Chirasthaayee Saurya Limited

Deloitte Haskins & Sells

Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To The Members of Chirasthaayee Saurya Limited

1. Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Chirasthaayee Saurya Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the period June 14, 2016 to March 31, 2017, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

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

3. Auditor's Responsibility

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing 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 Ind AS financial statements are free from material misstatement.

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

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

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its loss, total comprehensive loss, its cash flows and the changes in equity for the period June 14, 2016 to March 31, 2017.

5. Report on Other Legal and Regulatory Requirements

5.1 As required by Section 143(3) of the Act, based on our audit 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

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

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

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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(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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

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 which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016.

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 Registration No. 008072S

S. Ganesh

S. Ganesh
Partner
Membership No. 204108

Place: Bengaluru
Date : May 16,2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 5.1(f) under '5. 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 **Chirasthaayee Saurya Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the period ended on that date.

2. **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.

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 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.

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, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

S. Ganesh

S. Ganesh
Partner
Membership No. 204108

Place: Bengaluru
Date : May 16,2017

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 5.2 under '5. Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) The Company does not have any fixed assets and hence reporting under clause (i) of the Order is not applicable.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.

(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 Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the period and did not have any unclaimed deposits.

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable.

(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.

(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, 2017 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2017 on account of disputes.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.

(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 period.

(xi) In our opinion and according to the information and explanations given to us, the Company does not pay any managerial remuneration and hence reporting under clause (xi) of the Order is not applicable.

(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.

(xiv) During the period the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (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 period 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-IA of the Reserve Bank of India Act, 1934.

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

S. Ganesh

S. Ganesh
Partner
Membership No. 204108

Place: Bengaluru
Date : May 16, 2017

Chirasthaayee Saurya Limited

Balance Sheet as at March 31, 2017

		Particulars	Note No.	As at March 31, 2017 Rs.
A		**ASSETS**		
	1	**Non-current assets**		
		(a) Other non-current assets	5	20,07,04,112
		Total non-current assets		**20,07,04,112**
	2	**Current assets**		
		(a) Financial assets		
		(i) Cash and cash equivalents	6	5,54,122
		Total current assets		**5,54,122**
		Total assets (1+2)		**20,12,58,234**
B		**EQUITY AND LIABILITIES**		
	1	**Equity**		
		(a) Equity share capital	7	1,00,00,000
		(b) Other equity	8	(71,99,091)
		Total equity		**28,00,909**
		Liabilities		
	2	**Current liabilities**		
		(a) Financial liabilities		
		(i) Borrowings	9	19,45,00,000
		(ii) Trade payables	10	8,02,820
		(iii) Other financial liabilities	11	28,33,342
		(b) Other current liabilities	12	3,21,163
		Total current liabilities		**19,84,57,325**
		Total equity and liabilities (1+2)		**20,12,58,234**

See accompanying notes forming part of the financial statements

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

S. Ganesh

S. GANESH
PARTNER

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BANGALORE-95

Place : Bengaluru
Date : May 16, 2017

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

M.D. Paranjpe

DIRECTOR
DIN: 03530639

Rahul Shah

DIRECTOR
DIN: 03392443

CHIRASTHAAYEE SAURYA LIMITED

Place: MUMBAI
Date : May 16, 2017

Chirasthaayee Saurya Limited
Statement of Profit and Loss for the period ended March 31, 2017

	Particulars	Note No.	For the period June 14, 2016 to March 31, 2017 Rs.
I	Revenue from operations		-
II	Other income	13	1,14,193
III	**Total income (I + II)**		**1,14,193**
IV	**Expenses**		
	Finance costs	14	53,78,300
	Other expenses	15	19,34,984
V	**Total expenses (V)**		**73,13,284**
VI	**(Loss) before tax (III- V)**		**(71,99,091)**
VII	**Tax expense**		
	(1) Current tax	16	-
	(2) Deferred tax	16	-
	Total tax expense		-
VIII	**(Loss) for the period (VI-VII)**		**(71,99,091)**
IX	**Other comprehensive income**		-
X	**Total comprehensive (loss) for the period (VIII + IX)**		**(71,99,091)**
XI	**(Loss) per equity share :**		
	(1) Basic	23	(7.20)
	(2) Diluted	23	(7.20)

