

TATA POWER TRADING COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT To The Members of TATA POWER TRADING COMPANY LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **TATA POWER TRADING COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 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.

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.

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 the 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.

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 31 March 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss 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 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 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 does not have any pending litigations which would impact its financial position – Refer Note 34(b) to the Ind AS financial statements.



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- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 33(b) to the Ind AS financial statements.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company – Refer Note 35 to the Ind AS financial statements.
 - iv. The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated 8 November, 2016 of the Ministry of Finance, during the period from 8 November, 2016 to 30 December, 2016 – Refer Note 9.1 to the Ind AS financial statements.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order" / "CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 015125N)



Alka Chadha

Alka Chadha
Partner
(Membership No. 93474)

Place: New Delhi
Date: 5 May, 2017

**"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

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

We have audited the internal financial controls over financial reporting of **TATA POWER TRADING COMPANY LIMITED** ("the Company") as of 31 March, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS 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 Ind AS 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 Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatement 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.

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 31 March, 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's Registration No. 015125N)



Alka Chadha
Partner
(Membership No. 93474)

Place: New Delhi
Date: 5 May, 2017

"ANNEXURE B" TO THE INDEPENDENT AUDITOR'S REPORT

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

- i. In respect of its fixed assets (property, plant and equipment):
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c. The Company does not have any immovable properties of freehold land and building and in respect of immovable properties of land that have been taken on lease and disclosed as fixed assets in the Ind AS financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement. The Company does not have any buildings that have been taken on lease and disclosed as fixed asset in the Ind AS financial statements.
- ii. The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- iv. 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, making investments and providing guarantees and securities, as applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public. The Company does not have any unclaimed deposits and accordingly the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.
- vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- vii. According to the information and explanations given to us, in respect of statutory dues:
 - a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Sales Tax, Service Tax, Value Added Tax, Cess and other material statutory dues applicable to it with appropriate authorities.

We are informed that the provisions of Employees' State Insurance Act, 1948 are not applicable to the Company and that the operations of the Company did not give rise to Customs Duty and Excise Duty.

- b. There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales Tax, Service Tax, Value Added Tax, Cess and other material statutory



dues in arrears as at 31 March, 2017 for a period of more than six months from the date they became payable.

We are informed that the provisions of Employees' State Insurance Act, 1948 are not applicable to the Company and that the operations of the Company did not give rise to Customs Duty and Excise Duty.

- c. There are no dues of Income-tax, Sales Tax, Service Tax and Value Added Tax which have not been deposited as on 31 March, 2017 on account of disputes.

We are informed that the Company's operations do not give rise to Customs Duty and Excise duty.

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loans or borrowings from financial institutions and government or has not issued any debentures.
- ix. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.
- xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS financial statements etc. as required by the applicable accounting standards.
- xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 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 directors of its holding, subsidiary or associate company, as applicable, or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.



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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's Registration No. 015125N)



Alka Chadha

Alka Chadha
Partner
(Membership No. 93474)

Place: New Delhi
Date: 5 May, 2017

TATA POWER TRADING COMPANY LIMITED
BALANCE SHEET AS AT 31 MARCH, 2017

Rs. in Lacs

	Notes	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
ASSETS				
Non-current assets				
(a) Property, plant and equipment	4	2,839.48	3,032.64	933.23
(b) Capital work-in-progress	4	2,591.39	2,311.66	3,559.95
(c) Intangible assets	5	307.41	413.59	50.49
(d) Intangible assets under development	5	-	-	254.72
Financial assets				
(i) Investments	6	387.00	365.25	343.50
(f) Non current tax assets (net)	19	92.20	91.46	67.87
(g) Deferred tax assets (net)	16	-	-	5.26
(h) Other non-current assets	10	230.55	230.94	-
Total non-current assets		6,448.03	6,445.54	5,215.02
Current assets				
Financial assets				
(i) Trade receivables	7	48,703.13	67,104.61	52,801.28
(ii) Cash and cash equivalents	9	810.56	27.35	342.92
(iii) Other financial assets	8	12,858.32	18,114.38	12,556.83
(b) Other current assets	10	149.39	23.86	165.70
Total current assets		62,521.40	85,270.20	65,866.73
Total assets		68,969.43	91,715.74	71,081.75
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	11	1,600.00	1,600.00	1,600.00
(b) Other equity	12	14,192.66	14,248.64	13,368.39
Total equity		15,792.66	15,848.64	14,968.39
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	13	3,403.98	2,152.34	630.00
(b) Provisions	15	225.21	201.43	-
(c) Deferred tax liabilities (net)	16	511.44	321.09	-
Total non-current liabilities		4,140.63	2,674.86	630.00
Current liabilities				
Financial liabilities				
(i) Borrowings	17	14,233.37	23,558.80	24,559.22
(ii) Trade payables	18	32,599.43	47,140.29	26,893.01
(iii) Other financial liabilities	14	1,667.88	1,717.87	3,191.12
(b) Provisions	15	8.56	2.67	-
(c) Current tax liabilities (net)	19	-	70.49	162.96
(d) Other current liabilities	20	526.90	702.12	677.05
Total current liabilities		49,036.14	73,192.24	55,483.36
Total liabilities		53,176.77	75,867.10	56,113.36
Total equity and liabilities		68,969.43	91,715.74	71,081.75

See accompanying notes to the financial statements

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In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Alka Chadha

