) for FY 2017-18	Cumulative expenditure upto the reporting period (₹ in lakhs) 2015-16, 2016-17, 2017-18	Amount spent direct or through implementing agency
1	Fishermen development program - sagarbandhu programme	**Livelihood linked biodiversity/ecology (animal husbandry, fisheries, agriculture productivity enhancement program, micro irrigation, gaucher land development) animal husbandry, fisheries and agriculture, water harvesting and conservation)**	Local- Tragadi Bunder & Modhva	20.94	9.94	393.65	VDAC, Swadeep, Utthan, PC
2	Fodder support to gaushala		Local (Tunda-Vandh and Mota Kandagara) Surrounding 7 villages & Fodder Demo Plot	444.23	351.91	1,536.88	TVGCT & MKGCT
3	Participatory ground water management (supply side management)		Local villages- Faradi, Tragadi, Nanabhadiya, Motabhadiya, Nanikhankar, Motikhakar, Gunidiyali, Tunda- Vandh)	10.00	-	481.17	ACT & GSS
4	Brucellosis control project		Kutch region	0	-	27.38	Kutch Nav Nirman Abhiyan
5	Tree plantation green kutch drive		Local	0	-	17.60	TPCDT
6	Biodiversity management plan and program		Local	70	70	70	IUCN
	Sub total A	-	-	**545.17**	**431.85**	**2,526.68**	
7	Block ODF program		Local - Mandvi block	3.11	2.03	39.07	CSPC
8	Shiksha saarthi program- improving learning achievements	**Basic needs (health & nutrition, education, public health - drinking water and sanitation), livelihood promotion through self help group**	Local - Mandvi block	15.00	-	98.93	Pratham
9	Filling critical gaps in delivery of school education in Kutch (incl. provision of para teachers)		Local - Mandvi block	0	-	28.58	CGPL/TPCDT
10	Concurrent health surveillance diagnosis and treatment and cataract operation programme		Local-18 villages	20.99	9.99	49.33	Helpage

Annexure C

Schedule I to the Annual Report on CSR activities *(Contd.)*

Sl. no.	CSR project or activity Identified	Sector in which the project is covered	Project or programs (1) Local area or other (2) Specify the state & district where projects or programs was undertaken	Amount outlay (Budget) project or programs wise (₹ in lakhs) for FY 2017-18	Amount spent on the projects or programs SUB heads: (1) Direct expenditure on projects or programs (2) Overheads (₹ in lakhs) for FY 2017-18	Cumulative expenditure upto the reporting period (₹ in lakhs) 2015-16, 2016-17, 2017-18	Amount spent direct or through implementing agency
11	Promoting community hygiene facility in strategic locations		Local 21 villages	1.61	1.60	26.77	CGPL/TPCDT
12	Support affirmative actions in catchment area (educational hostel - Bhuj)		Bhuj	0	-	11.89	CGPL
	Sub total B	-	-	**40.71**	**13.62**	**254.57**	
13	Creating common property resources	**Building social capital and infrastructure; work towards model village, rural energy, skill development, creation of community need based property resources**	Local 7 villages	12.50	12.16	344.19	TPCDT
14	Knowledge management and documentation		Local- 21 villages	5.04	3.04	59.58	Appropriate agency (MGLI, Taleem, IIPH etc)
15	Waste management program		Local- 5 villages	0.58	0.58	38.4	Sahajeevan (CGPL), PRI
16	Critical gap filing through special initiatives		Local 7 villages	0	-	26.12	CGPL/TPCDCT
17	Technical support services (programme implementation)		Local- 21 villages	65.00	65.25	147.34	TPCDT
18	Solar roof top net metering project (sarodiya)		1 Village Tunda	4.00	2.55	2.55	TPCDT, PRI
19	TPSDI support		Local - 21 villages	50.00	50.84	50.84	TPCDT
	Sub total C	-	-	**137.12**	**134.42**	**669.02**	
	Total (A+B+C)		-	**723.00**	**579.89#**	**3,450.27**	

**As your company has incurred average losses during the immediately preceding three financial years, the mandatory spend of at least 2% of the average net profits was not applicable.*

#excluding expenditure on administrative overheads of ₹ 107.64 lakhs.

Asim Kumar De
Chairman-CSR Committee
(DIN: 03619507)

Kumar V. Ghate
Chief Executive Officer

Annexure D

Conservation of energy and technology absorption

Conservation of energy

A. The steps taken or impact on conservation of energy

Your company has taken the various initiatives for the energy conservation through adoption of various new technologies and improved processes. These have led to the improved heat rate and reduced auxiliary power consumption. The major initiatives are:

- Installation of VFD (variable frequency drive) in CEP (condensate extraction pump) was taken as an energy conservation initiative, at CGPL Mundra. In view of 2*100% configuration of CEP, VFD with changeover facility has been installed in three units(U#10,U#30 & U#40) of FY18. APC reduction of ~ 300 kw has been achieved in one unit by this initiative.
- Reduction in specific energy consumption from 4.17 kWh/m3 to 4.13 kWh/m3 in FY18 at water treatment plant.
- Fly ash evacuation line at U#10 has been modified in FY18 resulting in unit evacuation time reduction by 60-90 minutes leading to aux power reduction of 0.81 MWh per evacuation.
- Reduction in process time of LP cleanup cycle from 28 hrs. to 20 hrs. by implementing double dozing system resulted in startup power reduction of 80 MWh per startup and optimum utilization of natural resources.
- APC tracker for shut down resulting in reduced running Hrs of equipment's during outages. Reduction of 500 MWh has been achieved in each shutdown.
- Automation of coal bunker ventilation system resulting in aux power reduction of 3675 MWh per annum for station.

B. The capital investment on energy conservation equipment

- Installation of variable frequency drive in CEP of three units - ₹ 4.3 crore

Form B

<u>Form for disclosure of particulars with respect to technology absorption, research and development</u>

1	Specific areas in which R&D carried out by the Company.	None
2	Benefits derived as a result of the above R&D	None
3	Future plan of action	None
4	Expenditure on R&D: Capital Recurring Total Total R&D expenditure as a percentage of total turnover	Nil

Technology, absorption, adaptation and innovation

1	Efforts, in brief, made towards technology absorption, adaptation and innovation	Replacement of center break isolators with double break isolator in U#10, 30, 40 & 50 at CGPL resulted in improved availability. Wireless operation of recovery system resulting in smooth and trouble-free operation of Ash slurry water recovery. Sequence of event recorder completed in U# 10 which will help in earliest identification of root cause for any system /equipment failure. Optimized unit operation using Merit order tool resulting in Heat Rate Improvement. Implementation of Frequency prediction tool has helped in optimising over injection and under injection of powers.

Annexure D

Conservation of energy and technology absorption *(Contd.)*

2	Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.	System availability, reliability, safety and cost reduction along with improvement in operational efficiency.
3	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished: Technology imported. Year of import. Has technology been fully absorbed? If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action.	Smart water cannon system. 2014 Yes.

C. Other initiatives

- First capital overhaul of 800 MW unit (U#10) completed resulting in restoring efficiencies of the Unit.
- Standalone fire detection systems have been installed in all inhabited buildings in the complex in, for quick identification of location of fire, which helps fire crews to reach the fire sight in shortest time.
- Fire water line replacement phase - 1 completed and resulting in reduction of service water consumption and increase fire water system availability.
- VFD installation in unit 30 & 40 completed to reduce auxillary power consumption.
- Water canal installed in unit 30 & 40 to bring more flexibility to fire different off spec coal.

On behalf of the board of directors,

Ashok Sethi
Chairman
(DIN: 01741911)

Date: 17th July, 2018
Place: Mumbai

Annexure E

FORM No. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in section 188(1) of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto (FORM AOC-2) are as given below:

1) Details of material contracts or arrangements or transactions not at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration	Salient terms including value	Justification for entering	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
The Tata Power Company Ltd.	Support to your company	01/04/2017 to 31/03/2018	Subordinated loan of ₹500 crore in the form of perpetual debt, subordinated loans or inter corporate debts towards deficit funding for FY 2017-18	Your company had been continuously making losses and not in position to meet its requirement for deficit funding.	18th October, 2017	Nil	NA
The Tata Power Company Ltd.	Support to your company	01/04/2017 to 31/03/2018	Subordinated loan of ₹700 crore in the form of perpetual debt, subordinated loans or inter corporate debts towards deficit funding for FY 2017-18	Your company had been continuously making losses and not in position to meet its requirement for deficit funding.	18th October, 2017	Nil	NA

2) Details of material contracts or arrangement or transactions at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration	Salient terms including value	Date (s) of approval by the Board	Amount paid as advances, if any
PT Kaltim Prima Coal, Indonesia	Coal supply	01/04/2017 to 31/03/2018	Coal supply of ₹ 3,393.08 crore	1st September, 2008	NA
Energy Eastern Pte. Ltd.	Freight	01/04/2017 to 31/03/2018	Payment of transportation of coal of ₹324.09 crore	1st September, 2008	NA
Trust Energy Resources Pte. Limited	Freight	01/04/2017 to 31/03/2018	Payment of transportation of coal of ₹273.74 crore	1st September, 2008	NA

On behalf of the board of directors,

Ashok Sethi
Chairman
(DIN: 01741911)

Date: 17th July, 2018
Place: Mumbai

Annexure F

Form AOC-I

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

(All amounts are in ₹)

1. Name of the subsidiary: Energy Eastern Pte. Ltd.
2. Reporting period for the subsidiary concerned, if different from the holding Company's reporting period: 1st April 2017 to 31st March 2018
3. Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries: USD/INR 65.1775

4.	Share capital	:	₹ 46,343,288
5.	Reserves & surplus	:	₹ 303,871,388
6.	Total assets	:	₹ 2,052,693,928
7.	Total liabilities	:	₹ 1,702,479,252
8.	Investments	:	Nil
9.	Turnover	:	₹ 3,445,765,876
10.	Profit before taxation	:	₹ 98,958,151
11.	Provision for taxation	:	₹ 343,951
12.	Profit after taxation	:	₹ 98,614,224
13.	Proposed dividend	:	₹ 228,121,250
14.	% of shareholding	:	100 %

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations: Nil
2. Names of subsidiaries which have been liquidated or sold during the year: Nil

On behalf of the board of directors,

Ashok Sethi
Chairman
(DIN: 01741911)

Date: 17th July, 2018
Place: Mumbai

Annexure F

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Your company doesn't have any associate companies and joint ventures.

Annexure G

Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U40102MH2006PLC182213
2.	Registration date	10/02/2006
3.	Name of the company	Coastal Gujarat Power Limited
4.	Category / Sub-category of the Company	Public company limited by shares
5.	Address of the registered office and contact details	34, Sant Tukaram Marg, Carnac Bunder, Mumbai - 400009 Tel.: 022-67171215
6.	Whether listed company	No
7.	Name, address and contact details of registrar and transfer agent, if any	TSR Darashaw Limited 6-10, Haji Moosa Patrawala Industrial Estate (Near Famous Studio) 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400011 Tel.: 022 66568484, Fax.: 022 66568494 Email: csg-unit@tsrdarashaw.com Website: www.tsrdarashaw.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. no.	Name and description of main products / services	NIC Code of the product/ service	% to total turnover of the company
1	Electric power generation by coal based thermal power plant	35102	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. no.	Name and address of the company	CIN/GLN	Holding/subsidiary/ associate	% of shares held	Applicable section
1	The Tata Power Company Ltd.	L28920MH1919PLC000567	Holding	**100%**	2(46)
2	Energy Eastern Pte Ltd.	Not applicable, foreign Company	Subsidiary	**100%**	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise shareholding

Category of shareholders	No. of shares held at the beginning of the year (in crore)				No. of shares held at the end of the year (in crore)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters (1) **Indian**									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central govt	-	-	-	-	-	-	-	-	-

Annexure G

Form No. MGT-9 *(Contd.)*

Category of shareholders	No. of shares held at the beginning of the year (in crore)				No. of shares held at the end of the year (in crore)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) State govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies corp.	608.342	-	608.342	100	608.342	-	608.342	100	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other….	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	**608.342**	-	**608.342**	**100**	**608.342**	-	**608.342**	**100**	-
(2) Foreign									
a) NRIs -Individuals	-	-	-	-	-	-	-	-	-
b) Other -Individuals	-	-	-	-	-	-	-	-	-
c) Bodies corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other….	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of promoter (A) = (A)(1)+(A)(2)	**608.342**	-	**608.342**	**100**	**608.342**	-	**608.342**	**100**	-
B. Public shareholding									
1.Institutions									
a) Mutual funds b) Banks / FI c) Central govt d) State govt(s) e) Venture capital Funds f) Insurance companies g) FIIs h) Foreign venture capital funds i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-									
2. Non-institutions	-	-	-	-	-	-	-	-	-
a) Bodies corporate i) Indian ii) Overseas	-	-	-	-	-	-	-	-	-

Annexure G

Form No. MGT-9 *(Contd.)*

Category of shareholders	No. of shares held at the beginning of the year (in crore)				No. of shares held at the end of the year (in crore)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals i) Individual shareholders holding nominal share capital upto ₹ 1 lakh ii) Individual shareholders holding nominal share capital in excess of ₹ 1lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total public shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**608.342**	-	**608.342**	**100**	**608.342**	-	**608.342**	**100**	-

(ii) Shareholding of promoters

Sl no.	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares (in crore)	% of total shares of the company	%of shares pledged / encumbered to total shares	No. of shares (in crore)	% of total shares of the company	%of shares pledged / encumbered to total shares	
1	The Tata Power Company Ltd.	608.342	100	NIL	608.342	100	NIL	NIL
	Total	**608.342**	**100**	**NIL**	**608.342**	**100**	**NIL**	**NIL**

Annexure G

Form No. MGT-9 *(Contd.)*

(iii) Change in promoters' shareholding (please specify if there is no change)

Sl. no.		Shareholding at the beginning of the year		Cumulative shareholding during the year	
	For each of the top 10 shareholders	**No. of shares (in crore)**	**% of total shares of the company**	**No. of shares (in crore)**	**% of total shares of the company**
	At the beginning of the year	608.342	100	608.342	100
	Date wise increase /decrease in share holding during the year specifying the reasons for increase/decrease (e.g. allotment):	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	-	-	608.342	100

(iv) Shareholding pattern of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs):

Sl. no.		Shareholding at the beginning of the year		Cumulative shareholding during the year	
	For each of the top 10 shareholders	**No. of shares (in crore)**	**% of total shares of the company**	**No. of shares (in crore)**	**% of total shares of the company**
	At the beginning of the year	608.342	100	608.342	100
	Date wise increase /decrease in share holding during the year specifying the reasons for increase/decrease (e.g. allotment):	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	-	-	608.342	100

(v) Shareholding of directors and key managerial personnel:

Sl. no.		Shareholding at the beginning of the year		Cumulative shareholding during the year	
	For each of the top 10 shareholders	**No. of shares (in crore)**	**% of total shares of the company**	**No. of shares (in crore)**	**% of total shares of the company**
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise increase / decrease in share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	NIL	NIL	NIL	NIL
	At the end of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

Annexure G

Form No. MGT-9 *(Contd.)*

V. INDEBTEDNESS

Indebtedness of the company including interest outstanding/accrued but not due for payment

(₹ in crore)

	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal amount	9,759	436	-	10,195
ii) Interest due but not paid	9	-	-	9
iii) Interest accrued but not due	34	9	-	43
Total (i+ii+iii)	**9,802**	445	-	10,247
Change in indebtedness during the financial year				
Addition	-	1,198	-	1,198
Reduction	(615)	(445)	-	(1,060)
Net change	**(615)**	**753**	-	**138**
Indebtedness at the end of the financial year				
i) Principal Amount	9,139	1,186	-	10,325
ii) Interest due but not paid	0	2	-	2
iii) Interest accrued but not due	48	10	-	58
Total (i+ii+iii)	**9,187**	**1,198**	-	**10,385**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

(i) Remuneration to managing director (MD), whole-time directors (WTD) and/or manager:

(₹ in lakhs)

Sl. No.	Particulars of remuneration	Name of MD/WTD/ manager	Total amount
		Mr. Krishna Kumar Sharma (Whole time Director)	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	 126.44 9.44 	 **126.44** **9.44**

Annexure G

Form No. MGT-9 *(Contd.)*

Sl. No.	Particulars of remuneration	Name of MD/WTD/ manager	Total amount
		Mr. Krishna Kumar Sharma (Whole time Director)	
2.	Stock option	-	-
3.	Sweat equity	-	-
4.	Commission - as % of profit -others, specify…	-	-
5.	Others, please specify	As per company policy	**As per company policy**
	Total (A)	135.89	**135.89**
	Ceiling as per the Act	-	**153.80**

(ii) Remuneration to other directors:

(₹ in lakhs)

Sl. no.	Name of directors	Particulars of remuneration			Total amount
		Fee for attending board / committee meetings	**Commission**	**Others, please specify**	
I.	**Independent Directors**				
1	Mr. Nawshir Mirza	9.40	NA	NA	9.40
2	Mr. Narendra Nath Misra	8.50	NA	NA	8.50
	Total (A)	**17.90**	**NA**	**NA**	**17.90**
II.	**Other Non-Executive Directors**				
1	Mr. Anil Sardana	NA	NA	NA	NA
2	Mr. Sowmyan Ramakrishnan	8.65	NA	NA	8.65
3	Mr. Ramesh Subramanyam	NA	NA	NA	NA
4	Ms. Anjali Kulkarni	3.75	NA	NA	3.75
	Total (B)	**12.40**	**NA**	**NA**	**12.40**
	Total Managerial Remuneration (i+ii)	**30.30**	**NA**	**NA**	**30.30**
	Overall ceiling as per the Act				**NA**

None of the NEDs had any pecuniary relationship or transactions with the company.

