

**TATA POWER SOLAR SYSTEMS LIMITED**

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF TATA POWER SOLAR SYSTEMS LIMITED

#### 1.0 Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **TATA POWER SOLAR SYSTEMS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### 2.0 Management's Responsibility for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### 3.0 Auditor's Responsibility

Our responsibility is to express an opinion on these standalone 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 and the Order under section 143 (11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing 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 the 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 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the 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 standalone financial statements.

#### **4.0 Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, 2016, and its loss and its cash flows for the year ended on that date.

#### **5.0 Report on Other Legal and Regulatory Requirements**

5.1 As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.



# Deloitte Haskins & Sells

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 financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

5.2 As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
Firm's Registration No. 008072S



**S. Ganesh**  
Partner  
Membership No. 204108

**Place : BENGALURU**

**Date : May 09, 2016**



**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT  
(Referred to in paragraph 5.1(f) under ‘Report on Other Legal and Regulatory Requirements’  
section of our report of even date)**

**1. Report on the Internal Financial Controls Over Financial Reporting 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 **TATA POWER SOLAR SYSTEMS LIMITED** (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company as of and for the year ended on that date.

**2. Management’s Responsibility for Internal Financial Controls**

The Company’s Board of Directors 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 (the “Guidance Note”) 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 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.

**3. 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 issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 Company’s internal financial controls system over financial reporting.



**4. 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.

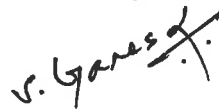
**5. Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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.

**6. Opinion**

In our opinion, to the best of our information and according to the explanations given to us, 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, 2016, 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 issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
Firm's Registration No. 008072S



**S. Ganesh**  
Partner  
Membership No. 204108

**Place : BENGALURU**  
**Date : May 09, 2016**



**ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT**  
**(Referred to in paragraph 5.2 under ‘Report on Other Legal and Regulatory Requirements’**  
**section of our report of even date)**

- (i) (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 to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- (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 on physical verification.
  - (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
  - (iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
  - (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.
  - (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
  - (vii) According to the information and explanations given to us, in respect of statutory dues:
    - (a) The Company have been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.



## Deloitte Haskins & Sells

- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2016 on account of disputes are given below:

| Name of Statute         | Nature of Dues  | Forum where Dispute is pending | Period to which the amount relates | Amount Involved (Rs.) | Amount Unpaid (Rs.) |
|-------------------------|-----------------|--------------------------------|------------------------------------|-----------------------|---------------------|
| Income Tax Act, 1961    | Income Tax      | Income Tax Appellate Tribunal  | FY 2009-10                         | 265,838,556           | 166,255,569         |
| Central Sales Tax       | CST-Maharashtra | Assistant Commissioner         | FY 2007-08                         | 1,885,746             | 1,885,746           |
| Karnataka VAT Act, 2003 | Karnataka VAT   | Joint Commissioner             | FY 2009-10                         | 13,027,682            | 13,027,682          |

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans to bank and government. There are no borrowings from financial institutions and the Company has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

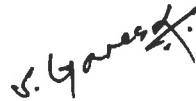




## **Deloitte Haskins & Sells**

- (xiv) According to the information and explanations given to us, the Company has made preferential allotment of shares during the year under review. In respect of the above issue, we further report that:
- a) the requirement of Section 42 of the Companies Act, 2013, is not applicable; and
  - b) the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised, other than temporary deployment pending application.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
Firm's Registration No. 008072S



**S. Ganesh**  
Partner  
Membership No. 204108

**Place : BENGALURU**  
**Date : May 09, 2016**



TATA POWER SOLAR SYSTEMS LIMITED

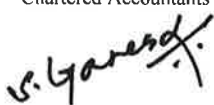
BALANCE SHEET AS AT 31ST MARCH 2016

|                                                                                           | Note No. | As at<br>31-Mar-16<br>Rs. | As at<br>31-Mar-15<br>Rs. |
|-------------------------------------------------------------------------------------------|----------|---------------------------|---------------------------|
| <b>A EQUITY AND LIABILITIES</b>                                                           |          |                           |                           |
| <b>1 SHAREHOLDERS' FUNDS</b>                                                              |          |                           |                           |
| (a) Share Capital                                                                         | 3        | 2,297,756,700             | 1,127,756,700             |
| (b) Reserves and Surplus                                                                  | 4        | (307,129,204)             | (44,860,799)              |
|                                                                                           |          | 1,990,627,496             | 1,082,895,901             |
| <b>2 NON-CURRENT LIABILITIES</b>                                                          |          |                           |                           |
| (a) Long-term borrowings                                                                  | 5        | -                         | 476,562,500               |
| (b) Long-term provisions                                                                  | 6        | 533,660,405               | 447,297,615               |
|                                                                                           |          | 533,660,405               | 923,860,115               |
| <b>3 CURRENT LIABILITIES</b>                                                              |          |                           |                           |
| (a) Short-term borrowings                                                                 | 7        | 3,088,008,641             | 2,379,457,805             |
| (b) Trade payables                                                                        |          |                           |                           |
| (i) Total outstanding dues of micro enterprise and small enterprise                       | 8 (i)    | 4,341,229                 | 2,131,398                 |
| (ii) Total outstanding dues of creditors other than micro enterprise and small enterprise | 8 (ii)   | 3,284,258,390             | 2,601,743,459             |
| (c) Other current liabilities                                                             | 9        | 426,121,824               | 1,224,687,265             |
| (d) Short-term provisions                                                                 | 10       | 67,533,695                | 74,566,990                |
|                                                                                           |          | 6,870,263,779             | 6,282,586,917             |
| <b>TOTAL</b>                                                                              |          | <b>9,394,551,680</b>      | <b>8,289,342,933</b>      |
| <b>B ASSETS</b>                                                                           |          |                           |                           |
| <b>1 NON CURRENT ASSETS</b>                                                               |          |                           |                           |
| (a) Fixed assets                                                                          |          |                           |                           |
| (i) Tangible assets                                                                       | 11. A.   | 1,534,120,699             | 1,878,879,188             |
| (ii) Intangible assets                                                                    | 11. B.   | 1,069,223                 | 222,478                   |
| (iii) Capital work-in-progress                                                            |          | 16,480,753                | 5,412,949                 |
|                                                                                           |          | 1,551,670,675             | 1,884,514,615             |
| (b) Long-term loans and advances                                                          | 12       | 345,438,380               | 347,474,170               |
| (c) Other non-current assets                                                              | 13       | 42,379,079                | 51,803,687                |
|                                                                                           |          | 1,939,488,134             | 2,283,792,472             |
| <b>2 CURRENT ASSETS</b>                                                                   |          |                           |                           |
| (a) Inventories                                                                           | 14       | 1,994,904,910             | 1,993,801,758             |
| (b) Trade receivables                                                                     | 15       | 5,007,603,632             | 3,570,747,123             |
| (c) Cash and cash equivalents                                                             | 16       | 7,012,499                 | 39,853,053                |
| (d) Short-term loans and advances                                                         | 17       | 233,338,569               | 172,895,132               |
| (e) Other current assets                                                                  | 18       | 212,203,936               | 228,253,395               |
|                                                                                           |          | 7,455,063,546             | 6,005,550,461             |
| <b>TOTAL</b>                                                                              |          | <b>9,394,551,680</b>      | <b>8,289,342,933</b>      |

See accompanying notes forming part of the financial statements

In terms of our report attached,  
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



S. GANESH  
PARTNER



DIRECTOR



ASHISH KHANNA  
DIRECTOR & CHIEF  
EXECUTIVE OFFICER



DIRECTOR





RAJESH DAGA  
CHIEF FINANCIAL OFFICER  
& COMPANY SECRETARY

Place: Bengaluru  
Date: 9th May 2016

Place: Mumbai  
Date: 9th May 2016

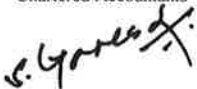
**TATA POWER SOLAR SYSTEMS LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016**

|                                                                                      | Note No. | For the Year ended<br>31-Mar-16<br>Rs. | For the Year ended<br>31-Mar-15<br>Rs. |
|--------------------------------------------------------------------------------------|----------|----------------------------------------|----------------------------------------|
| 1                                                                                    |          |                                        |                                        |
| Revenue from operations (gross)                                                      |          | 14,894,924,364                         | 8,730,373,493                          |
| Less: Excise duty                                                                    |          | 542,946                                | 1,165,016                              |
| Revenue from operations (net)                                                        | 19       | 14,894,381,418                         | 8,729,208,477                          |
| 2                                                                                    | 20       | 100,914,840                            | 18,102,355                             |
| 3                                                                                    |          | <b>14,995,296,258</b>                  | <b>8,747,310,832</b>                   |
| 4                                                                                    |          |                                        |                                        |
| Expenses                                                                             |          |                                        |                                        |
| (a) Cost of materials consumed                                                       | 21.A     | 11,430,531,245                         | 7,158,689,338                          |
| (b) Changes in inventories of finished goods and work-in-progress                    | 21.B     | 383,763,591                            | (542,301,596)                          |
| (c) Employee benefits expense                                                        | 22       | 863,158,385                            | 795,160,746                            |
| (d) Finance costs                                                                    | 23       | 327,403,559                            | 387,957,630                            |
| (e) Depreciation and amortisation expense                                            | 11       | 734,285,094                            | 764,865,256                            |
| (f) Other expenses                                                                   | 24       | 1,518,422,789                          | 1,326,244,290                          |
| <b>TOTAL EXPENSES</b>                                                                |          | <b>15,257,564,663</b>                  | <b>9,890,615,664</b>                   |
| 5                                                                                    |          | <b>(262,268,405)</b>                   | <b>(1,143,304,832)</b>                 |
| 6                                                                                    |          |                                        |                                        |
| <b>TAX EXPENSE:</b>                                                                  |          |                                        |                                        |
| (a) Net current tax expense                                                          |          | -                                      | -                                      |
| (b) Deferred tax                                                                     | 37       | -                                      | -                                      |
| 7                                                                                    |          | <b>(262,268,405)</b>                   | <b>(1,143,304,832)</b>                 |
| 7.i                                                                                  |          | <b>(38.20)</b>                         | <b>(172.83)</b>                        |
| Earnings Per share ( Equity Share par value Rs 100 each)<br>Basic and Diluted        |          |                                        |                                        |
| 7.ii                                                                                 |          | <b>6,866,092</b>                       | <b>6,777,567</b>                       |
| Weighted Average number of Equity Shares used in computation<br>of Basic and Diluted |          |                                        |                                        |

See accompanying notes forming part of the financial statements

In terms of our report attached.  
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants



