

**TATA POWER SOLAR SYSTEMS LIMITED**

## INDEPENDENT AUDITOR'S REPORT

### To The Members of Tata Power Solar Systems Limited

#### 1. Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Tata Power Solar Systems 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 year then ended, 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 profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### **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.



- (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 has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts 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**  
Partner  
Membership No. 204108

Place: Bengaluru  
Date : April 27, 2017

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 5.1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

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

We have audited the internal financial controls over financial reporting of Tata Power Solar Systems Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year 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.

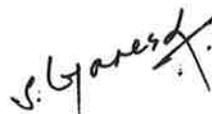
**5. Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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**  
Partner  
Membership No. 204108



Place: Bengaluru  
Date : April 27, 2017

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has granted unsecured loan to company covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
- (a) The terms and conditions of the grant of such loan is, in our opinion, *prima facie*, not prejudicial to the Company's interest.
  - (b) The schedule of repayment of principal and payment of interest has been stipulated and the repayments or receipts of principal amounts and interest have been regular as per stipulations.
  - (c) There is no amount overdue for more than 90 days at the balance sheet date.

The Company has not granted any secured loans to companies, and loans, secured or unsecured to firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans and making investments. The Company has not provided any guarantees and securities.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and did not have any unclaimed deposits.



- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company have been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (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) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

<b>Name of Statute</b>	<b>Nature of Dues</b>	<b>Forum where Dispute is pending</b>	<b>Period to which the amount relates</b>	<b>Amount Involved (Rs. in Lakhs)</b>	<b>Amount Unpaid (Rs. in Lakhs)</b>
Income Tax Act, 1961	Income Tax	Commissioner Income Tax (Appeals)	FY 2003-04	1,629.70	-
Income Tax Act, 1961	Income Tax	Commissioner Income Tax (Appeals)	FY 2007-08	580.60	-
Income Tax Act, 1961	Income Tax	Commissioner Income Tax (Appeals)	FY 2008-09	1,419.69	-
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	FY 2009-10	2,658.39	1,698.43
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	FY 2010-11	719.91	-
Income Tax Act, 1961	Income Tax	Commissioner Income Tax (Appeals)	FY 2012-13	258.67	-
Karnataka VAT Act, 2003	Karnataka VAT	Joint Commissioner	FY 2009-10	130.28	130.28
Karnataka VAT Act, 2003	Karnataka VAT	Deputy Commissioner	FY 2012-13	297.28	227.38



- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans to bank. There are no loans or borrowings from financial institutions and government and the Company has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company 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 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 (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 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 : April 27,2017

Tata Power Solar Systems Limited  
Balance Sheet as at March 31, 2017

		Rs. in Lakhs			
Particulars		Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>A</b>	<b>ASSETS</b>				
<b>1</b>	<b>Non-current assets</b>				
	(a) Property, plant and equipment	5	29,061.61	20,691.17	20,441.20
	(b) Capital work-in-progress	5	924.73	992.92	53.55
	(c) Intangible assets	6	370.51	10.69	2.22
	(d) Intangible assets in progress	6	-	105.33	0.58
	(e) Financial assets				
	(i) Investment in subsidiary	7	100.00	-	-
	(ii) Trade receivables	9	215.56	423.79	1,135.17
	(iii) Other Financial assets	12	249.16	232.18	490.20
	(f) Non-current tax assets (net)	13	3,084.18	3,084.18	2,792.41
	(g) Deferred tax assets (net)	39	-	-	-
	(h) Other non-current assets	14	28.62	56.71	68.24
	<b>Total non-current assets</b>		<b>34,034.37</b>	<b>25,596.97</b>	<b>24,983.57</b>
<b>2</b>	<b>Current assets</b>				
	(a) Inventories	8	24,911.96	19,949.05	19,938.02
	(b) Financial assets				
	(i) Trade receivables	9	92,764.73	48,480.10	32,885.65
	(ii) Cash and cash equivalents	10	10,863.43	70.12	398.53
	(iii) Loans	11	2,013.14	19.98	34.87
	(iv) Others	12	3,591.17	605.21	533.70
	(c) Current tax assets (net)	13	-	-	-
	(d) Other current assets	14	6,901.48	3,685.31	3,369.66
	<b>Total current assets</b>		<b>1,41,045.91</b>	<b>72,809.77</b>	<b>57,160.43</b>
	<b>Total assets (1+2)</b>		<b>1,75,080.28</b>	<b>98,406.74</b>	<b>82,144.00</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>				
<b>1</b>	<b>Equity</b>				
	(a) Equity share capital	15	22,977.57	22,977.57	6,777.57
	(b) Other equity	16	9,457.28	1,702.87	(1,140.12)
	<b>Total equity</b>		<b>32,434.85</b>	<b>24,680.44</b>	<b>5,637.45</b>
	<b>Liabilities</b>				
<b>2</b>	<b>Non-current liabilities</b>				
	(a) Financial liabilities				
	(i) Borrowings	17	-	-	9,265.63
	(b) Provisions	20	4,304.42	3,732.76	3,025.60
	(c) Non-current tax liabilities (net)	21	373.55	373.55	373.55
	(d) Deferred tax liabilities (net)	39	-	-	-
	(e) Other non-current liabilities	22	2,795.59	933.44	-
	<b>Total non-current liabilities</b>		<b>7,473.56</b>	<b>5,039.75</b>	<b>12,664.78</b>
<b>3</b>	<b>Current liabilities</b>				
	(a) Financial liabilities				
	(i) Borrowings	17	52,963.36	30,653.85	23,794.58
	(ii) Trade payables	18	53,399.10	30,724.29	25,665.16
	(iii) Other financial liabilities	19	8,841.99	1,376.23	10,168.38
	(b) Provisions	20	4,696.43	2,226.90	1,117.50
	(c) Current tax liabilities (net)	21	283.41	-	-
	(d) Other current liabilities	22	14,987.58	3,705.28	3,096.15
	<b>Total current liabilities</b>		<b>1,35,171.87</b>	<b>68,686.55</b>	<b>63,841.77</b>
	<b>Total equity and liabilities (1+2+3)</b>		<b>1,75,080.28</b>	<b>98,406.74</b>	<b>82,144.00</b>

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: *Bangalore*  
Date: *April 27, 2017*

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

*Ashish Khanna*  
ASHISH KHANNA  
EXECUTIVE DIRECTOR &  
CHIEF EXECUTIVE OFFICER  
DIN: 06699527

*Shravan*  
DIRECTOR  
DIN: 02336635

*Satish Gupta*  
SATISH GUPTA  
CHIEF FINANCIAL OFFICER

*Neha Malik*  
NEHA MALIK  
COMPANY SECRETARY

Place: *Mumbai*  
Date: *April 27, 2017*

**Tata Power Solar Systems Limited**  
**Statement of Profit and Loss for the year ended March 31, 2017**

Rs. In Lakhs except earnings per equity share

Particulars	Note No.	For the year ended March 31, 2017	For the year March 31, 2016
I Revenue from operations	23	2,26,130.78	1,49,032.02
II Other income	24	130.55	955.66
III <b>Total income (I + II)</b>		<b>2,26,261.33</b>	<b>1,49,987.68</b>
<b>IV Expenses</b>			
Cost of materials consumed		1,73,947.06	1,14,528.43
Changes in stock of finished goods, work-in-progress and stock-in-trade		3,053.81	3,837.64
Excise duty on sale of goods		-	5.43
Employee benefit expense	25	9,430.10	8,557.48
Finance costs	26	2,670.08	3,455.26
Depreciation and amortisation expense	27	4,009.05	3,645.30
Other expenses	28	23,482.78	14,142.23
V <b>Total expenses (V)</b>		<b>2,16,592.88</b>	<b>1,48,171.77</b>
VI <b>Profit before exceptional items and tax (III- V)</b>		<b>9,668.45</b>	<b>1,815.91</b>
VII <b>Exceptional Items</b>		-	-
VIII <b>Profit before tax (VI - VII)</b>		<b>9,668.45</b>	<b>1,815.91</b>
<b>IX Tax expense</b>			
(1) Current tax	29	-	-
(2) Minimum alternate tax	29	1,869.44	-
(3) Deferred tax	39	-	-
<b>Total tax expense</b>		<b>1,869.44</b>	-
X <b>Profit for the year (VIII-IX)</b>		<b>7,799.01</b>	<b>1,815.91</b>
<b>XI Other comprehensive income</b>			
<u>Items that will not be recycled to profit or loss</u>			
(i) Remeasurements of the defined benefit liabilities / (asset)		(56.70)	(234.79)
(ii) Income tax relating to items that will not be reclassified to profit or loss	29	(12.10)	-
<b>Total other comprehensive income</b>		<b>-44.60</b>	<b>-234.79</b>
XII <b>Total comprehensive income for the year (X + XI)</b>		<b>7,754.41</b>	<b>1,581.12</b>
<b>XIII Earnings per equity share (Rs.) :</b>	38		
(1) Basic		33.75	23.03
(2) Diluted		33.75	23.03

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: *Bangalore*  
Date: *April 27, 2017*

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

*Ashish Khanna*

**ASHISH KHANNA**  
EXECUTIVE DIRECTOR  
& CHIEF EXECUTIVE  
OFFICER  
DIN: 066127

*Shraddha*

**DIRECTOR**  
DIN: 02336635



*Satish Gupta*

**SATISH GUPTA**  
CHIEF FINANCIAL  
OFFICER

*Neaha Malik*

**NEHA MALIK**  
COMPANY SECRETARY

Place: *Mumbai*  
Date: *April 27, 2017*

**Tata Power Solar Systems Limited**  
**Statement of changes in equity for the year ended March 31, 2017**

	Rs. in Lakhs
<b>a. Equity share capital</b>	
Balance as at April 1, 2015	6,777.57
Add: Fresh issue (Refer Note 15)	7,500.00
Add: Conversion of preference shares (Refer Note 15)	8,700.00
<b>Balance as at March 31, 2016</b>	<u>22,977.57</u>
Balance as at April 1, 2016	22,977.57
Add: Fresh issue (Refer Note 15)	-
<b>Balance as at March 31, 2017</b>	<u>22,977.57</u>

**b. Other Equity**

Particulars	Reserves and surplus (Refer Note 16)						Total other equity	
	Capital reserve	Securities premium reserve	General reserve	Capital redemption Reserve	Deemed Equity	Ind AS Adjustment Reserve	Retained earnings	Other comprehensive Income
Balance as at April 1, 2015	-	14,587.09	4,735.00	2,295.00	-	1,652.40	(24,409.61)	(1,140.12)
Profit for the year (Refer Note 40.2)	-	-	-	-	-	-	1,815.91	1,815.91
Add: Deemed Equity on conversion of Preference Shares (Refer Note 15(ii)(c))	-	-	-	-	1,261.87	-	-	1,261.87
Add: Other comprehensive income (Refer Note 40.2)	-	-	-	-	-	-	-	(234.79)
<b>Balance as at March 31, 2016</b>	-	<u>14,587.09</u>	<u>4,735.00</u>	<u>2,295.00</u>	<u>1,261.87</u>	<u>1,652.40</u>	<u>(22,593.70)</u>	<u>(234.79)</u>
Balance as at April 1, 2016	-	14,587.09	4,735.00	2,295.00	1,261.87	1,652.40	(22,593.70)	1,702.87
Profit for the year	-	-	-	-	-	-	7,799.01	7,799.01
Add: Other comprehensive income net of income tax (Refer Note 16)	-	-	-	-	-	-	-	(44.60)
<b>Balance as at March 31, 2017</b>	-	<u>14,587.09</u>	<u>4,735.00</u>	<u>2,295.00</u>	<u>1,261.87</u>	<u>1,652.40</u>	<u>(14,794.69)</u>	<u>(279.39)</u>

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: *Bangalore*

Date: *April 27, 2017*

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

*Ashish Khanna*  
**ASHISH KHANNA**  
 EXECUTIVE DIRECTOR & CHIEF EXECUTIVE OFFICER  
 DIN: 06699527

*Satish Gupta*  
**SATISH GUPTA**  
 CHIEF FINANCIAL OFFICER

Place: *Mumbai*  
 Date: *April 27, 2017*

*Neela Malik*

**DIRECTOR**  
 DIN: 02336635

*Neela Malik*  
**NEELA MALIK**  
 COMPANY SECRETARY



**Tata Power Solar Systems Limited**  
Cash flow statement for the year ended March 31, 2017

Rs. In Lakhs

Particulars	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Cash flows from operating activities</b>			
Profit for the year		7,799.01	1,815.91
Adjustments for:			
Income tax expense recognised in profit or loss		1,869.44	-
Finance costs recognised in profit or loss	26	2,670.08	3,455.26
Interest income recognised in profit or loss	24(a)	(130.46)	(255.16)
Other non-operating income (net of expenses directly attributable to such income)	24(b)	(0.09)	(675.09)
Loss/ (Gain) on disposal of property, plant and equipment	24(c), 28	0.15	(25.41)
Impairment loss allowance on trade receivables	28.2	3,763.35	1,084.74
Reversal of impairment loss allowance on trade receivables	28.2	(1,900.71)	(608.76)
Impairment loss allowance on deposits	28.2	165.89	66.16
Reversal of impairment loss allowance on deposits	28.2	(50.06)	-
Depreciation and amortisation expense	27	4,009.05	3,645.30
Net loss on foreign currency transactions		2,370.23	659.68
Income from government grant	23(c)	(996.41)	-
Provision for warranty	28	1,184.16	762.62
		<b>20,753.63</b>	<b>9,925.25</b>
Movements in working capital:			
(Increase) in trade and other receivables		(49,241.74)	(15,373.50)
(Increase) in inventories	8	(4,962.91)	(11.03)
(Increase) in other assets		(3,053.39)	(152.77)
Increase in trade and other payables		21,879.42	5,990.64
Increase in provisions		1,717.77	2,237.49
(Increase)/decrease in other liabilities		11,325.36	(645.48)
Cash generated from operations		<b>(1,581.86)</b>	<b>1,970.60</b>
Income taxes paid		(1,586.03)	(291.77)
<b>Net cash (used in)/ generated by operating activities</b>		<b>(3,167.89)</b>	<b>1,678.83</b>
<b>Cash flows from investing activities</b>			
Investment in subsidiary's equity	7	(100.00)	-
Interest received		102.13	268.08
Payments for property, plant and equipment (including capital advances)		(4,677.73)	(3,720.36)
Proceeds from disposal of property, plant and equipment		-	61.32
Payments for intangible assets		(338.83)	(117.16)
Amount of loan to related parties	11	(1,945.00)	-
<b>Net cash (used in) by investing activities</b>		<b>(6,959.43)</b>	<b>(3,508.12)</b>
<b>Cash flows from financing activities</b>			
Proceed from issue of equity shares	15(i)	-	7,500.00
Proceed from issue of preference shares	15(i)	-	4,200.00
Proceeds from borrowings (short-term)- net		35,447.77	10,629.52
Repayment of borrowings (long term)		-	(13,578.13)
Interest paid		(2,543.54)	(3,323.74)
<b>Net cash generated by financing activities</b>		<b>32,904.23</b>	<b>5,427.65</b>
<b>Net increase in cash and cash equivalents</b>		<b>22,776.91</b>	<b>3,598.36</b>
Cash and cash equivalents at the beginning of the year	10	(12,392.17)	(15,990.53)
<b>Cash and cash equivalents at the end of the year</b>	<b>10</b>	<b>10,384.74</b>	<b>(12,392.17)</b>

