

COASTAL GUJARAT POWER LIMITED

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF COASTAL GUJARAT POWER LIMITED
Report on the Financial Statements**

We have audited the accompanying financial statements of **COASTAL GUJARAT POWER LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 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.

Management's Responsibility for the 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 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.

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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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31st March, 2016, and its profit and its cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to the financial statements:

- a. Note 22.3 (b) to the financial statements, which refers to reversal of impairment loss of Rs. 2,320 crores (net of depreciation of Rs. 330 crores) in respect of the carrying amount of assets at Mundra, consequent to change in the estimates of future cash flows due to forecasted decline in coal prices.
- b. Note 22.3 (c) to the financial statements, which states that the accumulated losses of Rs. 4,185.81 crores as at 31st March, 2016 has substantially eroded the Company's net worth and which also describes the non-compliance of debt covenants and classification of long-term borrowings. Notwithstanding the above, the financial statements have been prepared on a going concern basis considering the support of the holding company.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

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- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
 - (e) The matters described under the Emphasis of Matters paragraphs above, in our opinion, may have an adverse effect on the functioning of the Company.
 - (f) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (g) 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.
 - (h) 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 has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in term of Section 143 (11) of the Act, we give in the "Annexure B" a statement on the matters specified in paragraph 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

R.K. Banga

R. A. BANGA
Partner

Membership Number: 037915

MUMBAI, 6th May, 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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 **COASTAL GUJARAT POWER LIMITED** ("the Company") as of 31st March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, 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.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

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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 31st March, 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.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm Registration No. 117366W/W – 100018)

R. K. Banga

R. A. BANGA
Partner

Membership Number: 037915

MUMBAI, 06th May, 2016

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143(11) of the Companies Act, 2013 ('the Act') of Coastal Gujarat Power Limited ('the Company')

- (i) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deeds / transfer deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land which are freehold, are held in the name of the Company as at the balance sheet date.

In respect of immovable properties of land that have been taken on lease and disclosed as fixed assets in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

- (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 provided guarantees which are covered under section 185 and 186 of the Companies Act, 2013, and hence reporting under clause 3 (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have unclaimed deposits as at 31st March, 2016 and accordingly, provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act are not applicable to the Company.

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- (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 has generally been 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 with the appropriate authorities.
- (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 31st March, 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 31st March, 2016 on account of disputes are given below:

Name of the statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates (Financial Year)	Rupees crores
Income Tax Act, 1961	Income tax	Appellate Authority – upto Commissioner level	2008-09 to 2010-11	102.30*
Customs Laws	Customs Duty	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2011-12 to 2012-13	23.87*
Service Tax Laws	Service Tax	CESTAT	2007-08 to 2014-15	27.16
Bombay Stamp Act	Stamp Duty	Supreme Court	2012-13 to 2015-16	13.04

* net of amount paid under protest of Rs. 0.12 crores for Income tax and Rs. 52.45 crores for Custom duty.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.

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- (ix) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material 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 3 (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, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- (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 him 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 LLP
Chartered Accountants
(Firm Registration No. 117366W/W – 100018)

R. K. Banga

R. A. BANGA
Partner
Membership No.037915

MUMBAI, 06th May, 2016

Coastal Gujarat Power Limited

Balance Sheet as at 31st March, 2016

	Notes	As at 31st March, 2016 Rupees crores	As at 31st March, 2015 Rupees crores
EQUITY AND LIABILITIES			
Shareholders' Fund			
Share capital	3	6,030.42	5,980.57
Reserves and surplus	4	(4,185.81)	(6,199.85)
		1,844.61	(219.28)
Non-current liabilities			
Long-term borrowings	5	12,106.76	12,035.76
Other long-term liabilities	8	196.46	196.46
Long-term provisions	6	15.85	12.97
		12,319.07	12,245.19
Current liabilities			
Short-term borrowings	7	1,514.50	2,282.65
Trade payables		-	-
(i) Total outstanding dues of micro enterprises and small enterprises (Refer Note 22.5)		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,882.49	935.32
Other short-term liabilities	8	1,022.85	1,316.47
Short-term provisions	6	1.03	1.47
		4,420.87	4,535.91
TOTAL		18,584.55	16,561.82
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	16,809.11	14,532.26
Intangible assets	9	134.30	119.66
Capital work-in-progress		79.48	5.13
		17,022.89	14,657.05
Non-current investments	10	3.40	3.40
Long-term loans and advances	11	187.86	189.70
Other non-current assets	12	74.94	96.10
		17,289.09	14,946.25
Current assets			
Current investments	13	90.93	180.37
Inventories	14	322.30	394.23
Trade receivables	15	514.75	601.65
Cash and bank balances	16	227.01	308.32
Short-term loans and advances	11	0.74	41.70
Other current assets	12	139.73	89.30
		1,295.46	1,615.57
TOTAL		18,584.55	16,561.82

See accompanying notes forming part of the financial statements 1-22

In terms of our report attached.

For Deloitte Haskins & Sells LLP

Chartered Accountants

R.K. Banga

R. A. Banga
Partner

For and on behalf of the Board,

Anil Sardana

Anil Sardana
Chairman

Krishna Kumar Sharma

Krishna Kumar Sharma
Executive Director and
Chief Executive Officer

Ajay Bagri
Ajay Bagri
Chief Financial Officer and Company Secretary

Place : Mumbai
Date : 6th May, 2016

Place : Mumbai
Date : 6th May, 2016

Coastal Gujarat Power Limited

Statement of Profit and Loss for the year ended 31st March, 2016

	Notes	For the year ended 31st March, 2016 Rupees crores	For the year ended 31st March, 2015 Rupees crores
Revenue from operations			
Revenue from operations (Gross)	17	6,000.44	5,982.29
Less: Excise duty	17	0.08	0.06
Revenue from operations (net)		6,000.36	5,982.23
Other income	18	29.62	22.96
Total revenue		6,029.98	6,005.19
Expenses			
Cost of fuel		4,126.17	4,477.09
Employee benefits expense	19	53.43	52.91
Finance costs	20	1,040.78	1,352.95
Depreciation and amortisation	9	428.92	431.43
Other expenses	21	686.64	588.89
Total expenses		6,335.94	6,903.27
Loss before exceptional items and tax		(305.96)	(898.08)
Exceptional items- Impairment Reversal	9	2,320.00	-
Profit/(Loss) before tax		2,014.04	(898.08)
Tax expense:			
Profit/(Loss) after tax		2,014.04	(898.08)

Earnings per share Face Value of Rs. 10/- each:

Basic	3.34	(1.52)
Diluted	2.05	(1.52)

See accompanying notes forming part of the financial statements 1-22

In terms of our report attached,
For Deloitte Haskins & Sells LLP
Chartered Accountants

R.K. Banga

R. A. Banga
Partner

For and on behalf of the Board,

Anil Sardana
Anil Sardana
Chairman

Krishna Kumar Sharma
Krishna Kumar Sharma
Executive Director and
Chief Executive Officer

Ajay Bagri
Ajay Bagri
Chief Financial Officer and Company Secretary

Place : Mumbai
Date : 6th May, 2016

Place : Mumbai
Date : 6th May, 2016

Coastal Gujarat Power Limited
Cash Flow Statement for the year ended 31st March 2016