See accompanying notes forming part of the financial statements

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

S. Ganesh

S. GANESH
PARTNER

Place : Bengaluru
Date : May 16, 2017

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

M.D. Parange
DIRECTOR
DIN: 03530639

Rahul Ahay
DIRECTOR
DIN: 03392443

Place : MUMBAI
Date : May 16, 2017

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BANGALORE

CHIRASTHAAYEE SAURYA LIMITED

Chirasthaayee Saurya Limited
Cash flow statement for the period ended March 31, 2017

Particulars	Note No.	For the period June 14, 2016 to March 31, 2017 Rs.
Cash flows from operating activities		
(Loss) before tax for the period		(71,99,091)
Adjustments for:		
Finance costs recognised in profit or loss	14	53,78,300
Interest income recognised in profit or loss	13	(1,14,193)
		(19,34,984)
Movements in working capital:		
(Increase)/decrease in other assets		-
Increase/(decrease) in trade and other payables	10	8,02,820
Increase in other liabilities	12	3,21,163
Cash generated from operations		(8,11,001)
Income taxes paid	16	-
Net cash used in operating activities		**(8,11,001)**
Cash flows from investing activities		
Payments for property, plant and equipment	5	(20,07,04,112)
Interest received on deposit		1,14,193
Net cash used in investing activities		**(20,05,89,919)**
Cash flows from financing activities		
Proceed from issue of equity instruments of the Company	7	1,00,00,000
Proceeds from borrowings		30,95,00,000
Repayment of borrowings		(11,50,00,000)
Interest paid		(25,44,958)
Net cash generated by financing activities		**20,19,55,042**
Net increase in cash and cash equivalents		5,54,122
Cash and cash equivalents at the beginning of the period	6	-
Cash and cash equivalents at the end of the period	6	5,54,122

See accompanying notes forming part of the financial statements

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

S. Ganesh

S. GANESH
PARTNER

Place : Bengaluru
Date : May 16, 2017

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

M.D. Paranjpe

DIRECTOR
DIN: 03530639

Rahul Shah

DIRECTOR
DIN: 03392443

Place : MUMBAI
Date : May 16, 2017

Chirasthaayee Saurya Limited

Statement of changes in equity for the period ended March 31, 2017

a. Equity share capital	**Rs.**
Balance as at April 1, 2016	-
Add: Fresh issue (Refer Note 7)	1,00,00,000
Balance as at March 31, 2017	**1,00,00,000**

b. Other Equity

Particulars	Reserves and surplus (Refer Note 8)	Total other equity Rs.
	Retained earnings Rs.	
Opening balance	-	-
(Loss) for the period	(71,99,091)	(71,99,091)
Add: Other comprehensive income	-	-
Balance as at March 31, 2017	**(71,99,091)**	**(71,99,091)**

See accompanying notes forming part of the financial statements

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

S. Ganesh

S. GANESH
PARTNER

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BANGALORE

Place : Bengaluru
Date : May 16, 2017

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

M.D. Paranjpe

DIRECTOR
DIN: 03530639

Rahul Shah

DIRECTOR
DIN: 03392443

Place: MUMBAI
Date : May 16, 2017

CHIRASTHAAYEE SAURYA LIMITED

Chirasthaayee Saurya Limited
Notes forming part of the financial statements
For the period ended March 31, 2017

1 Corporate information

Chirasthaayee Saurya Limited ('the Company') was incorporated on June 14, 2016 in Bengaluru under the Companies Act, 2013. The Company is established as a wholly owned subsidiary of Tata Power Solar Systems Limited with the intention of construction and operation of solar power plant. The Company is yet to start its operations.

These financial statements has been prepared for the period June 14, 2016 till March 31, 2017. This being the first year of operations, comparative figures are not available.

2 Application of new and revised Ind AS's

As the date of preparation of these financial statements, all the Ind AS's issued and notified by the Ministry of Corporate Affairs (MCA) are considered to the extent relevant and applicable to the Company.

3 Significant Accounting Policies

3.1 Statement of compliance

The financial statements has been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015.

These are the Company's first Ind AS financial statements.

3.2 Basis of preparation and presentation

The financial statements has been prepared on the historical cost basis, as explained in the accounting policies below.

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

The principal accounting policies are set out below.

3.3 Interest Income

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

3.4 Leasing

Lease arrangements where the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee are classified as finance leases. All other leases are classified as operating leases.