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



FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

*Ashish Khanna*  
**ASHISH KHANNA**  
EXECUTIVE DIRECTOR &  
CHIEF EXECUTIVE OFFICER  
DIN: 0669827

*Shankar*

**DIRECTOR**  
DIN: 02336635

*Satish Gupta*  
**SATISH GUPTA**  
CHIEF FINANCIAL OFFICER

*Neha Malik*  
**NEHA MALIK**  
COMPANY SECRETARY

Place: *Bangalore*  
Date: *April 27, 2017*

Place: *Mumbai*  
Date: *April 27, 2017*

**Tata Power Solar Systems Limited**  
**Notes forming part of the financial statements**  
**For the year ended March 31, 2017**

**1 Corporate information**

The Company was incorporated as Tata BP Solar India Limited, a Joint Venture between BP Alternative Energy Holdings Limited and The Tata Power Company Limited, in 1989 at Bengaluru. Subsequently in June 2012, the Tata Power Company Limited acquired the outstanding shares held by BP Alternative Energy Holdings Limited, whereby the Company became a wholly owned subsidiary of The Tata Power Company Limited, as of June 30, 2012. Consequently the Company revised its name to Tata Power Solar Systems Limited with effect from August 29, 2012. The Company has incorporated a subsidiary Chirasthaayee Saurya Limited, Bengaluru, as at June 14, 2016 and the Company has made the necessary infusion of capital. Pursuant to Rule 6 of the Companies (Accounts) Rules, 2014 (Amended Rules). The Company has not presented consolidated financial statement as its Parent Company (The Tata Power Company Limited) is incorporated in India and presenting the consolidated financial statement as required by the Companies Act, 2013.

The Company is involved in the manufacture of solar cells and solar photovoltaic module/systems. The Company's manufacturing operations are located only at Bengaluru. The subsidiary is involved in the setting up solar power plant.

**2 Application of new and revised Ind AS's**

As on 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. The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities.

Up to the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015.

**3.2 Basis of preparation and presentation**

This financial statements has been reported in Rs. Lakhs, except for information pertaining to number of shares and earnings per share information.

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.



**Tata Power Solar Systems Limited**  
**Notes forming part of the financial statements**  
**For the year ended March 31, 2017**

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**The principal accounting policies are set out below.**

**3.3 Non-current assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

**3.4 Revenue recognition**

Revenue is recognised to the extent that it is probable that economic benefit will flow to the Company and that the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

**3.4.1 Sale of Goods and Services**

Revenue from sale of goods is recognized, net of returns and trade discounts, either on dispatch or delivery of goods to customer as per terms of contract, at which time the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the transactions will flow to the Company; and
- the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue on installation and commissioning contracts are recognized as per the terms of contract.

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

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

**3.4.2 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.



**Tata Power Solar Systems Limited**  
**Notes forming part of the financial statements**  
**For the year ended March 31, 2017**

### **3.5 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 Lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income 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 Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### 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.

### **3.6 Foreign currencies**

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

### **3.7 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.



**Tata Power Solar Systems Limited**  
**Notes forming part of the financial statements**  
**For the year ended March 31, 2017**

**3.8 Employee benefits**

**3.8.1 Retirement benefit costs and termination benefits**

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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

**3.8.2 Short-term and other long-term employee benefits**

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

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

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

**3.9 Taxation**

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

**3.9.1 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.



**Tata Power Solar Systems Limited**  
**Notes forming part of the financial statements**  
**For the year ended March 31, 2017**

**3.9.2 Deferred tax**

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

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

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

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.

**3.9.3 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.

**3.10 Property, plant and equipment**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated.

Fixtures and equipment (including vehicles) are stated at cost less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Estimated useful lives of the assets are as follows:

- Tangible fixed assets - The useful life is as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:



**Tata Power Solar Systems Limited**  
**Notes forming part of the financial statements**  
**For the year ended March 31, 2017**

- i. Plant and Machinery: Useful life ranging from 3 to 14 years (earlier 3 to 7 years)
  - ii. In case of low value assets, i.e. assets individually costing less than Rs. 5,000/-, they are depreciated in full in the year of capitalisation.
- Lease-hold improvements are amortised over the primary period of the lease

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

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

Deemed cost on transition to Ind AS

For transition to Ind AS, the Company has made the following elections, as provided under Ind AS 101 "First-time Adoption of Indian Accounting Standards", to determine the deemed cost as of April 01, 2015 (transition date) :

- Fair value of land, buildings and plant and machinery
- As per Ind AS 16 for all other items of property, plant and equipment.

**3.11 Intangible assets**

**3.11.1 Intangible assets acquired separately**

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

**3.11.2 Derecognition of intangible assets**

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

**3.11.3 Useful lives of intangible assets**

Estimated useful lives of the intangible assets are as follows:

- Software purchased : 3 years
- ERP Implementation costs : 5 years

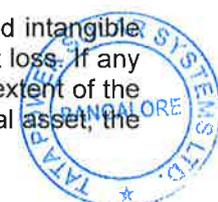
The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

**3.11.4 Deemed cost on transition to Ind AS**

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**3.12 Impairment of tangible and intangible assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the



**Tata Power Solar Systems Limited**  
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Company estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

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

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

### **3.13 Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average basis. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

### **3.14 Provisions**

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

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

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.

#### **3.14.1 Onerous contracts**

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

#### **3.14.2 Warranties**

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Company's obligation. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise



**Tata Power Solar Systems Limited**  
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**For the year ended March 31, 2017**

**3.15 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.

**3.16 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

**3.16.1 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.

For the impairment policy on financial assets measured at amortised cost, refer Note 3.16.4

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.

For the impairment policy on debt instruments at FVTOCI, refer Note 3.16.4

All other financial assets are subsequently measured at fair value.

**3.16.2 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.



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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.

**3.16.3 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 Company 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 Company'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.

**3.16.4 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.

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.



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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.

**3.16.5 Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

**3.16.6 Foreign exchange gains and losses**

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- 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.

**3.17 Financial liabilities and equity instruments**

**3.17.1 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.



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**3.17.2 Equity instruments**

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

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.

**3.17.3 Compound financial instruments**

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

**3.17.4 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.

**3.17.4.1 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.

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



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- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a Company of 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.

**3.17.4.2** 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 costs of an asset is included in the 'Finance costs' line item.

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

**3.17.4.3** Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company entity are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

**3.17.4.4** Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.



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3.17.4.5 Derecognition of financial liabilities

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

**3.18 Derivative financial instruments**

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

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

**3.19 Government grants**

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

**3.20 Investment in subsidiary**

Investment in subsidiaries is measured at cost. Dividend income from subsidiaries is recognised when its right to receive the dividend is established.

**3.21 First-time adoption - mandatory exceptions, optional exemptions**

3.21.1 Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.



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**3.21.2 Derecognition of financial assets and financial liabilities**

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

**3.21.3 Classification of debt instruments**

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

**3.21.4 Impairment of financial assets**

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

**3.21.5 Assessment of embedded derivatives**

The Company has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date it first became a party to the contract and the date when there has been a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

**3.21.6 Determining whether an arrangement contains a lease**

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

**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 is revised if the revision affect 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, apart from those involving estimations (see note 4.2 below), 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 statement.

**4.2 Key sources of estimation uncertainty**

**4.2.1 Useful lives of Property, Plant and Equipment**

As described at Note 3.10 above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.



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4.2.2 Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of the Company has appointed a professional valuer, to determine the fair value by using appropriate valuation techniques and inputs for fair value.

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The cross functional team of the Company works closely with the valuer to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the finding to the board of directors of the Company every quarter to explain the cause of fluctuations in the fair value of the assets and liabilities.



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Note - 5 : Property, plant and equipment and capital work-in-progress

Carrying amounts of:	Rs. In Lakhs					Rs. In Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2015	As at April 1, 2015			
Land	7,456.80	7,456.80	7,456.80	7,456.80	7,456.80			
Building	6,132.34	6,460.52	6,788.23	6,788.23	6,788.23			
Plant and machinery	15,075.16	6,386.21	5,777.78	5,777.78	5,777.78			
Factory equipment	9.18	126.30	186.20	186.20	186.20			
Office equipment	241.55	96.79	38.27	38.27	38.27			
Furniture and fixtures	146.58	164.55	193.92	193.92	193.92			
Leasehold improvements	-	-	-	-	-			
<b>Total Net Block</b>	<b>29,061.61</b>	<b>20,691.17</b>	<b>20,441.20</b>	<b>20,441.20</b>	<b>20,441.20</b>			
Capital work-in-progress	924.73	992.92	53.55	53.55	53.55			
<b>Total Capital work-in-progress</b>	<b>924.73</b>	<b>992.92</b>	<b>53.55</b>	<b>53.55</b>	<b>53.55</b>			
<b>Particulars</b>	<b>Land*</b>	<b>Building*</b>	<b>Plant and machinery*</b>	<b>Factory equipment*</b>	<b>Leasehold improvements</b>	<b>Office equipment*</b>	<b>Furniture and fixtures*</b>	<b>Total</b>
<b>Cost or deemed cost</b>								
Balance as at April 1, 2015 (Refer Note 5.1 below)	7,456.80	6,788.23	5,777.78	3,587.62	20.84	1,393.96	776.24	25,801.47
Additions made during the year	-	-	3,830.49	92.68	-	4.07	4.07	3,927.24
Disposals/ adjustments during the year	-	-	-	(2,749.93)	-	-	(0.39)	(2,750.32)
<b>Balance as at March 31, 2016</b>	<b>7,456.80</b>	<b>6,788.23</b>	<b>9,608.27</b>	<b>837.69</b>	<b>20.84</b>	<b>1,486.64</b>	<b>779.92</b>	<b>26,978.39</b>
Additions made during the year	-	-	12,077.16	(5.47)	-	201.90	16.24	12,295.30
Disposals/ adjustments during the year	-	-	-	832.22	-	(21.10)	(8.70)	(35.27)
<b>Balance as at March 31, 2017</b>	<b>7,456.80</b>	<b>6,788.23</b>	<b>21,685.43</b>	<b>832.22</b>	<b>20.84</b>	<b>1,667.44</b>	<b>787.46</b>	<b>39,238.42</b>
<b>Accumulated depreciation</b>								
Balance as at April 1, 2015 (Refer Note 5.1 below)	-	-	-	3,401.42	20.84	1,355.69	582.32	5,360.27
Depreciation expense for the year	-	327.71	3,222.06	23.99	-	34.16	33.44	3,641.36
Disposals/ adjustments for the year	-	-	-	(2,714.02)	-	-	(0.39)	(2,714.41)
<b>Balance as at March 31, 2016</b>	<b>-</b>	<b>327.71</b>	<b>3,222.06</b>	<b>711.39</b>	<b>20.84</b>	<b>1,389.85</b>	<b>615.37</b>	<b>6,287.22</b>
Depreciation expense for the year	-	328.18	3,388.21	117.12	-	57.14	34.06	3,924.71
Disposals/ adjustments for the year	-	-	-	(5.47)	-	(21.10)	(8.55)	(35.12)
<b>Balance as at March 31, 2017</b>	<b>-</b>	<b>655.89</b>	<b>6,610.27</b>	<b>823.04</b>	<b>20.84</b>	<b>1,425.89</b>	<b>640.88</b>	<b>10,176.81</b>
<b>Net Block as at March 31, 2017</b>	<b>7,456.80</b>	<b>6,132.34</b>	<b>15,075.16</b>	<b>9.18</b>	<b>-</b>	<b>241.55</b>	<b>146.58</b>	<b>29,061.61</b>

\*Owned otherwise stated



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**Note - 5.1:**

The Company has elected to use fair value in its opening Ind AS Balance Sheet (as at April 1, 2015), as deemed cost for land, building and plant & machinery is carried at fair value of Rs. 7,456.80 Lakhs, Rs.6,788.23 Lakhs and Rs. 5,777.78 Lakhs respectively, carrying amount reported under previous GAAP was Rs. 325.67 Lakhs, Rs. 4,546.25 Lakhs and Rs. 13,498.49 Lakhs respectively. Difference between the fair value and carrying amount reported under previous GAAP of Rs. 1,652.40 Lakhs has been credited to Retained Earnings as at April 1, 2015 (transition date).