Alka Chadha
Partner



New Delhi
5 May, 2017

For and on behalf of the Board of Directors

S. Ramakrishnan

S. Ramakrishnan
Chairman

Sanjeev Mehra

Sanjeev Mehra
Managing Director

Amey S Naik
Amey S Naik
Chief Financial Officer &
Company Secretary



New Delhi
5 May, 2017

TATA POWER TRADING COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2017

		Rs. in Lacs	
	Notes	Year ended 31-Mar-17	Year ended 31-Mar-16
I	Revenue from operations	4,60,571.33	5,94,282.99
II	Other income	147.29	39.07
III	Total income (I + II)	4,60,718.62	5,94,322.06
IV	Expenses		
(a)	Cost of power purchased	4,62,330.80	5,94,288.30
	Less: Cash discount earned	6,846.67	7,868.32
		4,55,484.13	5,86,419.98
(b)	Employee benefits expense	919.52	517.98
(c)	Finance costs	1,803.56	2,053.25
(d)	Depreciation and amortisation expense	312.65	287.99
(e)	Other expenses	1,282.67	2,179.54
	Total expenses (IV)	4,59,802.53	5,91,458.74
V	Profit before tax (III-IV)	916.09	2,863.32
VI	Tax expense:		
(a)	Current tax	429.75	233.42
(b)	Deferred tax	(31.99)	778.14
		397.76	1,011.56
VII	Profit for the year (V-VI)	518.33	1,851.76
VIII	Other comprehensive income		
(i)	Items that will not be reclassified to profit and loss - Remeasurements of the defined benefit plans	(7.48)	(12.92)
(ii)	Income tax relating to items that will not be reclassified to profit and loss	2.59	4.27
IX	Total other comprehensive income	(4.89)	(8.65)
X	Total comprehensive income for the year (VII + IX)	513.44	1,843.11
	Earnings per equity share [face value of share Rs. 10 each]		
(a)	Basic (in Rs.)	3.24	11.57
(b)	Diluted (in Rs.)	3.24	11.57

See accompanying notes to the financial statements

1-38

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants


Alka Chadha
Partner



For and on behalf of the Board of Directors


S. Ramakrishnan
Chairman


Sanjeev Mehra
Managing Director


Amey S Naik
Chief Financial Officer &
Company Secretary



New Delhi
5 May, 2017

New Delhi
5 May, 2017

TATA POWER TRADING COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2017

a. Equity share capital					Rs. in Lacs
					Amount
Balance as at 1 April, 2015					1,600.00
Changes in equity share capital during the year					-
Balance as at 31 March, 2016					1,600.00
Changes in equity share capital during the year					-
Balance as at 31 March, 2017					1,600.00
b. Other equity					
	Deemed capital contribution from holding company	Reserves and surplus			Total
		Securities premium reserve	General reserve	Retained earnings	
Balance as at 1 April, 2015	-	2,089.50	1,355.00	9,923.89	13,368.39
Add: Profit for the year	-	-	-	1,851.76	1,851.76
Add: Other comprehensive Income (net of tax)	-	-	-	(8.65)	(8.65)
Total comprehensive income for the year	-	-	-	1,843.11	1,843.11
Less: Payments of dividends	-	-	-	(800.00)	(800.00)
Less: Tax on proposed dividend	-	-	-	(162.86)	(162.86)
Balance as at 31 March, 2016	-	2,089.50	1,355.00	10,804.14	14,248.64
Add: Issue of financial guarantee by holding company	8.30	-	-	-	8.30
Add: Profit for the year	-	-	-	518.33	518.33
Add: Other comprehensive Income (net of tax)	-	-	-	(4.89)	(4.89)
Total comprehensive income for the year	8.30	-	-	513.44	521.74
Less: Payments of dividends	-	-	-	(480.00)	(480.00)
Less: Tax on proposed dividend	-	-	-	(97.72)	(97.72)
Balance as at 31 March, 2017	8.30	2,089.50	1,355.00	10,739.86	14,192.66

See accompanying notes to the financial statements

1-38

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Alka Chadha
Alka Chadha
Partner



New Delhi
5 May, 2017

For and on behalf of the Board of Directors

S. Ramakrishnan *Sanjeev Mehra*

S. Ramakrishnan
Chairman

Sanjeev Mehra
Managing Director



Amey S Naik
Amey S Naik
Chief Financial Officer &
Company Secretary

New Delhi
5 May, 2017

TATA POWER TRADING COMPANY LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2017

	Notes	Rs. in Lacs	
		Year ended 31-Mar-17	Year ended 31-Mar-16
Cash flows from operating activities			
Profit for the year		518.33	1,851.76
Adjustments for :			
Tax expense recognised in profit or loss		397.76	1,011.56
Finance costs recognised in profit or loss		1,803.56	2,053.25
Gain arising on financial assets designated as at FVTPL		(21.75)	(21.75)
Dividend income from current investments-mutual funds		-	(9.96)
Gain on sale of current investments		(108.13)	(7.36)
Interest income on fixed deposits		(17.40)	-
(Gain) / loss on disposal of property, plant and equipment		(0.01)	0.81
Provision for doubtful trade receivables and other financial assets		-	421.55
Provision for doubtful trade receivables and other financial assets written back		(33.25)	-
Liability no longer required written back		(1.98)	-
Depreciation and amortisation expense		312.65	287.99
Amortisation of prepayment for leasehold land		0.40	0.40
		2,850.18	5,588.25
Movements in working capital			
(Increase)/decrease in other non-current assets		-	(9.60)
(Increase)/decrease in trade receivables		18,487.24	(14,768.72)
(Increase)/decrease in other current financial assets		5,203.85	(5,513.48)
(Increase)/decrease in other current assets		(125.53)	141.84
Increase/(decrease) in provisions		25.95	191.19
Increase/(decrease) in trade payables		(14,540.86)	20,247.28
Increase/(decrease) in other current financial liabilities		(136.95)	(612.36)
Increase/(decrease) in other current liabilities		(175.22)	25.07
Cash generated from operations		11,588.66	5,289.47
Income taxes paid		(276.04)	(797.00)
Net cash generated by operating activities		11,312.62	4,492.47
Cash flows from investing activities			
Payments for property, plant and equipment		(318.77)	(2,496.98)
Proceeds from disposal of property, plant and equipment		1.10	1.33
Payments to acquire current investments		(1,91,095.00)	(58,810.00)
Proceeds on sale of current investments		1,91,201.39	58,817.36
Dividend income from current investments-mutual funds		-	9.96
Interest income received on fixed deposits		17.40	-
Net cash used in investing activities		(193.88)	(2,478.33)
Cash flows from financing activities			
Proceeds from long term borrowings		1,500.00	1,658.00
Repayment of long term borrowings		(135.66)	-
Proceeds from short term borrowings		1,67,284.42	1,94,108.87
Repayment of short term borrowings		(1,66,845.74)	(2,04,917.12)
Dividend paid		(480.00)	(800.00)
Tax on dividend paid		(97.72)	(162.86)
Finance costs paid		(1,796.72)	(2,024.43)
Net cash used in financing activities		(571.42)	(12,137.54)
Net increase / (decrease) in cash and cash equivalents		10,547.32	(10,123.40)
Cash and cash equivalents at the beginning of the year		(9,780.48)	342.92
Cash and cash equivalents at the end of the year	9	766.84	(9,780.48)