Annexure G

Form No. MGT-9 *(Contd.)*

(iii) Remuneration to key managerial personnel other than managing director/manager/whole time director

(₹ in lakhs)

Sl. No.	Particulars of remuneration	Particulars of KMP			
		Mr. Hardeep Singh Guru, Chief Financial Officer	**Mr. Ajay Bagri, Company Secretary (upto 4th March, 2018)**	**Mr. Darshan Soni, Company Secretary (from 5th March, 2018)**	**Total**
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 b) Value of perquisites u/s 17(2) Income-tax Act, 1961 c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	28.20 2.66	41.08 -	0.66 -	**69.94** **2.66**
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - Others, specify	-	-	-	-
5	Others, please Specify	As per company policy	As per company policy	As per company policy	**As per company policy**
	Total	**30.86**	**41.08**	**0.66**	**72.60**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief description	Details of Penalty/ Punishment / Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give details)
A COMPANY					
Penalty					
Punishment			**None**		
Compounding					
B DIRECTORS					
Penalty					
Punishment			**None**		
Compounding					
C OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			**None**		
Compounding					

On behalf of the board of directors,

Ashok Sethi
Chairman
(DIN: 01741911)

Date: 17th July, 2018
Place: Mumbai

Annexure H

FORM No. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

(Pursuant to Section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
The Members,
COASTAL GUJARAT POWER LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Coastal Gujarat Power Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company, the information provided by the company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (Not applicable to the Company during the audit period);

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') (Not applicable to the Company during the audit period);

(vi) Other industry specific laws applicable to the Company are as follows:

   a. The Electricity Act, 2003

   b. The Indian Electricity Rules, 1956

   c. The rules, regulations and applicable order(s) under Central and State Electricity Regulatory Commissions/Authority

   d. The Energy Conservation Act, 2001

We have also examined compliance with the applicable clauses of the following:

   (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Annexure H

FORM No. MR-3 *(Contd.)*

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings were taken unanimously.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period no events have occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

For Parikh & Associates
Company Secretaries

Signature:
Sarvari Shah
Partner
FCS No: 9697 CP No: 11717

Date: 17th July, 2018
Place: Mumbai

This Report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this report.

Annexure A

To,
The Members
Coastal Gujarat Power Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.

5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Parikh & Associates
Company Secretaries

Signature:
Sarvari Shah
Partner
FCS No: 9697 CP No: 11717

Date: 17th July, 2018
Place: Mumbai

INDEPENDENT AUDITOR'S REPORT

To the Members of Coastal Gujarat Power Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Coastal Gujarat Power Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

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 that 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with the Companies (Indian Accounting Standards) Rules, 2015 as amended as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. 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 the design, implementation and maintenance of adequate internal financial control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 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. 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its loss 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

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purpose 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.

INDEPENDENT AUDITOR'S REPORT *(Contd.)*

(c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and 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 Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

(e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 2" to this report;

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements. Refer Note 25.4 to the Ind AS financial statements.

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long contacts including derivative contracts.;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Other Matter

The comparative financial information of the Company for the year ended March 31, 2017 included in these Ind AS financial statements, prepared in accordance with Ind AS, have been audited by the predecessor auditor whose report for the year ended March 31, 2017 dated May 9, 2017 expressed an unmodified opinion on those financial statements.

For S R B C & CO LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

per Abhishek Agarwal
Partner
Membership No.: 112773

Date: 23rd April, 2018
Place : Mumbai

ANNEXURE "1" TO THE INDEPENDENT AUDITOR'S REPORT

Annexure 1 referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date

(i) In respect of its fixed assets:

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

(b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties, included in property, plant and equipment are held in the name of the Company, except for the immovable properties as described in note 25.2 of the financial Statements. As explained to us, registration of title deeds is in progress in respect of an immovable property acquired in earlier years aggregating to 0.51 Hectares.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed during the physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to generation of electricity and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, goods and service tax and other statutory dues applicable to it. The provisions relating to sales-tax, duty of custom, duty of excise, value added tax, cess are not applicable to the company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, goods and service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute are as follows:

Name of statue	**Nature of the Dues**	**Amount** (in crores)	**Period to which the amount relates** (Financial Year)	**Forum where the dispute is pending**	**Remarks, if any**
Customs Laws	Customs Duty	23.87*	2011-12 to 2012-13	Supreme Court	
Bombay Stamp Act	Stamp Duty	22.62	2012-13 to 2016-17	Supreme Court	
Income Tax Act, 1961	Income tax	101.75	2008-09 to 2010-11	Appellate Authority – up to Commissioner level	

*net of amount paid under protest of Rs. 52.45 crores for Custom duty.

ANNEXURE "1" TO THE INDEPENDENT AUDITOR'S REPORT *(Contd.)*

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government. The Company has not issued any debentures.

(ix) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application of proceeds. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud / material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

per Abhishek Agarwal
Partner
Membership No.: 112773

Date: 23rd April, 2018
Place : Mumbai

ANNEXURE "2" TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF COASTAL GUJARAT POWER LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Coastal Gujarat Power Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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. 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 the 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 Companies Act, 2013.

Auditor's Responsibility

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 as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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.

ANNEXURE "2" TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF COASTAL GUJARAT POWER LIMITED *(Contd.)*

Opinion

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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S R B C & CO LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

per Abhishek Agarwal
Partner
Membership No.: 112773

Date: 23rd April, 2018
Place : Mumbai

Balance Sheet as at 31st March, 2018

	Notes	As at 31st March, 2018 ₹ crore	As at 31st March, 2017 ₹ crore
ASSETS			
Non-current Assets			
(a) Property, plant and equipment	4(i)	16,745.09	*17,495.29*
(b) Capital Work-in-Progress		20.85	*27.88*
(c) Intangible Assets	4(ii)	129.68	*127.64*
(d) Financial Assets : Non-current Investments	5	3.4	*3.4*
(e) Income tax assets (Net)	6	7.06	*6.94*
(f) Other Non-current Assets	7	182.19	*185.46*
Total Non-current Assets		**17,088.27**	***17,846.61***
Current Assets			
(a) Inventories	8	763.24	*510.29*
(b) Financial Assets			
(i) Investments	5	-	*116.97*
(ii) Trade Receivables	9	325.34	*464.3*
(iii) Cash and cash Equivalents	10(i)	11.61	*64.06*
(iv) Bank Balances other than (iii) above	10(ii)	-	*47.00*
(v) Other financial assets	11	402.81	*404.27*
(c) Other Current Assets	7	1.91	*1.21*
Total Current Assets		**1,504.91**	***1,608.1***
Total Assets		**18,593.18**	***19,454.71***
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	12	6,083.42	*6,083.42*
(b) Other Equity	13	(8,176.42)	*(6,456.61)*
		(2,093.00)	*(373.19)*
(c) Unsecured Perpetual Securities	14	5,476.88	*4,459.88*
Total Equity		**3,383.88**	***4,086.69***
Liabilities			
Non-current Liabilities			
(a) Long term Provisions	16	9.74	*10.4*
(b) Other Non-current Liabilities	17	1,720.42	*1,771.15*
Total Non-current Liabilities		**1,730.16**	***1,781.55***
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	10,324.96	*10,195.11*
(ii) Trade Payables	19	2,509.12	*2,412.52*
(iii) Other Financial Liabilities	15	547.49	*874.52*
(b) Short term Provisions	16	12.43	*7.28*
(c) Other Current Liabilities	17	85.14	*97.04*
Total Current Liabilities		**13,479.14**	***13,586.47***
Total Equity and Liabilities		**18,593.18**	***19,454.71***

See accompanying notes to financial statements 1-25

In terms of our report attached.
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Abhishek Agarwal
Partner
Membership no.: 112773

Place : Mumbai
Date : 23rd April, 2018

For and on behalf of the board of directors

Ashok S. Sethi Chairman

K.V. Ghate Chief Executive Officer

Hardeep Singh Guru Chief Financial Officer

Darshan Soni Company Secretary

Place : Mumbai
Date : 23rd April, 2018

Statement of Profit and Loss for the year ended 31st March,2018

		Notes	For the year ended 31st March, 2018 ₹ crore	*For the year ended 31st March, 2017 ₹ crore*
I	Revenue from Operations	20	6,356.78	*6,054.85*
II	Other Income	21	28.53	*17.10*
III	**Total Income**		**6,385.31**	***6,071.95***
IV	**Expenses**			
	Cost of Fuel consumed		5,983.45	*5,006.06*
	Employee Benefits Expense	22	55.65	*55.90*
	Finance Costs	23	823.41	*832.34*
	Depreciation and Amortisation Expenses	4(iii)	516.81	*502.93*
	Other Expenses	24	416.36	*524.46*
	Total Expenses		**7,795.68**	***6,921.69***
V	**Profit Before Exceptional Items and Tax.**		**(1,410.37)**	***(849.74)***
	Exceptional Items			
	Impairment of property, plant and equipment and intangible assets	4(i), (ii) & 25.3(a)	(310.94)	*-*
VI	**Profit/(Loss) Before Tax**		**(1,721.31)**	***(849.74)***
VII	**Tax Expense**		-	*-*
VIII	**Profit/(Loss) After Tax**		**(1,721.31)**	***(849.74)***
IX	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit and loss			
	Remeasurement of the Defined Benefit Plans		1.50	*1.30*
	Total Other Comprehensive Income		**1.50**	***1.30***
X	**Total Comprehensive Income for the period**		**(1,719.81)**	***(848.44)***
XI	**Earnings Per Equity Share**			
	Basic (in ₹)	25.11	(2.83)	*(1.40)*
	Diluted (in ₹)	25.11	(2.83)	*(1.40)*

See accompanying notes to financial statements 1-25

In terms of our report attached.
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Abhishek Agarwal
Partner
Membership no.: 112773

Place : Mumbai
Date : 23rd April, 2018

For and on behalf of the board of directors

Ashok S. Sethi
Chairman

K.V. Ghate
Chief Executive Officer

Hardeep Singh Guru
Chief Financial Officer

Darshan Soni
Company Secretary

Place : Mumbai
Date : 23rd April, 2018

Cash Flow Statement for the year ended 31st March 2018

	For the year ended 31st March, 2018 ₹ crore	For the year ended 31st March, 2018 ₹ crore	*For the year ended 31st March, 2017 ₹ crore*	*For the year ended 31st March, 2017 ₹ crore*
A. Cash Flow from Operating Activities				
Profit/(loss) before tax		**(1,721.31)**		***(849.74)***
Adjustments for:				
Depreciation and amortisation	516.81		*502.93*	
Impairment on assets	310.94		*-*	
Interest Income	(1.90)		*(4.76)*	
Dividend Income	(22.85)		*-*	
Finance Cost	823.41		*832.34*	
(Gain)/Loss on Sales/scrapping of Assets (net)	(0.03)		*0.08*	
(Gain)/loss on Sale of Current Investments (Including fair value change)	(1.48)		*(11.73)*	
Amortization of Leasehold Land	0.35		*0.35*	
Guarantee Commission	(0.37)		*(0.38)*	
Amortisation of Government Grant	(50.72)		*(50.72)*	
Unrealised Exchange Loss/(Gain) (Net)	11.92		*(23.21)*	
		1,586.08		*1,244.90*
		(135.23)		***395.16***
Movement in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	(252.95)		*(187.99)*	
Trade receivables	138.96		*50.45*	
Other current assets	(0.70)		*(0.10)*	
Other non-current assets.	2.85		*0.70*	
Other Financial Assets - Current	43.73		*(349.41)*	
Movement in operating asset		(68.11)		*(486.35)*
		(203.34)		*(91.19)*
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	(17.24)		*622.46*	
Other current liabilities	(11.90)		*40.86*	
Short-term provisions	5.15		*6.25*	
Long-term provisions	0.84		*(4.15)*	
Movement in operating liability		(23.15)		*665.42*
Cash flow from/(used in) operations		(226.49)		*574.23*
Net income tax paid (net of refund)		(0.12)		*2.54*
Net Cash Flows from/(used) in Operating Activities		**(226.61)**		***576.77***
B. Cash Flow from Investing Activities				
Capital expenditure on fixed assets, including capital advances		(63.22)		*(46.75)*
Proceeds from sale of fixed assets		0.10		*0.06*
Purchase of Current Investments		(2,379.34)		*(5,478.30)*
Proceeds from Sale of Current Investments		2,497.79		*5,464.30*
Interest Received-Others		1.90		*4.76*
Dividend received from Subsidiaries		22.85		*-*
Guarantee Commission Received		0.37		*0.38*
Bank Balances not considered as Cash and Cash Equivalents		47.00		*(47.00)*
Net Cash Flow from/(used) in Investing Activities		**127.45**		***(102.55)***

Cash Flow Statement for the year ended 31st March 2018 *(Contd.)*

	For the year ended 31st March, 2018 ₹ crore	For the year ended 31st March, 2018 ₹ crore	*For the year ended 31st March, 2017 ₹ crore*	*For the year ended 31st March, 2017 ₹ crore*
C. Cash flow from Financing Activities				
Proceeds from issue of Equity shares		-		*53.00*
Proceeds from Unsecured perpetual securities		1,017.00		*664.00*
Finance costs paid		(1,373.69)		*(870.16)*
Proceeds from Short term borrowings		1,171.14		*400.00*
Inter Corporate deposit taken/(repaid) (net)		335.97		*-*
Buyers credit movement (net)		(36.01)		*36.01*
Proceeds from Commercial paper		500.00		*-*
Repayment of Commercial paper		(500.00)		*-*
Repayment of Short term borrowings		(1,067.70)		*(920.02)*
Net Cash Flow from/(used) in Financing Activities		**46.71**		***(637.17)***
Net Increase/(decrease) in Cash and Cash Equivalents		**(52.45)**		***(162.95)***
Cash and Cash Equivalents as at 31st March (Opening Balance)		64.06		*227.01*
Cash and Cash Equivalents as at 31st March(Closing Balance)		**11.61**		***64.06***

Note 1:

Cash and Cash Equivalents:

		2018	2017
(a)	Balances with banks- In current accounts	11.12	*64.06*
(b)	In other accounts	0.49	*-*
		11.61	***64.06***

Note 2:

Changes in liabilities arising from financing activities

	Particulars	01-Apr-17	Cash flows (net)	Foreign exchange management	Other	31-Mar-18
a	Current borrowings (excluding items listed below in b)	10,195.11	403.40	(273.55)	-	10,324.96
b	Derivatives	664.99	-	-	(284.58)	380.41
c	**Total liabilities from financing activities**	**10,860.10**	**403.40**	**(273.55)**	**(284.58)**	**10,705.37**

See accompanying notes to the financial statements

In terms of our report attached.
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Abhishek Agarwal
Partner
Membership no.: 112773

Place : Mumbai
Date : 23rd April, 2018

For and on behalf of the board of directors

Ashok S. Sethi
Chairman

K.V. Ghate
Chief Executive Officer

Hardeep Singh Guru
Chief Financial Officer

Darshan Soni
Company Secretary

Place : Mumbai
Date : 23rd April, 2018

Statement of changes in equity

A. Equity Share Capital

	No of Shares	Amount ₹ crore
Balance as at 1st April,2016	6,030,420,000	6,030.42
Issue of equity shares of ₹ 10 fully paid (at par) during the year	53,000,000	53.00
Balance as at 31st March,2017	6,083,420,000	6,083.42
Balance as at 1st April,2017	6,083,420,000	6,083.42
Issue of equity shares of ₹ 10 fully paid (at par) during the year		-
Balance as at 31st March,2018	**6,083,420,000**	**6,083.42**

B. Unsecured Perpetual Securities

	Amount ₹ crore
Balance as at 1st April,2016	-
Issued during the year	4,459.88
Balance as at 31st March,2017	**4,459.88**
Balance as at 1st April,2017	4,459.88
Issued during the year	1,017.00
Balance as at 31st March,2018	**5,476.88**

C. Other Equity

	Reserves and Surplus		
Description	**Retained Earnings**	**Deemed Capital Contribution**	**Total ₹ crore**
Balance as at 1st April,2016	**(6,201.02)**	**413.44**	**(5,787.58)**
Profit/(loss) for the year	(849.74)	-	(849.74)
Other Comprehensive Income/(Expense) for the year (Net of Tax)	1.30	-	1.30
Total Comprehensive Income for the year	(848.44)	-	(848.44)
Contribution during the year	-	179.41	179.41
Balance as at 31st March,2017	**(7,049.46)**	**592.85**	**(6,456.61)**
Balance as at 1st April,2017	(7,049.46)	592.85	(6,456.61)
Profit/(loss) for the year	(1,721.31)	-	(1,721.31)
Other Comprehensive Income/(Expense) for the year (Net of Tax)	1.50	-	1.50
Total Comprehensive Income for the year	(1,719.81)	-	(1,719.81)
Contribution during the year	-	-	-
Balance as at 31st March,2018	**(8,769.27)**	**592.85**	**(8,176.42)**

In terms of our report attached.
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Abhishek Agarwal
Partner
Membership no.: 112773

Place : Mumbai
Date : 23rd April, 2018

For and on behalf of the board of directors

Ashok S. Sethi
Chairman

K.V. Ghate
Chief Executive Officer

Hardeep Singh Guru
Chief Financial Officer

Darshan Soni
Company Secretary

Place : Mumbai
Date : 23rd April, 2018

Notes forming part of the financial statements

1. Corporate information

Coastal Gujarat Power Limited (the "Company") was incorporated on 10th February, 2006 as a wholly owned subsidiary of Power Finance Corporation Limited and was a special purpose vehicle formed to establish the 4000 MW Ultra Mega Power Project (UMPP) at Mundra in the State of Gujarat which was awarded through a competitive bidding process. In terms of the Share Purchase Agreement dated 22nd April, 2007, the entire shareholding of Power Finance Corporation Limited in the Company was acquired by The Tata Power Company Limited. The business of the Company is to generate electricity at its 4,000MW UMPP at Mundra by using imported coal.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act, 2013 (as amended from time to time).