The fair value of the above mentioned assets as at April 1, 2015 have been arrived at on the basis of a valuation carried out as at March 31, 2015 by Ernst & Young LLP, professional firm which has chartered engineer and member of Institution of Engineers and Practising Valuers Association of India, and they have appropriate qualification and recent experience in the valuation of land, building and plant & machineries.

For the land held by the Company in Electronic City- Unit I and Unit II, the fair value was derived using the sales comparison method under the market approach. The valuation of land is derived based on adjusted asking prices for comparable land in the vicinity of the subject land parcels and also considered the recent transactions of similar land parcels in the micro-market. Consideration was also given to factors such as negotiation margin, existing land use, size, road frontage & location on a broad level basis to estimate the applicable land rate.

For the buildings of the Company in Electronic City - Unit I and Unit II, the fair value was derived using the depreciated replacement cost method (DRC). DRC has been worked out using Replacement Cost New (RCN) as the basis. The Indirect or Indexing method was used to arrive at the RCN for buildings. In this method, a ratio multiplier based on applicable index of a particular category of assets in comparison to the similar index at the time of procurement/ acquisition of asset is computed. This multiplier is then applied to the historical cost of the asset, to arrive at the basic RCN. Depreciation has been deducted from the RCN of buildings and other civil works to arrive at its Depreciated Replacement Cost (DRC). For this, straight line method of depreciation based on age and total life of the asset has been used. Since, all the buildings were being fully utilised around the valuation date no functional obsolescence has been considered.

For plant & machinery held by the Company as at April 1, 2015, the fair value was derived by using a combination of the indirect / indexing method and direct method under the DRC approach. Replacement Cost New of plant & machinery of a complete solar panel manufacturing plant involving latest technology and including cell line, module line, cell line & module line specific utilities, general plant utilities and testing & quality control equipment was considered for equipment of similar function and capacity as those existing in the Company.

**Note - 6 : Intangible Assets**

	Rs. in Lakhs			
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at April 1, 2015
Carrying amounts of:				
Software*	370.51	10.69	2.22	2.22
Technical knowhow*	-	-	-	-
<b>Total Net Block</b>	<b>370.51</b>	<b>10.69</b>	<b>2.22</b>	<b>2.22</b>
Capital work-in-progress	-	105.33	0.58	0.58
<b>Total Capital work-in-progress</b>	<b>-</b>	<b>105.33</b>	<b>0.58</b>	<b>0.58</b>
*Owned otherwise stated				

Particulars	Rs. in Lakhs			Total
	Software	Technical knowhow		
<b>Cost or deemed cost</b>				
Balance as at April 1, 2015	201.77	907.39	1,109.16	
Additions made during the year	12.41	-	12.41	
Disposals/ adjustments during the year	-	-	-	
<b>Balance as at March 31, 2016</b>	<b>214.18</b>	<b>907.39</b>	<b>1,121.57</b>	
Additions made during the year	444.16	-	444.16	
Disposals/ adjustments during the year	-	-	-	
<b>Balance as at March 31, 2017</b>	<b>658.34</b>	<b>907.39</b>	<b>1,565.73</b>	
<b>Accumulated depreciation</b>				
Balance as at April 1, 2015	199.55	907.39	1,106.94	
Depreciation expense for the year	3.94	-	3.94	
Disposals/ adjustments for the year	-	-	-	
<b>Balance as at March 31, 2016</b>	<b>203.49</b>	<b>907.39</b>	<b>1,110.88</b>	
Depreciation expense for the year	84.34	-	84.34	
Disposals/ adjustments for the year	-	-	-	
<b>Balance as at March 31, 2017</b>	<b>287.83</b>	<b>907.39</b>	<b>1,195.22</b>	
<b>Net Block as at March 31, 2017</b>	<b>370.51</b>	<b>-</b>	<b>370.51</b>	



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Notes to the financial statements for the year ended March 31, 2017

Note - 7: Investments

Particulars	Rs. In Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Non-current Investments</b>			
Unquoted investments (all fully paid)			
Investments in equity instruments at cost			
- Chirasthaayee Saurya Limited (wholly owned subsidiary) (1,000,000 shares of Rs. 10 each) (Refer Note 7.1 below)	100.00	-	-
<b>Total</b>	<b>100.00</b>	<b>-</b>	<b>-</b>

Note - 7.1: Investment in equity instrument

The Company has incorporated a subsidiary Chirasthaayee Saurya Limited registered in Bengaluru on June 14, 2016. The Company has made total investment of Rs. 100 Lakhs in the form of equity as at March 31, 2017. The subsidiary is yet to commence its operations.

Note - 8: Inventories

Particulars	Rs. In Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Inventories (lower of cost and net realisable value)			
Raw materials	15,678.58	13,769.48	9,920.81
Work-in-progress	601.78	32.47	86.22
Finished and semi-finished goods	8,631.60	6,147.10	9,930.99
<b>Total</b>	<b>24,911.96</b>	<b>19,949.05</b>	<b>19,938.02</b>
Included above, goods-in-transit:			
Raw materials	3,069.06	1,965.26	848.36
<b>Total</b>	<b>3,069.06</b>	<b>1,965.26</b>	<b>848.36</b>

The cost of materials consumed include inventories and project related materials delivered at site recognised as an expense during the year was Rs. 173,947.06 Lakhs (for the year ended March 31, 2016: Rs. 114,528.43 Lakhs)

The cost of inventories recognised as an expense, referred above, includes Rs 745.90 Lakhs (for the year ended March 31, 2016: Rs 650.00 Lakhs) in respect of write-downs of inventory to net realisable value.

The Mode of valuation of Inventories has been stated in Note 3.13



Tata Power Solar Systems Limited  
Notes to the financial statements for the year ended March 31, 2017

Note - 9: Trade receivables

Particulars	Rs. In Lakhs					
	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non-current	Current	Non-current	Current	Non-current
Secured, considered good	-	-	-	-	-	-
Unsecured, considered good						
Receivable from related parties (Refer Note 36)	36,113.69	-	428.37	-	1,692.62	-
Receivable from parties other than related parties	57,103.78	215.56	49,647.67	423.79	33,397.73	1,135.17
Doubtful	6,099.26	624.09	3,093.42	624.09	2,015.64	617.13
Less: Allowance for doubtful debts (including expected credit loss allowance)	(6,552.00)	(624.09)	(4,689.36)	(624.09)	(4,220.34)	(617.13)
<b>Total</b>	<b>92,764.73</b>	<b>215.56</b>	<b>48,480.10</b>	<b>423.79</b>	<b>32,885.65</b>	<b>1,135.17</b>

Note - 9.1 : Receivables

The average credit period on sale of goods and services ranges between 60 to 90 days. No interest is normally charged on the trade receivable outstanding balances. Before accepting any new customer, the Company does a credit evaluation either through internal evaluations or through external analysts reports except in the case of Government funded projects and large Public Sector Undertakings (PSUs) which are considered to have high credit quality, to assess the potential customer's credit quality.

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix for different categories of customers. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing

Particulars

Expected credit loss (%)

Within the credit period  
1-30 days past due  
31-60 days past due  
61-90 days past due  
91-120 days past due  
121-150 days past due  
151-180 days past due  
More than 180 days past due

upto 0.30%  
upto 0.56%  
upto 0.67%  
upto 0.93%  
upto 1.21%  
upto 1.72%  
upto 2.12%  
upto 2.35%

Age of receivables

Particulars

As at March 31, 2017

As at March 31, 2016

Rs. In Lakhs  
As at April 1, 2015

Within the credit period	37,261.96	20,869.82	15,118.35
1-30 days past due	15,406.96	16,488.30	865.86
31-60 days past due	20,156.36	974.15	2,563.14
61-90 days past due	5,218.99	3,530.04	567.75
91-120 days past due	3,745.71	990.17	1,456.59
121-150 days past due	2,016.11	92.71	2,784.64
151-180 days past due	4,100.79	483.84	1,072.99
More than 180 days past due	12,249.50	10,788.32	14,428.97

Movement in the allowance for doubtful receivables (including expected credit loss allowance)

(a) Expected credit loss allowance

Rs. In Lakhs

Particulars	Rs. In Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Balance at beginning of the year	1,595.94	2,204.70
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	(1,143.20)	(608.76)
<b>Balance at end of the year</b>	<b>452.74</b>	<b>1,595.94</b>

(b) Specific allowance for doubtful receivables

Rs. In Lakhs

Particulars	Rs. In Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Balance at beginning of the year	3,717.51	2,632.77
Add: Specific allowance on trade receivables	3,763.35	1,084.74
Less: Reversal of allowance on collection	(757.51)	-
<b>Balance at end of the year</b>	<b>6,723.35</b>	<b>3,717.51</b>

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

During the year, the Company made no write-offs of trade receivables, it does not expect to receive future cash flows or recoveries from collection of cash flows previously written off.

Note - 10: Cash and bank balances

Particulars	Rs. In Lakhs		
	As at	As at	As at
	March 31, 2017	March 31, 2016	April 1, 2015
Balances with banks	10,863.43	70.12	397.79
Cash in hand (Refer Note 10.1 below)	-	-	0.74
<b>Cash and cash equivalents as per balance sheet</b>	<b>10,863.43</b>	<b>70.12</b>	<b>398.53</b>
Bank overdrafts (Refer Note 17 (A))	(478.69)	(12,462.29)	(16,389.06)
<b>Cash and cash equivalents as per statement of cashflows</b>	<b>10,384.74</b>	<b>(12,392.17)</b>	<b>(15,990.53)</b>

Note - 10.1 : 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 01st November, 2016 to 30th December, 2016 hence no disclosure in respect of Specified Bank Notes (SBN) held and transacted during the period from 01st November 2016 to 30th December 2016 has been made.







Tata Power Solar Systems Limited  
Notes to the financial statements for the year ended March 31, 2017

Note - 15: Equity share capital

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
<b>Authorised share capital:</b>						
Equity shares of Rs. 100/- each with voting rights	25,000,000	25,000.00	25,000,000	25,000.00	10,000,000	10,000.00
Redeemable cumulative non-convertible preference shares of Rs. 100/- each	-	-	-	-	5,000,000	5,000.00
<b>Issued, subscribed and fully paid:</b>						
Equity shares of Rs. 100/- each with voting rights	22,977,567	22,977.57	22,977,567	22,977.57	6,777,567	6,777.57
<b>Total</b>	<b>22,977,567</b>	<b>22,977.57</b>	<b>22,977,567</b>	<b>22,977.57</b>	<b>6,777,567</b>	<b>6,777.57</b>

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

Particulars	Rs. In Lakhs			
	Opening Balance	Fresh Issue	Conversion (Refer Note ii below)	Closing Balance
<b>(a) Equity shares with voting rights</b>				
Year ended March 31, 2017				
No. of Shares	22,977,567	-	-	22,977,567
Amount	22,977.57	-	-	22,977.57
Year ended March 31, 2016				
No. of shares	6,777,567	7,500,000	8,700,000	22,977,567
Amount	6,777.57	7,500.00	8,700.00	22,977.57
<b>(b) 9% Redeemable Cumulative Preference Shares</b>				
Year ended March 31, 2017				
No. of Shares	-	-	-	-
Amount	-	-	-	-
Year ended March 31, 2016				
No. of shares	4,500,000	4,200,000	(8,700,000)	-
Amount	4,500	4,200	(8,700)	-



**Tata Power Solar Systems Limited**  
Notes to the financial statements for the year ended March 31, 2017

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

**Redeemable Cumulative Non-Convertible Preference Shares**

- (a) The Company had issued 2,205,000 Preference Shares of Rs 100/- each to The Tata Power Company Limited at par for a total of Rs 220,500,000/- as 9% Redeemable Cumulative Non-Convertible Preference Shares. The Shares were Redeemable at par at the end of 5 years from the date of Allotment (July 20, 2006), or as may be decided by the Board of Directors, in accordance with the provisions of the Companies Act, 1956 or any enactment thereof. In the meeting of the Board of Directors held on 17th June 2011 and on December 24, 2011 the date of redemption was extended until redeemed by the Board or by an additional period of 5 years till 19th July 2016, whichever is earlier.
- The Company had issued 2,295,000 Preference Shares of Rs. 100/- each to The Tata Power Company Limited at par for a total of Rs. 229,500,000/- as 9% Redeemable Cumulative Non-Convertible Preference Shares. The Shares are Redeemable at par at the end of 5 years from the date of Allotment (January 28, 2015), or as may be decided by the Board of Directors, in accordance with the provisions of the Companies Act, 2013 or any enactment thereof.
- The Company further issued 4,200,000 Preference Shares of Rs. 100/- each to The Tata Power Company Limited at par for a total of Rs. 420,000,000/- as 8.1% Redeemable Cumulative Non-Convertible Preference Shares. The Shares are Redeemable at par at the end of 5 years from the date of Allotment (December 29, 2015), or as may be decided by the Board of Directors, in accordance with the provisions of the Companies Act, 2013 or any enactment thereof.
- (b) The Board of Directors, in their meeting held on March 23, 2016, proposed the revision of the terms of the issue of the preference shares, to permit the same to be converted to equity shares. A resolution for the revision in terms as well as the conversion of such preference shares into equity shares was approved by the Preference Share Holders and the existing equity shares holders at their meeting held on March 23, 2016. Consequently, all outstanding preference shares as of March 30, 2016 were converted at par to 8,700,000 equity shares of Rs. 100/- each.
- (c) The preference shares holders have also approved and granted the waiver of dividend accumulated up to the date of conversion on the said preference shares. The shareholders waived off the accrued interest of Rs. 1,261.87 Lakhs upto March 30, 2016. The Company has treated such waived dividend as 'deemed equity contribution' by the Parent.