See accompanying notes to the financial statements

1-38

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Alka Chadha
Alka Chadha
Partner



For and on behalf of the Board of Directors

S. Ramakrishnan
S. Ramakrishnan
Chairman

Sanjeev Mehra
Sanjeev Mehra
Managing Director

Amey S Naik
Amey S Naik
Chief Financial Officer &
Company Secretary



New Delhi
5 May, 2017

New Delhi
5 May, 2017

TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1. General information:

Tata Power Trading Company Limited is a wholly owned subsidiary of The Tata Power Company Limited. The Company is primarily engaged in the business of trading of electricity across the country. Central Electricity Regulatory Commission (CERC) has granted Category "I" certificate to the Company for purposes of power trading, which allows the Company to trade power units without any quantitative restrictions. The Company sources power from different public and private sectors utilities and supplies to various consumers being public and private sectors power utilities. The registered office of the Company is Carnac Receiving station, 34, Sant Tukaram Road, Carnac Bunder, Mumbai - 400009, India.

2. Significant accounting policies:

a) Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India.

Upto the year ended 31 March, 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 1 April, 2015. Refer Note 2(u) for the details of first-time adoption exemptions availed by the Company.

b) Basis of preparation and presentation:

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for 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 and value in use in Ind AS 36.

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



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- Level 3 inputs are unobservable inputs for the asset or liability

c) Use of estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of valuation of deferred tax assets, estimation of onerous contract provision related to Dagachhu Project and provision for employee benefits.

Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under note 2(h)(ii). Also see note 16 and 27.

Estimation of onerous contract provision related to Dagachhu Project

The Company has a take-or-pay contract with Dagachhu Hydro Power Corporation Limited (DHPC) for a period of 25 years (upto March, 2040) for purchase of power from 126 MW run of the river hydro plant with a guaranteed base rate which is escalable 2% every calendar year. During the year, the Company incurred a loss as the power was sold at a rate lower than the guaranteed base rate. The lower rate realisation was on account of suppressed power market prices during the year, limited access to power market for power from outside the country, corridor constraint resulting in increase in transmission charges, etc. The Management has assessed the profitability over the contract period based on the price estimates shared by third party expert upto FY 2040. The prices have been forecasted by third expert using statistical tools and models. Based on assessment carried out, Management is of the opinion that the contract would be profitable over a period of time and no provision needs to be made for onerous contract. The policy for the provision for onerous contracts has been explained under note 2(m)(i).

Provision for employee benefits

The policy for the employee benefits have been explained under note 2(h). Also see note 15 and 32.

d) 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 volume rebates and other similar allowances.

- i. Revenue from sale of power is accounted for based on rates agreed with the customers and is inclusive of trading margin (as applicable).
- ii. For sale of power under banking arrangements only margin earned on the transactions is accounted for as revenue.



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- iii. Revenue in the nature of advisory services rendered towards finalisation of power purchase agreements, CDM services, load management etc. is recognised as determined under the terms of respective agreements.
- iv. Delayed payment charges for power supply on grounds of prudence are recognised when recovery is virtually certain.
- v. Compensation recoverable from customers/suppliers for default in purchase/sale of power is accrued as determined under the terms of respective agreements and acknowledged by customers/suppliers.
- vi. Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).
- vii. 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.

e) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company 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.

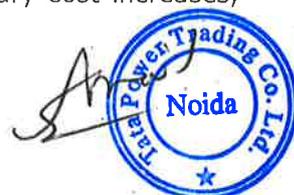
Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are 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.

The Company as lessee

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs (see note 2(g) below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental expense 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,



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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.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

f) Foreign currencies

The functional currency of the Company is Indian rupee (₹).

In preparing the financial statements of the Company, 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.

g) 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 capitalization.

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

h) Employee benefits

i) 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 semi-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:



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- 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 benefits and when the entity recognises any related restructuring costs.

ii) 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.

i) Taxation

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

i) 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.

ii) 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.



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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 realized, 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.

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

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

iii) 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.

j) 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.

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.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than 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.

Depreciation on property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following assets whose estimated useful life is assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, etc.

Plant and Equipment - Wind Mill: 25 years



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Plant and Equipment - Solar Plant: 15 years
Motor Vehicles: 5 years

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

k) Intangible assets:

i) 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.

ii) 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, and are recognised in profit or loss when the asset is derecognised.

iii) Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Software license: 5 years

l) Impairment of tangible and intangible assets other than goodwill

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



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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.

m) 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.

i) 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.

n) Financial instruments

Financial assets and financial liabilities are recognised when entity 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.

o) 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

i) 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



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costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount on initial recognition.