S. GANESH  
PARTNER



Place: *Bengaluru*  
Date: *9th May 2016*

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



DIRECTOR

DIRECTOR

Place: *Mumbai*  
Date: *9th May 2016*




ASHISH KHANNA  
DIRECTOR & CHIEF  
EXECUTIVE OFFICER



RAJESH DAGA  
CHIEF FINANCIAL OFFICER &  
COMPANY SECRETARY

TATA POWER SOLAR SYSTEMS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

| Particulars                                                                                                                   | For the Year ended<br>31-Mar-16<br>Rs.        |                      | For the Year ended<br>31-Mar-15<br>Rs. |                        |
|-------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|----------------------|----------------------------------------|------------------------|
|                                                                                                                               | <b>A. Cash Flow from Operating Activities</b> |                      |                                        |                        |
| Loss before Tax for the year                                                                                                  |                                               | (262,268,405)        |                                        | (1,143,304,832)        |
| <u>Adjustments for:</u>                                                                                                       |                                               |                      |                                        |                        |
| Depreciation and amortisation                                                                                                 | 734,285,094                                   |                      | 764,865,256                            |                        |
| Interest income                                                                                                               | (22,587,037)                                  |                      | (3,040,165)                            |                        |
| Finance costs                                                                                                                 | 327,403,559                                   |                      | 387,957,630                            |                        |
| Loss/(Profit) on Sale of Asset                                                                                                | (2,540,520)                                   |                      | -                                      |                        |
| Unrealised Foreign Exchange (Gain) / Loss (Net)                                                                               | 62,468,450                                    |                      | (28,430,237)                           |                        |
| Provision for doubtful trade and other receivables, loans and advances (Net)                                                  | 115,089,939                                   |                      | 14,952,198                             |                        |
| Liabilities no longer required written back                                                                                   | (67,508,896)                                  |                      | -                                      |                        |
| Provision for warranty (net)                                                                                                  | 22,501,266                                    | 1,169,111,855        | 28,398,500                             | 1,164,703,182          |
| Operating profit / (loss) before working capital changes                                                                      |                                               | 906,843,450          |                                        | 21,398,350             |
| <u>Changes in working capital:</u>                                                                                            |                                               |                      |                                        |                        |
| <u>Adjustments for (increase) / decrease in operating assets:</u>                                                             |                                               |                      |                                        |                        |
| Inventories                                                                                                                   | (1,103,152)                                   |                      | (528,983,272)                          |                        |
| Trade receivables                                                                                                             | (1,537,941,077)                               |                      | 55,252,133                             |                        |
| Short-term loans and advances                                                                                                 | (60,443,437)                                  |                      | 37,914,456                             |                        |
| Long-term loans and advances                                                                                                  | 26,778,395                                    |                      | (13,438,603)                           |                        |
| Other current assets                                                                                                          | 11,867,329                                    | (1,560,841,942)      | (136,245,423)                          | (585,500,709)          |
| <u>Adjustments for increase / (decrease) in operating liabilities:</u>                                                        |                                               |                      |                                        |                        |
| Trade payables                                                                                                                | 777,639,272                                   |                      | (666,618,665)                          |                        |
| Other current liabilities                                                                                                     | (17,505,107)                                  |                      | 148,438,260                            |                        |
| Short-term provisions                                                                                                         | (33,295)                                      |                      | 2,354,470                              |                        |
| Long-term provisions                                                                                                          | 56,861,524                                    | 816,962,394          | 40,484,568                             | (475,341,367)          |
| Cash Inflow/(Outflow) from operations                                                                                         |                                               | 162,963,902          |                                        | (1,039,443,726)        |
| Income Tax (payments) / refunds - Net                                                                                         |                                               | (29,176,052)         |                                        | (50,894,182)           |
| <b>Net cash flow used in operating activities (A)</b>                                                                         |                                               | <b>133,787,850</b>   |                                        | <b>(1,090,337,908)</b> |
| <b>B. Cash Flow from Investment Activities</b>                                                                                |                                               |                      |                                        |                        |
| Capital expenditure on fixed assets, including capital advances                                                               |                                               | (380,021,331)        |                                        | (168,960,877)          |
| Proceeds from Sale of Fixed Asset                                                                                             |                                               | 6,131,244            |                                        | -                      |
| Interest received on deposits                                                                                                 |                                               | 1,139,428            |                                        | 3,040,165              |
| Insurance Proceeds                                                                                                            |                                               | 2,000,000            |                                        | -                      |
| <b>Net cash flow used in investing activities (B)</b>                                                                         |                                               | <b>(370,750,659)</b> |                                        | <b>(165,920,712)</b>   |
| <b>C. Cash Flow from Financial Activities</b>                                                                                 |                                               |                      |                                        |                        |
| Proceeds from issue of Equity Shares                                                                                          |                                               | 750,000,000          |                                        | -                      |
| Proceeds from issue of Preference Shares                                                                                      |                                               | 420,000,000          |                                        | 229,500,000            |
| Repayment of Long-term Borrowings                                                                                             |                                               | (1,357,812,500)      |                                        | (381,250,000)          |
| Increase in working capital borrowings- net                                                                                   |                                               | 692,898,552          |                                        | 1,531,967,216          |
| Interest and Finance cost paid                                                                                                |                                               | (300,963,797)        |                                        | (398,937,507)          |
| <b>Net cash flow from / (used in) financing activities (C)</b>                                                                |                                               | <b>204,122,255</b>   |                                        | <b>981,279,709</b>     |
| <b>D. Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>                                                      |                                               | <b>(32,840,554)</b>  |                                        | <b>(274,978,911)</b>   |
| F. Cash and cash equivalents as at the beginning of the year                                                                  |                                               | 39,853,053           |                                        | 314,831,964            |
| <b>G. Cash and cash equivalents as at the end of the year</b><br>(Refer Note No. 17 for details of cash and cash equivalents) |                                               | <b>7,012,499</b>     |                                        | <b>39,853,053</b>      |

See accompanying notes forming part of the financial statements

In terms of our report attached.  
For DELOITTE HASKINS & SELLS  
Chartered Accountants

S. GANESH  
PARTNER



Place: Bengaluru  
Date: 9th May 2016

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

DIRECTOR

DIRECTOR



ASHISH KHANNA  
DIRECTOR & CHIEF  
EXECUTIVE OFFICER

RAJESH DAGA  
CHIEF FINANCIAL OFFICER &  
COMPANY SECRETARY

Place: Mumbai  
Date: 9th May 2016

**TATA POWER SOLAR SYSTEMS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

**1 CORPORATE INFORMATION**

The Company was incorporated as, Tata BP Solar India Limited, a Joint Venture between BP Alternative Energy Holdings Limited and The Tata Power Company Limited, in 1989 at Bangalore. Subsequently in June 2012, the Tata Power Company Limited acquired the outstanding shares held by BP Alternative Energy Holdings Limited, whereby the Company became a wholly owned subsidiary of The Tata Power Company Limited, as of June 30, 2012. Consequently the Company revised its name to Tata Power Solar Systems Limited with effect from August 29, 2012.

The Company is involved in the manufacture of solar cells, solar photovoltaic module/systems and solar thermal systems.

**2 SIGNIFICANT ACCOUNTING POLICIES:**

**2.1. Basis of accounting and preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

**2.2. Use of Estimates**

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

**2.3. Inventories**

Inventories are valued at the lower of cost, on weighted average basis, and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

**2.4. Cash and cash equivalents (for purposes of Cash Flow Statement)**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**2.5. Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.



**TATA POWER SOLAR SYSTEMS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

**2.6. Fixed Assets – Tangible and Intangible Assets**

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date.

Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till the project is ready for its intended use.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

**2.7. Depreciation**

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under 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:

- i. Plant and Machinery : Useful life ranging from 3 to 7 years
- ii. Lease-hold improvements are amortised over the primary period of the lease
- iii. In case of low value assets, i.e assets individually costing less than Rs. 5,000/- , they are depreciated in full in the year of capitalisation.

Intangible assets are amortised over their estimated useful life on straight line method as follows:

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

Pro-rata depreciation is charged on assets purchased and / or sold during the year.

**2.8. Impairment of Fixed Assets**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

- (a) an intangible asset that is not yet available for use; and
- (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.



**TATA POWER SOLAR SYSTEMS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

**2.9. Revenue Recognition**

Revenue from sale of goods is recognized, net of returns and trade discounts, on the transfer of significant risks and rewards of ownership to the buyers, which generally coincides either on dispatch or delivery of goods to customer as per terms of contract.

Revenue on installation and commissioning contracts are recognized as per the terms of contract. Sales are stated inclusive of excise duty and excludes sales tax and value added tax.

Revenues from turnkey contracts, which are generally time bound fixed price contracts, are recognised over the life of the contract using the proportionate completion method, with contract costs determining the degree of completion. Foreseeable losses on such contracts are recognised when probable.

Revenues from maintenance contracts are recognised pro-rata over the period of the contract.

**2.10. Other Income**

Interest Income is recognized on accrual basis.

**2.11. Foreign Currency Transactions**

Initial Recognition :

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date:

All foreign currency monetary items (other than derivative contracts) of the Company outstanding at the Balance Sheet date are restated at the year end rates. Non-monetary items of the company are carried at historical cost.

Treatment of exchange differences:

Exchange differences arising on restatement / settlement of foreign currency monetary assets/liabilities are recognized as income or expense in the Statement of profit and loss, except for those differences that are considered as part of borrowing cost of a qualifying asset, in which case they are adjusted to the cost of the fixed asset.

Accounting of forward contracts:

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.



**TATA POWER SOLAR SYSTEMS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

**2.12. Derivative contracts**

The Company enters into derivative contracts in the nature of foreign currency swaps, currency options, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign Currency Transactions.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

**2.13. Employee Benefits**

Employee benefits include Provident Fund, Superannuation Fund, Employee State Insurance scheme, gratuity fund, compensated absences, and retirement benefits.

Defined contribution plans

The Company's contribution to Provident Fund, Superannuation Fund and Employee State Insurance scheme are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity fund and retirement benefits, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

**2.14. Borrowing costs**

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.





**TATA POWER SOLAR SYSTEMS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

**2.15. Taxes on Income**

Income Tax comprises the current tax provision and the net change in the deferred tax asset or liability in the year. Current income tax expense is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

**2.16. Leases**

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

**2.17. Earnings Per Share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.



**TATA POWER SOLAR SYSTEMS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

**2.18. Segment reporting**

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under “unallocated revenue / expenses / assets / liabilities”.

**2.19. Provisions and Contingencies**

A provision is recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are not recognised and, if any, are adequately disclosed in the notes to accounts. Contingent assets are not recognized in the financial statements.

**2.20. Provision for warranty**

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise - being typically between 10 to 25 years.

As per the terms of the contracts, the Company provides post-contract services / warranty support to some of its customers. The Company accounts for the post-contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

**2.21. Insurance claims**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

**2.22. Service-tax Input**

Service-tax Input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing/ utilising the credits.

**2.23. Operating Cycle**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.



**TATA POWER SOLAR SYSTEMS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

|                                                                              | As at<br>31-Mar-16 |                      | As at<br>31-Mar-15 |                      |
|------------------------------------------------------------------------------|--------------------|----------------------|--------------------|----------------------|
|                                                                              | Number of Shares   | Rs.                  | Number of Shares   | Rs.                  |
| <b>NOTE 3 :<br/>SHARE CAPITAL</b>                                            |                    |                      |                    |                      |
| <b>AUTHORISED</b>                                                            |                    |                      |                    |                      |
| Equity Shares of Rs. 100/- each, with voting rights                          | 25,000,000         | 2,500,000,000        | 10,000,000         | 1,000,000,000        |
| Redeemable Cumulative Non-Convertible Preference Shares of Rs. 100/- each    | -                  | -                    | 5,000,000          | 500,000,000          |
|                                                                              | <b>25,000,000</b>  | <b>2,500,000,000</b> | <b>15,000,000</b>  | <b>1,500,000,000</b> |
| <b>ISSUED, SUBSCRIBED, CALLED UP AND FULLY PAID-UP</b>                       |                    |                      |                    |                      |
| Equity Shares of Rs. 100/- each                                              | 22,977,567         | 2,297,756,700        | 6,777,567          | 677,756,700          |
| 9% Redeemable Cumulative Non-Convertible Preference Shares of Rs. 100/- each | -                  | -                    | 4,500,000          | 450,000,000          |
| <b>Total</b>                                                                 | <b>22,977,567</b>  | <b>2,297,756,700</b> | <b>11,277,567</b>  | <b>1,127,756,700</b> |
| Refer Notes (a) to (d) below                                                 |                    |                      |                    |                      |

**NOTES:**

**(a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

| Particulars                                                    | Opening Balance | Fresh issue | Conversion    | Closing Balance |
|----------------------------------------------------------------|-----------------|-------------|---------------|-----------------|
| <b>Equity shares with voting rights</b>                        |                 |             |               |                 |
| Year ended 31 March, 2015                                      |                 |             |               |                 |
| - Number of shares                                             | 6,777,567       | -           | -             | 6,777,567       |
| - Amount (Rs.)                                                 | 677,756,700     | -           | -             | 677,756,700     |
| Year ended 31 March, 2016                                      |                 |             |               |                 |
| - Number of shares                                             | 6,777,567       | 7,500,000   | 8,700,000     | 22,977,567      |
| - Amount (Rs.)                                                 | 677,756,700     | 750,000,000 | 870,000,000   | 2,297,756,700   |
| <b>Redeemable Cumulative Non-Convertible Preference Shares</b> |                 |             |               |                 |
| Year ended 31 March, 2015                                      |                 |             |               |                 |
| - Number of shares                                             | 2,205,000       | 2,295,000   | -             | 4,500,000       |
| - Amount (Rs.)                                                 | 220,500,000     | 229,500,000 | -             | 450,000,000     |
| Year ended 31 March, 2016                                      |                 |             |               |                 |
| - Number of shares                                             | 4,500,000       | 4,200,000   | (8,700,000)   | -               |
| - Amount (Rs.)                                                 | 450,000,000     | 420,000,000 | (870,000,000) | -               |

**(b) Detail of the rights, preferences and restrictions attaching to each class of shares**

**Redeemable Cumulative Non-Convertible Preference Shares**

(i) The Company had issued 2,205,000 Preference Shares of Rs 100/- each to The Tata Power Company Limited at par for a total of Rs 220,500,000/- as 9% Redeemable Cumulative Non-Convertible Preference Shares. The Shares were Redeemable at par at the end of 5 years from the date of Allotment (July 20, 2006), or as may be decided by the Board of Directors, in accordance with the provisions of the Companies Act, 1956 or any enactment thereof. In the meeting of the Board of Directors held on 17th June 2011 and on December 24, 2011 the date of redemption was extended until redeemed by the Board or by an additional period of 5 years till 19th July 2016, whichever is earlier.