**Equity Shares:**

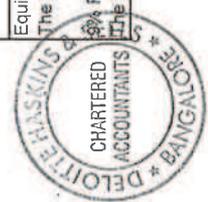
The Company has only one class of Equity Share, having a par value of Rs.100/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of the equity shares will be entitled to receive any of the remaining assets of the company, after distribution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

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

Particulars	No. of Shares	Particulars		No. of Shares
		9% Redeemable Cumulative Preference Shares		
<b>Equity shares with voting rights</b>				
<b>As at March 31, 2017</b>		<b>As at March 31, 2017</b>		
The Tata Power Company Limited, the Holding Company and its nominees	22,977,567	The Tata Power Company Limited, the Holding Company and its nominees	-	-
<b>As at March 31, 2016</b>		<b>As at March 31, 2016</b>		
The Tata Power Company Limited, the Holding Company and its nominees	22,977,567	The Tata Power Company Limited, the Holding Company and its nominees	-	-
<b>As at April 1, 2015</b>		<b>As at April 1, 2015</b>		
The Tata Power Company Limited, the Holding Company and its nominees	6,777,567	The Tata Power Company Limited, the Holding Company and its nominees	4,500,000	4,500,000

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

Class of shares / Name of shareholder	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights The Tata Power Company Limited and its nominees	22,977,567	100%	22,977,567	100%	6,777,567	100%
9% Redeemable Cumulative Preference Shares The Tata Power Company Limited and its nominees	-	-	-	-	4,500,000	100%



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Notes to the financial statements for the year ended March 31, 2017

Particulars	Rs. in Lakhs							Total
	Capital reserve (Refer Note 16.1)	Securities premium reserve (Refer Note 16.2)	General reserve (Refer Note 16.3)	Capital redemption Reserve (Refer Note 16.4)	Deemed equity (Refer Note 16.5)	Retained earnings (Refer Note 16.6)	Ind AS Adjustment Reserve (Refer Note 16.7)	
Balance as at April 1, 2015	10.14	14,587.09	4,735.00	2,295.00	-	(22,075.84)	-	(448.61)
Adjustment for Ind AS in opening balance sheet (Refer Note 40.1)	(10.14)	-	-	-	-	(2,333.77)	1,652.40	(691.51)
<b>Restated balance as on April 1, 2015</b>	-	<b>14,587.09</b>	<b>4,735.00</b>	<b>2,295.00</b>	-	<b>(24,409.61)</b>	<b>1,652.40</b>	<b>(1,140.12)</b>
Balance as at April 1, 2015	-	14,587.09	4,735.00	2,295.00	-	(24,409.61)	1,652.40	(1,140.12)
Profit for the year (Refer Note 40.2)	-	-	-	-	-	1,815.91	-	1,815.91
Add: Deemed Equity on conversion of Preference Shares (Refer Note 15 (ii))	-	-	-	-	1,261.87	-	-	1,261.87
Add: Remeasurement of defined benefit obligation (Refer Note 40.2)	-	-	-	-	-	-	-	(234.79)
<b>Restated balance as at March 31, 2016</b>	-	<b>14,587.09</b>	<b>4,735.00</b>	<b>2,295.00</b>	<b>1,261.87</b>	<b>(22,593.70)</b>	<b>1,652.40</b>	<b>1,702.87</b>
Balance as at April 1, 2016	-	14,587.09	4,735.00	2,295.00	1,261.87	(22,593.70)	1,652.40	1,702.87
Profit for the year	-	-	-	-	-	7,799.01	-	7,799.01
Add: Remeasurement of defined benefit obligation net of income tax	-	-	-	-	-	-	-	(44.60)
<b>Balance as at March 31, 2017</b>	-	<b>14,587.09</b>	<b>4,735.00</b>	<b>2,295.00</b>	<b>1,261.87</b>	<b>(14,794.69)</b>	<b>1,652.40</b>	<b>9,457.28</b>

**Note - 16.1 : Capital reserve**

The capital reserve pertains to the State Investment Subsidy.

**Note - 16.2 : Securities premium reserve**

Amounts received on issue of shares in excess of the par value has been classified as securities premium.

**Note - 16.3 : General reserve**

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. There is no policy of regular transfer. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

**Note - 16.4 : Capital redemption Reserve**

Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital redemption reserve.

**Note - 16.5 : Deemed equity**

The deemed equity pertains to the accrued interest on the preference shares waived by the preference shareholders. For further details refer Note 15 (ii).

**Note - 16.6 : Retained earnings**

The amount can be distributed by the Company as dividend to its equity shareholders.

**Note - 16.7 : Ind AS Adjustment Reserve**

The amount pertains to the fair value adjustment done to the Property, Plant & Equipment as per 'Indian Accounting Standard 101 (Ind AS 101) - First-time Adoption of Indian Accounting Standards'.

**Note - 16.8 : Other comprehensive income**

The amount pertains to the actuarial adjustments on account of re-measurement of net defined benefit liability/ asset.



Tata Power Solar Systems Limited  
Notes to the financial statements for the year ended March 31, 2017

**Note - 17: Current and non-current borrowings**

Particulars	Rs. In Lakhs					
	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
<b>A. Secured borrowings</b>						
(a) Term loans						
From banks- HSBC Bank Limited (Refer Note 17.1 below)	-	-	-	-	4,765.63	-
(b) Loans repayable on demand from banks						
Bank overdraft (Refer Note 17.2 below)	-	478.69	-	12,462.29	-	16,389.06
(c) Loans from related parties (Refer Note 15(ii))					4,500.00	-
<b>Total secured borrowings</b>	-	<b>478.69</b>	-	<b>12,462.29</b>	<b>9,265.63</b>	<b>16,389.06</b>
<b>B. Unsecured borrowings</b>						
(a) Loans repayable on demand from banks						
Commercial Paper (Refer Note 17.3 below and Note 36)	-	29,765.60	-	14,773.77	-	-
Bill discounting facility (Refer Note 17.4 below)	-	-	-	1,186.40	-	-
(b) Other loans						
Buyers credit (Refer Note 17.5 below)	-	22,719.07	-	2,231.39	-	7,405.52
<b>Total unsecured borrowings</b>	-	<b>52,484.67</b>	-	<b>18,191.56</b>	-	<b>7,405.52</b>
<b>Total</b>	-	<b>52,963.36</b>	-	<b>30,653.85</b>	<b>9,265.63</b>	<b>23,794.58</b>

**Note - 17.1: Term Loans**

- (i) The Company has secured the loan from HSBC against movable fixed assets of the Company.  
(ii) The Company has secured a pari-passu charge over its tangible assets with regard to the loans from Tata Capital Financial Services Limited and Tata Cleantech Capital Limited.  
(iii) Details of terms of repayment for the other long term borrowings:

Particulars	Other terms and conditions	Rs. In Lakhs		
		As at March 31, 2017	As at March 31,	As at April 1, 2015
		Secured*		
<b>Term loan from banks</b>				
HSBC Bank Limited	The loan is repayable in 16 equal quarterly instalments expiring in June, 2017 with interest at 11.70%. Refer Note (i) above for details of security.	-	-	8,578.13
<b>Total - Term loans from banks</b>		-	-	<b>8,578.13</b>
<b>Term loans from other parties</b>				
Tata Capital Financial Services Limited	The loans are repayable on a bullet payment after 1 year in March 2016 and carry an interest rate of 11.50%. Refer Note (ii) above for details of security.	-	-	3,500.00
Tata Cleantech Capital Limited		-	-	1,500.00
<b>Total - Term loans from other parties</b>		-	-	<b>5,000.00</b>

\* Includes the current maturity of long term borrowings, amounting to Rs. Nil (March 31, 2016- Rs. Nil and April 1, 2015- Rs. 8,812.50 Lakhs). Refer item (a) in Note 18 Other Financial Liabilities.

**Note - 17.2: Bank overdraft**

Secured through a pari passu charge by hypothecation of stores, raw materials, work-in-progress, finished goods and book debts.

**Note - 17.3: Commercial paper**

The commercial paper has a maturity period of 60-90 days and is secured by Corporate Guarantee from Tata Power Company Limited. The interest charge on the commercial paper ranges between 4.44% to 7.26%.

**Note - 17.4: Bill discounting facility**

Bills discounting with variable interest rate.

**Note - 17.5: Buyers credit**

Buyers credit are short term facilities provided for 30 to 180 days. The interest charge on the buyers credit ranges between 1.22% to 1.76%.

**Note - 18: Trade payables**

Particulars	Rs. In Lakhs					
	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non-current	Current	Non-current	Current	Non-current
Trade payables:						
- Total outstanding dues of micro enterprise and small enterprise (Refer Note 31)	31.78	-	43.41	-	21.32	-
- Total outstanding dues of creditors other than micro enterprise and small enterprise	53,367.32	-	30,680.88	-	25,643.84	-
<b>Total</b>	<b>53,399.10</b>	-	<b>30,724.29</b>	-	<b>25,665.16</b>	-

The average credit period for purchase of certain goods is from 30 to 90 days. No interest is charged on trade payables.



Note - 19: Other Financial Liabilities

Particulars	Rs. In Lakhs					
	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non-current	Current	Non-current	Current	Non-current
<b>Other financial liabilities measured at amortised cost</b>						
(a) Current maturities of long-term debt (Refer Note 19.1 below)	-	-	-	-	8,812.50	-
(b) Interest accrued (Refer Note 19.2 below)	40.12	-	8.14	-	982.24	-
(c) Creditors for capital supplies/services	5,165.29	-	488.31	-	240.57	-
(d) Interest on MSME (Refer Note 31)	0.60	-	0.70	-	0.48	-
(e) Trade / security deposits received	89.42	-	46.35	-	39.10	-
	<b>5,295.43</b>	<b>-</b>	<b>543.50</b>	<b>-</b>	<b>10,074.89</b>	<b>-</b>
<b>Other financial liabilities measured at fair value</b>						
Derivative financial instruments carried at fair value	3,546.56	-	832.73	-	93.49	-
	<b>3,546.56</b>	<b>-</b>	<b>832.73</b>	<b>-</b>	<b>93.49</b>	<b>-</b>
<b>Total</b>	<b>8,841.99</b>	<b>-</b>	<b>1,376.23</b>	<b>-</b>	<b>10,168.38</b>	<b>-</b>

Note - 19.1: Current maturities of long term debt  
(Refer Note 17.1 Term Loans for details of security and repayment.)

Particulars	Rs. In Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Term loan from banks</b>			
HSBC Bank Limited	-	-	3,812.50
<b>Term loans from other parties</b>			
Tata Capital Financial Services Limited	-	-	3,500.00
Tata Cleantech Capital Limited	-	-	1,500.00
<b>Total</b>	<b>-</b>	<b>-</b>	<b>8,812.50</b>

Note - 19.2: Interest accrued

The interest accrued includes interest accrued but not due on borrowings amounting to Rs. 40.12 Lakhs (As at March 31, 2016 - Rs. 8.14 Lakhs and as at April 1, 2015- Rs. 58.06 Lakhs). Refer Note 16.1 and Note 17.3 for the terms of the interest rate on the borrowings. The interest accrued as at April 1, 2015 also includes the dividend on 9% redeemable cumulative preference shares accrued upto April 1, 2015 amounting to Rs. 924.18 Lakhs. Also, refer Note 15(ii)(c).

Note - 20: Provisions

Particulars	Rs. In Lakhs								
	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
(a) Provision for employee benefits									
Provision for compensated absences (Refer Note 34.2)	121.78	802.02	923.80	34.13	629.63	663.76	36.18	488.51	524.69
Provision for gratuity (Refer Note 34.2)	26.64	1,488.67	1,515.31	-	1,207.82	1,207.82	-	868.69	868.69
Provision for retirement benefit plan (Refer Note 34.2)	42.55	425.10	467.65	36.21	446.04	482.25	34.49	357.68	392.17
(b) Other Provisions									
Warranty (Refer note 20.1 below)	1,313.55	1,588.63	2,902.18	605.00	1,449.27	2,054.27	675.00	1,310.72	1,985.72
Rectification work (Refer Note 20.1 below)	3,191.91	-	3,191.91	1,551.56	-	1,551.56	371.83	-	371.83
<b>Total</b>	<b>4,696.43</b>	<b>4,304.42</b>	<b>9,000.85</b>	<b>2,226.90</b>	<b>3,732.76</b>	<b>5,959.66</b>	<b>1,117.50</b>	<b>3,025.60</b>	<b>4,143.10</b>

Note - 20.1: Warranty Provision and Rectification work

Particulars	As at March 31, 2017 (Rs. In Lakhs)	
	Warranty Provision	Rectification work
Balance as at beginning of the year	2,054.27	1,551.56
Provision made during the year	1,184.16	2,188.90
Amounts incurred/utilized during the year	(383.58)	(548.55)
Unwinding of discount and effect of changes in the discount rate	47.33	-
<b>Balance as at the end of the year</b>	<b>2,902.18</b>	<b>3,191.91</b>

Of the above the amounts expected to be incurred within a year amounts to Rs. 1,313.55 Lakhs (March 31, 2016: Rs. 605 Lakhs). The warranty expenditure is expected to be incurred over the warranty life of the products as contracted, which varies from 10 to 25 years.