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

2.3 Use of Estimates

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances.

2.4.1 Sale of Power

"Revenue is recognised to the extent that it is probable that economic benefit will flow to the Company and that the revenue can be reliably measured."

Revenue from Generation is recognised on an accrual basis on the basis of quantity of power supplied to procurers (State Distribution Companies) as per the Power Purchase Agreement (PPA).

2.4.2 Delayed payment charges

Delayed payment charges and interest on delayed payments are recognised, on grounds of prudence when recovered.

2.4.3 Dividend and Interest income

Dividend income from investments is recognised when the right to receive payment has been established provided that it is probable that the economic benefits will flow to the Company and the amount can be reliably measured.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.5 Foreign Currencies

The functional currency of the Company is Indian rupee.

Transactions in currencies other than the functional currencies are recognised at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

"Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings."

"Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration Standard is issued and is effective for annual periods beginning on or after 1 April 2018. However, since the Company's current practice is in line with the Interpretation, the Company does not expect any effect on its financial statements."

2.6 Borrowing Costs

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

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

2.7 Government Grant

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the balance Sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

2.8 Employee Benefits

2.8.1 Defined contribution plans

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

2.8.2 Defined benefits plans

"The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costsNet interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and nonroutinesettlements; and
- Net interest expense or income"

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2.8.3 Short term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.9 Income Taxes

2.9.1 Current tax

"Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate."

2.9.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Net movement in Deferred Tax Liability/Asset in respect of the Mumbai regulated Transmission and Distribution business, is passed on to the consumers by way of Deferred Tax Recoverable/payable to be recoverable/payable in future, as the regulations provide for a post tax return on equity.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

"Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period."

For operations carried out under tax holiday period (80IA benefits of Income Tax Act, 1961), deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Amendments to Ind AS 12 - Recognition of Deferred Tax Assets for Unrealised Losses Standard is issued and is effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the company as the company has no deductible temporary differences or assets that are in the scope of the amendments.

2.10 Property plant and equipment

Buildings, fixtures, plant and equipment held for use in the generation of electricity or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their respective useful lives, using the straight-line method. The estimated useful life is determined based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

"Estimated useful lives of assets stated below are consistent with schedule II to the Companies Act, 2013 except in respect of vehicles: "

Buildings Plant	:	40 years
Building Others	:	30 years
Roads, Crossings, etc.	:	5 years
Plant and Machinery	:	10 to 40 years
Transmission Lines, Cable Network, etc.	:	4 years
Furniture, Fixtures and Office Equipment	:	5 to 10 years
Vehicles	:	4 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

2.11 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Derecognition of Intangible assets.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Useful lives of intangible assets

Operating right to use the sea water intake channel is amortised on the straight line method over 25 years. Computer software is amortised on straight line method over 5 years

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.13.1 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of profit and loss.

2.13.2 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.14 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

2.15 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit and loss.

2.16 Financial Assets

All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2.16.1 Investment in subsidiary

Investment in subsidiary is measured at cost as per Ind AS 27 - Separate Financial Statements.

2.16.2 Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets 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.

2.16.3 Financial assets at fair value through profit or loss

Financial assets except investments in subsidiary are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the statement of profit and loss.

2.16.4 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.On initial recognition, the Company makes an irrevocable election on an instrument-by-instrument basis to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments, other than equity investment which are held for trading. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments."

Notes forming part of the financial statements

2.16.5 Impairment of financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

2.16.6 Derecognition of financial assets

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.

2.17 Financial liabilities and equity instruments

2.17.1 Classification as debt or equity

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.17.2 Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company entity are recognised at the proceeds received, net of direct issue costs.

2.17.3 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

2.17.4.1 Financial liabilities subsequently measured at amortised cost

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums+C24 or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the gross carrying amount on initial recognition.

2.17.4.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.18 Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

2.19 Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

2.20 Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Notes forming part of the financial statements

2.21 Cash Flow Statement

Cash flows are reported using the indirect method, where by profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.22 Earnings per equity share

"Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e.the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented."

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2.23 Operating Cycle

Considering the nature of business activities, the operating cycle has been assumed to have a duration of 12 months. Accordingly, all assets and liabilities have been classified as current or noncurrent as per the Company's operating cycle and other criteria set out in Ind AS 1 'Presentation of Financial Statements' and Schedule III to the Companies Act, 2013.

2.24 Contingent Liabilities

Contingent liabilities are disclosed in the financial statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

2.25 Critical accounting estimates and judgements

In the application of the Company's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

Estimation of current tax expense and payable - Note 25.9

Estimation of defined benefit obligation- Note 25.7

Estimation of useful life of PPE – Note 2.10

Estimation of value in use for impairment – Note 25.3(a)

Estimates and judgement are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

3. Standards issued but not yet effective

IND AS 115 - Revenue from Contracts with Customers

In March 2018, the Ministry of Corporate Affairs had notified Ind AS 115 (Revenue from Contracts with Customers) which would be applicable for accounting periods beginning on or after 1 April 2018.This Standard establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.The Company is evaluating the requirements of the standard and its impact on its financials.

Notes forming part of the financial statements

4(i) Property, Plant and Equipment

Description	Freehold Land *	Buildings-Plant	Buildings Others	Roads, Crossings, etc.	Plant and Machinery	Transmission Lines, Cable Network, etc.	Furniture and Fixtures	Office Equipment	Motor Vehicles	Total ₹ crore
Cost										
Balance as at 1st April,2017	164.59	449.45	242.81	47.78	18,817.17	0.61	18.91	5.08	14.33	19,760.73
Additions	0.12	7.00	-	1.47	50.35	0.11	0.27	0.27	8.62	68.21
Disposals...................	-	-	-	-	(6.74)	-	-	-	(2.65)	(9.39)
Balance as at 31st March,2018	**164.71**	**456.45**	**242.81**	**49.25**	**18,860.78**	**0.72**	**19.18**	**5.35**	**20.30**	**19,819.55**
Accumulated depreciation and impairment										
Balance as at 1st April,2017...	-	77.25	36.88	44.25	2,083.32	0.53	12.72	0.96	9.53	2,265.44
Depreciation Expense	-	10.76	8.13	0.61	485.52	0.05	1.48	0.56	3.05	510.16
Disposals...................	-	-	-	-	(6.73)	-	-	-	(2.59)	(9.32)
Charge for the year - Impairment (Refer note- 25.3 (a))		7.16	3.81	0.77	295.73	0.01	0.30	0.08	0.32	308.18
Balance as at 31st March,2018	**-**	**95.17**	**48.82**	**45.63**	**2,857.84**	**0.59**	**14.50**	**1.60**	**10.31**	**3,074.46**
Net carrying amount										
As at 31st March,2018	**164.71**	**361.28**	**193.99**	**3.62**	**16,002.94**	**0.13**	**4.68**	**3.75**	**9.99**	**16,745.09**
As at 31st March,2017	164.59	372.20	205.93	3.53	16,733.85	0.08	6.19	4.12	4.80	17,495.29
Cost										
Balance as at 1st April,2016 ...	164.26	446.16	242.81	47.37	18,714.73	0.61	18.68	4.79	13.96	19,653.37
Additions	0.33	3.29	-	0.41	103.80	-	0.23	0.40	0.73	109.19
Disposals...................	-	-	-	-	(1.36)	-	-	(0.11)	(0.36)	(1.83)
Balance as at 31st March,2017	**164.59**	**449.45**	**242.81**	**47.78**	**18,817.17**	**0.61**	**18.91**	**5.08**	**14.33**	**19,760.73**
Accumulated depreciation and impairment										
Balance as at 1st April,2016...	-	66.26	28.73	43.13	1,613.00	0.49	11.19	0.51	7.64	1,770.95
Depreciation Expense	-	10.99	8.15	1.12	471.66	0.04	1.53	0.55	2.14	496.18
Disposals...................	-	-	-	-	(1.34)	-	-	(0.10)	(0.25)	(1.69)
Balance as at 31st March,2017	**-**	**77.25**	**36.88**	**44.25**	**2,083.32**	**0.53**	**12.72**	**0.96**	**9.53**	**2,265.44**

* includes land aggregating to 0.51 Hectares in respect of which registration of title in favour of the Company is pending.

4(ii) Intangible Assets (finite useful life)

Description	**Computer software ₹ crore**	**Intake Channel ₹ crore**	**Total ₹ crore**
Cost			
Balance as at 1st April,2017.................................	0.85	163.51	164.36
Additions...	0.25	11.20	11.45
Balance as at 31st March,2018..............................	**1.10**	**174.71**	**175.81**
Accumulated amortisation and impairment			
Balance as at 1st April,2017.................................	0.72	36.00	36.72
Amortisation expense	0.04	6.61	6.65
Charge for the year - Impairment (Refer note- 25.3 (a))..................	0.02	2.74	2.76
Balance as at 31st March,2018..............................	**0.78**	**45.35**	**46.13**
Net Block			
As at 31st March,2018	**0.32**	**129.36**	**129.68**
As at 31st March,2017	0.13	127.51	127.64

Notes forming part of the financial statements

Intangible Assets (finite useful life)

Description	Computer software	Intake Channel ₹ crore	Total ₹ crore
Cost			
Balance as at 1st April,2016	0.76	163.51	164.27
Additions	0.09	-	0.09
Balance as at 31st March,2017	**0.85**	**163.51**	**164.36**
Accumulated amortisation and impairment			
Balance as at 1st April,2016	0.51	29.46	29.97
Amortisation expense	0.21	6.54	6.75
Balance as at 31st March,2017	**0.72**	**36.00**	**36.72**

4(iii) Depreciation and amortization expenses

	For the year ended 31st March, 2018 ₹ crore	*For the year ended 31st March, 2017 ₹ crore*
Depreciation on Property, Plant and Equipments as per Note 4(I)	510.16	*496.18*
Amortisation on Intangible assets as per Note 4(ii)	6.65	*6.75*
Total	**516.81**	***502.93***

5. Financial Assets: Non-current Investments

	As at 31st March, 2018 ₹ crore	*As at 31st March, 2017 ₹ crore*
Investments carried at cost less impairment, if any		
(a) Investment in Subsidiaries		
Unquoted		
7,11,032 Equity shares in Energy Eastern Pte. Ltd. fully paid up * (Previous year: 7,11,032)	3.40	*3.40*
* All shares have been pledged with lenders of the Company.		
Total (A)	**3.40**	***3.40***

Current Investments (at Fair Value though Profit and Loss)

	As at 31st March, 2018		*As at 31st March, 2017*	
	No. of units	Amount	*No. of units*	*Amount*
Unquoted Investments in Mutual Funds				
J M High Liquidity fund- DIR - Growth	-	-	*11,235,753*	*50.03*
Invesco Liquid Fund - DIR - Growth	-	-	*298,914*	*66.94*
Total (B)	**-**	**-**		***116.97***
Aggregate carrying value of unquoted investments Total (A +B)		**3.40**		***120.37***

6. Income tax assets

Non-Current

	As at 31st March, 2018 ₹ crore	*As at 31st March, 2017 ₹ crore*
Advance tax including tax deducted at source	7.06	*6.94*
Total	**7.06**	***6.94***

Notes forming part of the financial statements

7. Other Assets

Unsecured, considered good, unless otherwise stated

	As at 31st March, 2018 ₹ crore	*As at 31st March, 2017 ₹ crore*
Non-current		
Capital Advances		
Unsecured, considered good	0.09	*0.16*
Doubtful	-	*0.50*
	0.09	*0.66*
Less: Allowance for Bad and Doubtful Advances	-	*(0.50)*
	0.09	***0.16***
Security Deposits	1.66	*1.68*
Prepaid Rentals of Leasehold Land on operating lease	11.50	*11.85*
Balances with Government Authorities		
Revenue custom deposit	116.49	*116.49*
Customs duty paid under protest	52.45	*52.45*
Service tax refund receivable	-	*2.83*
	168.94	*171.77*
Total	**182.19**	***185.46***
Current		
Advances with Government Authorities	0.02	*-*
Prepaid Rentals of Leasehold Land on operating lease	0.38	*0.38*
Prepaid Expenses	-	*0.02*
Other Advances	1.51	*0.81*
Total	**1.91**	***1.21***

8. Inventories (at lower of cost and net realisable value)

	As at 31st March, 2018 ₹ crore	*As at 31st March, 2017 ₹ crore*
Fuel		
Coal	515.73	*278.77*
Coal - in- Transit	173.94	*153.56*
Oil	5.94	*4.76*
Stores and Spare Parts	67.25	*72.85*
Loose Tools	0.38	*0.35*
Total	**763.24**	***510.29***

Note: The method of valuation of inventories has been stated in Note 2.12

9. Trade Receivables

	As at 31st March, 2018 ₹ crore	*As at 31st March, 2017 ₹ crore*
Current		
(a) Unsecured, considered good	325.34	*464.30*
(b) Doubtful	87.28	*87.28*
	412.62	*551.58*
Less: Allowance for doubtful debts	(87.28)	*(87.28)*
Total	**325.34**	***464.30***

Notes forming part of the financial statements

Notes:-

1) The average credit period is 30 days. No interest is charged on trade receivables for first 30 days from the date of receipt of invoice by customer. Thereafter, interest is charged at rates prescribed by Power Purchase agreement (PPA) on the outstanding balance.

2) Company supplies power to various state distribution Companies viz. procurers as per designated capacity in terms of Power Purchase agreement (PPA) signed between Company and procurers. These procurers form 100% of debtors of the Company. While the Company sells only to limited customers, considering that the procurers are state distribution companies, credit risk is minimal.

3) Company supplies power only to limited customers which are State distribution companies and hence assesses expected credit allowance on case to case basis.

4) Age of Recievables

	As at 31st March, 2018 ₹ crore	*As at 31st March, 2017 ₹ crore*
Within credit period	325.34	*464.30*
1-30 days past due	-	-
31-60 days past due	-	-
61-90 days past due	-	-
More than 90 days past due	87.28	*87.28*
Total	**412.62**	***551.58***

5) Movement in the expected credit loss allowance

	As at 31st March, 2018 ₹ crore	*As at 31st March, 2017 ₹ crore*
Balance at the beginning of the year	87.28	*87.28*
Movement in expected credit loss allowance on trade receivables calculated at lifetme expected credit losses	-	-
Balance at the end of the year	**87.28**	***87.28***

10(i) Cash and Cash Equivalents

	As at 31st March, 2018 ₹ crore	*As at 31st March, 2017 ₹ crore*
Balances with Banks:		
- In current accounts (Refer note (1) below)	11.12	*64.06*
- In other accounts	0.49	-
Cash and Cash Equivalents as per Statement of Cash Flows	**11.61**	***64.06***

Notes:

(1) Including ₹ 0.14 crores (31st March,2017: ₹ 0.14 crores) in foreign currency.