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

ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount outstanding.

The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

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

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

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.

iv) 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



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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.

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.

v) 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



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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.

vi) 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.

Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.

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.

p) Financial liabilities and equity instruments

i) Classification as debt or equity

Debt and equity instruments issued by 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.

ii) 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 Company are recognised at the proceeds received, net of direct issue costs.

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

iii) Financial liabilities

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

Financial liabilities subsequently measured at amortised cost



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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.

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.

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.

q) Cash and cash equivalents

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

r) Cash Flow Statement

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

s) Earnings per equity share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares



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

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

t) Operating cycle

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

u) First-time adoption - mandatory exceptions, optional exemptions

i) 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.

ii) 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).

iii) 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.

iv) 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.

v) Cost for property, plant and equipment, investment property, and intangible assets

The Company has elected to restate retrospectively all its property, plant and equipment, investment property, and intangible assets as per the Ind AS 16.



TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

vi) 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.

Note 3 Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' The amendments are applicable to the Company from 1 April, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The company is evaluating the requirements of the amendment and its impact on its cash flows, which are not expected to be material.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Company does not have any scheme of share based payments and hence the requirements of the amendment will not have any impact of the financial statements.



TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

4. Property, plant and equipment and capital work-in progress

		Rs. in Lacs			
		As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15	
Carrying amounts of :					
Plant and equipment (See note below)		2,833.36	3,024.97	918.29	
Vehicles		1.53	1.53	6.00	
Furniture and fixtures		3.78	4.11	2.46	
Office equipment		0.81	2.03	6.48	
		2,839.48	3,032.64	933.23	
Capital work-in-progress		<u>2,591.39</u>	<u>2,311.66</u>	<u>3,559.95</u>	
		5,430.87	5,344.30	4,493.18	
	Plant and equipment	Vehicles	Furniture and fixtures	Office equipment	Total
Cost					
Balance as at 1 April, 2015	975.76	15.28	9.74	16.83	1,017.61
Additions	2,315.33	-	1.99	2.37	2,319.69
Disposals	28.92	-	0.05	2.61	31.58
Balance as at 31 March, 2016	3,262.17	15.28	11.68	16.59	3,305.72
Additions	14.58	-	-	0.12	14.70
Disposals	3.46	-	-	3.63	7.09
Balance as at 31 March, 2017	3,273.29	15.28	11.68	13.08	3,313.33
Accumulated depreciation					
Balance as at 1 April, 2015	57.47	9.28	7.28	10.35	84.38
Elimination on disposals of assets	26.76	-	0.03	2.42	29.21
Depreciation expense	206.49	4.47	0.32	6.63	217.91
Balance as at 31 March, 2016	237.20	13.75	7.57	14.56	273.08
Elimination on disposals of assets	2.55	-	-	3.15	5.70
Depreciation expense	205.28	-	0.33	0.86	206.47
Balance as at 31 March, 2017	439.93	13.75	7.90	12.27	473.85
Carrying amount					
Balance as at 1 April, 2015	918.29	6.00	2.46	6.48	933.23
Additions	2,315.33	-	1.99	2.37	2,319.69
Disposals	2.16	-	0.02	0.19	2.37
Depreciation expense	206.49	4.47	0.32	6.63	217.91
Balance as at 31 March, 2016	3,024.97	1.53	4.11	2.03	3,032.64
Additions	14.58	-	-	0.12	14.70
Disposals	0.91	-	-	0.48	1.39
Depreciation expense	205.28	-	0.33	0.86	206.47
Balance as at 31 March, 2017	2,833.36	1.53	3.78	0.81	2,839.48

Note:

Plant and equipment with a carrying amount of Rs. 2,817.16 lacs (as at 31 March, 2016 - Rs. 3,012.97 lacs and as at 1 April, 2015 - Rs. 896.07 lacs) have been pledged to secure borrowings of the Company (see note 13).



TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

5. Intangible assets and intangible assets under development

Rs. in Lacs

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Carrying amounts of :			
Computer software	307.41	413.59	50.49
Intangible assets under development	-	-	254.72
	307.41	413.59	305.21
		Computer software	Total
Cost		Rs.	Rs.
Balance as at 1 April, 2015		302.32	302.32
Additions		433.18	433.18
Disposals or classified as held for sale		-	-
Balance as at 31 March, 2016		735.50	735.50
Additions		-	-
Disposals or classified as held for sale		-	-
Balance as at 31 March, 2017		735.50	735.50
Accumulated amortisation			
Balance as at 1 April, 2015		251.83	251.83
Amortisation expense		70.08	70.08
Balance as at 31 March, 2016		321.91	321.91
Amortisation expense		106.18	106.18
Balance as at 31 March, 2017		428.09	428.09
Carrying amount			
Balance as at 1 April, 2015		50.49	50.49
Additions		433.18	433.18
Amortisation expense		70.08	70.08
Balance as at 31 March, 2016		413.59	413.59
Amortisation expense		106.18	106.18
Balance as at 31 March, 2017		307.41	307.41

The Company holds intangible assets comprising SAP licences for the ERP system implemented in the Company. The carrying amount of the assets will be fully amortised over a period of 5 years from the date of acquisition.



TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

6. Investments (Non-current)

	As at 31-Mar-17		As at 31-Mar-16		As at 01-Apr-15	
	Qty. Nos.	Amount Rs. in Lacs	Qty. Nos.	Amount Rs. in Lacs	Qty. Nos.	Amount Rs. in Lacs
Unquoted investments (all fully paid)						
(a) Investments in equity instruments at FVTPL						
- Power Exchange India Limited (see note (i) below)	25,00,000	-	25,00,000	-	25,00,000	-
(b) Investments in preference instruments at FVTPL						
- Tata Ceramic Limited (see note (ii) below)	3,00,000	387.00	3,00,000	365.25	3,00,000	343.50
TOTAL AGGREGATE UNQUOTED NON-CURRENT INVESTMENTS		387.00		365.25		343.50
Aggregate carrying value of unquoted investments		387.00		365.25		343.50

(i) 2,500,000 equity shares of Rs. 10 each fully paid up in Power Exchange India Limited
(ii) 300,000 7.25% of redeemable cumulative preference shares of Rs. 100 each fully paid up in Tata Ceramics Limited.

7. Trade receivables

	Rs. in Lacs		
	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Current			
(a) Secured, considered good	467.32	5,131.52	729.78
(b) Unsecured, considered good	48,235.81	61,973.09	52,071.50
(c) Doubtful	686.02	771.78	306.39
Less: Provision for doubtful trade receivables	686.02	771.78	306.39
	48,703.13	67,104.61	52,801.28

The credit period on sale of power is upto 60 days. Thereafter, interest is charged at 15% to 18% per annum on the outstanding balance.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. 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	Expected credit loss (%)
Within the credit period	0.16% - 0.59%
1-30 days past due	0.03% - 1.19%
31-60 days past due	0.03% - 1.19%
61-90 days past due	0.03% - 1.19%
More than 90 days past due	3.01% - 11.57%

Age of receivables

Within the credit period
1-30 days past due
31-60 days past due
61-90 days past due
More than 90 days past due
Total

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Within the credit period	21,034.60	38,925.48	34,120.29
1-30 days past due	2,946.78	9,858.41	18,753.31
31-60 days past due	4,321.67	9,337.37	-
61-90 days past due	2,500.52	3,250.29	-
More than 90 days past due	18,585.58	6,504.84	234.07
Total	49,389.15	67,876.39	53,107.67

Movement in the expected credit loss allowance

Balance at the beginning of the year
Movement in expected credit loss allowance on trade receivables
Balance at the end of the year

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Balance at the beginning of the year	771.78	306.39	330.41
Movement in expected credit loss allowance on trade receivables	(85.76)	465.39	(24.02)
Balance at the end of the year	686.02	771.78	306.39



TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

8. Other financial assets

Rs. in Lacs

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Current			
Security deposits	1,031.45	347.26	212.62
Less: Provision for doubtful security deposits	5.00	5.00	5.00
	1,026.45	342.26	207.62
Unbilled revenue	11,344.15	17,749.65	12,283.18
Receivable on sale of property plant and equipment	0.53	0.23	-
Other receivables	588.12	70.66	158.29
Less: Provision for doubtful other receivables	100.93	48.42	92.26
	487.19	22.24	66.03
Total	12,858.32	18,114.38	12,556.83

9. Cash and cash equivalents

Rs. in Lacs

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Balances with banks	810.56	27.35	342.92
Cash and cash equivalents as per balance sheet	810.56	27.35	342.92
Bank overdraft (refer note 17)	(43.72)	(9,807.83)	-
Cash and cash equivalents as per cash flow statement	766.84	(9,780.48)	342.92

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

	SBN's* (Rs.)	Other Denomination Notes (Rs.)	Total (Rs.)
Closing cash in hand as on 8 November, 2016	-	-	-
Add: Permitted receipts	-	-	-
Less: Permitted payments	-	-	-
Less: Amount deposited in banks	-	-	-
Closing cash in hand as on 30 December, 2016	-	-	-

* For the purposes of this note, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8 November, 2016.

10. Other assets

Rs. in Lacs

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Non-current			
Capital advances	221.75	221.74	-
Prepayment for leasehold land	8.80	9.20	-
	230.55	230.94	-
Current			
Prepaid expenses	145.75	23.46	165.70
Prepayment for leasehold land	0.40	0.40	-
Service tax input credit receivable	3.24	-	-
	149.39	23.86	165.70



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TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

11. Equity share capital

	Rs. in Lacs		
	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Equity share capital	1,600.00	1,600.00	1,600.00
	1,600.00	1,600.00	1,600.00
Authorised share capital			
20,000,000 equity shares of Rs. 10 each	2,000.00	2,000.00	2,000.00
18,000,000 preference shares of Rs. 10 each	1,800.00	1,800.00	1,800.00
Issued and subscribed capital comprises:			
16,000,000 fully paid equity shares of Rs. 10 each. (As at 31-March, 2016: 16,000,000; as at 1 April, 2015: 16,000,000)	1,600.00	1,600.00	1,600.00
	1,600.00	1,600.00	1,600.00

11.1 Fully paid equity shares

	Number of shares	Share capital
Balance as at 1 April, 2015	1,60,00,000	1,600.00
Movements during the period	-	-
Balance as at 31 March, 2016	1,60,00,000	1,600.00
Movements during the period	-	-
Balance as at 31 March, 2017	1,60,00,000	1,600.00

Fully paid equity shares, which have a par value of Rs. 10, carry one vote per share and carry a right to dividends.