The provision for warranty claims represents the present value of the director's best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranties under sales of goods legislation. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

The provision for rectification work relates to the estimated cost of work agreed to be carried out for the rectification of goods supplied to the customers. The amount is anticipated to be expensed in the year 2017-18. These amounts have not been discounted for the purposes of measuring the provision for rectification work, because the effect is not material.

Note - 21: Non-current and current tax liabilities (net)

Particulars	Rs. In Lakhs								
	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Income tax payable (Net of advance tax of Rs. 6,193.30 Lakhs (As at March 31, 2016- Rs. 4,619.37 Lakhs and as at April 1, 2015- Rs. 4,619.37 Lakhs))	283.41	373.55	656.96	-	373.55	373.55	-	373.55	373.55
<b>Total</b>	<b>283.41</b>	<b>373.55</b>	<b>656.96</b>	<b>-</b>	<b>373.55</b>	<b>373.55</b>	<b>-</b>	<b>373.55</b>	<b>373.55</b>



Tata Power Solar Systems Limited  
Notes to the financial statements for the year ended March 31, 2017

Note - 22: Other current and non-current liabilities

Particulars	Rs. In Lakhs								
	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015				
	Current	Non-current	Current	Non-current	Current	Non-current	Total	Total	
(a) Advances received from customers	2,891.50	-	2,891.50	-	3,300.11	-	3,300.11	2,972.20	2,972.20
(b) Government grant (Refer Note- 22.1 below)	-	2,795.59	2,795.59	933.44	-	-	933.44	-	-
(c) Statutory dues (other than income taxes)	415.32	-	415.32	-	390.78	-	390.78	114.72	114.72
(d) Income received in advance (unearned revenue)	11,680.76	-	11,680.76	-	14.39	-	14.39	9.23	9.23
<b>Total</b>	<b>14,987.58</b>	<b>2,795.59</b>	<b>17,783.17</b>	<b>933.44</b>	<b>3,705.28</b>	<b>3,096.15</b>	<b>4,638.72</b>	<b>3,096.15</b>	<b>3,096.15</b>

Note - 22.1: Government grant

The Company has received government grants in the form of import duty exemption on purchase of capital goods, to be used for production of items for exports, based on the terms of the Export Promotion Capital Goods (EPCG) scheme. The Company recognises an income from such grants based on meeting the export obligations as specified under the EPCG scheme. Based on the guidance received from the Company's professional consultant on the exports achieved till March 31, 2017, the Company has recognised the income, to the proportionate extent of export obligations met, under operational income, refer Note 23(c).



**Tata Power Solar Systems Limited**  
Notes to the financial statements for the year ended March 31, 2017

**Note - 23: Revenue from operations**

Particulars	Rs. In Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Revenue from sale of goods (including Excise Duty of Nil for the year ended March 31, 2017; for the year ended March 31, 2016: Rs. 5.43 Lakhs)	223,422.15	147,777.27
(b) Revenue from rendering of services	1,520.24	935.65
(c) Other operating revenue		
- Income from government grant (Refer Note 22.1)	996.41	-
- Sale of scrap	118.72	163.55
- Sale of scrips for duty exemption	73.26	72.77
- Miscellaneous recoveries from customers	-	82.78
<b>Total</b>	<b>226,130.78</b>	<b>149,032.02</b>

**Note -24 Other income**

Particulars	Rs. In Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Interest income (Refer Note (i) below)	130.46	255.16
(b) Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	0.09	675.09
(c) Other gains (Refer Note (iii) below)	-	25.41
<b>Total</b>	<b>130.55</b>	<b>955.66</b>
<b>Notes</b>		
(i) <b>Interest income comprises :</b>		
Interest on Inter Corporate Deposits (Refer Note 38)	53.78	-
Interest from banks on deposits	-	11.39
Interest on delays in customer payments	62.94	214.48
Interest income earned on financial assets that are not designated as at Fair Value through profit or loss (Refer Note - 24.1 below)	-	18.66
Interest on electricity deposits	13.74	10.63
<b>Total</b>	<b>130.46</b>	<b>255.16</b>
(ii) <b>Other non-operating income (net of expenses directly attributable to such income) :</b>		
Provision no longer required written back	-	675.09
Rental Income (Refer Note 36)	0.09	-
<b>Total</b>	<b>0.09</b>	<b>675.09</b>
(iii) <b>Other gains</b>		
Gain on disposal of property, plant and equipment	-	25.41
<b>Total</b>	<b>-</b>	<b>25.41</b>

**Note 24.1**

The Interest income earned on financial assets that are not designated as at Fair Value through profit or loss pertains to the interest income earned on account of discounting of the rental deposits as at March 31, 2016.

**Note -25 Employee benefits expense**

Particulars	Rs. In Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Salaries and wages	7,767.17	7,194.50
(b) Contribution to provident and other funds (Refer Note 34.1)	719.88	732.58
(c) Staff welfare expenses	943.05	630.40
<b>Total</b>	<b>9,430.10</b>	<b>8,557.48</b>

**Note -26 Finance cost**

Particulars	Rs. In Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Interest expense :		
Interest on bank overdrafts and loans (other than those from related parties)	2,578.93	2,868.73
Interest on delayed remittance of income taxes	43.82	-
(b) Dividend on redeemable preference shares	-	337.69
(c) Other borrowing cost		
Foreign exchange on Buyer's Credit	-	405.31
Unwinding of discounts on provision	47.33	(156.47)
<b>Total</b>	<b>2,670.08</b>	<b>3,455.26</b>

The weighted average capitalisation rate on funds borrowed generally is 7.18% per annum (for the year ended March 31, 2016-17) and 9.66% per annum.



Tata Power Solar Systems Limited  
Notes to the financial statements for the year ended March 31, 2017

Note -27: Depreciation and amortisation expenses

Particulars	Rs. In Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Depreciation of Property, Plant and equipment (Refer Note 5 and Note 27.1 below)	3924.71	3641.36
Amortisation of intangible assets (Refer Note 6)	84.34	3.94
<b>Total depreciation and amortisation expense</b>	<b>4009.05</b>	<b>3645.30</b>

**Note - 27.1: Change in useful life of plant and machinery**

The Company has during the year revised certain estimates on useful life of plant and machinery based on the assessment carried out on account of the new capitalisation done during the year which has increased the efficiency of the cell/module lines. This has resulted in the depreciation charge for the year to be lower and the profit for the year to be higher by Rs. 1,537.40 Lakhs.



**Tata Power Solar Systems Limited**  
**Notes to the financial statements for the year ended March 31, 2017**

**Note -28 Other expenses**

Particulars	Rs. In Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Stores and spares consumed	1,000.51	219.63
Effluent processing charges	668.31	429.74
Power, fuel, water & oil consumed	1,518.87	1,409.07
Freight and handling charges	3,604.22	1,434.26
Rent including lease rentals (Refer Note 35)	747.02	639.93
Repairs and maintenance - Buildings	8.41	50.41
Repairs and maintenance - Machinery	1,428.30	487.52
Repairs and maintenance - Others	949.30	885.27
Rates and taxes	52.67	145.95
Insurance charges	266.03	316.19
Commission, discounts and rebates	720.00	524.50
Impairment of financial assets (Refer 28.2)	1,978.47	542.14
Net loss / (gain) on foreign currency transactions net off	4,427.14	586.64
Derivative gain/loss (other than considered as finance costs)		
Loss on fixed assets written off	0.15	-
Provision for warranty	1,184.16	762.62
Legal and other professional costs (Refer Note 28.1 below)	1,191.58	469.47
Advertisement, promotion and selling expenses	215.85	1,054.87
Travelling expenses	1,088.90	998.87
Cost of service-outsourced	1,118.18	1,709.83
Bank charges	411.69	342.76
Director fees	22.08	12.10
Other general expenses	880.94	1,120.46
<b>Total</b>	<b>23,482.78</b>	<b>14,142.23</b>

**Note - 28.1: Payment to auditors included in legal and other professional costs  
(including service tax)**

Particulars	Rs. In Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) For audit	46.00	35.50
(b) For taxes and other services*	16.10	4.01
(c) For reimbursement of expenses	3.54	2.65
<b>Total</b>	<b>65.64</b>	<b>42.16</b>

\* Includes Rs. Nil (for the year ended March 31, 2016- Rs. 257,625) of remuneration to a Firm in which Partner of the Audit Firm is a Partner.

**Note - 28.2: Impairment losses on financial assets and reversal of impairment on financial assets**

Particulars	Rs. In Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Impairment loss allowance on trade receivables (Refer Note 9.1)	3,763.35	1,084.74
Impairment loss allowance on deposits (Refer Note 12.1)	165.89	66.16
	<b>3,929.24</b>	<b>1,150.90</b>
Reversal of impairment losses on deposits (Refer Note 12.1)	(50.06)	-
Reversal of impairment losses on trade receivables (Refer Note 9.1)	(1,900.71)	(608.76)
<b>Total</b>	<b>1,978.47</b>	<b>542.14</b>



Tata Power Solar Systems Limited  
Notes to the financial statements for the year ended March 31, 2017

Note -29 Income Tax

Particulars	Rs. In Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Current tax</b>		
In respect of the current year	1,869.44	-
<b>Deferred tax</b>		
In respect of the current year	-	-
<b>Total income tax expense recognised in the current year</b>	<b>1,869.44</b>	<b>-</b>

Note: In view of significant brought forward unabsorbed tax loss and depreciation, the Company did not have any taxable income under the normal tax computation and has accordingly accrued a liability based on book profits under Section 115JB of the Income Tax Act, 1961.

Particulars	Rs. In Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit before tax	9,668.45	1,815.91
Income tax expense calculated at 30.9% (2015-2016: 30.9%)	2,987.55	561.12
Effect of income that is exempt from taxation	-	-
Effect of expenses that are not deductible in determining taxable profit	2,225.60	1,488.56
Effect of concessions (other allowances)	(2,546.33)	(1,197.09)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	(2,666.82)	(852.59)
Others (Effect of Minimum Alternate Tax)	1,869.44	-
<b>Income tax expense recognised in profit or loss</b>	<b>1,869.44</b>	<b>-</b>

The tax rate used for the 2016-2017 and 2015-2016 reconciliations above is the corporate tax rate of 30.9% payable by corporate entities in India on taxable profits under the Indian tax law. However as the Company has significant brought forward tax losses and unabsorbed depreciation, the Company has accrued for tax under the Minimum Alternate Tax requirements under the Income Tax Act, 1961.

Particulars	Rs. In Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Current tax</b>		
Effect of Minimum Alternate Tax	(12.10)	-
<b>Deferred tax</b>		
Arising on income and expenses recognised in other comprehensive income	-	-
<b>Total income tax recognised in other comprehensive income</b>	<b>(12.10)</b>	<b>-</b>
<b>Bifurcation of the income tax recognised in other comprehensive income into:-</b>		
Items that will not be reclassified to profit or loss	(12.10)	-
Items that may be reclassified to profit or loss	-	-
	<b>(12.10)</b>	<b>-</b>



Tata Power Solar Systems Limited  
Notes to the financial statements for the year ended March 31, 2017

Note - 30: Contingent Liabilities and commitments (to the extent not provided for)

Particulars	Rs. In Lakhs		
	As at March 31,2017	As at March 31,2016	As at April 01,2015
(i) <b>Contingent Liabilities</b>			
(a) Claims against the Company not acknowledged as debts, in the nature of :			
(i) Income Tax demands, including penalty and interest due up to date of the order. These claims relate to demands made significantly pertaining to transfer pricing and other adjustments, which are being contested by the Company. These cases are pending at various forums with the respective authorities. Outflows, if any, arising out of the claims would depend upon the outcome of the decision of the appellate authority and the Company's right for future appeals before judiciary. No reimbursements are expected.	2,677.28	2,677.28	2,418.60
(ii) Sales tax and VAT demands, including penalty and interest due up to the date of the order. These claims relate to demands arising from difference in values of stock transfer, F-Forms and instances of non-filing of returns by vendors.	427.56	149.13	18.86
(ii) <b>Commitments</b>			
(a) Estimated amounts of contracts remaining to be executed on capital account and not provided for			
Tangible assets	1,400.54	161.20	15.98
(b) Other commitments:			
(i) Vendor purchase commitments	19,931.05	33,840.95	20,532.52
(ii) Export Commitments pertaining to EPCG benefits, considered as Government Grants that are required to be met by 2021/2022.	20,861.20	7,457.53	-
(ii) The Company has during the course of its business entered in 35 contracts as at March 31, 2017 (March 31,2016: 32 and April 1, 2015: 35) to provide future post sale services for periods extending from 1 to 25 years	13,189.37	10,489.29	9,839.98



Tata Power Solar Systems Limited  
Notes to the financial statements for the year ended March 31, 2017

Note -31: Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	Rs. In Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(i) Principal amount remaining unpaid to any supplier as at the end of accounting year	31.78	43.41	21.32
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	0.60	0.70	0.48
(iii) The amount of interest paid along with the amount of the payment made to the supplier beyond the appointed day	-	-	0.01
(iv) The amount of interest due and payable for the year	0.60	0.70	0.48
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	0.60	0.70	0.47
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-	-

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

**Note -32: Capital management**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through equity and internal accumulations.

The capital structure of the Company consists of working capital debt (borrowings as detailed in notes 17 and 19 offset by cash and bank balances) and total equity of the Company.

The Company is not subject to any externally imposed capital requirements.

The Company's Management reviews the capital structure of the Company on a need basis when planning any expansions and growth strategies.