As Lessee

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.

Rental expenses from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3.5 Borrowing costs

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

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.6.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.6.2 Deferred tax

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

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.6.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3.7 Provisions

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

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

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

3.8 Financial instruments

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

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

3.9 Financial assets

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

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

3.9.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss ("FVTPL") on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI") (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

3.9.2 Effective interest method

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

3.9.3 Financial assets at fair value through profit or loss (FVTPL)

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

3.9.4 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit -adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

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When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

3.10 Financial liabilities and equity instruments

3.10.1 Classification as debt or equity

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

3.10.2 Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3.10.3 Financial liabilities

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

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

3.10.3.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a Company's financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Company is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for not-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

3.10.3.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of cost of an asset is included in the 'Finance costs' line item.

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

4 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

4.1 Critical judgments in applying accounting policies

There were no critical judgments that the directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

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Note - 5: Other non-current assets

Particulars	As at March 31, 2017 Rs.
Unsecured, considered good Capital Advances	200,704,112
Total	**200,704,112**

Note - 6: Cash and cash equivalents

Particulars	As at March 31, 2017 Rs.
Balances with banks	554,122
Cash in hand (Refer Note 6.1 below)	-
Total	**554,122**

Note - 6.1 : Specified bank notes

The Company has no cash transactions and maintains no cash in hand and did not have any holdings or dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 hence no disclosure in respect of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016 has been made.

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Note - 7: Equity share capital

Particulars	As at March 31, 2017	
	No. of shares	Rs.
Authorised share capital:		
Equity shares of Rs.10/- each with voting rights	1,000,000	10,000,000
Issued, subscribed and fully paid:		
Equity shares of Rs.10/- each with voting rights	1,000,000	10,000,000
Total	**1,000,000**	**10,000,000**

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Conversion	Closing Balance
(a) Equity shares with voting rights				
Period ended March 31, 2017				
No. of Shares	-	1,000,000	-	1,000,000
Amount in Rs.	-	10,000,000	-	10,000,000

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

Equity Shares :

The Company has only one class of Equity Share, having a par value of Rs.10/-. 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 amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Particulars	No. of Shares
Equity shares with voting rights	
As at March 31, 2017	
Tata Power Solar Systems Limited, the Holding Company and its nominees	1,000,000

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

Class of shares / Name of shareholder	As at March 31, 2017	
	Number of shares held	% holding in that class of shares
Equity shares with voting rights		
Tata Power Solar Systems Limited and its nominees	1,000,000	100%

Note - 8: Other equity

Particulars	Retained earnings Rs.	Total Rs.
Opening balance	-	-
(Loss) during the period ended March 31, 2017	(7,199,091)	(7,199,091)
Balance as at March 31, 2017	**(7,199,091)**	**(7,199,091)**

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Note - 9: Current borrowings

Particulars	As at March 31, 2017 Rs.
Unsecured borrowings	
(a) Loans from related parties (Refer Note 20)	194,500,000
Total	**194,500,000**

Note - 9.1: Inter- Corporate Deposit from Related Party
The Inter- Corporate Deposit has been taken from its holding company, Tata Power Solar Systems Limited for the purpose of carrying out its daily operations. The loan is taken for a period of 90 days and the interest is charged at the rate of 9.50% p.a. The interest rate may change depending on the State Bank of India -Prime Lending Rate (SBI-PLR). The interest is payable on a quarterly basis. Any rollover (subjected to maximum 90 days) shall be permitted subject to timely payment of interest.

Note - 10: Trade payables

Particulars	As at March 31, 2017 Rs.
Trade payables	
- Total outstanding dues of micro enterprise and small enterprise (Refer Note 18)	-
- Total outstanding dues of creditors other than micro enterprise and small enterprise	802,820
Total	**802,820**

The average credit period is 30 to 90 days. No interest is charged on trade payables.