10(ii) Other bank balances

	As at 31st March, 2018 ₹ crore	*As at 31st March, 2017 ₹ crore*
Balances with banks		
- Margin money deposit account (Refer note (1) below)	-	*47.00*
Total	**-**	***47.00***

Notes:

(1) Balances in margin money have an original maturity of less than 3 months.

Notes forming part of the financial statements

11. Other Financial Assets

	As at 31st March, 2018 ₹ crore	*As at 31st March, 2017 ₹ crore*
Current		
Security Deposits	-	*0.01*
Claim under change in law (Net)#	346.38	*388.91*
Forward contracts-not designated in hedge accounting relationship	11.24	*-*
Option contracts-not designated in hedge accounting relationship	44.17	*13.13*
Sundry Debtors-Fly Ash/Scrap	1.02	*2.22*
Total	**402.81**	***404.27***

Claim under change in law (Net) represents compensation receivable from the procurers consequent to change in law as per the provisions of power purchase agreement between the Company and the Procurers.

12. Equity Share Capital

	As at 31st March, 2018		*As at 31st March, 2017*	
	Number	₹ crore	*Number*	*₹ crore*
Authorised				
Fully paid equity shares of ₹ 10 each	700,00,00,000	**7,000.00**	*700,00,00,000*	***7,000.00***
Issued and Subscribed				
Fully paid equity shares of ₹ 10 each	608,34,20,000	6,083.42	*608,34,20,000*	*6,083.42*
Total		**6,083.42**		***6,083.42***

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	As at 31st March, 2018		*As at 31st March, 2017*	
	Number	₹ crore	*Number*	*₹ crore*
Equity Shares				
At the beginning of the year	6083,42,00,000	6,083.42	*6030,42,00,000*	*6,030.42*
Issued during the year	-	-	*53,000,000*	*53.00*
Outstanding at the end of the year	**608,34,20,000**	**6,083.42**	***6,083,420,000***	***6,083.42***

(ii) Terms/rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. Clause 20.3 (h) of the Trust and Retention Agreement (TRA) entered by the Company with the Security Trustee requires the setting aside and maintaining minimum funds balance in the bank accounts for making payments in the nature of statutory dues, operation and maintenance cost, financing fees, debt servicing, any major maintenance expenditure due and disputed dues before declaring dividend to the equity shareholders.

(iii) Details of shares held by each shareholder holding more than 5% shares

	As at 31st March, 2018		*As at 31st March, 2017*	
	Number	% Holding	*Number*	*% Holding*
Equity shares of ₹10/- each fully paid				
The Tata Power Company Limited	608,34,20,000	100%	*608,34,20,000*	*100%*

Notes forming part of the financial statements

13. Other Equity

	As at 31st March, 2018 ₹ crore	As at 31st March, 2017 ₹ crore
Retained Earnings		
Opening balance	(7,049.46)	(6,201.02)
Other comprehensive income arising from remeasurement of defined benefit	1.50	1.30
Profit/(Loss) for the year	(1,721.31)	(849.74)
Closing Balance	**(8,769.27)**	**(7,049.46)**
Deemed capital contribution		
Opening Balance	592.85	413.44
Contribution during the year (refer to note below)	-	179.41
Closing Balance	**592.85**	**592.85**

In the previous year, The Tata Power Company Ltd., Holding Company, waived the interest on subordinated loans and guarantee commission charged by it. The said waiver was treated as deemed capital contribution by the Holding company.

14. Unsecured Perpetual Securities

	As at 31st March, 2018 ₹ crore	As at 31st March, 2017 ₹ crore
Opening balance	4,459.88	-
Add: Issued during the year	1,017.00	4,459.88
Closing balance	**5,476.88**	**4,459.88**

During the previous year, the Company converted ₹ 3,484.29 crore of unsecured subordinated debt from The Tata Power Company Limited (Holding Company) and interest thereon of ₹311.59 crores to unsecured perpetual securities. Further, this year, the Holding Company invested an additional ₹1,017.00 crore (31st March,2017: ₹ 664.00 crore) in unsecured perpetual securities. The perpetual securities have no maturity/redemption terms and are repayable at the option of the Company. The interest on the perpetual securities is non-cumulative in nature. The distribution on these securities shall be based on the availability of profits and at the rate at which dividend will be declared by the Company on equity shares for the relevant financial year. If no dividend is declared by the Company on equity shares in a given financial year, no interest shall be accrued, due or payable by the Company to the Holding Company for such financial year. As these securities are perpetual in nature and ranked senior only to the share capital of the Company and do not have any redemption obligation, these are considered to be in the nature of equity instruments.

15. Other Financial Liabilities

	As at 31st March, 2018 ₹ crore	As at 31st March, 2017 ₹ crore
Current		
(a) Interest accrued and due on borrowings		
-Banks and Financial Institutions	-	9.46
-Others	1.66	-
(b) Interest accrued but not due on Borrowings		
- Banks and Financial Institutions	47.84	33.72
- Others	10.50	8.96
(c) Others:		
(i) Payables for purchase of fixed assets	56.77	47.43
(ii) Interest rate swap contracts-not designated in hedge accounting relationship	273.56	474.05
(iii) Forward contracts-not designated in hedge accounting relationship	122.62	240.09
(iv) Option contracts-not designated in hedge accounting relationship	34.54	60.81
Total	**547.49**	**874.52**

Notes forming part of the financial statements

16. Provisions

	As at 31st March, 2018 ₹ crore	*As at 31st March, 2017 ₹ crore*
Non-current		
Employee Benefits		
Gratuity (refer note 25.7)	9.74	*10.40*
	9.74	***10.40***
Current		
Employee Benefits		
Compensated Absences	8.42	*7.28*
Post Employment Medical Benefit (refer note 25.7)	0.59	-
Other Defined Benefit Plans (Refer note 25.7)	1.41	-
Other Employee Benefits	2.01	-
Total	**12.43**	***7.28***

17. Other Liabilities

	As at 31st March, 2018 ₹ crore	*As at 31st March, 2017 ₹ crore*
Non-current		
Deferred revenue arising from Government grant (Refer Note below)	1,720.42	*1,771.15*
	1,720.42	***1,771.15***
Current		
Statutory remittances	11.46	*4.13*
Amount due to customers	22.93	*42.05*
Other Liabilities	0.03	*0.14*
Deferred revenue arising from Government grant (Refer Note below)	50.72	*50.72*
Total	**85.14**	***97.04***

In accordance with UMPP policy guidelines (and appropriate notifications of excise and customs), machinery, instruments, apparatus and appliances etc. required for setting up of ultra-mega/mega power projects were exempt from payment of customs and excise duty. The Company has assessed that it has availed exemption from payment of Custom and Excise duty aggregating to ₹ 2,029.00 crores in respect of plant and equipment used in setting up of UMPP.

In accordance with the Standard, the Company has recognized a deferred income of ₹ 1,771.14 crores (includes ₹50.72 crores shown as current liability) net of amortization till 31st March,2018 of ₹257.86 crores with a corresponding debit to property, plant and equipment. The deferred income will be amortized over 36 years being the estimated remaining useful life of property, plant and equipment which will be offset by incremental depreciation consequent to increase in carrying value of property, plant and equipment.

18. Current Borrowings

	As at 31st March, 2018 ₹ crore	*As at 31st March, 2017 ₹ crore*
Unsecured		
From Banks		
Buyer's Line of Credit (Refer note III below)	-	*36.01*
Short-term Loans (Refer note III below)	850.00	*400.00*
From Others		
Inter-corporate Deposit (Refer note III below)	335.97	-
	1,185.97	***436.01***
Secured		
From Banks (Refer note I & II below and note 25.2)	5,286.55	*5,595.72*
From Others (Refer note I& II below and note 25.2)	3,852.44	*4,163.38*
	9,138.99	***9,759.10***
Total	**10,324.96**	***10,195.11***

Notes forming part of the financial statements

Details of original terms of repayment for the borrowings:

I) INR Loans

Year of Repayment	Terms of repayment	As at 31st March, 2018 ₹ crore	*As at 31st March, 2017 ₹ crore*
FY 2017-18	4 quarterly installments	-	*19.32*
FY 2018-19	4 quarterly installments	39.78	*38.64*
FY 2019-20	4 quarterly installments	78.23	*77.28*
FY 2020-21	4 quarterly installments	76.28	*77.28*
FY 2021-22	4 quarterly installments	76.28	*77.28*
FY 2022-23	4 quarterly installments	120.95	*115.93*
FY 2023-24	4 quarterly installments	163.69	*154.57*
FY 2024-25	4 quarterly installments	206.42	*193.21*
FY 2025-26	4 quarterly installments	231.57	*212.53*
FY 2026-27	4 quarterly installments	252.94	*231.85*
FY 2027-28	4 quarterly installments	327.05	*309.14*
FY 2028-29	4 quarterly installments	412.51	*386.42*
FY 2029-30	4 quarterly installments	462.80	*425.07*
FY 2030-31	4 quarterly installments	505.53	*463.71*
FY 2031-32	4 quarterly installments	456.00	*463.71*
FY 2032-33	4 quarterly installments	396.23	*579.64*
Total		**3,806.26**	***3,825.58***

INR Loans From:

	As at 31st March, 2018 ₹ crore	*As at 31st March, 2017 ₹ crore*
Banks	2,815.90	*2,830.20*
Financial Institutions	990.36	*995.38*
Total (A)	**3,806.26**	***3,825.58***

II) Foreign currency loans

Year of Repayment	Terms of repayment	As at 31st March, 2018		*As at 31st March, 2017*	
		USD Millions	₹ crore	*USD Millions*	*₹ crore*
FY 2017-18	2 half-yearly installments	-	-	*96.77*	*627.57*
FY 2018-19	2 half-yearly installments	96.77	630.74	*96.77*	*627.57*
FY 2019-20	2 half-yearly installments	96.77	630.74	*96.77*	*627.57*
FY 2020-21	2 half-yearly installments	96.77	630.74	*96.77*	*627.57*
FY 2021-22	2 half-yearly installments	96.77	630.74	*96.77*	*627.57*
FY 2022-23	2 half-yearly installments	96.77	630.74	*96.77*	*627.57*
FY 2023-24	2 half-yearly installments	96.72	630.38	*96.72*	*627.21*
FY 2024-25	2 half-yearly installments	90.99	593.02	*90.99*	*590.04*
FY 2025-26	2 half-yearly installments	90.99	593.02	*90.99*	*590.04*
FY 2026-27	2 half-yearly installments	32.23	210.08	*32.23*	*209.02*
FY 2027-28	2 half-yearly installments	23.40	152.53	*23.40*	*151.79*
Total		**818.18**	**5,332.73**	**914.95**	**5,933.52**

Notes forming part of the financial statements

Foreign currency Loans From:

	As at 31st March, 2018		*As at 31st March, 2017*	
	USD Millions	**₹ crore**	***USD Millions***	***₹ crore***
Banks	379.06	2,470.65	*426.44*	*2,765.52*
Financial Institutions	439.12	2,862.08	*488.51*	*3,168.00*
Total (B)	**818.18**	**5,332.73**	***914.95***	***5,933.52***

III) Other Unsecured Loan

From	**Terms of Repayment**	**As at 31st March, 2018 ₹ crore**	***As at 31st March, 2017 ₹ crore***
From Banks	Repayable on demand	850.00	*400.00*
From Holding Company	Repayable on demand	335.97	-
Others - Buyer's credit	Repayable on demand	-	*36.01*
Total (C)		**1,185.97**	***436.01***
Total as disclosed in Note 18 (A + B + C)		**10,324.96**	***10,195.11***

19. Trade Payables

	As at 31st March, 2018 ₹ crore	***As at 31st March, 2017 ₹ crore***
Total outstanding dues of micro enterprises and small enterprises (Refer Note 25.5)	0.54	*0.59*
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,508.58	*2,411.93*
Total	**2,509.12**	***2,412.52***

20. Revenue from Operations

	For the year ended 31st March, 2018 ₹ crore	***For the year ended 31st March, 2017 ₹ crore***
(a) Revenue from Power Supply	5,878.34	*5,678.71*
Income From Change in Law	408.12	*305.73*
	6,286.46	*5,984.44*
(b) Other Operating Revenue		
Rental Income	0.81	*0.49*
Income in respect of Services Rendered	1.97	*6.06*
Amortisation of Government Grant	50.72	*50.72*
Sale of Fly Ash	6.96	*5.61*
Insurance claim received	5.19	*4.70*
Liabilities Written Back	1.19	*1.03*
Liquidated Damages	0.94	*0.20*
Sale of Scrap	2.54	*1.60*
Total	**6,356.78**	***6,054.85***

Notes forming part of the financial statements

21. Other Income

	For the year ended 31st March, 2018 ₹ crore	*For the year ended 31st March, 2017 ₹ crore*
Interest Income		
On Financial Assets held at amortised cost		
Interest Income from bank deposit	0.78	*3.37*
Interest Income from Overdue Trade Receivables	1.09	*0.74*
Interest Income from Income-Tax Refund	0.01	*0.61*
Interest on Financial Instruments	0.02	*-*
Interest Income from loans and advances	-	*0.04*
	1.90	*4.76*
Dividend income from subsidiary	22.85	*-*
Gain on sale of mutual fund investment	1.48	*11.73*
Other Non-operating Income		
Guarantee Commission from subsidiary	0.37	*0.38*
Gain/(Loss) on Disposal of Property, Plant and Equipment (Net)	0.03	*(0.08)*
Miscellaneous Income	1.90	*0.31*
	2.30	*0.61*
Total	**28.53**	***17.10***

22. Employee Benefits Expenses

	For the year ended 31st March, 2018 ₹ crore	*For the year ended 31st March, 2017 ₹ crore*
Salaries and Wages	40.68	*45.62*
Contribution to provident and other funds	2.07	*2.02*
Retiring Gratuities (Refer Note 25.7)	2.03	*4.59*
Leave Encashment Scheme	2.01	*(1.14)*
Staff Welfare Expenses	8.86	*4.81*
Total	**55.65**	***55.90***

23. Finance Costs

	For the year ended 31st March, 2018 ₹ crore	*For the year ended 31st March, 2017 ₹ crore*
(a) Interest costs		
Interest on loans (other than those from related parties)	619.40	*624.36*
Interest on loans from related parties	4.59	*179.41*
Other Interest and Commitment Charges	7.09	*1.16*
	631.08	*804.93*
(b) Other Borrowing Cost:		
Loss /(Gain) arising on Borrowings	211.40	*10.70*
Other Finance Costs	(19.07)	*16.71*
	192.33	*27.41*
Total	**823.41**	***832.34***

Notes forming part of the financial statements

24. Other Expenses

	For the year ended 31st March, 2018 ₹ crore	*For the year ended 31st March, 2017 ₹ crore*
Consumption of stores and spare parts	20.04	*19.28*
Cost of Services	18.64	*20.87*
Unscheduled Interchange Charges	33.68	*26.80*
Rent including lease rentals	1.36	*1.90*
Repairs and maintenance		
- Buildings	3.55	*8.41*
- Intake channel charges	6.77	*6.60*
Repairs and maintenance - Machinery	118.58	*70.35*
Repairs and maintenance - Others	0.14	*0.46*
Dredging Charges	0.16	*30.45*
Insurance	25.71	*28.22*
Rates and Taxes	(1.16)	*19.00*
Travelling and Conveyance Expenses	3.35	*4.50*
Freight and forwarding		
- Port handling charges	29.01	*32.31*
- Compensation for ship deferment	37.80	*143.29*
Community Welfare Expenses [Refer Note 25.3 (c)]	0.83	*14.41*
Consultancy fees	17.23	*8.52*
Legal Charges	3.67	*4.77*
Payments to auditors	0.67	*1.37*
Director's sitting fees	0.35	*0.38*
Net (Gain)/Loss on Foreign Currency Transactions and Translation	84.33	*71.84*
Miscellaneous expenses	11.65	*10.73*
Total	**416.36**	***524.46***

25. Additional information to the financial statements

25.1 The Company has determined its operating segment as generation and selling of power based on the information reported to the chief operating decision maker (CODM) in accordance with the requirements of Indian Accounting Standard 108-'Operating Segment Reporting', notified under the Companies (Indian Accounting Standards) Rules, 2015.