Tata Power Solar Systems Limited  
Notes to the financial statements for the year ended March 31, 2017

Note -33: Financial Instruments

(i) Categories of financial instruments

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

Particulars	Rs. In Lakhs		
	Carrying Value		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Financial Assets</b>			
Measured at amortised Cost			
Trade receivables	92,980.29	48,903.89	34,020.82
Cash and cash equivalents	10,863.43	70.12	398.53
Loans	2,013.14	19.98	34.87
Other financial assets	3,840.33	837.39	1,023.90
<b>Total assets</b>	<b>109,697.19</b>	<b>49,831.38</b>	<b>35,478.12</b>
<b>Financial Liabilities</b>			
Measured at amortised cost			
Borrowings	52,963.36	30,653.85	41,872.71
Trade payables	53,399.10	30,724.29	25,665.16
Other financial liabilities	5,295.43	543.50	1,262.39
<b>FVTPL</b>			
Derivative liabilities	3,546.56	832.73	93.49
<b>Total liabilities</b>	<b>115,204.45</b>	<b>62,754.37</b>	<b>68,893.75</b>

The Management assessed that the fair value of cash and cash equivalents, trade receivables, loans, borrowings, trade payables and other financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The following methods and assumptions were used to estimate the fair value/ amortised cost:

- Long-term fixed-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- Fair values of the Company's interest-bearing borrowings and loans are determined by using discounted cash flow (DCF) method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at March 31, 2017 was assessed to be insignificant.
- The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves etc. As at March 31, 2017, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financials instruments recognised at fair value.

(ii) Financial risk management objectives

The Company's treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Company through internal meetings with the key stakeholders to analyse exposures by degree of magnitude of risks. These risks include market risk (including currency risk), credit risk and liquidity risk.

The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. All derivative activities for risk management purposes are carried out by a team that has the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivative for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks.

(iii) Market Risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see note (iv) below). The company enters into a derivative financial instruments to manage its exposure to foreign currency risk, including:

- Forward foreign exchange contracts to hedge the exchange rate risk arising on the export of modules and import of cells/modules and capital goods.

Market risk exposures are measured using sensitivity analysis.

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.

(iv) Foreign Currency risk management

The company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period.

Currency	Rs. In Lakhs					
	Liabilities as at			Assets as at		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
JPY	1.24	2.11	-	-	-	-
AUD	-	0.54	-	-	-	-
USD	13,929.72	-	3,806.82	825.37	1,103.34	34.14
EUR	665.26	451.33	-	116.98	10.15	9.03
GBP	20.44	36.63	-	46.17	-	-

Note: Assets includes trade receivables and Liabilities include trade payable and Creditors for capital supplies/services.



Tata Power Solar Systems Limited

Notes to the financial statements for the year ended March 31, 2017

(iv)(a) Foreign Currency sensitivity analysis

The Company is mainly exposed to the USD, EUR, GBP, AUD and JPY currencies.

Sensitivity analysis is computed based on the changes in income and expenditure in foreign currency upon conversion in the functional currency, due to exchange rate fluctuation between previous reporting period and the current reporting period.

The following table details the Company's sensitivity to a 10% increase and decrease in the Re. against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Re. strengthens 10% against the relevant currency. For a 10% weakening of the Re. against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

Particulars	Currency JPY Impact (Rs. in Lakhs)			Note Reference
	For the year ended	For the year ended	As at	
	March 31, 2017	March 31, 2016	April 1, 2015	
Impact on profit or loss for the year	0.12	0.21	-	a
Impact on total equity as at the end of the reporting period	0.12	0.21	-	

Particulars	Currency AUD Impact (Rs. in Lakhs)			Note Reference
	For the year ended	For the year ended	As at	
	March 31, 2017	March 31, 2016	April 1, 2015	
Impact on profit or loss for the year	-	0.05	-	b
Impact on total equity as at the end of the reporting period	-	0.05	-	

Particulars	Currency USD Impact (Rs. in Lakhs)			Note Reference
	For the year ended	For the year ended	As at	
	March 31, 2017	March 31, 2016	April 1, 2015	
Impact on profit or loss for the year	1,310.44	(110.33)	377.27	c
Impact on total equity as at the end of the reporting period	1,310.44	(110.33)	377.27	

Particulars	Currency EUR Impact (Rs. in Lakhs)			Note Reference
	For the year ended	For the year ended	As at	
	March 31, 2017	March 31, 2016	April 1, 2015	
Impact on profit or loss for the year	54.83	44.12	(0.90)	d
Impact on total equity as at the end of the reporting period	54.83	44.12	(0.90)	

Particulars	Currency GBP Impact (Rs. in Lakhs)			Note Reference
	For the year ended	For the year ended	As at	
	March 31, 2017	March 31, 2016	April 1, 2015	
Impact on profit or loss for the year	(2.57)	3.66	-	e
Impact on total equity as at the end of the reporting period	(2.57)	3.66	-	

Notes:

- This is mainly attributable to the exposure outstanding on Currency JPY payables at the end of the reporting period.
- This is mainly attributable to the exposure outstanding on Currency AUD payables at the end of the reporting period.
- This is mainly attributable to the exposure outstanding on Currency USD receivables and payables in the Company at the end of the reporting period.
- This is mainly attributable to the exposure outstanding on Currency EUR receivables and payables in the Company at the end of the reporting period.
- This is mainly attributable to the exposure outstanding on Currency GBP receivables and payables in the Company at the end of the reporting period.

The Company's sensitivity to foreign currency has increased during the current year mainly due to the increase in Currency USD and Currency EUR sales and purchases which has resulted in increased Currency USD and GBP trade receivables and trade payables.

In Management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

(iv)(b) Forward foreign exchange contracts

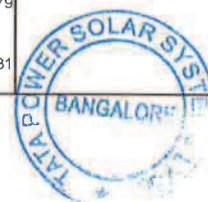
It is the policy of the Company to enter into forward foreign exchange contracts to cover specific foreign currency payments within 90% to 100% of the exposure generated. The Company also enters into forward foreign exchange contracts to manage the risk associated with anticipated purchase transactions. Adjustments are made to the initial carrying amounts of non-financial hedged items when anticipated sale or purchase transaction takes place.

The following table details the forward foreign currency (FC) contracts outstanding at the end of the reporting period:

Outstanding contracts*	Average exchange rate		Foreign currency		Notional value (Rs. in Lakhs)		Fair value assets (liabilities) (Rs. in Lakhs)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Buy Currency USD								
Less than 3 months	67.4494	-	46,665,998	-	31,475.94	-	1,086.94	-
3 to 6 months	68.7979	69.5329	44,570,142	30,505,750	30,663.32	21,211.53	1,606.71	817.81
6 to 9 months	69.7562	-	14,370,000	-	10,023.97	-	682.15	-
9 to 12 months	69.7993	69.7007	2,010,000	7,000,000	1,402.97	4,879.05	87.78	14.91
12 to 15 months	68.0458	-	2,171,556	-	1,477.65	-	66.94	-
More than 15 months	65.8025	-	868,376	-	571.41	-	2.68	-

Outstanding contracts*	Average exchange rate		Foreign currency		Notional value (Rs. in Lakhs)		Fair value assets (liabilities) (Rs. in Lakhs)	
	April 1, 2015		April 1, 2015		April 1, 2015		April 1, 2015	
Buy Currency USD								
Less than 3 months		63.1192		3,592,853		2,268		12.05
3 to 6 months		63.7120		16,242,666		10,349		64.70
6 to 9 months		64.6425		6,000,000		3,879		11.35
Buy Currency EUR								
Less than 3 months		68.8800		626,400		431		5.39

\*Forward contracts to buy USD/ EUR are undertaken to hedge against exposures arising from import of goods.



**Tata Power Solar Systems Limited**  
**Notes to the financial statements for the year ended March 31, 2017**

**(v) Interest rate risk management**

Interest rate risk is the risk that the future cash flows of warranty provisions will fluctuate because of changes in market interest rates. The Company's borrowings are primarily short-term, which do not expose it to significant interest rate risk.

**(vi) Credit risk management**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

**Trade and other receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

The following table gives details in respect of revenues generated from top customer and top 5 customers:

Particulars	Rs. in Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue from top customer	72,824.11	47,725.97
Revenue from second top customer	65,912.47	10,547.94
Revenue from top 5 customers	161,966.28	80,520.87

Two customers accounted for more than 10% of the revenue for the year ended March 31, 2017 and one customer accounted for more than 10% of the revenue for the year ended March 31, 2016.

The following table gives details in respect of receivables due from top customer and top 5 customers:

Particulars	Rs. in Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Receivable from top customer	35,738.04	15,167.49
Receivable from second top customer	16,628.12	3,099.74
Receivable from top 5 customers	64,014.24	25,440.84

Two customers accounted for more than 10% of the receivables as at March 31, 2017 and one customer accounted for more than 10% of the receivables as at March 31, 2016.

**(vii) Liquidity risk management**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's principal sources of liquidity are cash and cash equivalents, working capital borrowings, the cash flow that is generated from operations and proceeds of maturing financial assets. The Company believes that the working capital, including the available unutilised borrowing limits of Rs. 57,021.31 Lakhs (as at March 31, 2016 Rs. 57,538.76 Lakhs and as at April 1, 2015 Rs. 26,110.94 Lakhs), is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The following table details the Company's expected maturity for its non-derivative financial assets:

Particulars	Rs. in Lakhs							
	As at March 31, 2017			As at March 31, 2016		As at April 1, 2015		Total contracted cash flows
	Less than 1 year	1-5 years	More than 5 years	Less than 1 year	1-5 years	Less than 1 year	1-5 years	
Cash and cash equivalents	10,863.43	-	-	70.12	-	398.53	-	-
Trade receivables (non-interest bearing)	92,764.73	215.56	-	48,480.10	423.79	32,885.65	1,135.17	-
Investments	-	-	100.00	-	-	-	-	-
Loans (non-interest bearing)	68.14	-	-	19.98	-	34.87	-	-
Loans (interest bearing)	1,973.33	-	-	-	-	-	-	-
Other financial assets	3,562.84	249.16	-	605.21	232.18	533.70	490.20	-
<b>Total</b>	<b>109,232.47</b>	<b>464.72</b>	<b>100.00</b>	<b>49,175.41</b>	<b>655.97</b>	<b>33,852.75</b>	<b>1,625.37</b>	-

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

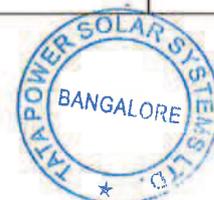
Particulars	Rs. in Lakhs						
	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd year	Due in 3rd to 5th year	Due after 5th year	Total contracted cash flows
<b>Financial Liabilities</b>							
Accounts payable & acceptances (non-interest bearing)	53,399.10	53,399.10	-	-	-	-	53,399.10
Borrowings & interest thereon	53,003.48	53,003.48	-	-	-	-	53,003.48
Other financial liabilities	5,255.31	5,255.31	-	-	-	-	5,255.31
Derivative liabilities	3,546.56	3,546.56	-	-	-	-	3,546.56

The table below provides details regarding the contractual maturities of financial liabilities as at March 31, 2016:

Particulars	Rs. in Lakhs						
	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd year	Due in 3rd to 5th year	Due after 5th year	Total contracted cash flows
<b>Financial Liabilities</b>							
Accounts payable & acceptances (non-interest bearing)	53,399.10	53,399.10	-	-	-	-	53,399.10
Borrowings & interest thereon	30,661.99	30,661.99	-	-	-	-	30,661.99
Other financial liabilities	535.36	535.36	-	-	-	-	535.36
Derivative liabilities	832.73	832.73	-	-	-	-	832.73

The table below provides details regarding the contractual maturities of financial liabilities as at April 1, 2015:

Particulars	Rs. in Lakhs						
	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd year	Due in 3rd to 5th year	Due after 5th year	Total contracted cash flows
<b>Financial Liabilities</b>							
Accounts payable & acceptances (non-interest bearing)	52,963.36	52,963.36	-	-	-	-	52,963.36
Borrowings & interest thereon	42,854.95	33,589.32	9,265.63	-	-	-	42,854.95
Other financial liabilities	280.15	280.15	-	-	-	-	280.15
Derivative liabilities	93.49	93.49	-	-	-	-	93.49



Tata Power Solar Systems Limited  
Notes to the financial statements for the year ended March 31, 2017

(viii) Fair value measurements

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique (s) and inputs used)

Financial assets/financial liabilities	Fair Value as at (Rs. in Lakhs)			Fair Value Hierarchy	Valuation Technique(s) & key inputs used
	March 31, 2017	March 31, 2016	April 1, 2015		
Derivative financial instruments (Foreign currency forward contracts)	3,546.56	832.73	93.49	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparts.

(ix) Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values, hence no further disclosure has been given.



**Note - 34: Employee benefit plan**

**Note -34.1: Defined Contribution plan**

The Company makes provident fund and superannuation fund contribution which are defined contribution plans, for qualifying employees. Under the schemes, the company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs 407.12 Lakhs (year ended March 31, 2016 - Rs 468.08 Lakhs) for Provident Fund contributions, Rs 70.27 Lakhs (year ended March 31, 2016 - Rs 65.42 Lakhs) for Superannuation Fund contributions, included as a part of contribution to provident fund and other funds in Note 25 Employees Benefit Expenses. The Company recognised Rs. 0.35 Lakhs (year ended March 31, 2016 Nil) for Employee State Insurance Scheme contributions, included as a part of staff welfare in Note 25 Employees Benefit Expenses. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

**Note -34.2: Defined benefit plans**

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

- Gratuity (included as a part of contribution to provident fund and other fund in Note 25 Employees Benefits Expense)
- Pension (post retirement benefits, to the erstwhile managing director (included as a part of Salary and Wages in Note 25 Employees

**Investment Risk:**

The present value of defined benefit plan liability is calculated using a discount rate which is determined by reference to the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

**Interest Risk:**

A decrease in the yield of Indian government securities will increase the plan liability.