Note - 11: Other current financial liabilities

Particulars	As at March 31, 2017 Rs.
Other financial liabilities measured at amortised cost	
(a) Interest accrued (Refer Note 20)	2,833,342
Total	**2,833,342**

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Note - 12: Other current liabilities

Particulars	As at March 31, 2017 Rs.
Statutory dues - taxes payable (other than income taxes)	321,163
Total	**321,163**

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Note -13: Other income

	Particulars	For the period June 14, 2016 to March 31, 2017 Rs.
(a)	Interest income (Refer Note (i) below)	114,193
Total		**114,193**
Notes		
(i)	**Interest income comprises :**	
	Interest on Bank Deposits	114,193
Total		**114,193**

Note -14: Finance cost

	Particulars	For the period June 14, 2016 to March 31, 2017 Rs.
(a)	Interest expense :	
	Interest on loans from related parties (Refer Note 20)	5,378,300
Total		**5,378,300**

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Note -15: Other expenses

Particulars	For the period June 14, 2016 to March 31, 2017 Rs.
Rent including lease rentals (Refer Note 19)	9,000
Rates and · Rates and taxes	218,820
Legal and p Legal and professional fees (Refer Note below)	575,008
Other gene Other general expenses	1,132,156
Total	**1,934,984**
Note: Legal and professional fees includes payment to auditors :	
For statutory audit	575,000
Total	**575,000**

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Note -16: Income Tax & Deferred Tax

Note 16.1- Income tax

Particulars	For the period June 14, 2016 to March 31, 2017 Rs.
Current tax	
In respect of the current year	-
Deferred tax	
In respect of the current year	-
Total income tax expense recognised in the current year	-

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	For the period June 14, 2016 to March 31, 2017 Rs.
(Loss) before tax	(7,199,090.88)
Income tax expense/ (benefit) calculated at 30.9%	(2,224,519.08)
Effect of unused tax losses not recognised as deferred tax asset	1,853,765.90
Effect of deferred tax balance due to change in income tax rate from 30.9% to 25.75% (effective March 31, 2017)	370,753.18
Income tax expense recognised in profit or loss	-

The tax rate used for the 2016-2017 reconciliations above is the corporate tax rate of 30.9% payable by corporate entities in India on taxable profits under the Indian tax law.

Note 16.2: Deferred tax balances

Particulars	As at March 31, 2017 Rs.
Tax effect of items constituting deferred tax liability	
Tax effect of items constituting deferred tax liability	-
Tax effect of items constituting deferred tax assets	
Unabsorbed Business Loss	1,853,766
Tax effect of items constituting deferred tax assets	**1,853,766**
Less: Valuation allowance (Refer Note below)	(1,853,766)
Net deferred tax (liability)/asset	-

Note:

The benefit of the loss carried forward can be utilised for set off against taxable income available for a period of immediately succeeding 8 assessment years. As the Company is yet to commence commercial operations and the Management is in the process of finalising its operational budgets, the Management is unable to confirm adequacy of taxable profits in the immediate future and hence has preferred to carry a valuation allowance against the benefit of the losses existing as at March 31, 2017.

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Note -17: Contingent Liabilities and commitments (to the extent not provided for)- Nil

Note -18: Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

There are no dues to Micro and Small Enterprises as at March 31, 2017. The same has been determined to the extent such parties have been identified on the basis of information collected by the Management. This data has been relied upon by the auditors.

Note - 19: Details of leasing arrangements

The Company has taken certain premises on operating lease which are cancellable at the option of the lessee. Details of rent paid during the year and future minimum lease rentals are as follows:

Particulars	For the period June 14, 2016 to March 31, 2017 Rs.
Rent paid during the year	9,000

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Note - 20: Related Party Disclosure
Names of Related parties:

Ultimate Holding Company	The Tata Power Company Limited
Holding Company	Tata Power Solar Systems Limited
Key Management Personnel	Mr. Ashish Khanna- Chairman and Director Mr. Rahul C. Shah- Director Mr. Vidyadhar H. Wagle- Director Mr. Mahesh Paranjpe- Director Mr. Nandakumar S Tirumalai- Director

Note -20.1: Transactions during the period

	Particulars	Holding Company
		For the period June 14, 2016 to March 31, 2017 Rs.
1	**Services received**	
	Tata Power Solar Systems Limited	9,000
2	**Interest paid**	
	Tata Power Solar Systems Limited	5,378,300
3	**Receipt and allotment of Equity Shares**	
	Tata Power Solar Systems Limited	10,000,000
4	**Loan taken during the period**	
	Tata Power Solar Systems Limited	309,500,000
5	**Loan Repaid during the period**	
	Tata Power Solar Systems Limited	(115,000,000)
6	**Reimbursement of expenses**	
	Tata Power Solar Systems Limited	218,820

Note -20.2: Balance Outstanding as at period end

	Particulars	Holding Company
		As at March 31, 2017 Rs.
1	**Loan Balance Payable**	
	Tata Power Solar Systems Limited	194,500,000
2	**Interest Payable**	
	Tata Power Solar Systems Limited	2,833,342
3	**Balance Payable**	
	Tata Power Solar Systems Limited	227,820

Note -20.3: Transactions with key managerial personnel

During the period June 14, 2016 to March 31, 2017 there were no transactions with any key managerial personnel.