25.2 Borrowings (Refer Note 18)

a) The term loans from banks and other parties (referred "Project Lenders") are secured by a charge on all present and future movable and immovable properties (including a major portion of the project land).

b) The Company has hedging facilities from State Bank of India (SBI), ICICI Bank Limited (ICICI), The Hongkong and Shanghai Banking Corporation Limited (HSBC) and BNP Paribas (BNP). As per the Hedging Agreements and Financing Documents, the Company has created security in favor of Hedge Providers, on movable and immovable properties of the Company on pari-passu basis along with the Project Lenders.

c) As at 31st March,2018 the Company has created security on land of 1,193 hectare (31st March,2017 1,193 hectares) (721 hectare of Government land + 187 hectare of Private land +236 hectare of outfall channel+ Township land 49 hectare) and has taken waiver for the security creation on 130 hectares of forest land from the Project lenders. The balance project pending to be mortgaged is approx 38 hectares, of which the company has sought waiver of security creation from the Project lenders due to pending government approvals. The waiver requests are under consideration of the Project lenders.

Notes forming part of the financial statements

d) As per the Financing Agreements, the Holding Company has entered into a Sponsor Support Agreement with the lenders and the Company whereby it has undertaken to provide support by way of base equity contribution to the extent of 25 percent of the project cost and additional equity or subordinated loans to be made or arranged for, if required, as per the financing agreements to finance the project. The Sponsor Support Agreement also includes support by way of additional financial support for any overrun in project costs, operational loss and Debt Service Reserve Guarantee as provided under the Financing Agreements. Pending achievement of the "Project Financial Completion Date" as defined under the Financing Agreement, the Sponsor support will continue.

e) As per the 9th Waiver and Sixth Amendment Agreement dated 12th April 2013 with the Project Lenders, the period for compliance of Coal Supply and Transportation Agreement Completion Date (CSTACD) and the compliance of the financial covenants with respect to maintenance of certain ratios was extended up to 30th June, 2013.

In terms of the conditions of the above Financing Agreements, as on 31st March, 2018 a total sum of ₹ 6,781.00 crores (31st March,2017: ₹ 5,764.00 crores) was received from the Holding Company (₹ 5,100 crores as sub-debt and ₹ 1,681.00 crores as unsecured perpetual securities) which includes ₹ 1,615.71 crores (31st March,2017: ₹ 1,615.71 crores) converted from sub-debt into equity, a sub-debt of ₹3,484.29 crores (31st March,2017 : ₹ 3,484.29 crores) converted from sub-debt into unsecured perpetual securities as on 1st October, 2016 and fresh issue of ₹1,681.00 crore towards unsecured perpetual securities. Further, during the previous year, interest accrued but not due from holding company on sub-debt of ₹ 311.60 crore has been converted into unsecured perpetual securities as on 31st March,2017.

During the waiver period upto 30th June 2013, the Company was required to maintain Debt to Equity Ratio of 75:25 for meeting financial covenants and Debt-to-Equity Ratio of 70:30 for availing the disbursements (capped at 83.33 percent of all Senior Loans). The Company has requested the Lenders for extension of time to comply with the financial covenants and maintenance of ratios which is pending. Accordingly, the non-current portion of loans from lenders outstanding as at 31st March,2018 aggregating to ₹8,468.47 crores (31st March,2017 ₹ 9,112.21 crores) has been classified under current financial liabilities as at the respective period end in Note-18.

25.3(a) Impairment of Assets:

In terms of the 25 year Power Purchase Agreement (PPA), the Company is entitled to charge 45 percent of escalation of the cost of coal from the procurers of its power.

As at 31st March, 2018, the Company had in pursuance of Indian Accounting Standard 36 (Ind AS 36) – "Impairment of Assets", reassessed impairment of its Mundra UMPP, having regard to the upward revision in the fuel prices, exchange rates variation, power price beyond Power Purchase Agreement (PPA) period and operating parameters Based on assessment as at 31st March, 2018, the Company has accounted an impairment loss of ₹ 310.94 crores in respect of its Mundra UMPP, which had been recognised as an exceptional item-Impairment loss in the Statement of Profit and Loss. For estimating the Mundra UMPP value in use it is necessary to project the future cash flow of Mundra UMPP over its estimated useful life. In making these projections, management has relied on external estimates of market participants for the future price of coal and foreign exchange rates and made certain assumptions relating to future tariff and estimates of operating performance. However, if these assumptions change consequent to changes in future conditions, there could be adverse or favorable effect on the recoverable amount of the assets at Mundra.

The underlying assumptions i.e. fuel prices, exchange rate variation, future tariff and operating parameters that would impact future cash flows for determining the Mundra UMPP value in use will continue to be monitored periodically by management.

The recoverable amount of the relevant assets has been determined on the basis of their value in use. The discount rate used in the current year is 11.15 percent per annum (previous year 10.20 percent per annum).

As stated in Note no. 25.1 of the Notes forming part of the financial statements, the Company has only a single reportable segment.

25.3(b) The Company has incurred substantial loss during the period ended 31st March,2018 and the current liabilities are substantially in excess of the current assets as at 31st March,2018. Certain covenants governing the loans borrowed for construction of the project have not been met. Further, as stated in Note 25.2(e), the Company had received waiver from compliance of the covenants upto 30th June, 2013 and the Company has also sought revision in certain terms of the financing agreements and extending of existing waivers. Considering the Sponsor Support Agreement signed by the Company with the lenders and with the Holding Company, wherein the Holding Company has agreed to provide amongst other things funding of operational deficit of the Company, the financial statements have been prepared on a going concern basis.

Notes forming part of the financial statements

25.3(c) Due to continuing business losses, the Company has requested Ministry of Environment and Forests (MOEF) for waiver of condition in its Environment Consent (EC) related to annual spending of ₹14.40 crores towards Corporate Social Responsibility expenditure (CSR) which is pending. During the year the Company has spent a lower amount towards Corporate Social Responsibility expenditure (CSR) than the Environment Consent expenditure (EC) requirement pending approval.

25.4 Contingent liabilities and commitments

(i) Contingent liabilities

		As at 31st March, 2018 ₹ crore	*As at 31st March, 2017 ₹ crore*
a)	Corporate Guarantee issued on behalf of wholly owned subsidiary – Energy Eastern Pte. Ltd. of US$ 10 million (Previous Year US$ 10 million)	65.18	*64.85*
b)	Claims of Service Tax demands against loan processing fees, upfront fees, and commitment changes paid to IFC and ADB for processing and disbursement of Loans.	27.16	-
c)	i) Taxation matters relating to issues of deductibility and taxability of certain items of income and expenditure which is disputed by the Company and provision is not made.	101.75	*102.42*
	ii) Interest and penalty on above amount	Not ascertainable	*Not ascertainable*
d)	Green cess disputed by the Company relating to issue of applicability.	286.90	*233.53*
e)	Custom duty claims arising from issues related to classification disputed by the Company. (Payment made under protest ₹ 52.45 crores disclosed under Note 7- Other non-current assets)	76.32	*76.32*
f)	Applicability of Stamp Duty on import of coal	22.62	*17.31*
g)	Amount payable to HUDCO under financing agreement for breach of financial covenants, delay in creation of security, commitment charges, prepayment penalty and penal interest.	30.01*	*30.01**

* Excluding Service Tax/GST

Future cash flows in respect of above matters are determinable only on receipt of judgements/decisions pending at various forums/authorities.

(ii) Capital Commitments

		As at 31st March, 2018 ₹ crore	*As at 31st March, 2017 ₹ crore*
a	Estimated amount of Capital contracts (including intangible assets) remaining to be executed on capital account (net of capital advance) and not provided.	28.43	*44.80*

b. Other Commitments

In terms of the Port Service Agreement entered into by the Company and valid up to 31st March, 2040, the Company paid fixed handling charges amounting to ₹ 194.29 crores as on 31st March, 2018 (31st March, 2017: ₹ 191.00 crores) escalable as per CERC notification and variable port handling charges for handling a certain minimum tonnage of coal for its Mundra UMPP. In the event of a default which subsists for over one year, the Port Operator shall be entitled to suspend all its services under the agreement without terminating the agreement and all amounts outstanding shall be payable by the Company.

Notes forming part of the financial statements

25.5 Disclosure required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

	As at 31st March, 2018 ₹ crore	*As at 31st March, 2017 ₹ crore*
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	0.54	*0.59*
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Amount unpaid to MSME vendors on account of retention money have not been considered for the purpose of interest calculation

25.6 Payment to Auditors*

	As at 31st March, 2018 ** ₹ crore	*As at 31st March, 2017 ₹ crore*
For statutory audit	0.22	*0.61*
For tax audit	0.09	*0.09*
For taxation matters	0.32	*0.33*
For other services	0.01	*0.34*
Reimbursement of expenses	0.03	-
Total payments to the auditors	**0.67**	***1.37***

* Service tax/GST included in the above figures
** Includes ₹ 0.43 crores paid to erstwhile auditors

25.7 Employee Benefit Plans

1. Defined contribution plans

The Company operates defined contribution retirement benefit plans for all qualifying employees. The employees of the Company are member of Employee Provident Fund . The Company is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the retirement benefit plan is to make the specified contributions.The total expense recognized in Statement of Profit & Loss is ₹ 2.07 crores (for the year ended 31st March, 2017 ₹ 2.02 crores) represents contribution payable to the Employee Provident Fund. As at 31st March, 2018 , contribution of ₹ 0.37 crores (as at 31st March, 2017: ₹ 0.39 crores) due in respect of 2017-18 (FY2016-17) is paid in the subsequent reporting periods.

Notes forming part of the financial statements

2. Defined benefit plans

2.1 The Company operates the following unfunded defined benefit plans:

Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. Benefits payable to eligible employees of the Company with respect of these benefits are accounted for on the basis of an actuarial valuation using the projected unit credit method as at the Balance Sheet date.

These plans typically expose the Company to actuarial risk such as: Demographic risk, interest rate risk, and Salary Inflation risk:Demographic risk: This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

Interest rate risk: The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Salary Inflation risk: Higher than expected increases in salary will increase the defined benefit obligation. In respect of the present value of defined benefit obligations was carried out at 31st March, 2018 by KP Actuaries and Consultants.

Post Employment Medical Benefits

The Company provides certain post-employment health care benefits to superannuated employees at some of its locations. In terms of the plan, the retired employees can avail free medical check-up and medicines at Company's facilities.

Pension

The Company operates a defined benefit pension plan for employees who have completed 15 years of continuous service. The plan provides benefits to members in the form of a pre-determined lumpsum payment on retirement.

Ex-Gratia Death Benefit

The Company has a defined benefit plan granting ex-gratia in case of death during service. The benefit consists of a pre-determined lumpsum amount alongwith a sum determined based on the last drawn basic salary per month and the length of service.

Retirement Gift

The Company has a defined benefit plan granting a pre-determined sum as retirement gift on superannuation of an employee.

2.2 The principal assumptions used for the purposes of the actuarial valuations were as follows

	As at 31st March, 2018 ₹ crore	***As at 31st March, 2017 ₹ crore***
Discount rate(s)	7.70% p.a.	*7.2% p.a.*
Expected rate(s) of salary increase	7% p.a.	*7.5% p.a.*
Turnover Rate - Age 21 to 44 years	2.50% p.a.	*6% p.a.*
Turnover Rate - Age 45 years and above	1% p.a.	*0.5% p.a.*
Mortality Table	Indian Assured Lives Mortality (2006-08)	*Indian Assured Lives Mortality (2006-08)*
Annual Increase in Healthcare Cost	8% p.a.	*8% p.a.*

Notes forming part of the financial statements

2.3 The amounts recognised in the financial statements and the movements in the net defined benefit obligations over the year are as follows:

Unfunded Plan:	**Amount ₹ crore**
Balance as at 1st April, 2016	**7.88**
Current service cost	0.52
Past service cost.	3.49
Interest Cost/(Income).	0.58
Amount recognised in statement of profit and loss.	**4.59**
Remeasurement (gains)/losses	-
Actuarial (gains)/losses arising from changes in demographic assumptions.	(0.54)
Actuarial (gains)/losses arising from changes in financial assumptions	(4.35)
Actuarial (gains)/losses arising from experience.	3.59
Amount recognised in other comprehensive income	**(1.30)**
Benefits paid	(0.23)
Acquisitions (credit)/cost	(0.54)
Balance as at 31st March, 2017	**10.40**
Balance as at 31st March, 2017	**10.40**
Current service cost	1.29
Past service cost.	1.77
Interest Cost/(Income).	0.87
Amount recognised in statement of profit and loss.	**3.93**
Remeasurement (gains)/losses	-
Actuarial (gains)/losses arising from changes in demographic assumptions.	0.96
Actuarial (gains)/losses arising from changes in financial assumptions	(1.70)
Actuarial (gains)/losses arising from experience.	(0.76)
Amount recognised in other comprehensive income	**(1.50)**
Benefits paid	(0.14)
Acquisitions (credit)/cost	(0.95)
Balance as at 31st March, 2018	**11.74**

2.4 Sensitivity Analysis

The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:

	Change in assumption		**Increase in assumption**		**Decrease in assumption**	
	31st March, 2018	***31st March, 2017***	**31st March, 2018**	***31st March, 2017***	**31st March, 2018**	***31st March, 2017***
Discount rate	0.50%	*0.50%*	(0.78)	*(0.88)*	0.87	*0.96*
Salary growth rate.	0.50%	*0.50%*	0.76	*0.96*	(0.69)	*(0.88)*
Mortality rates	1 year	*1 year*	0.03	*Not Applicable*	(0.03)	*Not Applicable*
Healthcare cost	0.50%	*0.50%*	0.10	*Not Applicable*	(0.08)	*Not Applicable*

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Notes forming part of the financial statements

2.5 The expected maturity analysis of undiscounted defined benefit obligation is as follows:

	Unfunded	
	31st March,2018	*31st March,2017*
Within 1 year	0.27	*0.32*
Between 1 - 2 years	1.23	*0.44*
Between 2 - 3 years	0.26	*1.38*
Between 3 - 4 years	0.24	*1.44*
Between 4 - 5 years	0.29	*0.41*
Beyond 5 years	4.35	*4.12*

The weighted average duration of the defined benefit obligation is 8.1 years (*31st March, 2017 - 7 years*).
The contribution expected to be made by the Company during the financial year 2018-19 has not been ascertained.

2.6 Risk exposure:

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

Asset volatility:

The plan liabilities are calculated using a discount rate set with reference to government bond yield. If plan assets underperform this yield, it will result in deficit. These are subject to interest rate risk. To offset the risk, the plan assets have been deployed in high grade insurer managed funds.

Inflation rate risk:

Higher than expected increase in salary will increase the defined benefit obligation.

Demographic risk:

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligations is not straight forward and depends upon the combination of salary increase, discount rate and vesting criterion.

25.8 Financial Instruments

1 Fair values

Set out below, is a comparison by class of the carrying amount and fair value of the financial instruments:

	Carrying value		Fair Value	
	31st March, 2018 ₹ crore	***31st March, 2017 ₹ crore***	**31st March, 2018 ₹ crore**	***31st March, 2017 ₹ crore***
Financial assets				
Cash and Cash Equivalents	11.61	*64.06*	11.61	*64.06*
Other Balances with banks	-	*47.00*	-	*47.00*
Trade Receivables	325.34	*464.30*	325.34	*464.30*
Financial Investments #	-	*116.97*	-	*116.97*
Amortised Cost financial investments #	347.40	*391.13*	347.40	*391.13*
Derivative instruments not in hedging relationship	55.41	*13.13*	55.41	*13.13*
Total	**739.76**	***1,096.59***	**739.76**	***1,096.59***
Financial liabilities				
Trade Payables	2,509.12	*2,412.52*	2,509.12	*2,412.52*
Floating rate borrowings (including current maturities)	10,324.96	*10,195.11*	10,324.96	*10,195.11*
Derivative instruments not in hedging relationship	430.72	*774.95*	430.72	*774.95*
Other financial liabilities (excluding current maturities)	116.77	*99.57*	116.77	*99.57*
Total	**13,381.57**	***13,482.15***	**13,381.57**	***13,482.15***

Notes forming part of the financial statements

other than investments in subsidiaries, associates and joint ventures accounted at cost in accordance with IND AS 27

Note: Certain unquoted investments are not held for trading, instead they are held for medium or long term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments as at FVTOCI as the directors believe this provides a more meaningful presentation for medium and long- term strategic investments , then reflecting changes in fair value immediately in profit or loss

The management assessed that cash and cash equivalents, other balances with bank, trade receivables, loans, finance lease receivables, unbilled revenues, trade payables, other financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values.