	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
	Rupees crores	Rupees crores	Rupees crores	Rupees crores
A. Cash flow from operating activities				
Profit / (Loss) before tax		2,014.04		(698.08)
Adjustments for:				
Depreciation and amortisation	428.92		431.43	
Impairment reversal	(2,320.00)		-	
(Profit)/Loss on sale of assets (net)	0.04		(0.13)	
Share issue expenses	0.05		0.07	
Finance costs	1,040.78		1,352.95	
Interest Income	(4.13)		(0.57)	
Dividend income from current investments	-		(0.01)	
Gain on sale of current investments	(20.01)		(20.90)	
Provision for Doubtful Trade Receivables	87.28		-	
Net unrealised exchange loss (gain)/loss	(3.95)		29.07	
		(791.02)		1,791.91
Operating gain/(loss) before working capital changes		1,223.02		893.83
Adjustments for (increase) / decrease in operating assets:				
Inventories	71.93		(0.97)	
Trade receivables	(0.38)		143.54	
Short-term loans and advances	40.96		17.36	
Long-term loans and advances	(1.07)		(52.39)	
Other current assets	(21.29)		(54.66)	
		90.15		52.86
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	947.17		(123.15)	
Other current liabilities	(83.21)		14.09	
Short-term provisions	(0.44)		(0.44)	
Long-term provisions	2.88		(0.44)	
		866.40		(109.94)
Cash flow generated from operations		2,179.57		836.75
Net income tax paid		(0.82)		0.29
Net cash flow generated from operating activities	(A)	2,178.75		837.04
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(299.09)		(357.93)	
Proceeds from sale of fixed assets	0.15		0.45	
Purchase of current investments	(6,787.49)		(5,699.45)	
Proceeds from sale of current investments	6,896.94		5,539.98	
Interest received on deposits with bank and others	4.13		1.01	
Dividend received	-		0.01	
		(185.36)		(515.93)
Net cash flow used in investing activities	(B)	(185.36)		(515.93)
C. Cash flow from financing activities				
Proceeds from issue of equity shares	49.85		52.29	
Share Issue Expenses	(0.05)		(0.07)	
Proceeds from long-term borrowings	1,479.76		-	
Repayment of long-term borrowings	(1,813.80)		(684.49)	
Proceeds from other short-term borrowings	2,212.48		4,250.10	
Repayment of other short-term borrowings	(2,976.68)		(2,646.89)	
Finance costs	(1,026.26)		(1,124.03)	
		(2,074.70)		(153.10)
Net cash flow used in financing activities	(C)	(2,074.70)		(153.10)
Net decrease in Cash and cash equivalents (A+B+C)		(81.31)		168.01
Cash and cash equivalents at the beginning of the year		309.32		140.33
Add: Unrealised exchange loss included in Cash and Cash Equivalents		-		(0.02)
Cash and cash equivalents at the end of the year # (Refer Note 16)		227.01		308.32
# Comprises				
(a) Cash on hand		-		0.01
(b) Balances with banks				
In current accounts		227.01		299.38
In deposit accounts with original maturity of less than 3 months		-		8.93
		227.01		308.32

Notes:
(i) During the year, loan amounting to Rs.49.85 crore from the holding company has been converted into equity share capital (Previous period - Nil).
(ii) Previous year's figures have been regrouped, whenever necessary, to conform to current year's classification.
* Figures below Rs. 50,000 are denoted by "**".

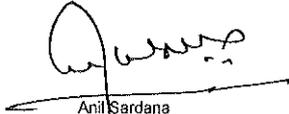
See accompanying notes forming part of the financial statements 1-22

In terms of our report attached.
For Deloitte Haskins & Sells LLP
Chartered Accountants

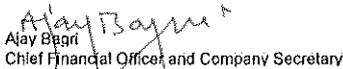
R.K. Banga

R. A. Banga
Partner

For and on behalf of the Board,


Anil Sardana
Chairman


Krishna Kumar Sharma
Executive Director and Chief Executive Officer


Ajay Bagri
Chief Financial Officer and Company Secretary
Place: Mumbai
Date: 6th May, 2016

Place: Mumbai
Date: 6th May, 2016

Coastal Gujarat Power Limited

Notes forming part of the financial statements

Note 1 Corporate information:

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

Note 2 Significant Accounting Policies:

(a) 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, and other accounting principles generally accepted in India. 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.

(b) 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.

(c) Inventory:

Inventories of fuel, stores, spare parts and loose tools are valued at cost or net realizable value whichever is lower. Cost is ascertained on weighted average basis.

(d) 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.

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Ajay

(e) Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before 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.

(f) Revenue Recognition:

(i) Revenue from Power Supply is accounted for on the basis of billings to State Distribution Companies and when it is not unreasonable to expect ultimate collection.

(ii) Delayed payment charges and interest on delayed payments are recognized, on grounds of prudence, as and when recovered.

(iii) Interest Income is accounted for on an accrual basis. Dividend income is accounted for when the right to receive income is established.

(g) Tangible/Intangible Fixed Assets:

(i) Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. The Company has adopted the provisions of para 46 of AS 11 The Effects of Changes in Foreign Exchange Rates, accordingly, exchange differences arising on restatement/settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. 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 on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

(ii) Capital Work-in-Progress:

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

(iii) Intangible Assets:

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

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(h) Depreciation/Amortization:

- (i) Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its 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 vehicles, in whose case the life of the asset has been assessed as four years 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.

- (ii) Leasehold Land is amortized over a period of 40 years from the year of acquisition/capitalization.

- (iii) Assets costing less than Rs. 5,000/- are depreciated at the rate of 100%.

- (iv) Intangible Assets - Operating right to use sea water intake channel is amortised on straight line method over 25 years.

(i) Impairment:

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

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.

(j) Foreign Exchange 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:

Foreign currency monetary items (other than derivative contracts) of the Company outstanding at the Balance Sheet date are restated at the year-end rates.

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Treatment of exchange differences:

Exchange differences arising on settlement/restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss. The exchange differences arising on revaluation of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary items relate and depreciated over the remaining balance life of such assets. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the day of each transaction.

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.

Accounting of forward and option 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 and its firm commitments. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for foreign currency transactions and translations. These 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.

Accounting of interest rate swap contracts:

The Company enters into Interest Rate Swap (IRS) contracts to hedge interest rate risks on foreign currency borrowings. These contracts are held to maturity, are settled as and when the amounts fall due under the contract and are in substance contracts which convert floating interest rate to fixed interest rate. Accordingly, such interest is accounted in the period in which it accrues.

(k) Investments:

Long term investments are carried at cost, less provision for diminution which is other than temporary. Current investments are carried at lower of cost and fair value.

(l) Employee Benefits:

Employee benefits include provident fund, gratuity, and compensated absences.

(i) Defined Contribution Plan:

The Company's contributions paid/payable during the year to provident fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made.

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(ii) Defined Benefit Plan:

The Company's liability towards gratuity is determined by an independent actuary, using the projected unit credit method. Past services are recognized on a straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to the market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(iii) 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 bonus to be paid and compensated absences expected to occur within twelve months after the end of the period in which the employee renders the related service.

(iv) 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 recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

(m) 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.

(n) Leases:

Assets taken on lease under which all risk and rewards of ownership are effectively retained by the lessor are treated as operating lease. Lease payments under operating leases are recognized in the Statement of profit and loss as expenses on the straight line basis over the lease term.

(o) Taxes on Income:

Current tax 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.

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Minimum Alternative 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 in future. Accordingly, MAT is recognized as an asset in the Balance Sheet date when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax, which is computed on the basis of enacted/substantively enacted rates, is recognized, on timing differences, being the difference between taxable income and accounting income that originates in one period and is capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future.

(p) Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognised when the Company has a present 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 their present values and are determined based on the best estimate required to settle the obligations 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 in the financial statements and are disclosed in the Notes. Contingent asset is neither recognised nor disclosed in the financial statements.

(q) Earning per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax 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 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.