The Company had issued 2,295,000 Preference Shares of Rs. 100/- each to The Tata Power Company Limited at par for a total of Rs. 229,500,000/- as 9% Redeemable Cumulative Non-Convertible Preference Shares. The Shares are Redeemable at par at the end of 5 years from the date of Allotment (January 28, 2015), or as may be decided by the Board of Directors, in accordance with the provisions of the Companies Act, 2013 or any enactment thereof.

The Company further issued 4,200,000 Preference Shares of Rs. 100/- each to The Tata Power Company Limited at par for a total of Rs. 420,000,000/- as 8.1% Redeemable Cumulative Non-Convertible Preference Shares. The Shares are Redeemable at par at the end of 5 years from the date of Allotment (December 29, 2015), or as may be decided by the Board of Directors, in accordance with the provisions of the Companies Act, 2013 or any enactment thereof.

(ii) The Board of Directors, in their meeting held on March 23, 2016, proposed the revision of the terms of the issue of the preference shares, to permit the same to be converted to equity shares. A resolution for the revision in terms as well as the conversion of such preference shares into equity shares was approved by the Preference Share Holders and the existing equity shares holders at their meeting held on March 23, 2016. Consequently, all outstanding preference shares as of March 30, 2016 were converted at par to 8,700,000 equity shares of Rs. 100/- each.

(iii) The preference shares holders have also approved and granted the waiver of any dividend accumulated up to the date of conversion on the said preference shares.

**Equity Shares :**

The Company has only one class of Equity Share, having a par value of Rs.100/- Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of the equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amount. The distribution will be in proportion to number of equity shares held by the shareholders. The equity shares issued on conversion of the preference shares have pari-passu rights to the earlier issued equity shares.

**(c) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:**

| Particulars                                                      | Equity shares with<br>voting rights | Redeemable<br>preference shares |
|------------------------------------------------------------------|-------------------------------------|---------------------------------|
|                                                                  | Number of shares                    |                                 |
| <b>As at 31 March 2016.</b>                                      |                                     |                                 |
| Tata Power Company Limited and its nominees, the holding company | 22,977,567                          | -                               |
| <b>As at 31 March 2015.</b>                                      |                                     |                                 |
| Tata Power Company Limited and its nominees, the holding company | 6,777,567                           | 4,500,000                       |

**(d) Details of shares held by each shareholder holding more than 5% shares:**

| Class of shares / Name of shareholder       | As at 31 March, 2016  |                                      | As at 31 March, 2015  |                                      |
|---------------------------------------------|-----------------------|--------------------------------------|-----------------------|--------------------------------------|
|                                             | Number of shares held | % holding in that class<br>of shares | Number of shares held | % holding in that<br>class of shares |
| Equity shares with voting rights            |                       |                                      |                       |                                      |
| Tata Power Company Limited and its nominees | 22,977,567            | 100%                                 | 6,777,567             | 100%                                 |
| Redeemable preference shares                |                       |                                      |                       |                                      |
| Tata Power Company Limited                  | -                     | -                                    | 4,500,000             | 100%                                 |



**TATA POWER SOLAR SYSTEMS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

|                                                                                                                                                                     | As at<br>31-Mar-16<br>Rs.                                                                                                     | As at<br>31-Mar-15<br>Rs. |                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------|
| <b>NOTE 4</b>                                                                                                                                                       |                                                                                                                               |                           |                      |
| <b>RESERVES AND SURPLUS</b>                                                                                                                                         |                                                                                                                               |                           |                      |
| (a) Capital Reserve (State Investment Subsidy)                                                                                                                      | 1,014,000                                                                                                                     | 1,014,000                 |                      |
| (b) Capital redemption reserve                                                                                                                                      | 229,500,000                                                                                                                   | 229,500,000               |                      |
| (c) Securities Premium Account                                                                                                                                      | 1,458,708,594                                                                                                                 | 1,458,708,594             |                      |
| (d) General Reserve                                                                                                                                                 | 473,500,000                                                                                                                   | 473,500,000               |                      |
| (e) Surplus / (Deficit) in Statement of Profit and Loss                                                                                                             |                                                                                                                               |                           |                      |
| Opening balance                                                                                                                                                     | (2,207,583,393)                                                                                                               | (1,064,278,561)           |                      |
| Add: Loss for the year                                                                                                                                              | (262,268,405)                                                                                                                 | (1,143,304,832)           |                      |
| Closing balance                                                                                                                                                     | (2,469,851,798)                                                                                                               | (2,207,583,393)           |                      |
|                                                                                                                                                                     | <b>(307,129,204)</b>                                                                                                          | <b>(44,860,799)</b>       |                      |
| <b>NOTE 5</b>                                                                                                                                                       |                                                                                                                               |                           |                      |
| <b>LONG-TERM BORROWINGS</b>                                                                                                                                         |                                                                                                                               |                           |                      |
| Term Loans (Secured)                                                                                                                                                |                                                                                                                               |                           |                      |
| (a) From Banks (Refer note (i) below)                                                                                                                               |                                                                                                                               |                           |                      |
| - from HSBC Bank Ltd.                                                                                                                                               | -                                                                                                                             | 476,562,500               |                      |
|                                                                                                                                                                     | -                                                                                                                             | <b>476,562,500</b>        |                      |
| <b>Notes:</b>                                                                                                                                                       |                                                                                                                               |                           |                      |
| (i) The Company has secured the loan from HSBC against movable fixed assets of the Company.                                                                         |                                                                                                                               |                           |                      |
| (ii) The Company has secured a pari-passu charge over its tangible assets with regard to the loans from TATA Capital and TATA Cleantech.                            |                                                                                                                               |                           |                      |
| (iii) Details of terms of repayment for the other long-term borrowings :                                                                                            |                                                                                                                               |                           |                      |
| Particulars                                                                                                                                                         | Other Terms and conditions                                                                                                    | As at 31 March, 2016      | As at 31 March, 2015 |
|                                                                                                                                                                     |                                                                                                                               | Secured*<br>Rs.           | Secured<br>Rs.       |
| <u>Term loans from banks</u>                                                                                                                                        |                                                                                                                               |                           |                      |
| HSBC Bank                                                                                                                                                           | The loan is repayable in 16 equal quarterly instalments expiring in June, 2017, Refer Note (i) above for details of security. | -                         | 857,812,500          |
| Total - Term loans from Banks                                                                                                                                       |                                                                                                                               | -                         | 857,812,500          |
| <u>Term loans from other parties:</u>                                                                                                                               | The loans are repayable on a bullet payment after 1 years on March 2016. Refer Note (ii) above for details of security.       |                           |                      |
| TATA Capital Financial Services Ltd.                                                                                                                                |                                                                                                                               | -                         | 350,000,000          |
| TATA Cleantech Capital Ltd.                                                                                                                                         |                                                                                                                               | -                         | 150,000,000          |
| Total - Term loans from other parties                                                                                                                               |                                                                                                                               | -                         | 500,000,000          |
| <b>Total - Other loans and advances</b>                                                                                                                             |                                                                                                                               | -                         | <b>1,357,812,500</b> |
| * Includes the current maturity of long term borrowings, amounting to Rs Nil (March 31, 2015: Rs 881,250,000/-) refer item (a) in note 9 Other Current Liabilities. |                                                                                                                               |                           |                      |
| <b>NOTE 6</b>                                                                                                                                                       |                                                                                                                               |                           |                      |
| <b>LONG-TERM PROVISIONS</b>                                                                                                                                         |                                                                                                                               |                           |                      |
| (a) Provision for employee benefits:                                                                                                                                |                                                                                                                               |                           |                      |
| (i) Provision for Retirement benefit plans (net) (Refer Note 32.b)                                                                                                  |                                                                                                                               | 44,604,331                | 35,767,564           |
| (ii) Provision for Compensated Absences (net) (Refer Note 32.c)                                                                                                     |                                                                                                                               | 62,962,816                | 48,850,659           |
| (i) Provision for gratuity (net) [Excess of actuarial liability over funded liability] (Refer Note 32.b)                                                            |                                                                                                                               | 120,781,858               | 86,869,258           |
| (b) Provision - Others:                                                                                                                                             |                                                                                                                               |                           |                      |
| (i) Provision for tax [net of Advance Tax Rs. 461,937,342/- (As at March 31, 2015 Rs. 461,937,342/-)]                                                               |                                                                                                                               | 37,355,369                | 37,355,369           |
| (ii) Provision for warranty (Refer Note 37.i)                                                                                                                       |                                                                                                                               | 267,956,031               | 238,454,765          |
| <b>Total</b>                                                                                                                                                        |                                                                                                                               | <b>533,660,405</b>        | <b>447,297,615</b>   |