- Fair value of the quoted bonds, mutual funds, govt securitiesare based on the price quotations near 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 flow using rates currently available for debt on similar terms, credit risk and remaining maturities.
- The company enters into derivative financial instruments with various counterparties, principally banks and financial institutions with investment grade credit ratings.Interest rate swaps, foreign exchange forward and option contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying currency. All derivative contracts are fully collateralized, thereby, eliminating both counterparty and the company's own non-performance risk. As at 31 March, 2018, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The change in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognized at fair value.
- The fair value of the company's interest-bearing borrowing and loans are determined by using DCF method using discount rate that reflect the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as on 31 March 2018 was assessed to be insignificant.

2 Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. This includes quoted equity instruments, government securities, traded debentures (borrowings) and mutual funds that have quoted price.

Level 2 Inputs are 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). This includes derivative financial instruments and investment in redeemable non-cumulative preference shares.

Level 3 Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. This includes unquoted equity shares.

The following table summarizes financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required) :

	Fair value hierarchy as at 31st March, 2018			
	Quoted prices in active markets (Level 1) ₹ crore	Significant observable inputs (Level 2) ₹ crore	Significant unobservable inputs (Level 3) ₹ crore	Total ₹ crore
Asset measured at fair value				
Derivative instruments not in hedging relationship	-	**55.41**	-	**55.41**
	-	**55.41**	-	**55.41**
Liabilities measured at fair value				
Derivative financial liabilities	-	430.72	-	430.72
Total	-	**430.72**	-	**430.72**

Notes forming part of the financial statements

	Fair value hierarchy as at 31st March, 2017			
	Quoted prices in active markets (Level 1) ₹ crore	Significant observable inputs (Level 2) ₹ crore	Significant unobservable inputs (Level 3) ₹ crore	Total ₹ crore
Asset measured at fair value				
FVTPL financial investments	116.97	-	-	116.97
Derivative instruments not in hedging relationship	-	13.13	-	13.13
	116.97	**13.13**	**-**	**130.10**
Liabilities measured at fair value				
Derivative financial liabilities	-	774.95	-	774.95
Total	**-**	**774.95**	**-**	**774.95**

There has been no transfer between level 1 and level 2 during the period.

3 Capital Management & Gearing Ratio

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. From time to time, the Company reviews its policy related to dividend payment to shareholders, return capital to shareholders or fresh issue of shares. The Company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 65% and 85%. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations as detailed in the notes below.

The Company's capital management is intended to create value for shareholders by facilitating the meeting of its long-term and short-term goals. Its Capital structure consists of net debt (borrowings as detailed in notes below) and total equity.

Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

	As at 31st March, 2018 ₹ crore	*As at 31st March, 2017 ₹ crore*
Debt (i)	10,324.96	*10,195.11*
Less: Cash and Bank balances	11.61	*111.06*
Net debt	10,313.35	*10,084.05*
Total Capital (ii)	3,383.88	*4,086.69*
Capital and net debt	**13,697.23**	***14,170.74***
Net debt to Total Capital plus net debt ratio (%)	**75.30**	***71.16***

(i) Debt is defined as long-term borrowings (including current maturities) and short-term borrowings (excluding derivative, financial guarantee contracts and contingent considerations).

(ii) Equity is defined as Equity share capital, Unsecured perpetual securities and other equity including reserves and surplus.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018 and 31 March 2017.

Notes forming part of the financial statements

4 Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables, financial guarantee contracts and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, cash and cash equivalents, other bank balances, unbilled receivables, finance lease receivables and other financial assets that derive directly from its operations. The Company also holds FVTOCI/FVTPL investments and enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a risk committee that reviews the financial risks and the appropriate financial risk governance framework for the Company. The Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The risk management policy is approved by the board of directors, which are summarized below.

4.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: currency risk, interest rate risk and equity price risk. The impact of equity price risk is not material. Financial instruments affected by market risk include loans and borrowings, derivative financial instruments and FVTOCI investments.

"The sensitivity analyses in the following sections relate to the position as at 31 March, 2018 and 31 March, 2017. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at 31 March 2018. The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations."

4.1.1 Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk through its operations in international projects and purchase of coal from Indonesia and elsewhere and overseas borrowings. The results of the Company's operations can be affected as the rupee appreciates/depreciates against these currencies. The Company enters into derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The following table analyzes foreign currency assets and liabilities on balance sheet dates:

	31st March, 2018		31st March, 2017	
Foreign Currency Liabilities	Foreign Currency Million	₹ **crore**	*Foreign Currency Million*	₹ ***crore***
In USD	1,157.42	7,543.76	*1,268.84*	*8,228.35*
In EURO	0.28	2.26	*0.03*	*0.23*
In JPY	11.29	0.70	*11.31*	*0.65*
Foreign Currency Assets	Foreign Currency Million	₹ **crore**	*Foreign Currency Million*	₹ ***crore***
In USD	0.05	0.35	*0.26*	*1.69*

Notes forming part of the financial statements

(a) Foreign currency sensitivity analysis

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax and pre-tax equity is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency forward and option contracts given as under.

		Effect on profit before tax	Effect on pre-tax equity
As of 31st March, 2018	Rupee depreciate by INR1 against USD	-₹56.82 crore	-₹56.82 crore
	Rupee appreciate by INR1 against USD	+₹56.96 crore	+₹56.96 crore
As of 31st March, 2017	Rupee depreciate by INR1 against USD	-₹57.10 crore	-₹57.10 crore
	Rupee appreciate by INR1 against USD	+₹ 56.72 crore	+₹ 56.72 crore

Notes:

1) +/- Gain/Loss
2) The impact of depreciation/ appreciation on foreign currency other than U.S.Dollar on profit before tax of the Company is not material.

(b) Derivative financial instruments

The Company holds derivative financial instruments such as foreign currency forward and option contracts to mitigate the risk of changes in exchange rate on foreign currency exposure. The counterparty for these contracts is generally a Bank or a Financial Institution. These derivative financial instrument are valued based on quoted prices for similar asset and liabilities in active markets or inputs that is directly or indirectly observable in the marketplace.

The following table gives details in respect of outstanding foreign exchange forward and option contracts:

Outstanding Contracts

			31st March, 2018	
	Buy/ Sell	Foreign Currency (in millions)	Nominal Value in ₹ **crore**	Fair Value in ₹ **crore**
Other Derivatives				
Forward contracts In USD	Buy/ Sell	601.44	3,920.01	(111.37)
Option contracts In USD	Buy/ Sell	707.80	4,613.26	9.62

			31st March, 2017	
	Buy/ Sell	*Foreign Currency (in millions)*	*Nominal Value in* ₹ ***crore***	Fair Value in ₹ ***crore***
Other Derivatives				
Forward contracts In USD	*Buy/ Sell*	*583.36*	*3,783.04*	*(240.09)*
Option contracts In USD	*Buy/ Sell*	*428.90*	*2,781.42*	*(47.68)*

4.1.2 Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates

Notes forming part of the financial statements

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company's policy is to keep between 40% and 60% of its borrowings at fixed rates of interest, excluding borrowings that relate to discontinued operations. To manage this, the Company enters into fixed rate loan, Bonds and interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

(a) Interest rate sensitivity of INR loans:

The sensitivity analysis below have been determined based on exposure to interest rates for term loans and debentures at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in case of term loans and debentures that have floating rates.

If the interest rates had been 50 basis points higher or lower and all the other variables were held constant, the effect on Interest expense for the respective financial years and consequent effect on Company's profit in that financial year would have been as below:

₹ crore

	As of 31st March, 2018		*As of 31st March, 2017*	
	50 bps increase	50 bps decrease	*50 bps increase*	*50 bps decrease*
Interest expense on loan	(19.03)	19.03	*(21.13)*	*21.13*
Effect on profit before tax	(19.03)	19.03	*(21.13)*	*21.13*

(b) Interest rate swap contracts:

An interest rate swap is an agreement between two counterparties in which one stream of future interest payments is exchanged for another based on a specified principal amount. Interest rate swaps usually involve the exchange of a fixed interest rate for a floating rate, or vice versa, to reduce or increase exposure to fluctuations in interest rates or to obtain a marginally lower interest rate than would have been possible without the swap. Interest rate swaps are the exchange of one set of cash flows for another.

The following table gives details in respect of outstanding receive floating, pay fixed contracts:

₹ crore

		Less than 1 year	1 to 5 years	5 years +
31st March, 2018	Average contracted fixed interest rate %	-	2.27%	4.44%
	Nominal amounts	-	**1,512.05**	**3,660.83**
	Fair value assets (liabilities)	-	(12.04)	(261.51)
31st March, 2017	*Average contracted fixed interest rate %*	-	*2.07%*	*4.43%*
	Nominal amounts	-	***1,694.60***	***4,086.14***
	Fair value assets (liabilities)	-	***(44.39)***	***(429.66)***

4.2 Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities including loans, foreign exchange transactions and other financial instruments. The Company generally deals with parties which has good credit rating/ worthiness given by external rating agencies or based on Company's internal assessment as listed below:₹ crore

	As at 31st March, 2018 ₹ crore	***As at 31st March, 2017 ₹ crore***
Trade receivables	325.34	*464.30*
Total	**325.34**	***464.30***

Refer note no. 9 for credit risk and other information in respect of trade receivables. Other receivables as stated above are due from the parties under normal course of the business and as such the Company believes exposure to credit risk to be minimal.

The Company has not acquired any credit impaired asset. There was no modification in any financial assets.

Notes forming part of the financial statements

4.3 Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

₹ **crore**

	Up to 1 year	1 to 5 years	5+ years	Total	Carrying Amount
31st March, 2018					
Non-Derivatives					
Borrowings (Also refer Note 25.2)	1,856.49	2,874.70	5,593.77	10,324.96	10,324.96
Future Interest on above borrowing	564.78	1,949.03	1,978.67	4,492.48	
Trade Payables	2,509.12	-	-	2,509.12	2,509.12
Other Financial Liabilities	116.77	-	-	116.77	116.77
Total Non-Derivative Liabilities	**5,047.16**	**4,823.73**	**7,572.44**	**17,443.33**	**12,950.85**
Derivatives					
Other Financial Liabilities	430.72	-	-	430.72	430.72
Total Derivative Liabilities	**430.72**	**-**	**-**	**430.72**	**430.72**
31st March, 2017					
Non-Derivatives					
Borrowings (Also refer Note 25.2)	*1,082.90*	*2,780.79*	*6,331.42*	*10,195.11*	*10,195.11*
Future Interest on above borrowing	*556.73*	*1,981.28*	*2,551.74*	*5,089.75*	-
Trade Payables	*2,412.52*	-	-	*2,412.52*	-
Other Financial Liabilities	*99.57*	-	-	*99.57*	*99.57*
Total Non-Derivative Liabilities	***4,151.72***	***4,762.07***	***8,883.16***	***17,796.95***	***10,294.68***
Derivatives					
Other Financial Liabilities	*774.95*	-	-	*774.95*	*774.95*
Total Derivative Liabilities	***774.95***	**-**	**-**	***774.95***	***774.95***

\# The table has been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will be paid on those liabilities upto the maturity of the instruments, ignoring the call and refinancing options available with the Company. The amounts included above for variable interest rate instruments for non-derivative liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The disclosed financial derivative instruments in the above table are the gross undiscounted cash flows. However, those amounts may be settled gross or net.

Notes forming part of the financial statements

25.9 Income tax

(a) Current tax

The Company does not have taxable profit for the year, accordingly current tax expense for the year ended 31st March, 2018 is Nil.

(b) Deferred tax

(i) Movement of Deferred Tax

Particulars	For the Year ended 31st March, 2018			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment and intangible assets	(3,755.53)	70.27	-	(3,685.26)
On Impact of measuring derivative financial instruments at fair value	(4.54)	(14.64)	-	(19.18)
Fair valuation of Mutual fund Investment	(0.03)	0.03	-	-
Deferred tax liabilities total	(3,760.10)	55.66	-	(3,704.44)
Tax effect of items constituting deferred tax assets				
Unabsorbed Depreciation	3,455.56	61.92	-	3,517.48
Allowance for Doubtful debts	30.21	-	-	30.21
On Impact of measuring derivative financial instruments at fair value	268.21	(119.14)	-	149.07
Provision for Employee benefits	6.12	1.56	-	7.68
Deferred tax assets total	3,760.10	(55.66)	-	3,704.44
Net Deferred Tax Asset/ (Liabilities)		-	-	-

Particulars	*For the Year ended 31st March, 2017*			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment and intangible assets	*(3,716.30)*	*(39.23)*	-	*(3,755.53)*
On Impact of measuring derivative financial instruments at fair value	*(27.83)*	*23.29*	-	*(4.54)*
Fair valuation of Investment	*(0.11)*	*0.08*	-	*(0.03)*
Deferred tax liabilities total	***(3,744.24)***	***(15.86)***	-	***(3,760.10)***
Tax effect of items constituting deferred tax assets				
Unabsorbed Depreciation	*3,685.88*	*(230.32)*	-	*3,455.56*
Allowance for Doubtful debts	*30.21*	-	-	*30.21*
On Impact of measuring derivative financial instruments at fair value	*27.68*	*240.53*	-	*268.21*
Provision for Employee benefits	*0.47*	*5.65*	-	*6.12*
Deferred tax assets total	*3,744.24*	*15.86*	-	*3,760.10*
Net Deferred Tax Asset/ (Liabilities)	-	-	-	-

Notes forming part of the financial statements

25.9 Income tax - Continued

(ii) Amounts on which deferred tax asset has not been created:

Particulars	For the year ended 31st March, 2018 ₹ crore	*For the year ended 31st March, 2017 ₹ crore*
Unabsorbed depreciation	3,466.38	*2,903.44*
Total	**3,466.38**	***2,903.44***

Unrecognized deferred tax assets on unused tax losses expire based on the year of origination as follows:

	Unused Tax losses	
31st March	Gross amount	Deferred tax
2020	88.65	30.68
2021	269.39	93.23
2022	650.88	225.27
thereafter	1,650.96	571.40

Company is having carried forward business losses as above. Company is not expecting to utilise these losses in near future based on projections made by the Company. Accordingly, the Company has not recognized any deferred tax on the carried forward tax losses.

25.10 Related party transactions: Disclosure as required by Indian Accounting Standard (IND AS- 24) "Related Party Disclosures" are as follows:

a.) Names of the related parties and description of relationship with which transactions have taken place:

Sr No	Name of the related party	Nature of relationship	Country of origin
I	The Tata Power Company Limited (TPCL)	Holding Company	India
II	Energy Eastern Pte. Limited (EEPL)	Wholly owned Subsidiary	Singapore
III	Trust Energy Resources Pte. Limited (TERPL)	Fellow Subsidiary #	Singapore
IV	Maithon Power Limited (MPL)	Fellow Subsidiary #	India
V	Industrial Energy Limited (IEL)	Joint venture of Holding Company #	India
VI	Tata Power International Pte. Limited (TPIPL)	Fellow Subsidiary #	Singapore
VII	Tata Power Ajmer Distribution Limited (TPADL)	Fellow Subsidiary #	India
VIII	AF-Taab Investment Co. Ltd (Af-Taab)	Fellow Subsidiary #	
IX	Walwhan Renewable Energy Limited (WREL)	Fellow Subsidiary #	India
X	Tata Power Trading Company Limited (TPTCL)	Fellow Subsidiary #	India
XI	PT Kaltim Prima Coal (KPC)	Joint venture of Holding Company #	Indonesia
XII	Indocoal Resources (Cayman) Ltd.	Joint venture of Holding Company #	Indonesia
XIII	Tata Power Solar Systems Limited (TPSSL)	Fellow Subsidiary #	India
XIV	Chemical Terminal Trombay Limited (CTTL)	Fellow Subsidiary #	India
XV	Mr. Krishna Kumar Sharma - Executive Director & CEO	Key Management Personnel(KMP)	India

Fellow subsidiaries with which transactions have taken place.

Note: Related parties have been identified by the Management.