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Note -21: Capital management
The Company is yet to commence operations and is currently managing its operations, to be able to continue as a going concern, through funds provided by the parent either in the form of equity or debt.
The capital structure of the Company consists of equity (comprising issued capital and retained earnings, as detailed in Note 7 to 8) and debt (short term borrowings as detailed in Note 9 offset by unutilised portion of such borrowing maintained in bank balances). The Company is not subject to any externally imposed capital requirements. The Company's Board reviews the capital structure, and in discussion with the Holding Company evaluates the necessary proportion of debt and equity.

Note - 22: Financial Instruments

(i) Categories of financial instruments

The Directors consider that the carrying amounts of financial assets and financial liabilities, that are not measured at fair value, recognised in the financial statements at their amortised costs.

Particulars	Carrying Value As at March 31, 2017 Rs.
Financial Assets	
Amortised Cost	
Cash and cash equivalents	554,122
Total assets	554,122
Financial Liabilities	
Amortised Cost	
Borrowings and interest thereon	197,333,342
Trade Payables (non-interest bearing)	802,820
Total liabilities	198,136,162

(ii) Market Risk

The Company is yet to commence operations. The Company's advance towards land is exposed to the financial risk of changes in price percentage real estate.

There has been no change to the Company's exposure to market risks or the manner in which these risks are being managed and measured.

As the Company is yet to commence operations the Management is in the process of drafting its risk management and related policies.

(iii) Interest rate risk management
The Company is not subject to interest rate exposures related to its debt obligations as such debt obligations are short term in nature and are at fixed interest rates.

The Company's exposure to interest rates on financial liabilities are detailed in the liquidity risk management.

(iv) Interest rate sensitivity analysis

The Company does not have any derivative instruments as at the end of the reporting period. The Company is not exposed to an interest rate risk mainly on account of funds borrowed at fixed interest rates. These borrowings are short term in nature and are for periods ranging upto 90 days.

(v) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure is mainly with regard to capital advance paid to a single party towards acquisition of multiple land units. The credit exposure is controlled by the Board of Directors to continuous review of the status of such advances and approvals of additional advances.
The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by national credit rating agencies.

(vi) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below provides details regarding the contractual maturities of financial assets and its realisability as at March 31, 2017:

Particulars	Carrying amount Rs.	Due in 1st year Rs.	Total contracted cash flows Rs.
Financial Assets			
Cash and cash equivalents	554,122	554,122	554,122

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2017:

Particulars	Carrying amount Rs.	Due in 1st year Rs.	Total contracted cash flows Rs.
Financial Liabilities			
Accounts payable & acceptances	802,820	802,820	802,820
Borrowings & interest thereon	194,500,000	194,500,000	194,500,000
Other financial liabilities	2,833,342	2,833,342	2,833,342

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Note -23: Earnings Per Share

Particulars	For the period June 14, 2016 to March 31, 2017 Rs.
Basic earnings per share	(7.20)
Diluted earnings per share	(7.20)

Note -23.1 Basic & Diluted Earnings Per Share
The Earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows:

Particulars	For the period June 14, 2016 to March 31, 2017 Rs.
(Loss) for the period attributable to Shareholders of the Company	(7,199,091)
Earnings used in the calculation of basic earnings per share	(7,199,091)
Weighted average number of equity shares for the purposes of basic earnings per share	1,000,000

The Company does not have any outstanding equity instruments which are dilutive.

Note - 24: Segment information
The Company is yet to commence operations and hence no segment has been identified.

Note - 25: Events after the reporting period

No such events after the reporting period had occurred which would require adjustments to the financial statements.

Note - 26: Approval of financial statements

The financial statements were approved for issue by the Board of Directors on May 16, 2017

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