**TATA POWER SOLAR SYSTEMS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

|                                                                                                                                                                                                                                                                                                                                          | As at<br>31-Mar-16<br>Rs. | As at<br>31-Mar-15<br>Rs. |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>NOTE 7</b>                                                                                                                                                                                                                                                                                                                            |                           |                           |
| <b>SHORT-TERM BORROWINGS</b>                                                                                                                                                                                                                                                                                                             |                           |                           |
| Loans repayable on demand and working capital loans                                                                                                                                                                                                                                                                                      |                           |                           |
| From banks (Secured - refer Note (i) below)                                                                                                                                                                                                                                                                                              |                           |                           |
| Cash credit and temporary working capital loans                                                                                                                                                                                                                                                                                          | 1,246,229,348             | 1,638,905,753             |
| Bill discounting facility (Unsecured)                                                                                                                                                                                                                                                                                                    | 118,640,135               | -                         |
| Buyers Credit (Unsecured)                                                                                                                                                                                                                                                                                                                | 223,139,158               | 740,552,052               |
| Commercial paper (maturity period of 60-90 days, secured by Tata Power Company Limited Guarantee)                                                                                                                                                                                                                                        | 1,500,000,000             | -                         |
|                                                                                                                                                                                                                                                                                                                                          | <b>3,088,008,641</b>      | <b>2,379,457,805</b>      |
| <b>Note :</b> (i) Secured through a pari passu charge by hypothecation of stores, raw materials, work in progress, finished goods and book debts.                                                                                                                                                                                        |                           |                           |
| <b>NOTE 8</b>                                                                                                                                                                                                                                                                                                                            |                           |                           |
| <b>TRADE PAYABLES</b>                                                                                                                                                                                                                                                                                                                    |                           |                           |
| Trade payables:                                                                                                                                                                                                                                                                                                                          |                           |                           |
| (i) Total outstanding dues of micro enterprise and small enterprise (Refer Note below)                                                                                                                                                                                                                                                   | 4,341,229                 | 2,131,398                 |
| (ii) Total outstanding dues of creditors other than micro enterprise and small enterprise                                                                                                                                                                                                                                                | 3,284,258,390             | 2,601,743,459             |
| <b>Note:</b><br>The amount due to micro enterprise and small enterprise is disclosed under the Micro, Small and Medium Enterprise Development Act, 2006, the same has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors. |                           |                           |
|                                                                                                                                                                                                                                                                                                                                          | <b>3,288,599,619</b>      | <b>2,603,874,857</b>      |
| <b>NOTE 9</b>                                                                                                                                                                                                                                                                                                                            |                           |                           |
| <b>OTHER CURRENT LIABILITIES</b>                                                                                                                                                                                                                                                                                                         |                           |                           |
| (a) Current maturities of long-term debt (Refer Note (i) below)                                                                                                                                                                                                                                                                          | -                         | 881,250,000               |
| (b) Interest accrued but not due on borrowings                                                                                                                                                                                                                                                                                           | 814,352                   | 5,806,505                 |
| (c) Foreign exchange forward contracts                                                                                                                                                                                                                                                                                                   | 1,242,010                 | -                         |
| (d) Income received in advance (Unearned revenue)                                                                                                                                                                                                                                                                                        | 1,439,453                 | 923,365                   |
| (e) Other payables                                                                                                                                                                                                                                                                                                                       |                           |                           |
| (i) Statutory remittances                                                                                                                                                                                                                                                                                                                | 39,078,454                | 11,471,898                |
| (ii) Payables on purchase of fixed assets                                                                                                                                                                                                                                                                                                | 48,831,174                | 24,057,007                |
| (iii) Interest accrued on trade payables, including micro and small enterprises                                                                                                                                                                                                                                                          | 69,973                    | 48,099                    |
| (iv) Trade / security deposits received                                                                                                                                                                                                                                                                                                  | 4,635,000                 | 3,910,000                 |
| (v) Advances from customers                                                                                                                                                                                                                                                                                                              | 330,011,408               | 297,220,391               |
|                                                                                                                                                                                                                                                                                                                                          | <b>426,121,824</b>        | <b>1,224,687,265</b>      |
| <b>Note (i):</b> Current Maturities of Long term debts<br>(Refer note (i) in Note 5- Long term borrowing for details of security and repayment)                                                                                                                                                                                          |                           |                           |
| Term loans from banks                                                                                                                                                                                                                                                                                                                    |                           |                           |
| HSBC Bank                                                                                                                                                                                                                                                                                                                                | -                         | 381,250,000               |
| Term loans from others                                                                                                                                                                                                                                                                                                                   |                           |                           |
| TATA Capital Financial Services Ltd.                                                                                                                                                                                                                                                                                                     | -                         | 350,000,000               |
| TATA Cleantech Capital Ltd.                                                                                                                                                                                                                                                                                                              | -                         | 150,000,000               |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                             | <b>-</b>                  | <b>881,250,000</b>        |
| <b>NOTE 10</b>                                                                                                                                                                                                                                                                                                                           |                           |                           |
| <b>SHORT-TERM PROVISIONS</b>                                                                                                                                                                                                                                                                                                             |                           |                           |
| (a) Provision for employee benefits:                                                                                                                                                                                                                                                                                                     |                           |                           |
| (i) Provision for Retirement benefit plans (net) (Refer Note 32.b)                                                                                                                                                                                                                                                                       | 3,621,013                 | 3,448,584                 |
| (ii) Provision for compensated absences (Refer Note 32.c)                                                                                                                                                                                                                                                                                | 3,412,682                 | 3,618,406                 |
|                                                                                                                                                                                                                                                                                                                                          | 7,033,695                 | 7,066,990                 |
| (b) Provision - Others:                                                                                                                                                                                                                                                                                                                  |                           |                           |
| (i) Provision for warranty (Refer Note 37.i)                                                                                                                                                                                                                                                                                             | 60,500,000                | 67,500,000                |
|                                                                                                                                                                                                                                                                                                                                          | 60,500,000                | 67,500,000                |
|                                                                                                                                                                                                                                                                                                                                          | <b>67,533,695</b>         | <b>74,566,990</b>         |



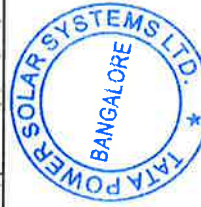
TATA POWER SOLAR SYSTEMS LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

FIXED ASSETS

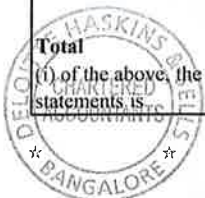
NOTE 11

| DESCRIPTION*                                           | GROSS BLOCK                             |                                     |                           | DEPRECIATION & ACCUMULATED DEPRECIATION |                                         |                                          |                                  | NET BLOCK                               |
|--------------------------------------------------------|-----------------------------------------|-------------------------------------|---------------------------|-----------------------------------------|-----------------------------------------|------------------------------------------|----------------------------------|-----------------------------------------|
|                                                        | Balance as at 01-Apr-15                 | Additions during the year           | Disposals during the Year | Balance as at 31-Mar-16                 | Balance as at 01-Apr-15                 | Depreciation / Amortisation For the year | Eliminated on Disposal of Assets | Balance as at 31-Mar-16                 |
|                                                        | As at                                   | during the year                     | during the Year           | 31-Mar-16                               | 01-Apr-15                               | For the year                             | Disposal of Assets               | As at 31-Mar-16                         |
| <b>A. TANGIBLE ASSETS</b>                              |                                         |                                     |                           |                                         |                                         |                                          |                                  |                                         |
| FREEHOLD LAND<br><i>Previous Year balance</i>          | 32,567,046<br>(32,567,046)              | -                                   | -                         | 32,567,046<br>(32,567,046)              | -                                       | -                                        | -                                | 32,567,046<br>(32,567,046)              |
| BUILDINGS<br><i>Previous Year balance</i>              | 630,399,336<br>(630,399,336)            | -                                   | -                         | 630,399,336<br>(630,399,336)            | 175,774,250<br>(154,718,912)            | 21,083,163<br>(21,055,338)               | -                                | 196,857,413<br>(175,774,250)            |
| LEASEHOLD IMPROVEMENTS<br><i>Previous Year balance</i> | 2,083,561<br>(2,083,561)                | -                                   | -                         | 2,083,561<br>(2,083,561)                | 2,083,561<br>(2,083,561)                | -                                        | -                                | 2,083,561<br>(2,083,561)                |
| PLANT AND MACHINERY<br><i>Previous Year balance</i>    | 5,140,853,338<br>(4,977,420,861)        | 383,048,517<br>(163,432,477)        | (274,992,698)             | 5,248,909,157<br>(5,140,853,338)        | 3,772,385,317<br>(3,041,964,034)        | 706,047,272<br>(730,421,283)             | (271,401,974)                    | 4,207,030,615<br>(3,772,385,317)        |
| OFFICE EQUIPMENTS<br><i>Previous Year balance</i>      | 139,395,763<br>(136,437,859)            | 9,267,673<br>(2,957,904)            | -                         | 148,663,436<br>(139,395,763)            | 135,568,643<br>(128,378,910)            | 3,416,295<br>(7,189,733)                 | -                                | 138,984,938<br>(135,568,643)            |
| FURNITURE & FIXTURES<br><i>Previous Year balance</i>   | 77,624,205<br>(76,933,200)              | 407,274<br>(691,005)                | (39,283)                  | 77,992,196<br>(77,624,205)              | 58,232,290<br>(53,080,580)              | 3,344,499<br>(5,151,710)                 | (39,283)                         | 61,537,506<br>(58,232,290)              |
| VEHICLES<br><i>Previous Year balance</i>               | -                                       | -                                   | -                         | -                                       | -                                       | -                                        | -                                | -                                       |
| <b>SUB TOTAL - A</b><br><i>Previous Year</i>           | <b>6,022,923,249</b><br>(5,855,841,863) | <b>392,723,464</b><br>(167,081,386) | <b>(275,031,981)</b>      | <b>6,140,614,732</b><br>(6,022,923,249) | <b>4,144,044,061</b><br>(3,380,225,997) | <b>733,891,229</b><br>(763,818,064)      | <b>(271,441,257)</b>             | <b>1,534,120,699</b><br>(1,878,879,188) |
| <b>B. INTANGIBLE ASSETS</b>                            |                                         |                                     |                           |                                         |                                         |                                          |                                  |                                         |
| TECHNICAL KNOWHOW<br><i>Previous Year balance</i>      | 90,739,440<br>(90,739,440)              | -                                   | -                         | 90,739,440<br>(90,739,440)              | 90,739,440<br>(90,739,440)              | -                                        | -                                | 90,739,440<br>(90,739,440)              |
| SOFTWARES<br><i>Previous Year balance</i>              | 20,177,482<br>(19,684,306)              | 1,240,610<br>(493,176)              | -                         | 21,418,092<br>(20,177,482)              | 19,955,004<br>(18,907,812)              | 393,865<br>(1,047,192)                   | -                                | 1,069,223<br>(222,478)                  |
| <b>SUB TOTAL - B</b><br><i>Previous Year</i>           | <b>110,916,922</b><br>(110,423,746)     | <b>1,240,610</b><br>(493,176)       | <b>-</b>                  | <b>112,157,532</b><br>(110,916,922)     | <b>110,694,444</b><br>(109,647,252)     | <b>393,865</b><br>(1,047,192)            | <b>-</b>                         | <b>1,069,223</b><br>(222,478)           |
| <b>GRAND TOTAL (A+B)</b><br><i>Previous Year</i>       | <b>6,133,840,171</b><br>(5,966,265,609) | <b>393,964,074</b><br>(167,574,562) | <b>(275,031,981)</b>      | <b>6,252,772,264</b><br>(6,133,840,171) | <b>4,254,738,505</b><br>(3,489,873,249) | <b>734,285,094</b><br>(764,865,256)      | <b>(271,441,257)</b>             | <b>1,535,189,922</b><br>(1,879,101,666) |

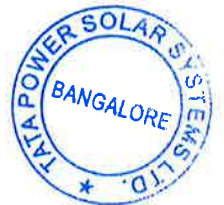
\* Represents owned assets, unless otherwise stated



|                                                                                                                         | As at<br>31-Mar-16<br>Rs. | As at<br>31-Mar-15<br>Rs. |
|-------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>NOTE 12</b>                                                                                                          |                           |                           |
| <b>LONG-TERM LOANS AND ADVANCES</b>                                                                                     |                           |                           |
| (a) Capital advances                                                                                                    |                           |                           |
| Unsecured, considered good                                                                                              | 3,492,745                 | -                         |
| (b) Security deposits                                                                                                   |                           |                           |
| Unsecured, considered good                                                                                              | 31,530,440                | 61,637,988                |
| considered doubtful                                                                                                     | 8,790,070                 | 4,356,623                 |
|                                                                                                                         | 40,320,510                | 65,994,611                |
| Less: Provision for doubtful deposits                                                                                   | 8,790,070                 | 4,356,623                 |
|                                                                                                                         | 31,530,440                | 61,637,988                |
| (c) Prepaid Expenses - Unsecured, considered good                                                                       | 1,997,695                 | 6,594,734                 |
| (d) Advance income tax [net of Provisions for Taxes - Rs. 434,930,000/-<br>(As at March 31, 2015 Rs.434,930,000/-)]     | 308,417,500               | 279,241,448               |
| <b>Total</b>                                                                                                            | <b>345,438,380</b>        | <b>347,474,170</b>        |
| <b>NOTE 13</b>                                                                                                          |                           |                           |
| <b>OTHER NON-CURRENT ASSETS</b>                                                                                         |                           |                           |
| (a) Long-term trade receivables                                                                                         |                           |                           |
| Unsecured, Considered good                                                                                              | 42,379,079                | 51,803,687                |
| <b>Total</b>                                                                                                            | <b>42,379,079</b>         | <b>51,803,687</b>         |
| <b>NOTE 14</b>                                                                                                          |                           |                           |
| <b>INVENTORIES</b>                                                                                                      |                           |                           |
| <b>(At lower of cost and net realisable value)</b>                                                                      |                           |                           |
| (a) Raw materials                                                                                                       | 1,180,421,441             | 907,244,824               |
| Goods-in-transit                                                                                                        | 196,526,168               | 84,836,042                |
|                                                                                                                         | 1,376,947,609             | 992,080,866               |
| (b) Work-in-progress (Solar Photovoltaic Modules & Systems)                                                             | 3,247,359                 | 8,622,046                 |
| (c) Finished goods (Solar Photovoltaic Modules & Systems and related components)                                        | 614,709,942               | 993,098,846               |
| <b>Total</b>                                                                                                            | <b>1,994,904,910</b>      | <b>1,993,801,758</b>      |
| <b>NOTE 15</b>                                                                                                          |                           |                           |
| <b>TRADE RECEIVABLES</b>                                                                                                |                           |                           |
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment                 |                           |                           |
| Unsecured, considered good                                                                                              | 754,089,213               | 548,956,048               |
| Unsecured, considered doubtful                                                                                          | 371,751,428               | 263,277,070               |
|                                                                                                                         | 1,125,840,641             | 812,233,118               |
| Less: Provision for doubtful trade receivables                                                                          | 371,751,428               | 263,277,070               |
|                                                                                                                         | 754,089,213               | 548,956,048               |
| Other Trade receivables                                                                                                 |                           |                           |
| Unsecured, considered good                                                                                              | 4,253,514,419             | 3,021,791,075             |
| <b>Total</b>                                                                                                            | <b>5,007,603,632</b>      | <b>3,570,747,123</b>      |
| <b>NOTE 16</b>                                                                                                          |                           |                           |
| <b>CASH AND CASH EQUIVALENTS</b>                                                                                        |                           |                           |
| (a) Cash on hand                                                                                                        | -                         | 73,981                    |
| (b) Balances with banks                                                                                                 |                           |                           |
| In current accounts                                                                                                     | 7,012,499                 | 39,779,072                |
| <b>Total</b>                                                                                                            | <b>7,012,499</b>          | <b>39,853,053</b>         |
| (i) of the above, the balances that meet the definition of cash and cash equivalent as per AS 3 cash flow statements is | 7,012,499                 | 39,853,053                |