Notes forming part of the financial statements

25.10(b) Details of related party transactions and balances outstanding for the Year ended 31st March, 2018:

₹ crore

	TPCL	EEPL	TERPL	MPL	IEL	TPIPL	TPADL	CTTL
Purchase of Assets	0.02	-	-	-	-	-	-	-
	-	-	-	-	-	(0.02)	-	-
Sale of Assets	0.12	-	-	0.01	-	-	-	-
	-	-	-	-	-	-	-	-
Purchase of Goods	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Rendering of service	0.62	0.37	-	-	0.06	0.41	-	0.03
	(0.19)	(0.38)		-	-	(5.55)	-	-
Receiving of services	7.75	342.26	302.93	-	-	-	-	-
	(3.77)	(313.71)	(277.36)	-	-	-	-	-
Interest expenditure	3.14	0.22	0.15	-	-	-	-	-
	(179.41)	(0.38)	(0.20)	-	-	-	-	-
Interest received	0.02	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Equity Contribution	-	-	-	-	-	-	-	-
	(53.00)	-	-	-	-	-	-	-
Loan taken	1,205.83	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Loan repaid	869.86	-	-	-	-	-	-	-
	Refer note below	-	-	-	-	-	-	-
Loan Given	65.00	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Loan Principal received	65.00	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Unsecured perpetual securities	1,017	-	-	-	-	-	-	-
	(4,459.88)	-	-	-	-	-	-	-
Guarantees and collaterals Given by	1,104.33	-	-	-	-	-	-	-
	(838.50)	-	-	-	-	-	-	-
Guarantees and collaterals returned by	754.03	-	-	-	-	-	-	-
	(1,096.06)	(1.40)	-	-	-	-	-	-
Other Equity (Deemed Equity)	-	-	-	-	-	-	-	-
	(179.41)	-	-	-	-	-	-	-
Dividend Income	-	22.85	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Balances outstanding end of the period								
Guarantees and Collateral outstanding given by TPCL	3,131.98	-	-	-	-	-	-	-
	(2,781.69)	-	-	-	-	-	-	-
Guarantees and Collateral outstanding given to EEPL*	-	65.18	-	-	-	-	-	-
	-	(64.85)	-	-	-	-	-	-
Trade payables/(Receivable) (net)	4.50	194.5	192.73	-	(0.10)	-	0.19	-
	(2.37)	(169.87)	(147.55)	(0.07)	(-0.04)	(-1.25)	-	-
Loans taken including interest accrued	338.16	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Unsecured Perpetual securities	5,476.88	-	-	-	-	-	-	-
	(4,459.89)	-	-	-	-	-	-	-
Deemed Equity	592.85	-	-	-	-	-	-	-
	(592.85)	-	-	-	-	-	-	-

Notes forming part of the financial statements

₹ crore

	Walwhan	TPTCL	KPC	Indo coal	TPSSL	Af-Taab	KMP
Purchase of Assets	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Sale of Assets	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Purchase of Goods	-	-	3,391.72	-	-	-	-
	-	-	(3,316.92)	-	-	-	-
Rendering of service	-	-	-	-	0.04	-	-
	-	-			-	-	-
Receiving of services	-	-	-	-	-	-	1.36
	-	(0.01)	-	-	-	-	(1.24)
Interest expenditure	-	-	-	-		1.45	-
	-	-	-	-	-	-	-
Interest Received	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Equity Contribution	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Loan taken	-	-	-	-		100.00	-
	-	-	-	-	-	-	-
Loan Repaid	-	-	-	-	-	100.00	-
	-	-	-	-	-	-	-
Loan Given	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Loan Principle received	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Unsecured perpetual securities (refer note below)	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Guarantees and collaterals Given by	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Guarantees and collaterals returned by	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Other Equity (Deemed Equity)	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Dividend Income	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Guarantees and Collateral outstanding given by TPCL	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Guarantees and Collateral outstanding given to EEPL*	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Trade payables/(Receivable) (net)	0.01	-	1,694.48	-	-	-	-
	-	-	(1,837.75)	(0.81)	-	-	-
Loans taken including interest accrued	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Unsecured Perpetual securities	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Deemed Equity	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

Notes:

1) During the Year , loan from the holding Company amounting to Nil (Previous year ₹ 3,484.29 crores) has been converted into Unsecured perpetual securities.

Figures in bracket '( )' relates to the comparative figures for the related party transaction for the Year ended 31st March, 2017 and balance outstanding are as on 31st March, 2018

*The difference is due to the currency fluctuation on the guarantee of $10 Million given to EEPL

Notes forming part of the financial statements

25.11 Earnings Per Share:

	For the year ended 31st March, 2018 ₹ crore	*For the year ended 31st March, 2017 ₹ crore*
Basic earning per share		
Profit/(Loss) after tax attributable to equity shareholders (₹crore)	(1,721.31)	*(849.74)*
Weighted average number of equity shares outstanding during the period	608,34,20,000	*606,68,66,575*
Nominal value per share (in ₹)	10.00	*10.00*
Basic earnings per share (in ₹)	(2.83)	*(1.40)*
Diluted earnings per share		
Net profit for the period attributable to the equity shareholders for basic EPS	(1,721.31)	*(849.74)*
Add: interest expenses on loan taken from Holding Company		*179.41*
Profit attributable to equity shareholders on dilution	(1,721.31)	*(670.33)*
Amount used as denominator for basic EPS (no. of shares)	6,083,420,000	*6,066,866,575*
Add: Potential Equity Shares on conversion of loan from shareholders (no. of shares)	-	-
Amount used as denominator for diluted EPS (no. of shares)	6,083,420,000	*6,066,866,575*
Nominal value per share (in ₹)	10.00	*10.00*
Diluted Earnings per share Dilutive/(Anti Dilutive) (in ₹)	(2.83)	*(1.10)*
Diluted Earnings Per Share (in ₹)	(2.83)	*(1.40)*

25.12 Restatement of corresponding previous period

a) For the year ended as at 31st March, 2017 the Company had recorded the benefit of customs and excise duty exemption on import of Property, plant and equipment for setting up of UMPP as government grant with effect from the transition date (i.e. 1st April, 2015). Accordingly, the Company, as at 1st April, 2015, had recognized a deferred income of ₹ 1,923.33 crores (net of amortization till 31 March 2015) with a corresponding debit to property, plant and equipment. The deferred income is being amortized over 38 years, being the estimated remaining useful life of property, plant and equipment, which will be offset by incremental depreciation consequent to increase in carrying value of property, plant and equipment. The interim financial statements for period ended 31st March,2017 are being restated to give effect to this transition adjustment, the effect of which is as follows: (in ₹ Crore)

	31st March,2017 (approved by the Board on 9th May, 2017)	*31st March,2017 (Restated)*
Amortization of government grant	-	*50.72*
Depreciation	452.21	*502.93*
Impact on change in equity	-	-
Impact on changes in profit for the year	-	-

b) Foreign currency transactions and translation (Gain)/loss classifed from Other income to Finance cost and Other expenses: (in ₹ Crore)

	31st March,2017 (approved by the Board on 9th May, 2017)	*31st March,2017 (Restated)*
Other income		
Net (gain)/loss on Foreign Currency transactions and translation (other than considered as finance cost)	229.10	-
Finance Costs		
Loss /(Gain) arising on Borrowings	-	*157.26*
Other Expenses		
Net (Gain)/Loss on Foreign Currency Transactions and Translation	-	*71.84*

Notes forming part of the financial statements

25.13 Significant Events after the Reporting Period

There were no significant adjusting events that occurred subsequent to the reporting period other than the events disclosed in the relevant notes.

25.14 The financial statements were approved by the board of directors on 23rd April, 2018

In terms of our report attached. **For S R B C & CO LLP** Chartered Accountants ICAI Firm Registration Number: 324982E/E300003	For and on behalf of the board of directors			
per Abhishek Agarwal Partner Membership no.: 112773	**Ashok S. Sethi** Chairman	**K.V. Ghate** Chief Executive Officer	**Hardeep Singh Guru** Chief Financial Officer	**Darshan Soni** Company Secretary
Place : Mumbai Date : 23rd April, 2018	Place : Mumbai Date : 23rd April, 2018			

ACCOUNTS OF SUBSIDIARY COMPANY

ENERGY EASTERN PTE. LTD.

(Incorporated in Singapore)
(Company Registration No. 200802341E)

DIRECTORS' STATEMENT
AND FINANCIAL STATEMENTS
YEAR ENDED MARCH 31,2018

DIRECTORS

Kottamasu Venkateswara Rao

Sagi Satyanarayana Varma

Krishna Kumar Sharma

COMPANY SECRETARIES

Cheng Lian Siang

Pathima Muneera Azmi

REGISTERED OFFICE

78 Shenton Way,
#17-01/02,
Singapore - 079120

INDEPENDENT AUDITORS

Ernst & Young LLP

ENERGY EASTERN PTE. LTD.

Board's Report

The directors are pleased to present their statement to the member together with the audited financial statements of Energy Eastern Pte. Ltd.(the "Company") for the financial year ended 31 March 2018.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the financial statements of the company are drawn up so as to give a true and fair view of the financial position of the company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the company for the year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

2. DIRECTORS

The directors of the company in office at the date of this statement are:

Kottamasu Venkateswara Rao

Sagi Satyanarayana Varma

Krishna Kumar Sharma

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose objects are, or one of whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures of the company or any other body corporate.

4 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

No director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

5. SHARE OPTIONS

During the financial year, there were:

(i) no options granted by the company to any person to take up unissued shares in the company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the company.

As at the end of the financial year, there were no unissued shares of the company under option.

6. AUDITORS

Ernst and Young LLP have expressed their willingness to accept appointment as auditor.

ON BEHALF OF THE DIRECTORS

Kottamasu Venkateswara Rao
Director

Sagi Satyanarayana Varma
Director

Singapore
Date: 18 July 2018

ENERGY EASTERN PTE. LTD.

Independent Auditors' Report

**TO THE MEMBER OF
ENERGY EASTERN PTE. LTD.**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Energy Eastern Pte. Ltd. (the "Company"), which comprise the balance sheet as at 31 March 2018, the statement of comprehensive income, statement of changes in equity and cash flow statement of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for other information. The other information comprises the directors' statement set up on page 1 to 2.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other matter

The financial statements of Energy Eastern Pte. Ltd. for the year ended 31 March 2017, were audited by another auditor who expressed an unmodified opinion on those statements on 23 June 2017.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

ENERGY EASTERN PTE. LTD.

Independent Auditors' Report *(Contd.)*

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
Date: 18 July 2018

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ENERGY EASTERN PTE. LTD.

Statement of comprehensive income for the financial year ended 31 March 2018

	Note	2018 US$	*2017 US$*
Vessel operating income	4	52,867,414	*47,986,722*
Vessel operating expenses	5	(50,171,233)	*(44,758,475)*
Other income	6	39,817	*65,652*
Exchange loss		2,901	*(1,826)*
Operating expenses	7	(585,244)	*(735,060)*
Finance costs	8	(635,368)	*(469,530)*
Profit before income tax		1,518,287	*2,087,483*
Income tax expense	9	(5,277)	*(8,568)*
Profit for the year, representing total comprehensive income for the year attributable to the owner of the Company		1,513,010	*2,078,915*

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

NOTICE

BOARD'S REPORT

STANDALONE

ENERGY EASTERN PTE. LTD.

Balance sheet as at 31 March 2018

	Note	2018 US$	*2017 US$*
Assets			
Current assets			
Trade and other receivables	11	31,050,703	*27,792,774*
Cash and cash equivalents	12	443,201	*600,886*
Total assets		31,493,904	*28,393,660*
Equity and liabilities			
Current liabilities			
Trade payables	13	532,281	*608,272*
Other payables	14	25,588,379	*20,425,150*
Income tax payable		-	*4*
Total liabilities		26,120,660	*21,033,426*
Net current assets/Net assets		5,373,244	*7,360,234*
Equity attributable to the owner of the Company			
Share capital	15	711,032	*711,032*
Accumulated profits		4,662,212	*6,649,202*
Total equity		5,373,244	*7,360,234*
Total equity and liabilities		31,493,904	*28,393,660*

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

ENERGY EASTERN PTE. LTD.

Statement of changes in equity for the financial year ended 31 March 2018

	Note	Share capital US$	Accumulated profits US$	Total equity US$
Balance at 1 April 2016		711,032	4,570,287	5,281,319
Profit for the year, representing total comprehensive income for the year		-	2,078,915	2,078,915
Closing balance at 31 March 2017 and 1 April 2017		711,032	6,649,202	7,360,234
Profit for the year, representing total comprehensive income for the year		-	1,513,010	1,513,010
Dividend paid, representing transactions with owner recognised directly in equity	20	-	(3,500,000)	(3,500,000)
Closing balance at 31 March 2018		711,032	4,662,212	5,373,244

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

ENERGY EASTERN PTE. LTD.

Statement of cash flows for the financial year ended 31 March 2018

	Note	2018 US$	*2017 US$*
Operating activities			
Profit before income tax		1,518,287	*2,087,483*
Adjustments for:			
Interest expense		635,368	*469,530*
Interest income		(39,533)	*(64,414)*
Total adjustments		595,835	*405,116*
Operating cash flows before changes in working capital		2,114,122	*2,492,599*
Changes in working capital:			
(Increase)/decrease in trade and other receivables		(3,218,396)	*2,683,698*
Decrease in trade payables		(75,991)	*(1,320,337)*
Decrease in other payables		(140,458)	*(580,653)*
Total changes in working capital		(3,434,845)	*782,708*
Cash flows from operations		(1,320,723)	*3,275,307*
Interest paid		(631,681)	*(445,395)*
Income taxes paid		(5,281)	-
Net cash flows (used in)/generated from operating activities		(1,957,685)	*2,829,912*
Financing activities			
Repayment of borrowings		-	*(73,861,563)*
Proceeds from borrowings		-	*51,863,528*
Repayment of loan from fellow subsidiary		(14,960,000)	*(17,640,000)*
Proceeds from loan from fellow subsidiary		20,260,000	*37,240,000*
Dividends paid		(3,500,000)	-
Net cash flows generated from/(used in) financing activities		1,800,000	*(2,398,035)*
Net (decrease)/increase in cash and cash equivalents		(157,685)	*431,877*
Cash and cash equivalents at beginning of the year		600,886	*169,009*
Cash and cash equivalents at end of the year	12	443,201	*600,886*

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

ENERGY EASTERN PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2018

1. Corporation information

Energy Eastern Pte. Ltd.(the "Company") is a private limited company incorporated and domiciled in Singapore. The immediate holding company is Coastal Gujarat Power Limited, incorporated in India. The ultimate holding company is The Tata Power Company Ltd, incorporated in India.

The registered office and principal place of business of the Company is located at 78 Shenton Way, #17-01 Singapore 079120.

The principal activities of the Company are those the chartering of cape size dry bulk carriers for the transportation of coal from Indonesia to Mundra in India for its immediate holding company.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars("US$"), which isthe functional currency of the Company.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2017. The adoption of these standards did not have any effect on the financial performance or position of the Company.

2.3 *Standards issued but not yet effective*

The Company has not adopted the following standards applicable to the Company that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 102: *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
Amendments to FRS 40: *Transfers of Investment Property*	1 January 2018
Amendments to FRS 101: *First-time Adoption of Financial Reporting Standards*	1 January 2018
Amendments to FRS 28: *Investments in Associates and Joint Ventures*	1 January 2018
Amendments to FRS 104: *Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts*	1 January 2018
FRS 116 *Leases*	1 January 2019
Amendments to FRS 110 and FRS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below.

ENERGY EASTERN PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2018

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Company to make changes to its current systems and processes.

The Company has performed a preliminary impact assessment of adopting FRS 109 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the Company adopts FRS 109 in 2018.

(a) Classification and measurement

The Company intends to hold its financial assets to collect contractual cash flows, and accordingly measured at amortised cost when it applies FRS 109. The Company does not expect any significant impact to arise from these changes.

(b) Impairment

FRS 109 requires the Company to record expected credit losses on all of its trade and other receivables, either on a 12-month or lifetime basis. The Company expects to apply the simplified approach and record lifetime expected losses on all trade and other receivables. Upon application of the expected credit loss model, the Company expects that due to unsecured nature of its loans and receivables, the allowance for doubtful debt would increase.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers, and introduces new contract cost guidance. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is effective for annual periods beginning on or after 1 January 2018.

The Company has performed a preliminary impact assessment of adopting FRS 115 based on currently available information. Based on the preliminary assessment, The Company does not expect any significant impact to the financial positions and performance arising from these standards. This assessment may be subject to changes arising from ongoing analysis until the Company adopts FRS 115 in 2018.

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees - leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Company has performed a preliminary impact assessment of the adoption of FRS 116 and expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

2.4 ***Foreign currency***

The Company's financial statements are presented in United States Dollars ("US$"), which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

ENERGY EASTERN PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2018

2.5 ***Impairment of non-financial assets***

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation method is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.6 **Financial instruments**

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Loan and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired.On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in other comprehensive income is recognised in profit or loss.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

ENERGY EASTERN PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2018

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, andthe difference in the respective carrying amounts is recognised in profit or loss.

2.7 ***Impairment of financial assets***

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.8 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.9 ***Provisions***

General

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

ENERGY EASTERN PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2018

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.10 ***Borrowing costs***

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.11 ***Employee benefits***

(a) Defined contribution plan

The Company makes contributions to the Central Provident Fund scheme in Singapore. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.12 ***Revenue***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) Freight revenue

Revenue from the provision of voyage charter is recognised in accordance to the terms of the contracts of affreightment.