11.2 Details of shares held by the holding company

	As at 31-Mar-17 Nos.	As at 31-Mar-16 Nos.	As at 1-Apr-15 Nos.
Fully paid equity shares			
The Tata Power Company Limited, holding company	1,60,00,000	1,60,00,000	1,60,00,000

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

	As at 31-Mar-17		As at 31-Mar-16	
	Number of shares held	% holding of equity shares	Number of shares held	% holding of equity shares
Fully paid equity shares				
The Tata Power Company Limited, holding company	1,60,00,000	100%	1,60,00,000	100%

	As at 1-Apr-15	
	Number of shares held	% holding of equity shares
Fully paid equity shares		
The Tata Power Company Limited, holding company	1,60,00,000	100%



TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

12. Other equity

Rs. in Lacs

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Deemed capital contribution from holding company	8.30	-	-
General reserve	1,355.00	1,355.00	1,355.00
Securities premium reserve	2,089.50	2,089.50	2,089.50
Retained earnings	10,739.86	10,804.14	9,923.89
	14,192.66	14,248.64	13,368.39

12.1 General reserve

	Year ended 31-Mar-17	Year ended 31-Mar-16
Balance at the beginning of the year	1,355.00	1,355.00
Balance at the end of the year	1,355.00	1,355.00

12.2 Securities premium reserve

	Year ended 31-Mar-17	Year ended 31-Mar-16
Balance at the beginning of the year	2,089.50	2,089.50
Balance at the end of the year	2,089.50	2,089.50

12.3 Retained earnings

(see note below)

	Year ended 31-Mar-17	Year ended 31-Mar-16
Balance at the beginning of the year	10,804.14	9,923.89
Profit for the year	518.33	1,851.76
Add: Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	(4.89)	(8.65)
Less: Payment of dividends on equity shares [Rs. 3 per share (previous year: Rs. 5 per share)]	480.00	800.00
Less: Tax on dividend	97.72	162.86
Balance at the end of the year	10,739.86	10,804.14

Note:

- The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.
- In respect of the year ended 31 March, 2017, the directors in their meeting dated 5 May, 2017 have proposed a final dividend of Rs. 2.50 per share to be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the annual general meeting.



TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

13. Non-current borrowings

	Rs. in Lacs		
	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Secured - at amortised cost			
(i) Term loans from Kotak Mahindra Bank (Refer note 13.1 below)	3,403.98	2,152.34	630.00
Total non-current borrowings	3,403.98	2,152.34	630.00

13.1 Summary of borrowing arrangements

- (i) The terms of repayment of outstanding balance of term loans are stated below:
As at 31 March, 2017

Particulars	Amount outstanding	Repayment terms for outstanding balance	Rate of interest
Kotak Mahindra Bank	560.00	32 equal quarterly installments from 30 June, 2017 to 31 March, 2025	6 months MCLR + 10 basis points i.e. 8.60% as at 31 March, 2017
Kotak Mahindra Bank	1,592.34	41 quarterly installments from 30 June, 2017 to 30 June, 2027	6 months MCLR + 10 basis points i.e. 8.60% as at 31 March, 2017
Kotak Mahindra Bank	1,500.00	44 quarterly installments from 16 July, 2017 to 16 April, 2028	6 months MCLR + 10 basis points i.e. 8.60% as at 31 March, 2017
	3,652.34		

As at 31 March, 2016

Kotak Mahindra Bank	630.00	36 equal quarterly installments from 30 June, 2016 to 31 March, 2025	Base rate + 70 basis points i.e. 10.20% as at 31 March, 2016
Kotak Mahindra Bank	1,658.00	44 quarterly installments from 30 September, 2016 to 30 June, 2027	Base rate + 55 basis points i.e. 10.05% as at 31 March, 2016
	2,288.00		

As at 1 April, 2015

Kotak Mahindra Bank	630.00	36 equal quarterly installments from 30 June, 2016 to 31 March, 2025	Base rate + 70 basis points i.e. 10.70% as at 1 April, 2015
	630.00		

- (ii) **Security terms**

Exclusive charge over the moveable fixed assets of the project (i.e. Wind and Solar Projects) and exclusive charge on project receivables.

- (iii) Balance outstanding as at 31 March, 2017 is Rs. 3,652.34 lacs (31 March, 2016 - Rs. 2,288.00 lacs; 1 April, 2015 - Rs. 630.00 lacs) of which Rs. 248.36 lacs (31 March, 2016 - Rs. 135.66 lacs; 1 April, 2015 - Rs. Nil) pertains to current maturities of long term borrowings (see note 14).

- (iv) The Company has not defaulted on repayment of loan and interest payment thereon during the current and previous year.

14. Other financial liabilities

	Rs. in Lacs		
	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Current			
(a) Current maturities of long term debt (Refer note 13.1 above)	248.36	135.66	-
(b) Interest accrued	27.36	28.82	-
(c) Payable on account of property, plant and equipment and capital work-in-progress	653.44	677.72	1,703.09
(d) Security deposits from vendors	54.82	50.20	50.57
(e) Security deposits from customers	680.31	817.30	1,426.74
(f) Others	3.59	8.17	10.72
	1,667.88	1,717.87	3,191.12



TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

15. Provisions

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Rs. in Lacs			
Non-current			
Provision for employee benefits			
Provision for gratuity	115.68	90.55	-
Provision for compensated absences	100.28	104.86	-
Provision for other employees benefits	9.25	6.02	-
Total	225.21	201.43	-
Current			
Provision for employee benefits			
Provision for gratuity	3.57	0.15	-
Provision for compensated absences	4.99	2.52	-
Total	8.56	2.67	-

16. Deferred tax (liabilities) / assets

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Deferred tax assets	317.80	318.20	137.20
Deferred tax liabilities	(1,051.82)	(1,086.81)	(131.94)
MAT credit entitlement	222.58	447.52	-
	(511.44)	(321.09)	5.26
FY 2016-17			
	Opening balance	Recognised in profit or loss	Closing balance
MAT credit entitlement	447.52	(224.94)	222.58
Deferred tax (liabilities) / assets in relation to			
Property, plant and equipment	(1,082.35)	30.53	(1,051.82)
Provision for doubtful debts and other financial assets	285.59	(11.51)	274.08
Provision for employee benefits	28.15	15.57	43.72
	(768.61)	34.59	(734.02)
FY 2015-16			
	Opening balance	Recognised in profit or loss	Closing balance
MAT credit entitlement	-	447.52	447.52
Deferred tax (liabilities) / assets in relation to			
Property, plant and equipment	(131.94)	(950.41)	(1,082.35)
Provision for doubtful debts and other financial assets	137.20	148.39	285.59
Provision for employee benefits	-	28.15	28.15
	5.26	(773.87)	(768.61)