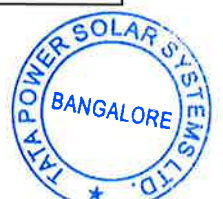
|                                                                        | As at<br>31-Mar-16<br>Rs. | As at<br>31-Mar-15<br>Rs. |
|------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>NOTE 17</b>                                                         |                           |                           |
| <b>SHORT-TERM LOANS AND ADVANCES</b>                                   |                           |                           |
| (a) Advance to suppliers<br>Unsecured, considered good                 | 115,104,277               | 35,505,371                |
| (b) Loans and advances to employees<br>Unsecured, considered good      | 1,698,132                 | 3,650,649                 |
| (c) Prepaid expenses - Unsecured, considered good                      | 28,523,038                | 29,634,072                |
| (d) Balances with government authorities<br>Unsecured, considered good |                           |                           |
| (i) VAT credit receivable                                              | 17,535,728                | 31,375,488                |
| (ii) Excise duty receivable                                            | 110,908                   | 189,346                   |
| (iii) CENVAT Credit                                                    | 59,500,120                | 53,496,506                |
| (iv) Custom Duty deposit                                               | 10,866,366                | 19,043,700                |
| <b>Total</b>                                                           | <b>233,338,569</b>        | <b>172,895,132</b>        |
| <b>NOTE 18</b>                                                         |                           |                           |
| <b>OTHER CURRENT ASSETS</b>                                            |                           |                           |
| (a) Unbilled Revenue                                                   | 6,430,415                 | 7,019,751                 |
| (b) Others                                                             |                           |                           |
| (i) Foreign exchange forward contracts                                 | -                         | 19,520,315                |
| (ii) Duty Receivable                                                   | 158,328,235               | 162,596,399               |
| (iii) Insurance Claim Recievable                                       | -                         | 2,000,000                 |
| (iv) Earnest Money Deposits and other Deposits                         |                           |                           |
| - considered good                                                      | 47,445,286                | 37,116,930                |
| - considered doubtful                                                  | 11,119,449                | 8,937,319                 |
|                                                                        | 58,564,735                | 46,054,249                |
| Provision for doubtful deposits                                        | 11,119,449                | 8,937,319                 |
|                                                                        | 47,445,286                | 37,116,930                |
| <b>Total</b>                                                           | <b>212,203,936</b>        | <b>228,253,395</b>        |





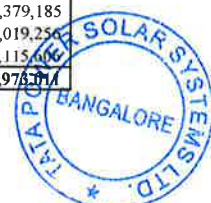
TATA POWER SOLAR SYSTEMS LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

|              |                                                                                                                                      | For the Year ended<br>31-Mar-16<br>Rs. | For the Year ended<br>31-Mar-15<br>Rs. |
|--------------|--------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
|              | <b>NOTE 19<br/>REVENUE FROM OPERATIONS</b>                                                                                           |                                        |                                        |
| (a)          | Sale of products (Refer Note (i) below)                                                                                              | 14,777,727,150                         | 8,651,562,473                          |
| (b)          | Sale of services (Refer Note (ii) below)                                                                                             | 93,565,002                             | 68,238,841                             |
| (c)          | Other operating revenues (Refer Note (iii) below)                                                                                    | 23,632,212                             | 10,572,179                             |
| (d)          | Less:<br>Excise duty                                                                                                                 | 14,894,924,364<br>542,946              | 8,730,373,493<br>1,165,016             |
|              |                                                                                                                                      | <b>14,894,381,418</b>                  | <b>8,729,208,477</b>                   |
| <b>Note</b>  | <b>Particulars</b>                                                                                                                   |                                        |                                        |
| (i)          | <b>Sale of products comprises :</b>                                                                                                  |                                        |                                        |
|              | Manufactured goods                                                                                                                   |                                        |                                        |
|              | Solar Cells                                                                                                                          | 234,360,102                            | 88,430,486                             |
|              | Solar Photovoltaic Modules / Systems                                                                                                 | 9,547,081,003                          | 5,166,436,187                          |
|              | Balance of Systems                                                                                                                   | 4,996,286,045                          | 3,396,695,800                          |
|              | <b>Total - Sale of products</b>                                                                                                      | <b>14,777,727,150</b>                  | <b>8,651,562,473</b>                   |
| (ii)         | <b>Sale of services comprises :</b>                                                                                                  |                                        |                                        |
|              | Operation & Maintenance                                                                                                              | 93,565,002                             | 68,238,841                             |
|              | <b>Total - Sale of services</b>                                                                                                      | <b>93,565,002</b>                      | <b>68,238,841</b>                      |
| (iii)        | <b>Other operating revenues comprise:</b>                                                                                            |                                        |                                        |
|              | Sale of scrap                                                                                                                        | 16,355,034                             | 10,572,179                             |
|              | Sale of scrips for duty exemption                                                                                                    | 7,277,178                              | -                                      |
|              | <b>Total - Other operating revenues</b>                                                                                              | <b>23,632,212</b>                      | <b>10,572,179</b>                      |
|              |                                                                                                                                      |                                        |                                        |
|              | <b>NOTE 20<br/>OTHER INCOME</b>                                                                                                      |                                        |                                        |
| (a)          | Interest income (Refer Note (i) below)                                                                                               | 22,587,037                             | 3,040,165                              |
| (b)          | Other non-operating income (Refer Note (ii) below)                                                                                   | 78,327,803                             | 15,062,190                             |
|              |                                                                                                                                      | <b>100,914,840</b>                     | <b>18,102,355</b>                      |
| <b>Notes</b> | <b>(i) Interest income comprises:</b>                                                                                                |                                        |                                        |
|              | Interest from banks on deposits                                                                                                      | 1,139,428                              | 3,040,165                              |
|              | Interest on delays in customer payments                                                                                              | 21,447,609                             | -                                      |
|              |                                                                                                                                      | <b>22,587,037</b>                      | <b>3,040,165</b>                       |
| (ii)         | <b>Other non-operating income comprises: [Net of expenses directly attributable - Rs. Nil (Year ended March 31, 2015 - Rs. Nil)]</b> |                                        |                                        |
|              | Net Profit on sale of fixed assets                                                                                                   | 2,540,520                              | -                                      |
|              | Provisions no longer required written back                                                                                           | 67,508,896                             | 17,779                                 |
|              | Insurance claims received                                                                                                            | -                                      | 109,828                                |
|              | Miscellaneous income                                                                                                                 | 8,278,387                              | 14,934,583                             |
|              |                                                                                                                                      | <b>78,327,803</b>                      | <b>15,062,190</b>                      |
|              |                                                                                                                                      |                                        |                                        |
|              | <b>NOTE 21<br/>A. COST OF MATERIALS CONSUMED</b>                                                                                     |                                        |                                        |
|              | Opening Stock                                                                                                                        | 992,080,866                            | 1,005,399,190                          |
|              | Add : Cost of Purchases                                                                                                              | 11,815,397,988                         | 7,145,371,014                          |
|              |                                                                                                                                      | 12,807,478,854                         | 8,150,770,204                          |
|              | Less : Closing Stock                                                                                                                 | 1,376,947,609                          | 992,080,866                            |
|              |                                                                                                                                      | <b>11,430,531,245</b>                  | <b>7,158,689,338</b>                   |
|              | <b>Materials consumed comprise of :</b>                                                                                              |                                        |                                        |
|              | 1) Wafers                                                                                                                            | 1,288,066,653                          | 1,039,407,298                          |
|              | 2) Cells                                                                                                                             | 1,416,442,393                          | 1,053,614,586                          |
|              | 3) Batteries                                                                                                                         | 148,831,830                            | 274,076,823                            |
|              | 4) Module Materials, Electronic and Mechanical Components                                                                            | 7,367,421,820                          | 3,898,288,104                          |
|              | 5) Packing Materials                                                                                                                 | 108,926,367                            | 95,395,324                             |
|              | 6) Silver and Aluminium Paste                                                                                                        | 194,505,257                            | 184,723,123                            |
|              | 7) Others                                                                                                                            | 906,336,925                            | 613,184,079                            |
|              |                                                                                                                                      | <b>11,430,531,245</b>                  | <b>7,158,689,338</b>                   |