**Longevity Risk**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary Risk:**

The present value of the defined benefit plan liability is calculated by reference to the future salaries. In particular, there is a risk for the Company that any adverse salary growth can result in an increase in cost of providing these benefits to employees in future.

In respect of the plan, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2017 by Thanawala Consultancy Services, Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and paid service cost, were measured using the projected unit cost

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

Particulars	Valuation as at		
	March 31, 2017	March 31, 2016	April 1, 2015
Gratuity, compensated leave absences and pension:			
Discount rate (p.a.)	7.50%	8.20%	7.95%
Expected rate of salary increase (p.a.)	7.50%	7.50%	7.50%
Attrition (p.a.)			
21-30 Years	5%	5%	5%
31-40 Years	3%	3%	3%
41-59 years	2%	2%	2%
Expected return on plan assets (p.a.)	7.50%	8.00%	8.00%
Pension increase rate (p.a.)	5%	5%	5%
Mortality tables	Indian Assured Lives Mortality (06-08) Ult Table Published Tables PA (90)	Indian Assured Lives Mortality (06-08) Ult Table Published Tables PA (90)	Indian Assured Lives Mortality (06-08) Ult Table Published Tables PA (90)
Mortality in retirement			

- The discount rate is based on the prevailing market yields of Indian Government securities as at balance sheet date for the estimated term of the obligation.
- The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.
- In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are maintained with an insurer managed fund and is well diversified.

**Amounts recognised in statement of profit and loss in respect of these defined benefits plans are as follows:**

Rs. in Lakhs

Particulars	Gratuity		Pension	
	For the year ended			
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Current Service Cost	147.55	133.99	-	-
Net Interest expense	94.94	65.09	37.73	29.81
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>242.49</b>	<b>199.08</b>	<b>37.73</b>	<b>29.81</b>

**Remeasurement on the net defined benefit liability :**

Rs. in Lakhs

Particulars	Gratuity		Pension	
	For the year ended			
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Return on the net defined benefit liability				
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	134.95	(42.68)	20.80	(8.16)
Actuarial (gains)/losses arising from experience assumptions	(71.40)	174.50	(30.55)	102.90
Actual return less interest on plan assets	2.90	8.23	-	-
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>66.45</b>	<b>140.05</b>	<b>(9.75)</b>	<b>94.74</b>
<b>Total</b>	<b>308.94</b>	<b>339.13</b>	<b>27.98</b>	<b>124.55</b>

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss. The remeasurement of the net defined benefit liability is included in other comprehensive income.



The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as

Rs. In Lakhs

Particulars	Gratuity			Pension		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Present value of funded defined benefit obligation	1,536.34	1,246.27	929.00	467.65	482.25	392.17
Fair value of plan assets	(21.03)	(38.45)	(60.31)	-	-	-
Funded status				(467.65)	(482.25)	(392.17)
<b>Net (liability) recognised in balance sheet</b>	<b>(1,515.31)</b>	<b>(1,207.82)</b>	<b>(868.69)</b>	<b>(467.65)</b>	<b>(482.25)</b>	<b>(392.17)</b>
Current (liability)	(26.64)	-	-	(42.55)	(36.21)	(34.49)
Non-current (liability)	(1,488.67)	(1,207.82)	(868.69)	(425.10)	(446.04)	(357.68)
Estimated amount of contribution in the immediate next year	26.64	-	-	-	-	-

Movements in the present value of the defined benefit obligations are as

Rs. In Lakhs

Particulars	Gratuity		Pension	
	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening defined benefit obligations	1,246.27	929.00	482.25	392.16
Current service cost	147.55	133.99	-	-
Interest Cost	100.64	72.68	37.73	29.81
Actuarial (Gains)/losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (Gains)/losses arising from changes in financial assumptions	134.95	(42.68)	20.80	(8.16)
Actuarial (Gains)/losses arising from experience assumptions	(71.40)	174.50	(30.55)	102.90
Past Service Cost, including losses/(gains) on curtailment	-	-	-	-
Benefits paid	(22.29)	(21.22)	(42.55)	(34.49)
Liabilities assumed/settled*	0.60	-	-	-
Liabilities extinguished on settlements	-	-	-	-
<b>Closing defined benefit obligation</b>	<b>1,536.32</b>	<b>1,246.27</b>	<b>467.68</b>	<b>482.22</b>

\* On account of business combination or inter group transfer

Movements in the fair value of the plan assets are as follows:

Rs. In Lakhs

Particulars	Gratuity		Pension	
	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening fair value of plan assets	38.46	60.31	-	-
Interest income	5.70	7.60	-	-
Remeasurement gains/(losses)	-	-	-	-
Actual return on plan assets less interest on plan assets	(2.90)	(8.23)	-	-
Contribution from the employer	2.06	-	-	-
Contribution from plan participant	-	-	-	-
Benefits paid	(22.29)	(21.22)	(42.55)	(34.49)
<b>Closing fair value of plan assets</b>	<b>21.03</b>	<b>38.46</b>	<b>(42.55)</b>	<b>(34.49)</b>

The plan assets are managed by insurer (LIC) and the details (%) are as follows:

Particulars	As at	As at	As at
	March 31, 2017	March 31, 2016	April 1, 2015
Central Government Securities	21.14	24.07	23.86
State Government Securities	41.04	22.17	16.14
Other Approved Securities (Government Guaranteed Securities)	-	-	1.21
Debentures and Bonds	31.33	30.57	39.32
Equity Shares	2.08	1.68	4.67
Fixed Deposits	4.33	21.51	14.20
Mutual Fund	-	-	0.58
CBLO (Money Market Instruments)	0.08	-	0.02
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

The weighted average duration of the benefit obligation as at March 31, 2017 is 13.35 years.

#### Sensitivity Analysis

The benefit obligation results of a pension scheme are particularly sensitive to discount rate, longevity risk and pension increases, if the plan provision do provide for such increases on commencement of pension.

The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account changes in these three key parameters:

Particulars	March 31, 2017
<b>Discount rate</b>	
Impact of increase in 50 bps on DBO	-3.21%
Impact of decrease in 50 bps on DBO	3.41%
<b>Pension increase rate</b>	
Impact of increase in 100 bps on DBO	7.13%
Impact of decrease in 100 bps on DBO	-6.44%
<b>Life expectancy</b>	
Impact of increase by 1 year bps on DBO	3.61%
Impact of decrease by 1 year bps on DBO	-3.63%

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses

Movement of Provision of Compensated Leave Absences

Rs. In Lakhs

Particulars	March 31, 2017	March 31, 2016
Opening balance	663.76	524.69
Add: Expenses for the year	448.34	248.97
Less: Payment made during the year	(188.30)	(109.90)
<b>Closing Balance</b>	<b>923.80</b>	<b>663.76</b>
<b>Expense recognised in Statement of Profit and Loss</b>	<b>448.34</b>	<b>248.97</b>
Current portion of provision balance	121.78	34.13
Non-current portion of provision balance	802.02	629.63



**Tata Power Solar Systems Limited**  
**Notes to the financial statements for the year ended March 31, 2017**

**Note -35: Details of leasing arrangements**

a. The Company has taken certain premises and equipments, such as generator and forklifts, 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	Rs. In Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Rent recognised as an expense during the year	747.02	639.93
Future minimum lease payments for the non-cancellable period within 1 year	-	-
1-5 years	-	-

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

Particulars	Rs. In Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Rent recognised as an expense during the year	19.43	17.83
Future minimum lease payments for the non-cancellable period within 1 year	25.52	-
1-5 years	50.7	-



**Tata Power Solar Systems Limited**  
Notes to the financial statements for the year ended March 31, 2017

**Note - 36: Related Party Disclosure**

**Note - 36.1: Names of Related parties and relationships:**

Holding Company	The Tata Power Company Limited
Fellow Subsidiaries	NELCO Limited Tata Power Renewable Energy Limited Tata Power Delhi Distribution Limited Industrial Energy Limited Chemical Terminal Trombay Limited Powerlink Transmission Limited Tata Power Trading Company Limited
Wholly Owned Subsidiary	Chirasthaayee Saurya Limited
Key Management Personnel	Mr. Anil Sardana- Chairman Mr. Ashish Khanna- Director and Chief Executive Officer Mr. Deepak Mahendra (upto August 24, 2015) Mr. Seethapathy Chander- Director (w.e.f. March 30, 2015) Mr. Sowmyan Ramakrishnan- Director Mr. Subhash Chander Chetal- Director (w.e.f. March 30, 2015) Mr. Ramesh Subramanyam- Director Ms. Suparna Mitra- Director (w.e.f. March 30, 2015) Mr. Rahul C. Shah- Director (upto July 14, 2016)

**Note - 36.2: Transactions during the year**

Particulars	Rs. In Lakhs					
	Fellow Subsidiaries		Holding Company		Wholly Owned Subsidiary	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>1 Sale of Materials</b>						
Tata Power Renewable Energy Limited	65,250.39	4.58	-	-	-	-
Chemical Terminal Trombay Limited	0.93	-	-	-	-	-
Tata Power Trading Company Limited	216.39	895.37	-	-	-	-
The Tata Power Company Limited	-	-	26.53	-	-	-
<b>2 Services Rendered</b>						
The Tata Power Company Limited	-	-	32.34	31.03	-	-
Tata Power Renewable Energy Limited	359.80	307.89	-	-	-	-
Chemical Terminal Trombay Limited	1.20	-	-	-	-	-
Chirasthaayee Saurya Limited	-	-	-	-	0.09	-
Tata Power Delhi Distribution Limited	3.25	3.00	-	-	-	-
<b>3 Services Received</b>						
Tata Power Trading Company Limited	207.50	-	-	-	-	-
The Tata Power Company Limited*	-	-	751.06	401.60	-	-
<b>4 Purchase of Fixed Assets</b>						
The Tata Power Company Limited	-	-	-	0.35	-	-
<b>5 Reimbursement of Expenses</b>						
Chirasthaayee Saurya Limited	-	-	-	-	2.19	-
The Tata Power Company Limited	-	-	-	1.92	-	-
<b>6 Interest Received</b>						
Chirasthaayee Saurya Limited	-	-	-	-	53.78	-
<b>7 Receipt and allotment of Preference Shares</b>						
The Tata Power Company Limited	-	-	-	4,200.00	-	-
<b>8 Receipt and allotment of Equity Shares</b>						
The Tata Power Company Limited	-	-	-	7,500.00	-	-
<b>9 Investment in Equity Shares</b>						
Chirasthaayee Saurya Limited	-	-	-	-	100.00	-
<b>10 Loan given during the year</b>						
Chirasthaayee Saurya Limited (Refer Note 11.1)	-	-	-	-	3,095.00	-
<b>11 Loan Repaid during the year</b>						
Chirasthaayee Saurya Limited	-	-	-	-	(1,150.00)	-

\* Includes Rs. 316.02 Lakhs towards key management personnel services.

Sale of goods and services to related parties were made at the Company's usual list prices. Purchases were made and services were received at market price.



Tata Power Solar Systems Limited  
Notes to the financial statements for the year ended March 31, 2017

Note - 36.3: Compensation of key management personnel

Particulars	Rs. In Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Short-term benefits (Refer Note below)	22.08	12.10

Note:

The Directors were paid only director's sitting fees during the year ended March 31, 2017 and March 31, 2016. The remuneration payable to key management personnel is determined by the nomination and remuneration committee having regard to the performance of individuals and market trends. For amounts incurred by the Company for the provision of key management personnel services that are provided by the Parent Company is disclosed in Note 36.2.

Particulars	Rs. In Lakhs	
	As at March 31, 2017	As at March 31, 2016
Balance Outstanding	3.00	2.10

Note - 36.4: Balances outstanding as at year end

1	Balance receivable/(payable) (net)	Rs. In Lakhs		
		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	The Tata Power Company Limited	(207.07)	(350.44)	15.75
	Tata Power Renewable Energy Limited	35,738.04	125.08	203.78
	Tata Power Delhi Distribution Limited	29.41	28.41	35.13
	Chemical Terminal Trombay Limited	2.28	-	5.86
	Tata Power Trading Company Limited	302.62	256.14	1,427.12
	Industrial Energy Limited	-	4.96	4.96
	NELCO Limited	-	(0.18)	(0.18)
2	<b>Loan balance outstanding</b>			
	Chirasthaayee Saurya Limited	1,945.00	-	-
3	<b>Interest accrued outstanding</b>			
	Chirasthaayee Saurya Limited	28.33	-	-
4	<b>Unbilled revenue</b>			
	Tata Power Delhi Distribution Limited	3.25	4.13	1.13
	Tata Power Renewable Energy Limited	24.20	0.99	28.25
5	<b>Unearned revenue</b>			
	Tata Power Renewable Energy Limited	8,660.26	-	-

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. There have been no instances of amounts due to or due from related parties that have been written back or written off or otherwise provided for during the year.

Note - 36.5: Other transactions and balance outstanding

During the previous year ended March 31, 2016 the Company had received an open Corporate Guarantee from The Tata Power Company Limited, the Parent Company, for a maximum borrowing of Rs. 40,000 Lakhs (as at March 31, 2016- Rs. 40,000 Lakhs and as at April 1, 2015- Nil) at any point in time. The Company has utilised the Corporate Guarantee given against various borrowings during the year with a maximum outstanding amounting to Rs. 35,000 Lakhs (as at March 31, 2016- Rs. 29,000 Lakhs and as at April 1, 2015- Nil) at any point in time. The Corporate Guarantee utilized and outstanding as at March 31, 2017 is Rs. 30,000 Lakhs (as at March 31, 2016- Rs. 15,000 Lakhs and as at April 1, 2015- Nil).