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Notes forming part of the financial statements

Note 3 Share Capital

	As at 31st March, 2016		As at 31st March, 2015	
	Number of shares	Rupees crores	Number of shares	Rupees crores
(a) Authorised Equity Shares of Rs. 10 each	7,000,000,000	7,000.00	7,000,000,000	7,000.00
	<u>7,000,000,000</u>	<u>7,000.00</u>	<u>7,000,000,000</u>	<u>7,000.00</u>
(b) Issued, subscribed and fully paid up Equity Shares of Rs. 10 each (The Company is a wholly-owned subsidiary of The Tata Power Company Limited, the Holding Company)	6,030,420,000	6,030.42	5,980,570,000	5,980.57
	<u>6,030,420,000</u>	<u>6,030.42</u>	<u>5,980,570,000</u>	<u>5,980.57</u>

Notes:

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

Equity Shares

	As at 31st March, 2016		As at 31st March, 2015	
	Number of shares	Rupees crores	Number of shares	Rupees crores
At the beginning of the year	5,980,570,000	5,980.57	5,917,130,000	5,917.13
Add: Issued during the year	49,850,000	49.85	63,440,000	63.44
Outstanding at the end of the year	<u>6,030,420,000</u>	<u>6,030.42</u>	<u>5,980,570,000</u>	<u>5,980.57</u>

(ii) Terms / rights attached to equity shares:

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

iii) 6,030,420,000 shares (31st March, 2015, 5,980,570,000 shares) being the entire share capital is held by The Tata Power Company Limited.

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

Class of Shares / Name of Shareholders

	As at 31st March, 2016		As at 31st March, 2015	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares of Rs.10/- each fully paid The Tata Power Company Limited	6,030,420,000	100%	5,980,570,000	100%

Note 4 Reserves and surplus

	As at 31st March, 2016		As at 31st March, 2015	
	Rupees crores		Rupees crores	
Deficit in Statement of Profit and Loss #				
Opening balance		(6,199.85)		(5,301.77)
Add: Profit/(Loss) for the year		2,014.04		(898.08)
Closing balance		<u>(4,185.81)</u>		<u>(6,199.85)</u>

Includes provision for Impairment of Rs. Nil (Previous year Rs. 2,650 crores).

Note 5 Long-Term Borrowings

	As at 31st March, 2016		As at 31st March, 2015	
	Non current	Current	Non current	Current
Term loans				
From banks				
Indian rupee loans (Secured) (Refer Note no.8 and 22.2)	2,830.20	14.29	2,285.32	144.18
Foreign currency loans (Secured) (Refer Note no. 8 and 22.2)	2,825.12	313.90	2,981.33	296.13
From other parties				
Indian rupee loans (Secured) (Refer Note no. 8 and 22.2)	995.38	5.03	1,518.90	95.83
Foreign currency loans (Secured) (Refer Note no. 8 and 22.2)	3,238.27	327.20	3,361.75	293.49
Other Loans				
Unsecured loan from Holding Company (Refer Note 22.2 and 22.10)	2,219.79	-	1,908.46	-
	<u>12,106.76</u>	<u>660.42</u>	<u>12,035.76</u>	<u>829.63</u>

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Coastal Gujarat Power Limited

Notes forming part of the financial statements

Notes 6 (contd.):

Details of terms of repayment for the long-term borrowings:

a) Repayment of Indian rupee loans from Banks and other parties (current year)	Rupees crores	Rupees crores	Rupees crores
	Total loans disbursed	Banks	Financial Institution
2 Quarterly Installment of 0.25% starting from 31st December, 2015	19.32	14.29	5.03
8 Quarterly Installment of 0.125%	38.64	28.59	10.05
4 Quarterly Installment of 0.25%	38.64	28.59	10.05
12 Quarterly Installment of 0.50%	231.86	171.53	60.33
4 Quarterly Installment of 0.75%	115.92	85.76	30.16
4 Quarterly Installment of 1.00%	154.57	114.35	40.22
4 Quarterly Installment of 1.25%	193.21	142.94	50.27
4 Quarterly Installment of 1.375%	212.53	157.23	55.30
4 Quarterly Installment of 1.50%	231.86	171.53	60.33
4 Quarterly Installment of 2.00%	309.14	228.70	80.44
4 Quarterly Installment of 2.50%	386.42	285.88	100.54
4 Quarterly Installment of 2.75%	425.07	314.47	110.60
8 Quarterly Installment of 3.00%	927.42	686.11	241.31
4 Quarterly Installment of 3.75%	579.64	428.82	150.82
Total	3,864.24	2,858.79	1,005.45
Previous Year:			
Repayment of Indian rupee loans from Banks and other parties	Rupees crores	Rupees crores	Rupees crores
	Total loans disbursed as at 31st March 2016	39 quarterly installments of 1.25%	A bulk installment of 51.25%
Unit 1 beginning from 15th July, 2011	960.05	468.02	492.03
Unit 2 beginning from 15th October, 2011	960.05	468.03	492.03
Unit 3 beginning from 15th April, 2012	960.05	468.03	492.03
Unit 5 beginning from 15th October, 2012	960.05	468.03	492.03
Total	3,840.20	1,872.11	1,968.12
		40 quarterly installments of 1.25%	A bulk installment of 50.00%
Unit 4 beginning from 15th April, 2012	960.06	480.03	480.03
	960.06	480.03	480.03
(Loans refinanced in the current year)			
b) Repayment of Foreign currency loans from The Export Import Bank of Korea (KEXIM) and BNP Paribas from 15th July, 2012 (No change from the previous year)	Total loans disbursed	28 half-yearly installments US\$ 23,691,623.82 equals US\$ 663,365,467 (Equivalent to Rs. 4,394.63 crores)	-
	US\$ 663,365,467 (Equivalent to Rs. 4,394.63 crores)	US\$ 663,365,467 (Equivalent to Rs. 4,394.63 crores)	-
Total	US\$ 663,365,467	US\$ 663,365,467	-
c) Repayment of Foreign currency loans from International Finance Corporation (IFC) (No change from the previous year) Repayment from 15th July, 2012	Total loans disbursed	23 half-yearly installments of 4.17% equals US\$ 66,561,540 (Equivalent to Rs. 440.95 crores)	24th installment of 4.09% equals US\$ 2,838,460 (Equivalent to Rs. 18.80 crores)
	US\$ 69,400,000 (Equivalent to Rs. 459.76 crores)	US\$ 66,561,540 (Equivalent to Rs. 440.95 crores)	US\$ 2,838,460 (Equivalent to Rs. 18.80 crores)
Total	US\$ 69,400,000	US\$ 66,561,540	US\$ 2,838,460
		2 half-yearly installments of 2.00%	4 half-yearly installments of 3.00%
Repayment from 15th January, 2013	US\$ 69,400,000 (Equivalent to Rs. 459.76 crores)	US\$ 2,776,000 (Equivalent to Rs. 18.39 crores)	US\$ 8,328,000 (Equivalent to Rs. 55.17 crores)
			Balance 24 half-yearly installments of 3.50%
Repayment from 15th July, 2013	US\$ 208,200,000 (Equivalent to Rs. 1,379.27 crores)	US\$ 8,328,000 (Equivalent to Rs. 55.17 crores)	US\$ 174,888,000 (Equivalent to Rs. 1,158.59 crores)
Total	US\$ 277,600,000	US\$ 11,104,000	US\$ 33,312,000
d) Repayment of Foreign currency loans from Asian Development Bank (ADB) -Tranche 1 from 15th July, 2012 (No change from the previous year)	Total loans disbursed	One installment of US\$ 2,560,001 equals US\$ 2,560,001 (Equivalent to Rs. 16.96 crores)	One installment of US\$ 3,840,001 equals US\$ 3,840,001 (Equivalent to Rs. 25.60 crores)
	US\$ 192,000,000 (Equivalent to Rs. 1,271.95 crores)	US\$ 2,560,001 (Equivalent to Rs. 16.96 crores)	US\$ 185,599,998 (Equivalent to Rs. 1,229.55 crores)
Total	US\$ 192,000,000	US\$ 2,560,001	US\$ 185,599,998
e) Repayment of Foreign currency loans from Asian Development Bank (ADB) -Tranche 2 from 15th July, 2012 (No change from the previous year)	Total loans disbursed	28 half-yearly installments of US\$ 5,684,914.32 equals US\$ 159,177,601 (Equivalent to Rs. 1054.51 crores)	-
	US\$ 159,177,601 (Equivalent to Rs. 1054.51 crores)	US\$ 159,177,601 (Equivalent to Rs. 1054.51 crores)	-
Total	US\$ 159,177,601	US\$ 159,177,601	-

Exchange rate of 1 US \$ = Rs. 66.2475 as at 31st March 2016.