**TATA POWER SOLAR SYSTEMS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

|          |                                                                                                                              | For the Year ended<br>31-Mar-16<br>Rs. | For the Year ended<br>31-Mar-15<br>Rs. |
|----------|------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| <b>B</b> | <b>CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS</b>                                                         |                                        |                                        |
|          | Inventories at the end of the year:                                                                                          |                                        |                                        |
|          | Finished goods                                                                                                               | 614,709,942                            | 993,098,846                            |
|          | Work-in-progress                                                                                                             | 3,247,359                              | 8,622,046                              |
|          |                                                                                                                              | 617,957,301                            | 1,001,720,892                          |
|          | Inventories at the beginning of the year:                                                                                    |                                        |                                        |
|          | Finished goods                                                                                                               | 993,098,846                            | 302,993,161                            |
|          | Work-in-progress                                                                                                             | 8,622,046                              | 156,426,135                            |
|          |                                                                                                                              | 1,001,720,892                          | 459,419,296                            |
|          | <b>Net (Increase) / Decrease</b>                                                                                             | <b>383,763,591</b>                     | <b>(542,301,596)</b>                   |
|          | <b>NOTE 22</b>                                                                                                               |                                        |                                        |
|          | <b>EMPLOYEE BENEFITS EXPENSE</b>                                                                                             |                                        |                                        |
|          | Salaries and wages                                                                                                           | 717,324,020                            | 678,583,234                            |
|          | Contributions to provident and other funds                                                                                   | 89,384,285                             | 67,773,311                             |
|          | Staff welfare expenses                                                                                                       | 56,450,080                             | 48,804,201                             |
|          |                                                                                                                              | <b>863,158,385</b>                     | <b>795,160,746</b>                     |
|          | <b>NOTE 23</b>                                                                                                               |                                        |                                        |
|          | <b>FINANCE COSTS</b>                                                                                                         |                                        |                                        |
| (a)      | Interest expense on:                                                                                                         |                                        |                                        |
|          | Borrowings                                                                                                                   | 286,872,759                            | 357,869,534                            |
| (b)      | Other Borrowing Cost                                                                                                         |                                        |                                        |
|          | Foreign Exchange Buyers Credit                                                                                               | 40,530,800                             | 30,088,096                             |
|          |                                                                                                                              | <b>327,403,559</b>                     | <b>387,957,630</b>                     |
|          | <b>NOTE 24</b>                                                                                                               |                                        |                                        |
|          | <b>OTHER EXPENSES</b>                                                                                                        |                                        |                                        |
|          | Consumption of Stores and Spare-parts                                                                                        | 21,962,929                             | 24,991,578                             |
|          | Power and Fuel                                                                                                               | 133,846,797                            | 112,003,172                            |
|          | Water Charges                                                                                                                | 5,996,708                              | 5,961,499                              |
|          | Effluent Processing Charges                                                                                                  | 42,973,699                             | 27,092,961                             |
|          | Rent                                                                                                                         | 62,321,267                             | 64,208,410                             |
|          | Repairs and Maintenance                                                                                                      |                                        |                                        |
|          | Buildings                                                                                                                    | 5,041,430                              | 3,055,237                              |
|          | Machinery                                                                                                                    | 48,751,715                             | 49,428,529                             |
|          | Others                                                                                                                       | 88,526,998                             | 54,849,846                             |
|          | Contract Labour Cost                                                                                                         | 123,275,315                            | 110,403,221                            |
|          | Subcontracting Cost                                                                                                          | 47,707,954                             | 32,522,776                             |
|          | Insurance                                                                                                                    | 47,686,229                             | 44,944,409                             |
|          | Rates and Taxes                                                                                                              | 14,595,332                             | 9,322,568                              |
|          | Communication Expenses                                                                                                       | 27,694,566                             | 28,800,236                             |
|          | Travelling and Conveyance                                                                                                    | 99,887,219                             | 101,062,569                            |
|          | Legal and Professional Fees                                                                                                  | 42,560,043                             | 65,323,084                             |
|          | Payments to auditors (Refer Note (i) below)                                                                                  | 4,386,928                              | 3,238,324                              |
|          | Sales Commission                                                                                                             | 52,449,621                             | 58,697,225                             |
|          | Selling Expenses                                                                                                             | 105,487,361                            | 115,149,798                            |
|          | Carriage Outwards                                                                                                            | 143,426,091                            | 182,396,805                            |
|          | Bank and Financial Charges                                                                                                   | 34,276,154                             | 38,186,909                             |
|          | Directors Sitting Fees                                                                                                       | 1,210,000                              | -                                      |
|          | Miscellaneous Expenses (Refer Note (ii) below)                                                                               | 106,663,749                            | 106,973,011                            |
|          | Net loss on foreign currency transactions and translation                                                                    | 66,343,284                             | 4,293,372                              |
|          | Provision for Doubtful Debts/ Advances                                                                                       | 115,089,939                            | 14,952,198                             |
|          | Provision for Warranty                                                                                                       | 76,261,461                             | 68,386,553                             |
|          |                                                                                                                              | <b>1,518,422,789</b>                   | <b>1,326,244,290</b>                   |
|          | Note:                                                                                                                        |                                        |                                        |
| (i)      | <b>Payment to Auditors (including service tax)</b>                                                                           |                                        |                                        |
|          | For Audit                                                                                                                    | 3,549,500                              | 2,584,280                              |
|          | For Tax Audit                                                                                                                | 171,750                                | 168,540                                |
|          | For Taxes & Other Services*                                                                                                  | 400,750                                | 140,450                                |
|          | Reimbursement of expenses                                                                                                    | 264,928                                | 345,054                                |
|          |                                                                                                                              | <b>4,386,928</b>                       | <b>3,238,324</b>                       |
|          | * Includes Rs. 257,625/- (Previous Year: Rs. Nil) of remuneration to a Firm in which Partner of the Audit Firm is a Partner. |                                        |                                        |
| (ii)     | <b>Miscellaneous Expenditure</b>                                                                                             |                                        |                                        |
|          | Testing and Evaluation                                                                                                       | 29,189,847                             | 21,458,964                             |
|          | Security Services                                                                                                            | 23,792,981                             | 25,379,185                             |
|          | Loading & Unloading                                                                                                          | 22,311,749                             | 21,019,256                             |
|          | Others                                                                                                                       | 31,369,172                             | 39,115,606                             |
|          |                                                                                                                              | <b>106,663,749</b>                     | <b>106,973,011</b>                     |



**TATA POWER SOLAR SYSTEMS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

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

|                                                                                                                                                                                                                                                                                                                                                                                                                                                       | As at<br>March 31, 2016<br>Rs. | As at<br>March 31, 2015<br>Rs. |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| <b>(i) Contingent Liabilities</b>                                                                                                                                                                                                                                                                                                                                                                                                                     |                                |                                |
| <b>(a) Claims against the Company not acknowledged as debts, in the nature of</b>                                                                                                                                                                                                                                                                                                                                                                     |                                |                                |
| (i) Income Tax demands, including penalty and interest due up to date of the order.                                                                                                                                                                                                                                                                                                                                                                   | 267,727,656                    | 241,860,350                    |
| <p>These claims relate to demands made significantly pertaining to transfer pricing and other adjustments, which are being contested by the Company. These cases are pending at various forums with the respective authorities. Outflows, if any, arising out of the claims would depend upon the outcome of the decision of the appellate authority and the Company's right for future appeals before judiciary. No reimbursements are expected.</p> |                                |                                |
| (ii) Sales tax and VAT demands, including penalty and interest due up to the date of the order.                                                                                                                                                                                                                                                                                                                                                       | 14,913,428                     | 1,885,746                      |
| <p>These claims relate to demands arising from difference in values of stock transfer, F Forms and instances of non-filing of returns by vendors.</p>                                                                                                                                                                                                                                                                                                 |                                |                                |
| <b>(ii) Commitments</b>                                                                                                                                                                                                                                                                                                                                                                                                                               |                                |                                |
| <b>(a) Estimated amount of contracts remaining to be executed on capital account and not provided for</b>                                                                                                                                                                                                                                                                                                                                             |                                |                                |
| Tangible assets                                                                                                                                                                                                                                                                                                                                                                                                                                       | 16,120,025                     | 1,598,000                      |
| <b>(b) Other commitments :</b>                                                                                                                                                                                                                                                                                                                                                                                                                        |                                |                                |
| (i) Vendor purchase commitments                                                                                                                                                                                                                                                                                                                                                                                                                       | 3,384,094,898                  | 2,053,251,871                  |
| (ii) The Company has during the course of its business entered in 32 contracts as at March 31, 2016 (March 31, 2015: 35) to provide future post sale services for periods extending from 3 to 25 years.                                                                                                                                                                                                                                               | 1,048,929,291                  | 983,997,578                    |



**TATA POWER SOLAR SYSTEMS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

**26. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

| Particulars                                                                                                                                        | As at          | As at          |
|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
|                                                                                                                                                    | March 31, 2016 | March 31, 2015 |
|                                                                                                                                                    | Rs.            | Rs.            |
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year                                                         | 4,341,228      | 2,132,092      |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year                                                    | 69,973         | 48,099         |
| (iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day                              | -              | 1,317          |
| (iv) The amount of interest due and payable for the year                                                                                           | 69,973         | 48,099         |
| (v) The amount of interest accrued and remaining unpaid at the end of the accounting year                                                          | 69,973         | 47,405         |
| (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 | Nil            | Nil            |

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.

**27. Details on derivatives instruments and unhedged foreign currency exposures**

I. The following derivative positions are open as at March 31, 2016. These transactions have been undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets. The accounting for these transactions is stated in Notes 2.11 and 2.12.

Forward exchange contracts and options [being derivative instruments], which are not intended for trading or speculative purposes but for hedge purposes, to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

(i) Outstanding forward exchange contracts entered into by the Company as on March 31, 2016

| Currency | No. of Contracts | Amount       | Buy / Sell | Cross Currency (Rs.) |
|----------|------------------|--------------|------------|----------------------|
| USD/INR  | 10               | 37,505,750   | Buy        | 2,606,326,771        |
| USD/INR  | (50)             | (19,669,519) | Buy        | (1,251,715,509)      |
| EURO/INR | -                | -            | Buy        | -                    |
| EURO/INR | (1)              | (626,400)    | Buy        | (43,146,432)         |

(ii) Outstanding option contracts entered into by the Company as on March 31, 2016

| Currency | Amount      | Buy / Sell | Cross Currency |
|----------|-------------|------------|----------------|
| USD      | -           | -          | -              |
| USD      | (6,166,000) | Buy        | INR            |

Note: Figures in brackets relate to the previous year



**TATA POWER SOLAR SYSTEMS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

II. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

a. Amounts receivable in foreign currency on account of the following:

| Particulars                | March 31, 2016 |                  | March 31, 2015 |                  |
|----------------------------|----------------|------------------|----------------|------------------|
|                            | Amount in      | Amount in        | Amount in      | Amount in        |
|                            | Rs.            | Foreign Currency | Rs.            | Foreign Currency |
| Export of goods & services | 110,334,466    | USD 1,673,763    | 3,413,725      | USD 55,598       |
|                            | 1,015,083      | EUR 13,688       | 902,706        | EUR 13,688       |

b. Amounts payable in foreign currency on account of the following:

| Particulars                  | March 31, 2016 |                  | March 31, 2015 |                  |
|------------------------------|----------------|------------------|----------------|------------------|
|                              | Amount in      | Amount in        | Amount in      | Amount in        |
|                              | Rs.            | Foreign Currency | Rs.            | Foreign Currency |
| Import of goods and services | 53,981         | AUD 1,050        | -              | -                |
|                              | -              | -                | 364,959,562    | USD 5,701,417    |
|                              | 2,567,792      | EUR 33,885       | -              | -                |
|                              | 3,663,315      | GBP 38,100       | -              | -                |
|                              | 211,334        | JPY 354,350      | -              | -                |
| Capital Imports              | -              | -                | 15,722,595     | USD 246,050      |
|                              | 42,565,626     | EUR 561,700      | -              | -                |

**28. CIF Value of Imports**

| Particulars       | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|-------------------|--------------------------------------|--------------------------------------|
|                   | Rs.                                  | Rs.                                  |
| 1) Materials      | 6,798,713,332                        | 4,319,347,014                        |
| 2) a. Spare parts | 30,031,528                           | 2,974,234                            |
| b. Others         | 10,767,332                           | 2,835,286                            |
| Total             | 40,798,860                           | 5,809,520                            |
| 3) Capital Goods  | 326,749,132                          | 118,530,201                          |

**29. Expenditure in Foreign Currency:**

| Particulars                                          | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|------------------------------------------------------|--------------------------------------|--------------------------------------|
|                                                      | Rs                                   | Rs                                   |
| Travel (including amounts capitalised)               | 2,263,974                            | 4,057,608                            |
| Maintenance Expenses                                 | 82,953                               | 661,720                              |
| Professional Charges (including amounts capitalised) | 14,624,698                           | 22,280,866                           |
| Bank Charges                                         | 141,815                              | -                                    |
| Interest Expense                                     | 11,147,191                           | 2,978,863                            |
| Others                                               | 7,225,507                            | 10,745,683                           |



**TATA POWER SOLAR SYSTEMS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

**30. Details of consumption of imported and indigenous item**

| Particulars                            | For the year ended    |                        | For the year ended   |                        |
|----------------------------------------|-----------------------|------------------------|----------------------|------------------------|
|                                        | March 31, 2016        |                        | March 31, 2015       |                        |
|                                        | Rs.                   | % of Total Consumption | Rs.                  | % of Total Consumption |
| <b>Raw Material and components</b>     |                       |                        |                      |                        |
| Imported                               | 6,834,317,009         | 60%                    | 4,098,145,800        | 55%                    |
| Indigenous                             | 4,596,214,236         | 40%                    | 3,060,543,538        | 45%                    |
| <b>Total</b>                           | <b>11,430,531,245</b> | <b>100%</b>            | <b>7,158,689,338</b> | <b>100%</b>            |
| <b>Stores and Spare parts consumed</b> |                       |                        |                      |                        |
| Imported                               | 13,223,827            | 60%                    | 6,247,894            | 25%                    |
| Indigenous                             | 8,739,102             | 40%                    | 18,743,684           | 75%                    |
| <b>Total</b>                           | <b>21,962,929</b>     | <b>100%</b>            | <b>24,991,578</b>    | <b>100%</b>            |

**31. Earnings in Foreign Exchange**

| Particulars          | For the year ended | For the year ended |
|----------------------|--------------------|--------------------|
|                      | March 31, 2016     | March 31, 2015     |
|                      | Rs.                | Rs.                |
| FOB value of Exports | 1,643,075,603      | 628,804,830        |
| Services             | 2,279,894          | 4,381,381          |

**ADDITIONAL DISCLOSURES UNDER ACCOUNTING STANDARDS**

**32. Employee benefit plans**

a. Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits.