(b) Charter revenue

Revenue from the time chartering of vessels is recognised on an accrual basis.

(c) Compensation income

Compensation income relates to reimbursement of the loss of profit due to the counter-party's non-honouring of the terms of a contract of affreightment and is governed by the contract of affreightment. Compensation income is recognised on an accrual basis.

2.13 ***Taxes***

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

2.14 ***Share capital and share issuance expenses***

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.15 ***Contingencies***

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognised on the balance sheet of the Company.

3. Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

ENERGY EASTERN PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2018

3.1 ***Judgements made in applying accounting policies***

Management is of the opinion that there is no significant judgement made in applying accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

3.2 ***Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of receivables

The Company assesses at the end of each reporting period whether there is any objective evidence that receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such allowances are adjusted periodically to reflect the actual and past experiences. The carrying amount of the Company's loans and receivables at the end of the reporting period is disclosed in Note 11 to the financial statements.

4. Vessel operating income

	2018 US$	*2017* *US$*
Freight revenue	47,101,143	*36,132,396*
Charter revenue	3,337,286	*4,755,221*
Compensation income	2,428,985	*7,099,105*
	52,867,414	*47,986,722*

5. Vessel operating expenses

	2018 US$	*2017* *US$*
Freight expenses	40,559,070	*35,066,917*
Charter hire fees	9,612,163	*9,691,558*
	50,171,233	*44,758,475*

6. Other income

	2018 US$	*2017* *US$*
Interest income from immediate holding company	39,533	*64,414*
Others	284	*1,238*
	39,817	*65,652*

ENERGY EASTERN PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2018

7. Operating expenses

	2018 US$	*2017 US$*
Management fee	510,250	*627,316*
Legal and professional fees	20,208	*9,822*
Insurance premium expenses	13,990	*49,346*
Others	40,796	*48,576*
	585,244	*735,060*

8. Finance costs

	2018 US$	*2017 US$*
Interest on borrowings paid to banks	1,304	*166,825*
Interest on borrowings paid to fellow subsidiary	571,713	*191,622*
Interest on financial guarantees provided to banks by immediate holding company	57,000	*57,000*
Interest on financial guarantees provided to banks by ultimate holding company	5,351	*54,083*
	635,368	*469,530*

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2018 and 2017 are as follows:

	2018 US$	*2017 US$*
Statement of comprehensive income:		
Withholding tax	5,277	*8,568*
Income tax expense recognised in profit or loss	5,277	*8,568*

Relationship between tax expense and profit before income tax

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2018 and 2017 is as follows:

	2018 US$	*2017 US$*
Profit before income tax	1,513,029	*2,087,483*
Tax at the applicable tax rate of 17% (2017: 17%)	257,215	*354,872*
Adjustments:		
Income not subject to taxation	(257,215)	*(354,872)*
Withholding tax	5,277	*8,568*
Income tax expense recognised in profit or loss	5,277	*8,568*

ENERGY EASTERN PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2018

With effect from 1 August 2011, the Company has been awarded the status of Approved International Shipping Enterprise (AIS) pursuant to the Maritime Sector Incentive Scheme of Maritime and Port Authority of Singapore (MPA) for a period of 10 years. This status entitles the Company to claim tax exemption under section 13F of Singapore Income tax act for all the incomes arising out of qualifying shipping operations.

The award of the Maritime Sector Incentive - Approved International Shipping Enterprise (MSI-AIS) status to Energy Eastern Pte Ltd is pegged to the MSI-AIS status of Trust Energy Resources Pte Ltd, which ends on 31 July 2021. Once the MSI-AIS status of Trust Energy Resources Pte Ltd is withdrawn, revoked or expires without renewal, the MSI-AIS sister status for Energy Eastern Pte Ltd would also be withdrawn with effect from that same date of expiry, withdrawal or revocation.

10. Related party transactions

(a) Sales and purchases of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties, took place on terms agreed between the parties during the financial year:

	2018 US$	*2017* *US$*
Ultimate holding company		
- Financial guarantee provided to banks	(5,351)	*(54,083)*
Immediate holding company		
- Freight income	47,101,143	*36,132,396*
- Compensation income	2,428,985	*7,099,105*
- Interest income	39,533	*64,414*
- Financial guarantee provided to banks	(57,000)	*(57,000)*
Fellow subsidiary:		
- Management fees paid/payable	(510,250)	*(627,316)*
- Interest expense	(571,713)	*(191,622)*

(b) Compensation of key management personnel

The Company does not have employees. All services provide by the Company are managed by Trust Energy Resources Pte. Ltd., a fellow subsidiary of the Company, and the charges are included under the management fees by the related company. There is no staff cost or key management remuneration cost incurred by the Company.

11. Trade and other receivables

	2018 US$	*2017* *US$*
Trade receivables - immediate holding company	29,335,173	*25,809,507*
Interest receivable from immediate holding company	923,427	*883,894*
Other receivables	176,177	*355,179*
Prepayments of charter hire	615,926	*744,194*
Total trade and other receivables	31,050,703	*27,792,774*
Add: Cash and cash equivalents (Note 12)	443,201	*600,886*
Less: Prepayments of charter hire	(615,296)	*(744,194)*
Total loans and other receivables	30,878,608	*27,649,466*

ENERGY EASTERN PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2018

Trade receivables

Average credit period for trade and other receivables is 180 days and interest is charged on the trade receivables which are beyond the credit period of 180 days from the date of invoice.

Trade receivables that are past due but not impaired

Included in the Company's trade receivable balance are debtors with a carrying amount of US$891,040 (2017: US$116,501) which are past due at the end of the reporting period for which the Company has not recognised an allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral over these balances. The aging profile of these receivables is as follows:

	2018 US$	*2017* *US$*
Trade receivables past due but not impaired:		
1 to 30 days	340,501	*116,501*
31 to 60 days	-	*-*
More than 180 days	550,539	*-*
	891,040	*116,501*

Trade and other receivables that are denominated in the functional currency of the Company.

12. Cash and cash equivalents

	2018 US$	*2017* *US$*
Cash at bank	443,201	*600,886*

Cash and cash equivalents that are denominated in the foreign currency are as follows:

	2018 US$	*2017* *US$*
Singapore Dollars	34,219	*14,747*

13. Trade payables

	2018 US$	*2017* *US$*
Immediate holding company	320,300	*456,665*
Accrued expenses	78,112	*32,126*
Third parties	133,869	*119,481*
Total trade payables	532,281	*608,272*

Trade payables are denominated in the functional currency of the Company.

The carrying amounts of trade payables approximate their fair values. The average credit period of trade payable is 30 days (2017: 30 days). No interest is charged on trade payables.

ENERGY EASTERN PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2018

14. Other payables

	2018 US$	*2017* *US$*
Accrued expenses	24,701	*24,938*
Deferred revenue	84,083	*85,548*
Loan from fellow subsidiary	24,900,000	*19,600,000*
Fellow subsidiary	545,968	*671,228*
Immediate holding company	28,422	*42,677*
Ultimate holding company	5,205	*759*
Total other payables	25,588,379	*20,425,150*
Add: Trade payables (Note 13)	532,281	*608,272*
Less: Deferred revenue	(84,083)	*(85,548)*
Total financial liabilities carried at amortised cost	26,036,577	*20,947,874*

Other payables that are denominated in the foreign currency are as follows:

	2018 US$	*2017* *US$*
Singapore Dollars	24,701	*24,938*

The Company's other payables are non-trade in nature, unsecured, interest-free and are repayable within the next twelve months.

Loan from a fellow subsidiary is unsecured and bears interest of LIBOR plus 1.2% with 5% mark up. The loan is renewable on a monthly basis. In 2017, the average effective rate was 2.2%.

15. Share capital

	2018 US$	*2017* *US$*
Issued and fully paid ordinary shares:		
At beginning and end of the year 711,032 ordinary shares	711,032	*711,032*

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

16. Operating lease arrangements

	2018 US$	*2017* *US$*
Charter hire of marine vessel	9,463,720	*9,463,720*

At the end of the reporting period, the Company has outstanding commitments under non-cancellable contracts for charter hire of marine vessel, which fall due as follows:

	2018 US$	*2017* *US$*
Within one year	9,463,720	9,463,720
Within two years to five years	37,880,808	37,880,808
More than five years	80,428,656	89,892,376
	127,773,184	137,236,904

The charter hire rates are fixed over the period of the charter for an average term of twenty years.

ENERGY EASTERN PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2018

17. Fair value of assets and liabilities

Fair value hierarchy

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

Management has determined that the carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, based on their notional amounts, reasonably approximate their fair values because there are mostly short term in nature.

The carrying amounts of other receivables (non-current), notes payable and hire purchase creditors approximate the market interest rates, prevailing at the financial year end. These fair values, under level 2 of the fair value hierarchy, are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

18. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk,liquidity risk, foreign currency risk and interest rate risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management. It is, and has been throughout the current and previous financial year, the Company's policy that no derivatives for speculative purposes shall be undertaken. The Company does not apply hedge accounting.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter party default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Company minimises credit risk by dealing exclusively with high credit rating counter parties.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Excessive risk concentration

The Company has significant concentration of credit risk with one (2017: one) customer which made up 100% (2017: 100%) of its total trade receivables as at 31 March 2018.

The credit risk on liquid funds is limited because the counter parties are banks with high credit rating assigned by international credit rating agencies.

Exposure to credit risk

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet.

ENERGY EASTERN PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2018

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 11 (Trade and other receivables).

(b) ***Liquidity risk***

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

As part of its overall liquidity management, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

The expected contractual un discounted cash inflows and outflows of financial assets and liabilities approximate the carrying value and are due within one year.

(c) ***Foreign currency risk***

Foreign currency risk refers to the risk that arises from the movements in the foreign currency exchange rate against United States Dollars that will affect the Company's financial results and its cash flows. The Company's foreign currency exposures arise mainly from the exchange rate movements of Singapore Dollars.

Those exposures are managed primarily by using natural hedges that arise from offsetting assets and liabilities that are denominated in foreign currencies.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the Company's functional currency are as follows:

	Assets		Liabilities	
	2018 US$	***2017 US$***	**2018 US$**	***2017 US$***
Singapore Dollars	34,219	*14,747*	24,701	*24,938*

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of the Company. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the relevant foreign currency strengthens by 10% against the United States Dollars, profit before income tax will (decrease)/increase by:

	2018 US$	***2017 US$***
Singapore Dollars	(952)	*1,019*

The opposite applies if the relevant foreign currency weaken by 10% against the functional currency of the Company.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

(d) ***Interest rate risk***

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets.

Interest rate risk arises from the potential change in interest rates that may have an adverse effect on the Company in the currency reporting period or in future years.

The sensitivity analyses below have been determined based on the exposure to interest rates for interest-bearing financial instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's profit for the year ended 31 March 2018 would increase/decrease by US$22,176 (2017 : US$31,048). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings and variable rate receivables.

19. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the years ended 31 March 2018 and 2017.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the owner of the Company.

	Note	2018 US$	*2017* *US$*
Trade payables	13	532,281	*608,272*
Other payables	14	25,588,379	*20,425,150*
Less: Cash and cash equivalents		(443,201)	*(600,886)*
Net debt		25,677,459	*20,432,536*
Equity attributable to the owner of the Company		5,373,244	*7,360,234*
Capital and net debt		31,050,703	*27,792,770*
Gearing ratio		0.82	*0.74*

20. Dividends

	2018 US$	*2017* *US$*
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Interim dividend, net of tax out of retained earnings: US$4.92 (2017: nil) per ordinary share	3,500,000	-

21. Comparative notes

The financial statements for the financial year ended 31 March 2017 were audited by another firm of Chartered Public Accountants.

22. Authorisation of financial statements for issue

The financial statements for the year ended 31 March 2018 were authorised for issue in accordance with a resolution of the directors on 18 July 2018.

Coastal Gujarat Power Limited

CIN U40102MH2006PLC182213

Registered office; 34, Sant Tukaram Marg, Carnac Bunder, Mumbai - 400009

Tel: 91 22 67171215 Fax: 91 22 66100863 E-mail: tatapower@tatapower.com Website: www.tatapower.com

Attendance Slip

12th Annual General Meeting on Tuesday, 24th July 2018 at 11:00 A.M

at 7B conference room, The Tata Power Company Limited,

Corporate Center B, 34, Sant Tukaram Marg, Carnac Bunder, Mumbai - 400 009.

Folio No. .... DP ID .... Client ID ....

Name of the Member .... Signature ....

Name of the Proxy holder .... Signature ....

1. Only Member/Proxy holder can attend the Meeting.
2. Member/Proxyholder should bring his/her copy of the Annual Report for reference at the Meeting.

Coastal Gujarat Power Limited

Registered office; 34, Sant Tukaram Marg, Carnac Bunder, Mumbai - 400009.

Tel: 91 22 67171215 Fax: 91 22 66100863 E-mail: tatapower@tatapower.com Website: www.tatapower.com

Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: U40102MH2006PLC182213

Name of the Company: **Coastal Gujarat Power Limited**

Registered office: 34, Sant Tukaram Marg, Carnac Bunder, Mumbai - 400009.

Name of the member(s) .... E-mail ID : ....

Registered address: ....

Folio No / Client ID : .... DP ID : ....

I / We, being the member(s) of .... shares of the above named Company, hereby appoint

1. Name .... E-mail ID : ....

   Address : ....

   .... Signature : .... or failing him

2. Name .... E-mail ID : ....

   Address : ....

   .... Signature : .... or failing him

3. Name .... E-mail ID : ....

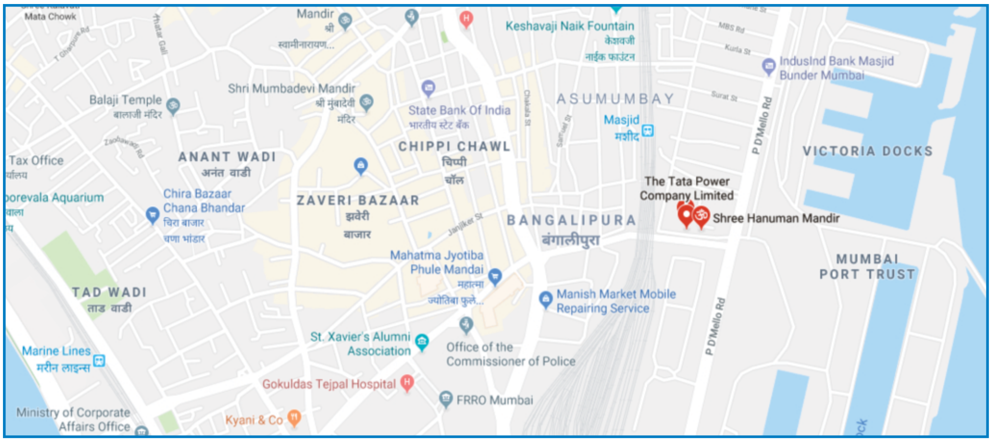
   Address : ....

   .... Signature : .... or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 12th Annual General Meeting of the Company, to be held on Tuesday, 24th July 2018 at 11:00 A.M in the 7B conference room, The Tata Power Company Limited, Corporate Center B, 34, Sant Tukaram Marg, Carnac Bunder, Mumbai - 400 009 and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

Route Map of the Venue of AGM

Venue : 7B conference room, The Tata Power Company Limited, Corporate Center B, 34, Sant Tukaram Marg, Carnac Bunder, Mumbai - 400 009.



Resolution No.		For	Against
1.	To receive, consider and adopt the audited financial statements of the company for the financial year ended 31st March, 2018 together with the reports of the board of directors and the auditors thereon.		
2.	Appointment of director in place of Mr. Ramesh Subramanyam (DIN: 02421481), who retires by rotation and, being eligible, offers himself for re-appointment.		
3.	Ratification of appointment of Statutory Auditors and fixation of their remuneration.		
4.	Re-appointment of Mr. Nawshir Hoshang Mirza as a director and an independent director.		
5.	Re-appointment of Mr. Narendra Nath Misra as a director and an independent director.		
6.	Appointment of Mr. Asim Kumar De as a director.		
7.	Ratification of cost auditor's remuneration.		

Signed this .... day of 2018

Signature of shareholder ....

Signature of Proxy holder(s) ....

Affix revenue Stamp

Notes

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the company at, 34, Sant Tukaram Marg, Carnac Bunder, Mumbai - 400009 not less than 48 hours before the commencement of the Meeting.
2. Those Members who have multiple folios with different joint holders may use copies of the Proxy Form.

Coastal Gujarat Power Limited

(A Tata Power Company)

Registered Office

34, Sant Tukaram Marg,

Carnac Bunder, Mumbai - 400 009.