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Coastal Gujarat Power Limited

Notes forming part of the financial statements

Note 6 Provisions

	As at 31st March, 2016		As at 31st March, 2015	
	Rupees crores		Rupees crores	
	Non current	Current	Non current	Current
Provision for employee benefits:				
Provision for compensated absences	6.06	0.63	4.94	0.56
Provision for gratuity	7.68	0.20	6.52	0.14
Provision for sick leave	2.11	0.20	1.51	0.15
Provision - Others:				
Provision for Wealth Tax (net)	-	-	-	0.62
Total	15.85	1.03	12.97	1.47

Note 7 Short-Term Borrowings

	As at 31st March, 2016		As at 31st March, 2015	
	Rupees crores		Rupees crores	
Loans and advances from related parties (Unsecured) (Refer Note 22.2 and 22.10)				
Unsecured loan from Holding Company		1,264.50		814.50
Other loans and advances (Unsecured) (Guranteed by the Holding Company)				
Loans from banks		250.00		650.00
Buyer's Credit		-		818.15
Total		1,514.50		2,282.65

Note 8 Other Liabilities

	As at 31st March, 2016		As at 31st March, 2015	
	Rupees crores		Rupees crores	
	Non current	Current	Non current	Current
Current maturities of long-term debt (Refer Note 5)	-	660.42	-	829.63
Interest accrued but not due on borrowings		79.56		74.56
Interest accrued but not due on loan from Holding Company	196.46	115.13	196.46	115.13
Interest accrued but not due on other payables	-	8.14	-	3.16
Interest accrued and due on borrowings	-	-	-	19.53
Bank overdraft	-	-	-	0.96
Other payables				
Statutory liabilities	-	5.13	-	2.65
Tariff adjustment account (Net)	-	-	-	80.11
Payables for purchase of fixed assets	-	40.57	-	105.62
Other liabilities towards forward contracts (including Mark to market losses)	-	113.68	-	85.12
Advance from customers	-	0.22	-	-
Total	196.46	1,022.85	196.46	1,316.47

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A	Tangible assets	Balance as at 1st April, 2015		Additions		Disposals		Effect of foreign currency exchange differences		Balance as at 31st March, 2016		Accumulated depreciation and impairment		Balance as at 31st March, 2016		Net block			
		Rupees	Crores	Rupees	Crores	Rupees	Crores	Rupees	Crores	Rupees	Crores	Rupees	Crores	Rupees	Crores	Rupees	Crores	Rupees	Crores
	(i) Land	164.26	(153.10)	(11.16)	-	-	-	-	-	21.64	(21.64)	-	-	21.64	(21.64)	-	-	164.26	(142.62)
	(b) Freehold Land **	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(b) Leasehold Land	15.04	(15.04)	-	-	-	-	-	-	5.29	(4.97)	0.35	(0.32)	2.21	(5.29)	-	-	11.61	(8.75)
	Owned Assets																		
	Buildings-Plant	444.17	(438.05)	1.99	(6.12)	-	-	-	-	446.16	(444.17)	11.01	(29.58)	57.53	(112.58)	56.06	(112.58)	380.10	(331.59)
	Buildings-Others	241.95	(228.82)	0.86	(13.13)	-	-	-	-	242.81	(241.95)	8.15	(7.46)	21.65	(42.25)	28.75	(42.25)	214.06	(199.70)
	Roads	47.37	(43.15)	(4.22)	-	-	-	-	-	47.37	(47.37)	1.57	(37.33)	4.38	(45.94)	43.13	(45.94)	4.24	(1.43)
	Plant and Equipment	17,955.57	(17,636.07)	5.22	(42.03)	0.40	-	390.67	(277.47)	18,351.05	(17,955.57)	396.43	(342.57)	2,187.19	(4,125.89)	2,334.73	(4,125.89)	16,016.33	(13,829.68)
	Furniture and Fixtures	15.29	(14.30)	0.62	(0.99)	-	-	-	-	15.91	(15.29)	4.93	(1.35)	0.60	(4.93)	5.84	(4.93)	10.07	(10.36)
	Vehicles	16.37	(19.25)	0.35	(0.69)	2.76	(3.57)	-	-	13.86	(16.37)	2.53	(3.25)	2.86	(10.34)	7.64	(10.34)	6.32	(6.03)
	Office equipment	6.69	(6.59)	0.89	(0.11)	0.02	-	-	-	7.56	(6.69)	0.53	(2.45)	0.64	(5.69)	5.56	(5.69)	2.00	(1.00)
	Transmission Lines, Street Lights, etc.	0.61	(0.61)	-	-	-	-	-	-	0.61	(0.61)	0.04	(0.31)	0.06	(0.51)	0.49	(0.51)	0.12	(0.10)
	Total	18,307.32	(18,554.97)	9.93	(78.45)	3.18	(3.57)	390.67	(277.47)	19,304.74	(18,907.32)	4,375.06	(424.63)	2,298.56	(4,375.06)	2,495.63	(4,375.06)	16,809.11	(14,532.26)
	Previous year																		
	Intangible assets																		
	Operating rights - Intake channel	163.51	(163.51)	-	-	-	-	-	-	163.51	(163.51)	6.54	(6.56)	21.44	(44.36)	29.46	(44.36)	134.05	(119.15)
	Software	0.76	(0.74)	(0.02)	-	-	-	-	-	0.76	(0.76)	0.26	(0.24)	-	(0.25)	0.51	(0.25)	0.25	(0.51)
	Total	164.27	(164.25)	(0.02)	-	-	-	-	-	164.27	(164.27)	6.80	(6.80)	21.44	(44.61)	29.97	(44.61)	134.30	(119.66)
	Previous year																		

C		Depreciation and Amortisation	
Particulars	For the year ended 31st March, 2016	Rupees	Crores
Depreciation on Tangible assets as per Note 9 A			
Amortisation on intangible assets as per Note 9 B			
Depreciation charge to the Statement of Profit and Loss		422.12	424.63
# Figures in brackets relates to the amount as at 31st March, 2015		6.80	6.80
** includes land pending registration of title in favour of the Company.		428.92	431.43

Coastal Gujarat Power Limited

Notes forming part of the financial statements

Note 10 Non-current Investments

	Face value	Quantity	As at 31st March, 2016	
			Rupees crores	Rupees crores
Trade (Unquoted)	US\$1	711,032	3.40	3.40
Investment in subsidiary				
Equity shares in Energy Eastern Pte. Ltd. fully paid up *				
Total			3.40	3.40

* All shares have been pledged with Lenders of the Company.