The Company recognised Rs. 46,807,675/- (Year ended March 31, 2015 Rs. 36,293,459/-) for Provident Fund contributions, Rs.6,541,811/- (Year ended March 31, 2015 Rs. 6,608,607/-) for Superannuation Fund contributions, included as a part of Contribution to Provident and Other Funds in Note 22 Employee Benefits Expense. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

b. Defined benefit plans

The Company offers the following employee benefit schemes to its employees/ex-employees:

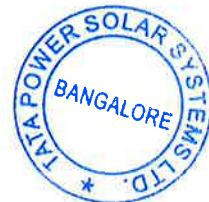
- i. Gratuity (included as a part of Contribution to Provident and Other Funds in Note 22 Employee Benefits Expense)
- ii. Pension (Post retirement benefits, to the erstwhile managing director) (included as part of Salary and Wages in Note 22 Employee Benefits Expense)



**TATA POWER SOLAR SYSTEMS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

The following table sets out the defined benefit schemes and the amount recognised in the financial statements:

|            |                                                                       | (Amount in Rs.)      |                     |                      |                     |
|------------|-----------------------------------------------------------------------|----------------------|---------------------|----------------------|---------------------|
|            |                                                                       | Gratuity<br>(Funded) |                     | Pension              |                     |
|            |                                                                       | March 31,<br>2016    | March 31,<br>2015   | March 31,<br>2016    | March 31,<br>2015   |
| <b>I</b>   | <b>Components of employer expense</b>                                 |                      |                     |                      |                     |
| 1          | Current Service cost                                                  | 12,412,109           | 9,270,643           | -                    | -                   |
| 2          | Interest cost                                                         | 8,255,061            | 7,333,608           | -                    | -                   |
| 3          | Expected return on plan assets                                        | (764,470)            | (581,153)           | -                    | -                   |
| 4          | Curtailement cost/(credit)                                            | -                    | -                   | -                    | -                   |
| 5          | Settlement cost/(credit)                                              | -                    | -                   | -                    | -                   |
| 6          | Plan Amendment                                                        | -                    | -                   | -                    | -                   |
| 7          | Past Service Cost                                                     | -                    | -                   | -                    | -                   |
| 8          | Actuarial Losses/(Gains)                                              | 14,009,900           | 8,848,147           | 12,457,780           | 5,760,574           |
| 9          | <b>Total expense recognised in the Statement of Profit &amp; Loss</b> | <b>33,912,600</b>    | <b>24,871,245</b>   | <b>12,457,780</b>    | <b>5,760,574</b>    |
| <b>II</b>  | <b>Actual Contribution and Benefits Payments for the year</b>         |                      |                     |                      |                     |
| 1          | Actual benefit payments                                               | 2,122,199            | 4,658,863           | 3,448,584            | 3,448,584           |
| 2          | Actual Contributions                                                  | -                    | 6,131,352           | NA                   | NA                  |
| <b>III</b> | <b>Net asset/(liability) recognised in balance sheet</b>              | -                    | -                   | -                    | -                   |
| 1          | Present value of Defined Benefit Obligation (DBO)                     | 124,627,435          | 92,900,413          | 48,225,344           | 39,216,148          |
| 2          | Fair value of plan assets                                             | (3,845,577)          | (6,031,155)         | -                    | -                   |
| 3          | Funded status [Surplus/(Deficit)]                                     | -                    | -                   | (48,225,344)         | (39,216,148)        |
| 4          | Unrecognised Past Service Costs                                       | -                    | -                   | -                    | -                   |
| 5          | <b>Net asset/(liability) recognised in balance sheet</b>              | <b>(120,781,858)</b> | <b>(86,869,258)</b> | <b>(48,225,344)</b>  | <b>(39,216,148)</b> |
| 6          | <b>Current asset/(liability)</b>                                      | -                    | -                   | <b>(3,621,013)</b>   | <b>(3,448,584)</b>  |
| 7          | <b>Non- Current asset/(liability)</b>                                 | <b>(120,781,858)</b> | <b>(86,869,258)</b> | <b>(44, 604,331)</b> | <b>(35,767,564)</b> |
| <b>IV</b>  | <b>Change in Defined Benefit Obligations during the year</b>          |                      |                     |                      |                     |
| 1          | Present Value of DBO at beginning of the year                         | 92,900,413           | 72,333,823          | 39,216,148           | 36,904,158          |
| 2          | Current Service cost                                                  | 12,412,109           | 9,270,643           | -                    | -                   |
| 3          | Interest cost                                                         | 8,255,061            | 7,333,608           | -                    | -                   |
| 4          | Past service cost                                                     | -                    | -                   | -                    | -                   |
| 5          | Curtailement cost/(credit)                                            | -                    | -                   | -                    | -                   |
| 6          | Settlement cost/(credit)                                              | -                    | -                   | -                    | -                   |
| 7          | Plan amendments                                                       | -                    | -                   | -                    | -                   |
| 8          | Acquisitions                                                          | -                    | -                   | -                    | -                   |
| 9          | Actuarial (gains)/ losses                                             | 13,182,051           | 8,621,202           | 12,457,780           | 5,760,574           |
| 10         | Benefits paid                                                         | (2,122,199)          | (4,658,863)         | (3,448,584)          | (3,448,584)         |
| 11         | <b>Present Value of DBO at the end of the year</b>                    | <b>124,627,435</b>   | <b>92,900,413</b>   | <b>48,225,344</b>    | <b>39,216,148</b>   |
| <b>V</b>   | <b>Change in Fair Value of Assets during the year</b>                 |                      |                     |                      |                     |
| 1          | Plan assets at beginning of period                                    | 6,031,155            | 4,204,458           | -                    | -                   |
| 2          | Acquisition Adjustment                                                | -                    | -                   | -                    | -                   |
| 3          | Expected return on plan assets                                        | 764,470              | 581,153             | -                    | -                   |
| 4          | Actuarial Gain / (Losses)                                             | (827,849)            | (226,945)           | -                    | -                   |
| 5          | Actual Company contributions                                          | -                    | 6,131,352           | -                    | -                   |
| 6          | Benefits paid                                                         | (2,122,199)          | (4,658,863)         | -                    | -                   |
| 7          | <b>Plan assets at the end of the year</b>                             | <b>3,845,577</b>     | <b>6,031,155</b>    | -                    | -                   |
| 8          | Actual Return on plan assets                                          | (63,379)             | 354,208             | -                    | -                   |
|            | Estimated amount of contribution in the immediate next year           | <b>10,000,000</b>    | <b>10,000,000</b>   |                      |                     |



**TATA POWER SOLAR SYSTEMS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

The details with respect to the composition of Plan assets as maintained by the Fund Manager (LIC) is as follows:

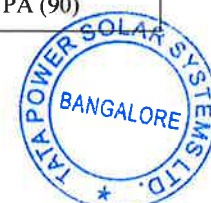
| <b>Insurance Managed Fund</b>                                  | <b>March 31, 2016</b> | <b>March 31, 2015</b> |
|----------------------------------------------------------------|-----------------------|-----------------------|
|                                                                | <b>(%)</b>            | <b>(%)</b>            |
| Central Government Securities                                  | 24.07%                | 23.86%                |
| State Government Securities                                    | 22.17%                | 16.14%                |
| Other Approved Securities ( Government Guaranteed Securities ) | 0.00%                 | 1.21%                 |
| Debentures And Bonds                                           | 30.57%                | 39.32%                |
| Equity Shares                                                  | 1.68%                 | 4.67%                 |
| Fixed Deposits                                                 | 21.51%                | 14.20%                |
| Mutual Funds                                                   | 0.00%                 | 0.58%                 |
| CBLO ( Money Market Instruments )                              | 0.00%                 | 0.02%                 |
| <b>Total</b>                                                   | <b>100.00%</b>        | <b>100.00%</b>        |

| <b>VI</b> | <b>Actuarial Assumptions for Gratuity</b> | <b>Gratuity</b>                |                                |
|-----------|-------------------------------------------|--------------------------------|--------------------------------|
|           |                                           | <b>March 31, 2016</b>          | <b>March 31, 2015</b>          |
| 1         | Discount Rate (p.a.)                      | 8.2%                           | 7.95%                          |
| 2         | Expected Return on plan assets (p.a.)     | 8.00%                          | 8.00%                          |
| 3         | Salary escalation (p.a.)                  | 7.5%                           | 7.5%                           |
| 4         | Mortality tables                          | LIC Mortality tables (2006-08) | LIC Mortality tables (2006-08) |
| 5         | Attrition (p.a.)                          |                                |                                |
|           | 21-30 Years                               | 5%                             | 5%                             |
|           | 31-40 Years                               | 3%                             | 3%                             |
|           | 41-59 Years                               | 2%                             | 2%                             |

1. The expected return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investments strategies, market scenario etc.
2. The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.
3. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
4. In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are maintained with an insurer managed fund and is well diversified.

| <b>Experience Adjustments – Gratuity</b> |                                             | <b>(In Rupees)</b>    |                       |                       |                       |                       |
|------------------------------------------|---------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                          |                                             | <b>March 31, 2016</b> | <b>March 31, 2015</b> | <b>March 31, 2014</b> | <b>March 31, 2013</b> | <b>March 31, 2012</b> |
| 1                                        | Defined Benefit Obligation                  | 124,627,435           | 92,900,413            | 72,333,823            | 77,576,046            | 57,378,304            |
| 2                                        | Plan Assets                                 | 3,845,577             | 6,031,155             | 4,204,458             | 14,329,371            | 10,649,608            |
| 3                                        | Surplus / (Deficit)                         | (120,781,858)         | (86,869,258)          | (68,129,365)          | (63,246,675)          | (46,729,236)          |
| 4                                        | Exp. Adj. gain / (loss) on Plan Liabilities | 17,450,170            | (5,216,797)           | 314,768               | 1,962,365             | 6,368,483             |
| 5                                        | Exp. Adj. gain / (loss) on Plan Assets      | (827,849)             | (226,945)             | (844,923)             | 109,336               | (136,146)             |

| <b>VII</b> | <b>Actuarial Assumptions</b> | <b>Pension</b>                                                 |                                                                |
|------------|------------------------------|----------------------------------------------------------------|----------------------------------------------------------------|
|            |                              | <b>March 31, 2016</b>                                          | <b>March 31, 2015</b>                                          |
|            | Rate Of Interest             | 8.20% p.a.(based on Govt. Security Yields as on 16 March 2016) | 7.95% p.a.(based on Govt. Security Yields as on 25 March 2015) |
|            | Pension Increase rate        | 5.00% p.a                                                      | 5.00% p.a                                                      |
|            | Mortality in Retirement      | Published Tables PA (90)                                       | Published Tables PA (90)                                       |





**TATA POWER SOLAR SYSTEMS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

| <b>Experience Adjustments – Pension</b> |                                             |                           |                           |                           |                           | <b>(In Rupees)</b>        |
|-----------------------------------------|---------------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                                         |                                             | <b>March 31,<br/>2016</b> | <b>March 31,<br/>2015</b> | <b>March 31,<br/>2014</b> | <b>March 31,<br/>2013</b> | <b>March 31,<br/>2012</b> |
| 1                                       | Defined Benefit Obligation                  | 48,225,344                | 39,216,148                | 36,904,158                | 41,161,874                | 19,145,700                |
| 2                                       | Plan Assets                                 | -                         | -                         | -                         | -                         | -                         |
| 3                                       | Surplus / (Deficit)                         | (48,225,344)              | (39,216,148)              | (36,904,158)              | (41,161,874)              | (19,145,700)              |
| 4                                       | Exp. Adj. gain / (loss) on Plan Liabilities | 12,457,780                | 5,760,574                 | (809,132)                 | (15,721,205)              | (2,025,000)               |
| 5                                       | Exp. Adj. gain / (loss) on Plan Assets      | -                         | -                         | -                         | -                         | -                         |

**c. Actuarial Assumptions for Compensated leave absences**

|                          | <b>March 31, 2016</b> | <b>March 31, 2015</b> |
|--------------------------|-----------------------|-----------------------|
| Discount Rate (p.a.)     | 8.2%                  | 7.95%                 |
| Salary escalation (p.a.) | 7.5%                  | 7.5%                  |
| Attrition (p.a.)         |                       |                       |
| 21-30 Years              | 5%                    | 5%                    |
| 31-40 Years              | 3%                    | 3%                    |
| 41-59 Years              | 2%                    | 2%                    |

1. The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.
2. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

**33. Segment Reporting**

a) Information about the Primary Business Segments

Since there is only one Primary Business Segment for the company viz., Solar Photovoltaic /Thermal Systems and its components, Primary Business Segment information has not been disclosed.

b) Secondary Segment Information for the year ended March 31, 2016

The major concentration of the market is in India and the presence in the rest of the world, in the opinion of the management, is not significant for the year under reporting (i.e. less than 10%), and hence no separate geographical segment disclosure has been made.