Note - 36.6: Others

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



**Tata Power Solar Systems Limited**

**Notes to the financial statements for the year ended March 31, 2017**

**Note -37: Segment Information**

The Company is a manufacturer of solar photo-voltaic cells and modules as well as in the Engineering, Procurement and Construction (EPC) in the solar energy market, wherein the manufactured cells/modules are utilised. The Company is currently predominantly operating in a single geography i.e. India, with the total of exports being less than 10% of total revenues.

Based on the "management approach" as defined in Ind-AS 108 - Operating Segments, the Chief Operating Decision Marker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by the overall business segment, i.e. the performance of the EPC projects.

As the allocation of resources and profitability of the business is evaluated by the CODM on an overall basis, with evaluation into individual categories to understand the reasons for variations, no separate segments have been identified. Accordingly no additional disclosure has been made for the segmental revenue, segmental results and the segmental assets & liabilities.



**Tata Power Solar Systems Limited**

**Notes to the financial statements for the year ended March 31, 2017**

**Note -38: Earnings Per Share**

Particulars	Rs.	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Basic earnings per share	33.75	23.03
Diluted earnings per share	33.75	23.03

**Note -38.1: Basic 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 year ended March 31, 2017	For the year ended March 31, 2016
Profit for the year attributable to Shareholders of the Company (Rs. In Lakhs)	7,754.41	1,581.12
Earnings used in the calculation of basic earnings per share (Rs. In Lakhs)	7,754.41	1,581.12
Weighted average number of equity shares for the purposes of basic earnings per share	22,977,567	6,866,092

**Note -38.2 Diluted Earnings Per Share**

The Earnings and weighted average number of equity shares used in the calculation of diluted earnings per share are as follows:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit for the year attributable to Shareholders of the Company (Rs. In Lakhs)	7,754.41	1,581.12
Earnings used in the calculation of diluted earnings per share (Rs. In Lakhs)	7,754.41	1,581.12
Weighted average number of equity shares for the purposes of diluted earnings per share	22,977,567	6,866,092

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



Tata Power Solar Systems Limited

Notes to the financial statements for the year ended March 31, 2017

Note - 39: Deferred tax balance

The following is the analysis of deferred tax assets/ (liabilities) presented in the balance sheet:

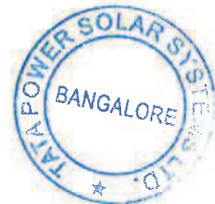
Particulars	Rs. in Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred tax assets	-	-	-
Deferred tax liabilities	-	-	-

2016-17	Rs. in Lakhs				
	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised directly in equity	Closing Balance
<b>Deferred tax assets/ (liabilities) in relation to:</b>					
Difference in the written down value of fixed assets	(4,648.61)	(1,307.49)	-	-	(5,956.10)
Provisions for Employee benefits	802.71	178.15	17.52	-	998.38
Provisions for doubtful debts and advances	1,703.38	611.35	-	-	2,314.73
Provision for Warranty	634.77	262.00	-	-	896.77
Adjustment for other disallowances	64.93	(64.93)	-	-	-
<b>Sub-Total</b>	<b>(1,442.82)</b>	<b>(320.92)</b>	<b>17.52</b>	<b>-</b>	<b>(1,746.22)</b>
Unabsorbed tax loss and depreciation	9,174.85	(2,666.82)	-	-	6,508.03
Minimum Alternate Tax Credit	1,803.78	1,869.44	(12.10)	-	3,661.12
Less: Valuation Allowance	(9,535.81)	1,118.30	(5.42)	-	(8,422.93)
<b>Net Deferred Tax Asset / (Liability)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

2015-16	Rs. in Lakhs				
	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised directly in equity	Closing Balance
<b>Deferred tax assets/ (liabilities) in relation to:</b>					
Difference in the written down value of fixed assets	(4,569.91)	(78.70)	-	-	(4,648.61)
Provisions for Employee benefits	643.01	87.15	72.55	-	802.71
Provisions for doubtful debts and advances	1,535.86	167.52	-	-	1,703.38
Provision for Warranty	613.59	21.18	-	-	634.77
Adjustment for other disallowances	89.25	(24.32)	-	-	64.93
<b>Sub-Total</b>	<b>(1,688.20)</b>	<b>172.83</b>	<b>72.55</b>	<b>-</b>	<b>(1,442.82)</b>
Unabsorbed tax loss and depreciation	10,027.44	(852.59)	-	-	9,174.85
Minimum Alternate Tax Credit	1,803.78	-	-	-	1,803.78
Less: Valuation Allowance	(10,143.02)	679.76	(72.55)	-	(9,535.81)
<b>Net Deferred Tax Asset / (Liability)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Company is subject to Minimum Alternate Tax ("MAT") on incomes earned from operations. The excess tax paid under these MAT provisions over and above the normal tax liability can be carried forward and set off against future tax liabilities under normal tax provisions over a period of 15 years. Such credit available has been considered to represent a deferred tax credit in the above table.

The Company has deferred tax assets relating to differences in book and tax depreciation and other timing differences including accumulated unabsorbed tax losses and depreciation. As result of nominal current net taxable income and past net losses and the uncertainty of future business conditions, generally accepted accounting principles require that the Company establishes a tax valuation allowance assessing the realization value of its deferred tax assets. In assessing the realization of deferred tax assets, the likelihood of whether it is more likely than not that some portion or all of the deferred tax assets will not be realized must be considered. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary difference become deductible. As the Company is still in the process of establishing a trend of taxable profits, the Company has carried a valuation allowance of Rs. 8,422.93 Lakhs, Rs. 9,535.81 Lakhs and Rs. 10,143.02 Lakhs as of March 31, 2017, March 31, 2016 and April 01, 2015, respectively.



Tata Power Solar Systems Limited  
Notes to the financial statements for the year ended March 31, 2017

Note -40: First-time Ind AS adoption reconciliations

Note -40.1: Reconciliation of Other Equity as at March 31, 2016 and April 1, 2015

Particulars	Note Reference	Rs. In Lakhs	
		As at March 31, 2016	As at April 1, 2015
Balance as per Previous GAAP		(3,071.29)	(448.61)
<b>Add/(Less): Adjustment under Ind AS</b>			
Fair valuation of property, plant and equipment	a	1,652.40	1,652.40
Impact of depreciation on fair valuation	a	3,697.55	-
Accrual of interest - Preference Dividend	b	(1,261.87)	(924.18)
Deemed equity contribution	b	1,261.87	-
Discounting for time value on warranty provisions	c	1,230.29	1,073.82
Expected credit loss provision for doubtful debts	d	(1,595.94)	(2,204.70)
Fair valuation of foreign currency derivatives	e	(210.14)	(286.94)
Amortised cost impact on security deposit		-	(1.91)
<b>Balance as per Ind AS</b>		<b>1,702.87</b>	<b>(1,140.12)</b>

Note -40.2: Reconciliation of Total Comprehensive Income for the year ended March 31, 2016

Particulars	Note Reference	Rs. In Lakhs	
		For the year ended March 31, 2016	
Net (Loss) as per Previous GAAP		(2,622.68)	
<b>Add/(Less): Adjustment under Ind AS</b>			
Impact of depreciation arising from the fair valuation	a	3,697.55	
Accrual of interest - Preference Dividend	b	(337.69)	
Discounting for time value on warranty provisions	c	156.47	
Expected credit loss provision for doubtful debts	d	608.76	
Fair valuation of foreign currency derivatives	e	76.80	
Amortised cost for security rental deposits		1.91	
Remeasurements of the defined benefit plans- to be classified as other comprehensive income	f	234.79	
<b>Net Profit as per Ind AS</b>		<b>1,815.91</b>	
Other comprehensive income for the period			
Remeasurements of the defined benefit plans- to be classified as other comprehensive income	f	(234.79)	
<b>Total comprehensive income under Ind AS</b>		<b>1,581.12</b>	

Note -40.3: Reconciliation of Cash Flow Statement for the year ended March 31, 2016

Particulars	Note Reference	Rs. In Lakhs		
		For the year ended March 31, 2016		
		Previous GAAP	Effect of transition to Ind AS	Ind AS
Net cash flows from operating activities	g	1,337.88	340.95	1,678.83
Net cash flows from investing activities	h	(3,707.51)	199.39	(3,508.12)
Net cash flows from financing activities	ij	2,041.22	3,386.43	5,427.65
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>(328.41)</b>		<b>3,598.36</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>398.53</b>	<b>(16,389.06)</b>	<b>(15,990.53)</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>70.12</b>	<b>(12,462.29)</b>	<b>(12,392.17)</b>



**Tata Power Solar Systems Limited**  
**Notes to the financial statements for the year ended March 31, 2017**

**Notes to the reconciliations**

a. Ind AS 101 (First-time Adoption of Indian Accounting Standards) allows first-time adopters exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied one such exemption for certain of its Property, Plant and Equipment. The Company has opted to determine the deemed cost of certain fixed assets as of April 1, 2015 to be represented by the fair value of certain land, buildings and machinery and restating the other items of equipment in accordance with Ind AS, instead of considering the value of the fixed assets as carried in the statement of financial position prepared under previous GAAP as at April 1, 2015. This resulted in the net value of such assets to be recorded at a value higher than those carried in its previous GAAP books, as further explained in Note 5.1, by Rs. 1,652.40 Lakhs. The decrease in the fair value of the machinery has resulted in an overall reduction in the depreciation for the financial year 2015-16 by Rs. 3,697.56 Lakhs.

b. Under previous GAAP, redeemable preference shares outstanding as at March 31, 2015 were classified under Equity with cumulative balance of dividend remaining outstanding being considered only as a disclosure, as the same was not declared by the Company. Under Ind AS such preference shares have been considered as a debt, and the dividends to be accrued up to March 31, 2015 of Rs. 924.18 Lakhs have been considered as interest cost and recorded as an adjustment to retained earnings. Further, as referred to in Note 15 (ii), the redeemable preference shares were cancelled and settled through allotment of equity shares as of March 31, 2016 with an accrual of dividend due for the period up to conversion of Rs. 337.69 Lakhs. As the total dividend liability of Rs. 1,261.87 Lakhs accrued up to the date of conversion was waived off, such accrued dividend was reversed resulting in a Nil impact to the retained earnings as of March 31, 2016, and the same was classified as "deemed investment" by the Parent Company.

c. Under the previous GAAP, long-term provisions were not required to be discounted to their present value and were measured at the best estimate of the outflow of resources. Under Ind AS such long-term provision are required to be discounted for the effects of time value of money. Accordingly, the Company has discounted the outstanding warranty provisions as at April 1, 2015 and March 31, 2016 based on the judgment of the Management as to the estimated incurrence of the warranty costs.

d. Under previous GAAP the Company would provide for doubtful receivables purely on individual assessment of various aged balances. Under Ind AS the Company has opted for a simplified approach of impairing its trade receivables wherein they have considered the past trend of behavior of similar cluster of customers and determined an incremental provision required on such receivables which were otherwise considered good and recoverable. The Company has made an adjustment as of March 31, 2015 for Rs. 2,204.70 lakhs based on the trend existing then and have updated the trend based on the behavior of the customers within such clusters resulting either in incremental provisions or reversal of provisions within clusters, with a net reversal of Rs. 608.76 Lakhs for the year ended March 31, 2016.

e. Under previous GAAP, for foreign currency derivative contracts, not classified as cash flow hedges, taken as a hedge against recorded exposures on the balance sheet date, were restated at the year-end rate and the discount or premium, as applicable, was amortised over the period of the contract. Similarly under previous GAAP, the net marked to market losses on derivative financial instruments, not represented by recorded exposures on the balance sheet date, were recognized in profit or loss, and the net gains, if any, were ignored. Under Ind AS, all derivative financial instruments, not classified as cash flow hedge, are to be recognised at fair value and the movement is recognised in the statement of profit and loss.

f. Under previous GAAP, actuarial gains and losses on defined benefit plans were recognised in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of rereasurement of the net defined benefit liability/asset which is recognised in other comprehensive income.

g. The movement in cash flow from operating activities : There is a movement arising mainly on account of reclassification of interest incomes and expenses arising from the treatment of non-interest bearing or lower than market rate bearing financial assets and liabilities under amortised cost as required under Ind AS.

h. The movement in cash flow from investing activities: The movement is mainly on account of the reclassification of cash flows from operating activities on account of recording non-interest bearing or lower than market interest bearing financial assets being categorised under amortised cost under Ind AS.

i. The movement in cash flow from financing activities: The Company has classified the book overdraft balances as an element of cash and cash equivalents under Ind AS, resulting in net cash outflows of Rs. 3,926.77 being reclassified from financing activities into cash balance, thereby increasing the net cash flows from financing activities. The balance movement represents impact on account of the reclassification of cash flows from operating activities on account of recording non-interest bearing or lower than market interest bearing financial liabilities being categorised under effective interest rate basis under Ind AS.

j. Under previous GAAP, in the absence of any specific guidance, bank overdrafts were considered similar to other borrowings and the movements therein were reflected as cash flows from financing activities. Under Ind AS such bank overdrafts form an integral part of the Company's cash management system and included in cash and cash equivalents for the purpose of presentation of the Statement of Cash Flows.

**Note -41: Transition to Ind AS**

The Company's financial information for the year ended March 31, 2017 are the first financial statements prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules 2015. The adoption of Ind AS was carried out in accordance with Ind AS 101, using April 1, 2015 as the transition date. Ind AS requires that all Ind AS standards and interpretations that are effective for the first Ind AS financial information for the year ended March 31, 2017, be applied consistently and retrospectively for all fiscal years presented. All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the financial information under both Ind AS and Indian GAAP as at the transition date have been recognised directly in the equity at the transition date.

**Note -42: Approval of financial statements**

The financial statements were approved for issue by the Board of Directors on April 27, 2017.