Note 11 Loans and advances

	As at 31st March, 2016		As at 31st March, 2015	
	Rupees crores		Rupees crores	
	Non current	Current	Non current	Current
Capital advances (net of provision Rs. 0.50 crores; 31st March, 2015 Rs. 0.50)	4.23	-	7.96	-
Security deposits	2.82	0.01	1.68	0.01
Advance income-tax (net)	9.48	-	8.66	-
Balance with Government authorities				
Advances	116.05	-	116.12	-
Customs duty paid under protest	52.45	-	52.45	-
Service tax refund receivable	2.83	-	2.83	-
Prepaid expenses	-	-	-	41.03
Other advances	-	0.73	-	0.66
Total	187.86	0.74	189.70	41.70

Note 12 Other assets

	As at 31st March, 2016		As at 31st March, 2015	
	Rupees crores		Rupees crores	
	Non current	Current	Non current	Current
Ancillary borrowing costs (Unamortised portion)	70.59	13.53	85.44	18.63
Premium on option contracts	4.35	9.09	10.66	12.26
Interest receivable on deposit with banks and security deposits	-	-	-	-
Interest rate swap receivable	-	9.17	-	3.81
Forward contract receivable	-	66.00	-	54.60
Tariff adjustment account (Net)	-	41.41	-	-
Others receivables	-	0.53	-	-
Total	74.94	139.73	96.10	89.30

Note 13 Current Investments

	Face value	Quantity	As at 31st March, 2016		As at 31st March, 2015	
			Rupees Crores	Rupees Crores	Rupees Crores	Rupees Crores
Investments in Mutual Funds -unquoted						
Sundaram Money Fund-Growth	10.00	-	-	19,714,661	58.00	
Religare Liquid Fund-Growth	10.00	-	-	639,761	122.37	
HDFC Cash Mgmt Fund-Growth	10.00	71,657	22.62	-	-	
Kotak Liquid-Growth	1,000.00	780	0.23	-	-	
Tata Money Market-Growth	1,000.00	94,974	22.62	-	-	
ICICI Prudential Liquid-Growth	100.00	1,023,387	22.83	-	-	
SBI Premier Liquid Fund-Growth	1,000.00	95,324	22.63	-	-	
Total			90.93		180.37	

Note:

Reconciliation for disclosure as per Accounting Standard 13

	Cost as at	Cost as at
	31.03.2016	31.03.2015
Long term investments		
Non Current Investments (Refer Note no. 10 above)	3.40	3.40
Current Investments		
Other current investments	90.93	180.37
Total	94.33	183.77

* Figures below Rs. 50,000 are denoted by '*'. .

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Coastal Gujarat Power Limited

Notes forming part of the financial statements

Note 14 Inventories

	<u>As at 31st March, 2016</u> Rupees crores	<u>As at 31st March, 2015</u> Rupees crores
Stores and spares parts	59.46	39.24
Fuel		
Coal (including coal-in-transit: Rs.113.60 crores; 31st March, 2015: Rs. 133.95 crores)	258.94	345.25
Oil	3.90	9.74
Total	322.30	394.23

**Note 15 Trade receivables
(Unsecured unless otherwise stated)**

	<u>As at 31st March, 2016</u> Rupees crores	<u>As at 31st March, 2015</u> Rupees crores
Trade receivables outstanding for a period exceeding six months from the date they were due for payment-	87.28	109.02
Less: Provision for doubtful trade receivable	87.28	-
	-	109.02
Other trade receivable	514.75	492.63
Total	514.75	601.65

Note 16 Cash and bank balances

	<u>As at 31st March, 2016</u> Rupees crores	<u>As at 31st March, 2015</u> Rupees crores
Cash on hand	*	0.01
Balances with banks		
(i) In current accounts (Refer note (1) below)	227.01	299.38
(ii) In deposit accounts (Refer note (2) below)	-	8.93
Cash and cash equivalents as per AS 3 Cash Flow Statements	227.01	308.32

* Figures below Rs. 50,000 are denoted by **.

(1) Including Rs. 0.80 crores (31st March 2015: Rs. 0.76 crores) in foreign currency.

(2) Balances in deposit accounts have an original maturity of less than 3 months.

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Notes forming part of the financial statements

Note 17 Revenue from operations

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Rupees crores	Rupees crores
Revenue from Operations	5,989.23	5,980.73
Other operating revenues	11.21	2.94
	6,000.44	5,983.67
Less: Revenue capitalised	-	1.38
	6,000.44	5,982.29
Less: Excise duty on sale of fly ash	0.08	0.06
Total	6,000.36	5,982.23

Notes:

Revenue from Operations comprises of:

Revenue from Power Supply (including Rs.67 crores pertaining to earlier years; previous year Rs. Nil)

Add/(Less): Impact of change in law to be adjusted in future tariff

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Rupees crores	Rupees crores
	5,867.70	5,990.84
	121.53	(10.11)
Total	5,989.23	5,980.73

Other operating revenue comprise:

Delayed payment surcharge

Sale of scrap

Sale of fly ash

	3.54	-
	4.95	1.38
	2.72	1.56
Total	11.21	2.94

Revenue capitalised comprises of:

Sale of scrap

	-	1.38
Total	-	1.38

Note 18 Other income

Interest Income:

Interest from banks on deposits

Interest on loans and advances

Interest on late payment of power supply dues

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Rupees crores	Rupees crores
	4.06	0.53
	0.02	0.04
	0.05	*
	4.13	0.57
Dividend income from current investments	-	0.01
Gain on sale of current investments	20.01	20.90
Rental income from buildings	0.27	0.45
Guarantee commission from subsidiary	0.37	-
Profit on sale of fixed assets	-	0.13
Income in respect of services rendered	1.80	0.64
Liabilities no longer required written back	0.17	-
Miscellaneous income	2.87	0.26
Total	29.62	22.96

* Figures below Rs. 50,000 are denoted by '*'.


Coastal Gujarat Power Limited

Notes forming part of the financial statements
Note 19 Employee Benefit Expenses

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Rupees crores	Rupees crores
Salaries and wages	43.99	41.61
Contributions to provident and other funds	2.08	1.90
Retiring gratuities	1.39	2.40
Staff welfare expenses	5.97	7.00
Total	53.43	52.91

Note 20 Finance costs

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Rupees crores	Rupees crores
Interest expense on:	897.53	1187.94
Borrowings	12.17	18.78
Trade payables (net)	0.35	-
Others - Interest on delayed payment	83.73	99.28
Derivative Premium	47.00	46.95
Other borrowing costs		
Total	1,040.78	1,352.95

Note 21 Other expenses

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Rupees crores	Rupees crores
Stores and Consumables, oil, etc.	15.30	31.01
Power consumption	1.59	2.59
Unscheduled Interchange Charges	1.22	1.47
Rental of land, buildings, plant and equipment, etc	7.65	6.81
Repairs and maintenance -	12.13	3.56
- to Buildings and civil works	79.14	46.20
- to Machinery	2.44	1.07
- to Others	43.12	50.30
Insurance	19.52	16.83
Rates and taxes	4.33	5.37
Travelling and Conveyance	23.03	11.48
Cost of Services Procured	73.67	75.06
Rebate to customers on prompt payment	14.29	11.19
Expenditure on community welfare expenses		
Freight and handling charges	52.55	35.87
-Port handling charges	121.05	124.18
-Compensation for ship deferment	10.21	10.68
Consultancy fees	1.35	0.86
Payments to auditors	110.74	149.61
Net loss on foreign currency transactions and translation	87.28	-
Provision for doubtful trade receivable	0.04	-
Loss on fixed assets sold	-	0.62
Provision for wealth tax	0.14	-
Director's sitting fees	5.85	4.13
Miscellaneous expenses		
Total	686.64	588.89

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Coastal Gujarat Power Limited

Notes forming part of the financial statements

Note 22 Additional information to the financial statements

22.1 The Company is engaged in generation and selling of power. Considering the nature of the Company's business and operations, there are no other reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard 17- 'Segment Reporting', issued by the Institute of Chartered Accountants of India (ICAI).