**34. Details of leasing arrangements**

- a) The Company has taken certain premises on operating lease which are non-cancellable for a period of 3 years or cancellable at the option of the lessee. Details of rent paid during the year and future minimum lease rentals are as follows :

| <b>Particulars</b>                                           | <b>For the year ended<br/>March 31, 2016<br/>Rs.</b> | <b>For the year ended<br/>March 31, 2015<br/>Rs.</b> |
|--------------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|
| Rent Paid during the year                                    | 62,321,267                                           | 64,208,410                                           |
| Future minimum lease payments for the non-cancellable period |                                                      |                                                      |
| Within 1 year                                                | 392,136                                              | 41,233,208                                           |
| 1 – 5 years                                                  | 3,511,242                                            | 1,011,671                                            |



**TATA POWER SOLAR SYSTEMS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

- b) The Company has taken certain vehicles on operating lease which are non-cancellable for a period of 4 years. Details of rent paid during the year and future minimum lease rentals are as follows :

| Particulars                                                                     | For the year ended<br>March 31, 2016<br>Rs. | For the year ended<br>March 31, 2015<br>Rs. |
|---------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|
| Rent Paid during the year (included under Travelling and Conveyance in Note 24) | 1,782,780                                   | 2,205,371                                   |
| Future minimum lease payments for the non-cancellable period                    |                                             |                                             |
| Within 1 year                                                                   | -                                           | 1,782,780                                   |

**35. Related Party Disclosure**

**Names of Related Parties:**

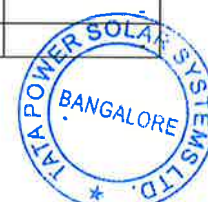
|                                                        |                                       |
|--------------------------------------------------------|---------------------------------------|
| Holding Company                                        | The Tata Power Company Limited        |
| Fellow Subsidiaries                                    | NELCO Limited                         |
|                                                        | Tata Power Renewable Energy Limited   |
|                                                        | Tata Power Delhi Distribution Limited |
|                                                        | Tata Power Trading Company Limited    |
|                                                        | Industrial Energy Limited             |
|                                                        | Powerlinks Transmission Limited       |
|                                                        | Chemical Terminal Trombay Limited     |
| Tata Power Jamshedpur Distribution Limited             |                                       |
| Key Management Personnel & relatives of such personnel | Mr. Ashish Khanna (Director & CEO)    |



**TATA POWER SOLAR SYSTEMS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

Amount in Rs.

|          | Particulars                                       | Fellow Subsidiaries |             | Holding Co. |             | Key Management Personnel & relatives of such personnel |         |
|----------|---------------------------------------------------|---------------------|-------------|-------------|-------------|--------------------------------------------------------|---------|
|          |                                                   | 2015-16             | 2014-15     | 2015-16     | 2014-15     | 2015-16                                                | 2014-15 |
| <b>1</b> | <b>Sale of Materials</b>                          |                     |             |             |             |                                                        |         |
|          | NELCO Ltd.                                        | -                   | 11,750      | -           | -           | -                                                      | -       |
|          | Tata Power Renewable Energy Ltd.                  | 458,028             | 33,170,822  | -           | -           | -                                                      | -       |
|          | Tata Power Delhi Distribution Ltd.                | -                   | 637,400     | -           | -           | -                                                      | -       |
|          | Industrial Energy Ltd                             | -                   | 38,474      | -           | -           | -                                                      | -       |
|          | Chemical Terminal Trombay Ltd.                    | -                   | 286,556     | -           | -           | -                                                      | -       |
|          | Tata Power Trading Company Ltd.                   | 89,536,968          | 221,129,330 | -           | -           | -                                                      | -       |
|          | Tata Power Company Ltd.                           | -                   | -           | -           | 2,366,683   | -                                                      | -       |
| <b>2</b> | <b>Services Rendered</b>                          |                     |             |             |             |                                                        |         |
|          | Tata Power Company Ltd.                           | -                   | -           | 3,103,125   | 2,974,368   | -                                                      | -       |
|          | Tata Power Renewable Energy Ltd.                  | 30,788,901          | 20,862,776  | -           | -           | -                                                      | -       |
|          | Chemical Terminal Trombay Ltd.                    | -                   | 90,488      | -           | -           | -                                                      | -       |
|          | Tata Power Delhi Distribution Ltd.                | 300,000             | 337,500     | -           | -           | -                                                      | -       |
| <b>3</b> | <b>Services Received</b>                          |                     |             |             |             |                                                        |         |
|          | Tata Power Company Ltd.                           | -                   | -           | 40,159,785  | -           | -                                                      | -       |
| <b>4</b> | <b>Purchase of Fixed Asset</b>                    |                     |             |             |             |                                                        |         |
|          | Tata Power Company Ltd.                           | -                   | -           | 34,934      | -           | -                                                      | -       |
| <b>5</b> | <b>Reimbursement of expenses</b>                  |                     |             |             |             |                                                        |         |
|          | Tata Power Company Ltd.                           | -                   | -           | 192,377     | -           | -                                                      | -       |
| <b>6</b> | <b>Receipt and allotment of Preference Shares</b> |                     |             |             |             |                                                        |         |
|          | Tata Power Company Ltd.                           | -                   | -           | 420,000,000 | 229,500,000 | -                                                      | -       |
| <b>7</b> | <b>Receipt and allotment of Equity Shares</b>     |                     |             |             |             |                                                        |         |
|          | Tata Power Company Ltd.                           | -                   | -           | 750,000,000 | -           | -                                                      | -       |
| <b>8</b> | <b>Outstanding Receivables</b>                    |                     |             |             |             |                                                        |         |
|          | Tata Power Company Ltd.                           | -                   | -           | -           | 1,575,081   | -                                                      | -       |
|          | Tata Power Renewable Energy Ltd.                  | 12,508,447          | 20,377,650  | -           | -           | -                                                      | -       |
|          | Tata Power Delhi Distribution Ltd.                | 2,841,422           | 3,513,089   | -           | -           | -                                                      | -       |
|          | Chemical Terminal Trombay Ltd.                    | -                   | 586,428     | -           | -           | -                                                      | -       |
|          | Tata Power Trading Company Ltd.                   | 25,613,718          | 142,711,593 | -           | -           | -                                                      | -       |
|          | Industrial Energy Ltd.                            | 495,516             | 495,516     | -           | -           | -                                                      | -       |
| <b>9</b> | <b>Outstanding Payables</b>                       |                     |             |             |             |                                                        |         |
|          | NELCO Ltd.                                        | 18,355              | 18,355      | -           | -           | -                                                      | -       |
|          | Tata Power Company Ltd.                           | -                   | -           | 35,044,148  | -           | -                                                      | -       |



**TATA POWER SOLAR SYSTEMS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

Note: Information of related parties and the relationship is as identified by the Company on the basis of information available with them and relied upon by the auditors.

During the year ended the Company has received an open Corporate Guarantee from The Tata Power Company Limited, the Parent Company, for a maximum borrowing of Rs. 4,000,000,000 (March 31, 2015: Rs. Nil) at any point in time. The Company has utilised the Corporate Guarantee given against various borrowings during the year with a maximum outstanding amounting to Rs. 2,900,000,000 (March 31, 2015: Rs. Nil) at any point in time. The Corporate Guarantee utilized and outstanding as at March 31, 2016 is Rs. 1,500,000,000 (March 31, 2015: Rs. Nil).

There have been no instances of amounts due to or due from related parties that have been written back or written off or otherwise provided for during the year.

**36. Earnings Per Share has been determined as follows [Refer Note 2.17]:**

| Particulars                                                      | For the year ended   | For the year ended     |
|------------------------------------------------------------------|----------------------|------------------------|
|                                                                  | March 31, 2016       | March 31, 2015         |
|                                                                  | Rs.                  | Rs.                    |
| Profit / (Loss) After Tax                                        | (262,268,405)        | (1,143,304,832)        |
| Less: Preference Dividend (including taxes attributable thereof) | -                    | 28,090,756             |
| <b>Profit / (Loss) attributable to Equity Shareholders(A)</b>    | <b>(262,268,405)</b> | <b>(1,171,395,588)</b> |
| Weighted Average number of Equity Shares (Basic) (B)             | 6,866,092            | 6,777,567              |
| Add: Dilutive Potential Equity Shares                            | -                    | -                      |
| Weighted Average number of Equity Shares (Dilutive) (C)          | 6,866,092            | 6,777,567              |
| <b>Earnings Per Share (Par Value – Rs. 100 each)</b>             |                      |                        |
| Earnings Per Share (Basic) (A/B)                                 | (38.20)              | (172.83)               |
| Earnings Per Share (Diluted) (A/C)                               | (38.20)              | (172.83)               |

Note:

- Though the Company has incurred losses during the year, an allocation towards preference shares has been considered to arrive at the loss attributable to the equity shareholders as the preference shares are cumulative in nature.

**37. Provisions :**

- Warranty Provision

| Particulars                         | As at              | As at              |
|-------------------------------------|--------------------|--------------------|
|                                     | March 31, 2016     | March 31, 2015     |
|                                     | Rs.                | Rs.                |
| Balance as at Beginning of the year | 305,954,765        | 277,556,265        |
| Provision made during the period    | 76,261,461         | 68,386,553         |
| Amounts incurred / utilized         | (53,760,195)       | (39,988,053)       |
| <b>Balance as at the year end</b>   | <b>328,456,031</b> | <b>305,954,765</b> |

Of the above the amounts expected to be incurred within a year amounts to Rs. 60,500,000/- (March 31, 2015 : Rs.67,500,000/-). The warranty expenditure is expected to be incurred over the warranty life of the products as contracted, which varies from 10 to 25 years.



**TATA POWER SOLAR SYSTEMS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

**38. Income Taxes:**

**i) Deferred Tax Liability / (Asset)**

|                                                                          | As at<br>March 31, 2016<br>Rs. | As at<br>March 31, 2015<br>Rs. |
|--------------------------------------------------------------------------|--------------------------------|--------------------------------|
| <u>Tax effect of items constituting deferred tax liability</u>           |                                |                                |
| On difference between book balance and tax balance of fixed assets       | (338,911,100)                  | (455,076,500)                  |
| <b>Tax effect of items constituting deferred tax liability</b>           | <b>(338,911,100)</b>           | <b>(455,076,500)</b>           |
| <u>Tax effect of items constituting deferred tax assets</u>              |                                |                                |
| Unrealised exchange loss on capital creditors                            | (177,500)                      | 97,200                         |
| Provision for compensated absences, gratuity and other employee benefits | 89,241,600                     | 71,694,900                     |
| Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961    | 111,642,200                    | 103,994,000                    |
| Provision for doubtful debts / advances                                  | 117,150,300                    | 94,006,500                     |
| Unabsorbed Depreciation Loss                                             | 1,017,872,921                  | 902,739,300                    |
| Brought forward business losses                                          | 185,397,300                    | 211,993,200                    |
| <b>Tax effect of items constituting deferred tax assets</b>              | <b>1,521,304,300</b>           | <b>1,384,525,100</b>           |
| <b>Net deferred tax (liability) / asset – net</b>                        | <b>1,182,215,700</b>           | <b>929,448,600</b>             |

Note: The Company has a net deferred tax asset as at March 31, 2016 and March 31, 2015 significantly arising from brought forward unabsorbed depreciation and tax losses, which has not been recognized as a matter of prudence and absence of virtual certainty.

- ii) As at March 31, 2016 and March 31, 2015 the Company has as per Income Tax returns filed, a Minimum Alternate Tax Credit available for carry forward and set off, of Rs. 180,378,374/- which has not been recognised as an asset as a matter of prudence, based on the Management's assessment of future taxable profits.

- 39.** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.



**FOR AND BEHALF OF THE BOARD OF DIRECTORS**

  
**DIRECTOR**

  
**ASHISH KHANNA**  
**DIRECTOR & CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

  
**RAJESH DAGA**  
**CHIEF FINANCIAL OFFICER & COMPANY SECRETARY**

PLACE : Mumbai  
DATE : 9th May 2016