22.2 Borrowings (Refer Note 5 and 7)

- a) The term loans from banks and other parties (referred "Project Lenders") are secured by a charge on all present and future movable and immovable properties (including a major portion of the project land).
- b) In addition, the Company has hedging facilities from State Bank of India (SBI), ICICI Bank Limited (ICICI), The Hongkong and Shanghai Banking Corporation Limited (HSBC) and BNP Paribas (BNP). As per the Hedging Agreements and Financing Documents, the Company has created security in favor of Hedge Providers, on movable and immovable properties of the Company on pari-passu basis along with the Project Lenders.
- c) As at 31st March, 2016 the Company has created security on land of 1,264 hectare (31st March, 2015 1029 hectare) (720 hectare of Govt. land + 179 hectare of Private land + 130 hectare of forest land+ 235 hectare of outfall channel) being 93 percent of total Project land of 1,359 hectare. The security on the balance project land could not be created due to permission pending from the local government authorities. In accordance with the 9th Waiver Agreement executed, the Project Lenders had agreed to waive the security creation on the balance project land up to 30th June, 2013. Subsequently, CGPL has requested vide 10th waiver request letter, for creation of security on balance project land. The waivers are under consideration of the Project Lenders.
- d) As per the Financing Agreements, the Holding Company has entered into a Sponsor Support Agreement with the lenders and the Company whereby it has undertaken to provide support by way of base equity contribution to the extent of 25 percent of the project cost and additional equity or subordinated loans to be made or arranged for, if required, as per the financing agreements to finance the project. The Sponsor Support Agreement also includes support by way of additional financial support for any overrun in project costs, operational loss and Debt Service Reserve Guarantee as provided under the Financing Agreements. Pending achievement of the "Project Financial Completion Date" as defined under the Financing Agreement, the Sponsor support will continue.
- e) Further, as per the 9th Waiver and Sixth Amendment Agreement dated 12th April 2013 with the Project Lenders, the period for compliance of Coal Supply and Transportation Agreement Completion Date (CSTACD) and the compliance of the financial covenants with respect to maintenance of certain ratios was extended up to 30th June, 2013.

In terms of the conditions of the above Financing Agreements, as on 31st March, 2016 a sum of Rs. 5,047.00 crores net of repayments (31st March, 2015: Rs. 4,235.81 crores) has been received from the Holding Company of which Rs. 1,539.26 crores (31st March, 2015: Rs. 1,512.85 crores) has been converted into equity. The Company had taken a sum of Rs. 450 crores and Rs. 450 crores as

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subordinated loan from State Bank of India and Deutsche Bank respectively, out of which repayment of Rs.450 crores to State Bank of India and Rs.200 crores to Deutsche Bank has been made. The repayment of the subordinated loans of Rs. 3,734.29 crores (Rs.3,484.29 crores from the Holding Company and Rs. 250 crores from Deutsche Bank) shall be subject to the provisions of Subordination and Hypothecation Agreements signed with the Security Trustee, as required under Financing Agreements. During the waiver period upto 30th June 2013, the Company was required to maintain Debt to Equity Ratio of 75:25 for meeting financial covenants and Debt-to-Equity Ratio of 70:30 for availing the disbursements (capped at 83.33 percent of all Senior Loans). The Company had requested the Lenders for extension of time up to 30th June, 2015 to comply with the financial covenants and maintenance of ratios. Management expects this to be resolved.

The total accrued interest on loans from the Holding Company shown under "Note 8-Other Liabilities" as on 31st March, 2016 of Rs. 311.59 crores (31st March, 2015: Rs. 311.59 crores) shall be payable subject to fulfillment of conditions of Subordination Agreement and CSTACD conditions. The Holding company has waived charging interest on these loans from 1st April 2015.

22.3(a) Revenue recognition arising out of CERC/ APTEL order:

The Company has implemented the 4000 MW Ultra Mega Power Project at Mundra ("Mundra UMPP") and commenced commercial operations in its all five Units of 800 MW each.

The Company had petitioned to the Central Electricity Regulatory Commission (CERC) for evolving a mechanism to compensate the adverse impact of the unforeseen, uncontrollable and unprecedented escalation in the imported coal price and the change in law in Indonesia.

The CERC had, after considering the recommendations of a committee appointed for the purpose (which comprised of experts from various disciplines like Legal, Banking, Finance, Technical and Procurers, the deliberations of which extended over several months) vide its order dated 21st February, 2014, decided that the Company is entitled to compensatory tariff from 1st April, 2012 over and above the tariff agreed under the PPA with the procurers till the hardship on account of Indonesian regulations persists.

Subsequent to the above CERC order, the procurers challenged the order as also filed appeals with Appellate Tribunal for Electricity (APTEL) for grant of stay on the enforcement of the CERC order. The APTEL vide its Order dated 21st July, 2014 directed the procurers to make payment towards compensatory tariff from March, 2014 onwards as per the Order of the CERC and granted partial stay on the CERC order. Further, it had also directed that the payment of arrears from 1st April 2012 to 28th February, 2014 need not be complied by the procurers pending disposal of the appeal filed with APTEL.

During the previous year in respect of an appeal filed by one of the procurers, the Supreme Court rendered inoperative the Order passed by the CERC and the Order passed by the APTEL dated 21st July, 2014, and requested the APTEL to hear the matter again.

After hearing the matter again, APTEL pronounced its Order on 7th April 2016 setting aside the CERC's order dated 21st February, 2014 which had granted compensatory tariff to the Company. Further, APTEL has stated that change in law should not be construed to include laws other than Indian laws such as the Indonesian Law/Regulations prescribing the benchmark price for export of coal.

However, APTEL has held that the increase in coal prices due to change in Indonesian law is a Force Majeure event under the PPA and has remanded the petition filed by the Company to the CERC to assess the extent of impact of force majeure event on the Company and give such relief as may be available under PPA within a period of three months from the date of its order.

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(b) Impairment of Assets:

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

In earlier years, the Company had accounted for an impairment loss of Rs. 2,650 crores in respect of its Mundra UMPP, which had been disclosed as an Exceptional Item-Impairment Loss in the Statement of Profit and Loss.

Consequent to sustained low coal prices over the past one year and forecast of their continuance at substantially lower levels than have prevailed in the past few years, the management has reviewed and reassessed the value in use of the assets at Mundra. This has resulted in improvement of predicted future cash flows, requiring a reversal of the impairment loss of Rs. 2,320 crore (net of depreciation of Rs. 330 crores). The reversal is disclosed as an exceptional item in the Statement of Profit and Loss of the year ended 31st March, 2016. Further, the Company has not considered the favorable order from the APTEL as stated in Note 22.3 (a) when assessing the recoverability of the carrying amount of the assets at Mundra.

The discount rate used in the current period is 10.61 percent per annum (previous period 10.61 percent per annum). The underlying assumptions i.e. fuel prices, exchange rate variation and operating parameters that would impact future cash flows for determining the Mundra UMPP value in use will continue to be monitored on a periodic basis by the Management.

As stated in Note no. 22.1 of the Notes forming part of the financial statements, the Company has only a single reportable segment.

(c) The accumulated losses of Rs. 4,185.81 crores as at 31st March, 2016 have substantially eroded the Company's net worth. Certain covenants governing the loans borrowed for construction of the project have not been met. However, no notice has been served by the lenders declaring the loans taken as becoming immediately due and payable. Further, as stated in Note 22.2, the Company had received waiver from compliance of the covenants upto 30th June, 2013. The Company has also sought revision in certain terms of the financing agreements and extending of existing waivers. Accordingly, loans aggregating to Rs. 9,886.97 crores are considered to be long-term borrowings (31st March 2015 Rs. 10,127.31 crores). Considering the Sponsor Support Agreement signed by the Company with the lenders and with the Holding Company, wherein the Holding Company has agreed to provide amongst other things funding of operational deficit of the Company, the financial statements have been prepared on a going concern basis.

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22.4 Contingent liabilities and commitments (to the extent not provided for)

(i) Contingent Liabilities:

	<u>Rupees crores</u>	
	<u>As at</u> <u>March 31, 2016</u>	<u>As at</u> <u>March 31, 2015</u>
a) Corporate Guarantee issued on behalf of wholly owned subsidiary – Energy Eastern Pte. Ltd. of US\$ 10 million (Previous Year US\$ 10 million)	66.25	62.50
b) Claims of service tax demands against processing fees paid to IFC and ADB for processing and disbursement of Loans.	27.16	17.71
c) i) Taxation matters for which liability, relating to issues of deductibility and taxability, is disputed by the Company and provision is not made.	102.42	102.15
ii) Interest and penalty on above amount	Not ascertainable	Not ascertainable
d) Claims by a procurer arising from the disputes relating to PPA against: - Change in law Rs. Nil (March 31, 2015 Rs.69.26 crores.) - Applicability of escalation index Rs. Nil (March 31, 2015 Rs.20.06 crores)	Nil	89.32
e) Green cess disputed by the Company relating to issue of applicability.	178.61	126.36
f) Custom duty claims disputed by the Company relating to issue of classification. (Payment made under protest against these claims by the Company Rs. 52.45 crores disclosed under Note 11- Non-current loans and advances)	76.32	76.32
g) Stamp Duty on coal	13.04	9.63

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

(ii) Capital Commitments

	<u>Rupees crores</u>	
	<u>As at</u> <u>March 31, 2016</u>	<u>As at</u> <u>March 31, 2015</u>
a. Estimated amount of Capital contracts remaining to be executed on capital account (net of capital advance) and not provided.	41.67	102.01

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b. Other Commitments:

In terms of the Port Service Agreement entered into by the Company and valid up to 31st March, 2040, the Company is required to pay fixed handling charges amounting to Rs. 138 crores per annum escalable as per CERC notification and variable port handling charges for handling a certain minimum tonnage of coal for its Mundra UMPP. In the event of a default which subsists for over one year, the Port Operator shall be entitled to suspend all its services under the agreement without terminating the agreement and all amounts outstanding shall be payable by the Company.

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

Based on the information received by the Company from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, there are no amounts due to any supplier covered under this Act as at 31st March, 2016.

Particulars	As at 31 March, 2016	As at 31 March, 2015
	Rupees Crores	
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
No 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.		

22.6 Payment to Auditors

	Rupees crores	
	As at March 31, 2016	As at March 31, 2015
As auditors - statutory audit	0.53	0.40
For tax audit	0.07	0.07
For taxation matters	0.43	0.27
For other services	0.15	0.03
Reimbursement of expenses	*	*
Service tax on above	0.17	0.09
Total payments to the auditors	1.35	0.86

* Figures below Rs. 50,000 are denoted by '*'.

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22.7 Details of derivative instruments:

- (i) (i) The following derivative positions are open as at 31st March, 2016. These transactions have been undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and may/may not qualify or be designated as hedging instruments.

	<u>As at 31st March, 2016</u>		<u>As at 31st March, 2015</u>	
	<u>Foreign Currency</u>	<u>Rupees crores</u>	<u>Foreign Currency</u>	<u>Rupees crores</u>
Forward Contracts:				
No. of Buy Contracts – 209# (Previous Year – 235)#	EURO 0.02 million	0.12	EURO 0.25 million	1.71
	JPY 30.94 million	1.82	JPY 81.36 million	4.24
	US\$ 320.87 million	2,125.66	US\$ 364.99 million	2,281.15
Forward Contracts under firm commitment for interest liability:				
No. of Buy Contracts – 43# (Previous Year – 149)#	US\$ 73.14 million	484.53	US\$ 75.23 million	470.19
Currency Option Contracts:				
No. of Buy Contracts – 248 (Previous Year – 326)	US\$ 526.78 million	3,489.76	US\$ 519.82 million	3,248.75
Unrecognized gain in respect of above currency option contracts		45.83		57.89
Interest Rate Swap Contracts				
No. of Contracts – 19 (Previous Year - 19)	US\$ 994.77 million	6,590.10	US\$ 1,083.33 million	6,770.53

Includes number of forward contracts in the nature of debt servicing which are composite contracts taken for principal as well as interest repayment on loans.

- (ii) Foreign currency exposures that have not been hedged by a derivative or otherwise are given below:

	<u>As at 31st March, 2016</u>		<u>As at 31st March, 2015</u>	
	<u>Foreign Currency</u>	<u>Rupees crores</u>	<u>Foreign Currency</u>	<u>Rupees crores</u>
Capital Imports	JPY 600,000	0.04	-	-
	GBP 2,800	0.03	GBP 2,800	0.03
	USD 207,580	1.38	-	-
Coal and Freight	US\$ 44,846,895	297.10	US\$ 29,825,307	186.39
Debt Servicing*	US\$ 541,918,301	3,590.07	US\$ 624,641,744	3,903.74
Bank Balance	US\$ 121,225	0.80	US\$ 121,225	0.76
Accrued interest on Buyers' credit	-	-	US\$ 161,145	1.01
Others receivables	US\$ 168,549	1.12	US\$ 278,668	1.74

* Without considering hedge cover of US\$ 224,378,924 valued at Rs. 1,486.45 crores (previous year US\$

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243,862,279 valued at Rs. 1,524.08 crores) taken for future firm commitment of interest liabilities.

22.8 C.I.F. value of imports and expenditure in foreign currency (on accrual basis)

<u>Particulars</u>	<u>Rupees crores</u>	
	<u>2015-16</u>	<u>2014-15</u>
(a) C.I.F Value of imports :		
Capital goods	-	0.87
Spare parts	4.65	4.57
Coal imported	<u>3,343.61</u>	<u>3,908.00</u>
	<u>3,348.26</u>	<u>3,913.44</u>
(b) Expenditure in foreign currency :		
Professional and consultation fees	0.03	2.37
Interest and Commitment Charges	194.60	163.36
Freight Compensation	121.05	124.18
Travelling Expenses	<u>0.05</u>	<u>0.01</u>
	<u>315.73</u>	<u>289.92</u>
(c) Earning in foreign currency (on accrual basis)		
Export Fly Ash on FOB basis	<u>0.19</u>	<u>0.25</u>

(d) Value of components, stores and spare parts consumed (including fuel consumed)

<u>Particulars</u>	<u>2015-16</u>		<u>2014-15</u>	
	<u>Rupees crores</u>	<u>%</u>	<u>Rupees crores</u>	<u>%</u>
(i) Imported	4,112.31	99.30	4,464.75	99.04
(ii) Indigenous	<u>29.16</u>	<u>0.70</u>	<u>43.34</u>	<u>0.96</u>
	<u>4,141.47</u>	<u>100.00%</u>	<u>4,508.09</u>	<u>100.00</u>

22.9 Employee Benefit Plans

(a) Defined contribution plans

The Company makes contribution towards provident fund to a defined contribution retirement benefit plan for eligible employees which is deposited with the Employees Provident Fund Organisation (EPFO). The Company has no further obligations under the Provident Fund plan beyond its monthly contributions.

On account of Defined Contribution Plans, a sum of Rs. 2.08 crores (31st March, 2015 – Rs. 1.90 crores) has been charged to the Statement of Profit and Loss and disclosed under Note 19- "Contributions to provident and other funds".

(b) Defined benefit plans

The Company operates an unfunded post retirement gratuity defined benefit plan, the liability in respect of which arises on retirement, withdrawal, resignation or death of an employee. The actuarial valuation of the present value of the defined benefit obligation has been carried out as at 31st March, 2016. The following tables set out the amounts recognised in the financial statements as at 31st March, 2016 for the above mentioned defined benefits plan. Gratuity is shown in Note 19 "Employee Benefits Expenses."

Particulars	Year ended 31 st March 2016	Year ended 31 st March 2015
	Rupees crores	
Components of employer expenses		
Current service cost	0.53	0.52
Interest Cost	0.52	0.65
Actuarial losses/(gain)	0.34	1.23
Total expense recognised in the Statement of Profit and Loss	1.39	2.40
Actual contribution and benefit payments for the year		
Actual Benefit payment	0.07	0.11
Actual Contribution	1.39	(2.40)
Net Assets/(Liability) recognised in Balance Sheet		
Present Value of defined obligation	7.88	6.66
Funded status (Surplus/Deficit)	(7.88)	(6.66)
Net Assets /(Liability) recognised in the Balance Sheet	(7.88)	(6.66)

Note: (i)

Particulars	Year ended 31 st March, 2016	Year ended 31 st March, 2015
	Rupees crores	
Change in defined benefit obligation (DBO) during the year		
Present value of DBO at beginning of the year	6.66	7.15
Current service cost	0.53	0.52
Interest Cost	0.52	0.65
Acquisition	(0.10)	(2.78)
Actuarial (gain)/losses	0.34	1.23
Benefit paid	(0.07)	(0.11)
Present value of DBO at the end of the year	7.88	6.66
Actuarial assumption		
Discount rate	8.00%	7.80%
Salary escalation	11.00%	11.00%
Attrition 21-44 years	3.00%	3.00%
45 and above	0.50%	0.50%
Mortality tables	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

Rupees crores

Estimate of benefit payout in the immediate next year	0.21	0.14
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(ii) 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 obligation.

The estimates of future salary increases, take into account inflation, seniority, promotions, increments and other relevant factors.

(ii) Experience adjustments

	Rupees crores				
<u>Gratuity Benefits</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>
Present value of Defined Benefits Obligation	7.88	6.66	7.15	7.33	7.30
Fair value of plan assets	-	-	-	-	-
Funded status [surplus/(Deficit)]	(7.88)	(6.66)	(7.15)	(7.33)	(7.30)
Experience gain/(loss) adjustment on plan liabilities	(0.55)	(0.14)	0.58	0.40	(0.28)
Experience gain/(loss) adjustment on plan assets	-	-	-	-	-
Actual gain / (loss) due to change on assumptions	0.21	(1.09)	0.97	(0.42)	(2.60)

(C) Long-term employee benefits

Actuarial assumptions for long-term compensated absences

Particulars	Year ended 31 st March, 2016	Year ended 31 st March, 2015
Actuarial assumption		
Discount rate	8.00%	7.80%
Salary escalation	11.00%	11.00%
Attrition 21-44 years	3.00%	3.00%
45 and above	0.50%	0.50%
Mortality tables	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Assumed Availments	5.00%	5.00%

22.10 Related party transactions: Disclosure as required by Accounting Standard 18 (AS- 18) "Related Party Disclosures" are as follows:

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

Sr No	Name of the related party	Nature of relationship	Country of origin
I	The Tata Power Company Limited (TPCL)	Holding Company	India
II	Energy Eastern Pte. Limited (EEPL)	Wholly owned Subsidiary	Singapore
III	Trust Energy Resources Pte. Limited (TERPL)	Fellow Subsidiary #	Singapore
IV	Maithon Power Limited (MPL)	Fellow Subsidiary #	India
V	Industrial Energy Limited (IEL)	Fellow Subsidiary #	India
VI	Tata Power International Pte. Limited (TPIPL)	Fellow Subsidiary #	Singapore
VII	Mr. Krishna Kumar Sharma - Executive Director & CEO	Key Management Personnel (KMP)	India

Fellow subsidiaries with which transactions have taken place.

Note: Related parties have been identified by the Management.

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b) Details of related party transactions during the year ended 31st March, 2016 and balances outstanding as at 31st March, 2016:

	(Rupees crores)						
	TPCL	EEPL	MPL	TERPL	IEL	KMP	TPIPL
Sale of Assets	-	-	-	-	-	-	-
	-	-	(0.09)	-	(0.52)	-	-
Purchase of goods	4.19	-	-	-	-	-	-
	-	-	-	-	-	-	-
Rendering of service	-	0.37	-	-	-	-	3.09
	(0.29)	(0.36)	-	-	-	-	-
Receiving of services	3.15	308.77	-	195.05	-	1.21	-
	(2.70)	(417.25)	-	(194.52)	-	(0.98)	-
Interest expenditure	-	2.42	-	2.55	-	-	-
	(224.14)	(4.85)	-	(1.82)	-	-	-
Loans taken	1,061.18	-	-	-	-	-	-
	(1,582.81)	-	-	-	-	-	-
Loans repaid (includes loan converted to Equity of Rs. 49.85 crores; Previous period Rs. Nil)	299.85	-	-	-	-	-	-
	(100.00)	-	-	-	-	-	-
Guarantees and collaterals given by TPCL	1,639.15	-	-	-	-	-	-
	(3,403.27)	-	-	-	-	-	-
Guarantees and collaterals returned to TPCL	2,057.75	-	-	-	-	-	-
	(3,341.43)	-	-	-	-	-	-
Equity contribution received (including loans converted in equity)	49.85	-	-	-	-	-	-
	(52.29)	-	-	-	-	-	-
Balances outstanding at the end of the year							
Guarantees and Collateral outstanding given by TPCL	2,984.67	-	-	-	-	-	-
	(3,403.27)	-	-	-	-	-	-
Guarantees and Collateral outstanding given to EEPL (difference pertains to foreign exchange fluctuations)	-	66.25	-	-	-	-	-
	-	(62.50)	-	-	-	-	-
Trade payables/(Receivable)(net)	2.57	193.29	(0.04)	167.08	(0.02)	-	(3.09)
	(17.68)	(287.19)	-	(126.84)	(0.02)	-	-
Loans taken including interest accrued	3,795.88	-	-	-	-	-	-
	(3,034.56)	-	-	-	-	-	-

Note: Figures in brackets relate to the previous year.

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22.11 Earnings per share

	<u>As at</u> <u>31st March, 2016</u>	<u>As at</u> <u>31st March, 2015</u>
Profit/(Loss) after tax attributable to Equity Shareholders (Rupees crores)	2,014.04	(898.08)
Weighted average number of equity shares for Basic EPS (Nos)	6,021,703,060	5,918,044,411
Face value per share (Rupees)	10	10
Basic Earnings per share (Rupees)	3.34	(1.52)
Profit/(Loss) after tax attributable to Equity Shareholders (Rupees crores)	2,014.04	(898.08)
Add: Interest expenses on loan taken from Holding Company (Rupees Crores)	-	224.14
Profit/(Loss) for Diluted EPS (Rupees Crores)	2,014.04	(673.94)
Weighted average number of equity shares for Basic EPS (Nos)	6,021,703,060	5,918,044,411
Add: Effect of potential Equity Shares on conversion of unsecured loans including accrued interest from Holding Company and share application money pending allotment	3,795,886,423	3,034,556,423
Weighted average number of equity shares for Diluted EPS (Nos)	9,817,589,483	8,952,600,834
Diluted Earnings per share (Rupees)-Dilutive/(Anti Dilutive)	2.05	(0.75)
Diluted earnings per share restricted to Basic earnings Per Share (Rupees)	-	(1.52)

22.12 Deferred Tax Assets/(Liability)

	<u>As at</u> <u>31st March, 2016</u> Rupees crores	<u>As at</u> <u>31st March, 2015</u> Rupees crores
Deferred Tax Liability comprises of tax effect of timing differences on account of: On difference between book balance and tax balance of fixed assets	<u>3,952.51</u> 3,952.51	<u>2,808.72</u> 2,808.72
Deferred Tax Asset comprises of tax effect of timing differences on account of: Carry forward of unabsorbed depreciation (Restricted)	<u>3,952.51</u> 3,952.51	<u>2,808.72</u> 2,808.72
Net Deferred Tax Asset/(Liability)	-	-

The Company has recorded the net deferred tax liability of Rs. 3,952.51 crores (31st March, 2015: Rs. 2,808.72 crores) and recognised the deferred tax asset on unabsorbed depreciation, on the basis of prudence, only to the extent of the above mentioned deferred tax liability as at 31st March, 2016. Accordingly, there is no impact on the Statement of Profit and Loss.

22.13 Previous year's figures have been regrouped/re-classified wherever necessary to correspond with the current year's classification / disclosure.

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