17. Current borrowings

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Unsecured - at amortised cost			
a) Commercial paper [Maximum amount outstanding during the year is Rs. 14,862.15 lacs (31 March, 2016: Rs. 13,730.09 lacs and 1 April, 2015: Nil)]	-	6,912.78	-
Secured - at amortised cost			
a) Loans repayable on demand from banks (Bank overdraft) (Refer note 1 below)	43.72	9,807.83	-
b) Loans from banks (Refer note 1 and 2 below)	14,189.65	6,838.19	24,559.22
	14,233.37	23,558.80	24,559.22

Note:

- Secured by a first charge by way of hypothecation of the Company's moveable including book-debts, bills, outstanding monies, receivables, both present and future ranking pari-passu with other participating banks.
- The weighted average effective interest rate on the bank loans is 8.52% per annum (as at 31 March, 2016: 9.58% per annum and as at 1 April, 2015: 10.16% per annum)



TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

18. Trade payables

Rs. in Lacs

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Trade payables (see note below)			
- total outstanding dues of micro enterprises and small enterprises	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	32,599.43	47,140.29	26,893.01
	32,599.43	47,140.29	26,893.01

Note:

i. The average credit period is upto 30 days for the Company.

ii. Based on information available with the Company, the balance due to micro, small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is Rs. Nil (31 March, 2016: Rs. Nil, 1 April, 2015: Nil) and no interest has been paid or is payable during the year under the terms of the MSMED Act, 2006. The information provided by the Company has been relied upon by the auditors.

19. Tax assets and liabilities

Rs. in Lacs

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Non current tax assets (net)			
Tax refund receivable	92.20	91.46	67.87
	92.20	91.46	67.87
Current tax liabilities (net)			
Income-tax payable	-	70.49	162.96
	-	70.49	162.96

20. Other current liabilities

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Advance from customers	436.47	440.57	485.51
Statutory liabilities (Contributions to PF, Withholding taxes, VAT, Service tax etc.)	90.43	261.55	191.54
	526.90	702.12	677.05



TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

21. Revenue from operations

Rs. in Lacs

	Year ended 31-Mar-17	Year ended 31-Mar-16
(a) Revenue from power supply	4,64,150.05	5,97,808.34
Less: Cash discount allowed	3,979.06	3,801.97
	4,60,170.99	5,94,006.37
(b) Other operating revenue		
(i) Revenue from power banking sale (net of service tax paid)	-	0.23
(ii) Income from advisory services	80.29	86.57
(iii) Income from other services	112.90	189.81
(iv) Liabilities no longer required written back	1.98	-
(v) Provision for doubtful trade receivables and other financial assets written back	33.25	-
(vi) Compensation income (net)	62.82	0.01
(vii) Delayed payment charges recovered	109.10	-
	400.34	276.62
	4,60,571.33	5,94,282.99

22. Other income

	Year ended 31-Mar-17	Year ended 31-Mar-16
(a) Interest income on fixed deposits	17.40	-
(b) Dividend income from current investments-mutual funds	-	9.96
(c) Gain on sale of current investments	108.13	7.36
(d) Gain on disposal of property plant and equipment	0.01	-
(e) Gain arising on financial assets designated as at FVTPL	21.75	21.75
Total	147.29	39.07

23. Employee benefits expense

	Year ended 31-Mar-17	Year ended 31-Mar-16
Salaries and wages	736.13	468.31
Contribution to provident and other funds	25.31	12.72
Retiring gratuities	24.12	19.45
Pension contribution	5.50	3.06
Staff welfare expenses	128.46	14.44
Total	919.52	517.98

24. Finance costs

	Year ended 31-Mar-17	Year ended 31-Mar-16
(a) Interest costs :		
Interest on current borrowings	1,432.48	1,724.16
Interest on non-current borrowings	258.32	191.20
Interest on delayed payment of statutory dues	3.93	0.92
(b) Other borrowing cost :		
Delayed payment charges	0.59	3.10
Bank charges	108.24	133.87
	1,803.56	2,053.25



TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

25. Depreciation and amortisation expense	Rs. in Lacs	
	Year ended 31-Mar-17	Year ended 31-Mar-16
Depreciation on property, plant and equipment	206.47	217.91
Amortisation of intangible assets	106.18	70.08
Total depreciation and amortisation expense	312.65	287.99

26. Other expenses	Year ended 31-Mar-17	Year ended 31-Mar-16
Rent expense	123.47	271.51
Repairs and maintenance-others	144.90	123.43
Travelling and conveyance	72.88	66.75
Licence and other fees	139.46	85.79
Loss on disposal of property, plant and equipment	-	0.81
Cost of outsourced services	253.99	632.05
Brand equity fees	58.47	172.45
Provision for doubtful trade receivables and other financial assets	-	421.55
Legal and professional charges	310.54	222.91
Payment to Statutory Auditors (see note below)	31.43	29.03
Director fees	20.92	16.86
Expenditure on corporate social responsibility	78.37	90.95
Amortisation of prepayment for leasehold land	0.40	0.40
Miscellaneous expenses	47.84	45.05
Total	1,282.67	2,179.54
Note:		
Payment to Statutory Auditors comprise (inclusive of service tax)		
- For Audit	19.55	19.47
- For Taxation matters	2.04	2.00
- For Other services	7.64	6.87
- For Reimbursement of expenses	2.20	0.69
Total	31.43	29.03

The remuneration disclosed above excludes fees of Rs. 10.35 lacs (previous year Rs 7.30 lacs) (including service tax) for other professional services rendered by a firm of accountants in which some partners of the firm of Statutory Auditors are partners.



TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

27. Income taxes relating to continuing operations

27.1 Income taxes recognised in profit and loss

	Rs. in Lacs	
	Year ended 31-Mar-17	Year ended 31-Mar-16
Current tax		
In respect of the current year	413.70	711.63
In respect of the previous years	16.05	(30.69)
MAT credit	-	(447.52)
	429.75	233.42
Deferred tax		
In respect of the current year	(31.99)	778.14
	(31.99)	778.14
Total income tax expense recognised in the current year	397.76	1,011.56

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

	Year ended 31-Mar-17	Year ended 31-Mar-16
	Profit before tax	916.09
Income tax expense calculated at 34.608% (2015-16: 34.608%)	317.04	990.94
Effect of income that is exempt from taxation	(7.53)	(10.96)
Effect of expenses that are not deductible in determining taxable profit	40.87	31.48
Effect on deferred tax balances due to the changes in income tax rate from 33.99% to 34.608%	-	0.10
Effect related to adjustment for previous years	47.38	-
Income tax expense recognised in Statement of Profit or Loss	397.76	1,011.56

The tax rate used for the years 2016-2017 and 2015-2016 reconciliations above is the corporate tax rate of 34.608% payable by corporate entities in India on taxable profits under the Indian income tax law.

27.2 Income tax recognised in other comprehensive income

	Rs. in Lacs	
	Year ended 31-Mar-17	Year ended 31-Mar-16
Deferred tax		
Arising on income and expenses recognised in other comprehensive income		
Remeasurements of defined benefit obligation	2.59	4.27
Total income tax recognised in other comprehensive income	2.59	4.27
Bifurcation of the income tax recognised in other comprehensive income into:		
- Item that will not be reclassified to profit or loss	2.59	4.27
- Item that may be reclassified to profit or loss	-	-



TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

28. Earnings per share	Rs. in Lacs	
	Year ended 31-Mar-17	Year ended 31-Mar-16
28.1 Basic / Diluted earnings per share [face value of share Rs. 10 each]	3.24	11.57
28.2 Basic/ Diluted earnings per share		
The earnings and weighted average number of equity shares used in the calculation of basic/ diluted earnings per share are as follows:		
	Rs. in Lacs	
	Year ended 31-Mar-17	Year ended 31-Mar-16
Earnings used in the calculation of basic/ diluted earnings per share (Rs. in Lacs)	518.33	1,851.76
	Year ended 31-Mar-17	Year ended 31-Mar-16
Weighted average number of equity shares for the purposes of basic/ diluted earnings per share.	1,60,00,000	1,60,00,000
Note: There are no potential equity shares which are anti-dilutive.		

29. Segment information

The Company is mainly engaged in the business of trading of electricity in India. Based on the information reported to the chief operating decision maker (CODM) for the purpose of resource allocation and assessment of performance, there are no reportable segments in accordance with the requirements of Indian Accounting Standard 108-'Operating Segment Reporting', notified under the Companies (Indian Accounting Standards) Rules, 2015.

30. Related party disclosures

(a) **Name of related parties and description of relationship:**

Controlling entity (CE):

The Tata Power Company Limited (TPCL) (Holding Company)

Fellow subsidiaries (where transactions have taken place during the year):

- (i) Tata Power Delhi Distribution Limited (TPDDL)
- (ii) Maithon Power Limited (MPL)
- (iii) Tata Power Solar Systems Limited (TPSS)
- (iv) Tata Power Renewal Energy Limited (TPREL)
- (v) Industrial Energy Limited (IEL)
- (vi) Costal Gujrat Power Limited (CGPL)

Key Management Personnel (KMP)

- (i) Sanjeev Mehra, Managing Director (on payroll of the company w.e.f 1 September, 2015)



TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

(b) Transaction / balances outstanding with related parties

Particulars	CE		Fellow subsidiaries						KMP	Total	
	TPCL	TPDDL	MPL	TPSS	TPREL	CGPL	IEL	Sub-total			
(i) Details of transactions during the year ended 31 March, 2017.											
Revenue from power supply	556.30 <i>1,035.10</i>	88,088.96 <i>93,176.52</i>	-	182.62	-	-	-	-	88,271.58 <i>93,176.52</i>	-	88,271.58 <i>94,211.62</i>
Cash discount allowed	11.13 <i>20.70</i>	1,481.81 <i>1,729.45</i>	-	-	-	-	-	-	1,481.81 <i>1,729.45</i>	-	1,492.94 <i>1,750.15</i>
Income from other services	14.02 <i>26.40</i>	-	-	-	-	-	-	-	-	-	14.02 <i>26.40</i>
Compensation earned	-	-	-	-	-	-	-	-	-	-	-
	<i>12.00</i>	-	-	-	-	-	-	-	-	-	<i>12.00</i>
Cost of power purchased	15,025.38 <i>18,747.00</i>	-	1,47,067.11 <i>1,66,137.18</i>	-	-	-	-	-	1,47,067.11 <i>1,66,137.18</i>	-	1,62,092.49 <i>1,84,884.18</i>
Cash discount earned	211.82 <i>333.10</i>	-	3,287.62 <i>3,535.63</i>	-	-	-	-	-	3,287.62 <i>3,535.63</i>	-	3,499.44 <i>3,868.73</i>
Receiving of services	375.52 <i>821.44</i>	-	-	-	-	-	-	-	-	-	375.52 <i>821.44</i>
Reimbursement of expenses	-	-	-	-	-	-	0.88	-	0.88	-	0.88
Purchase of property, plant and equipment	-	-	0.16	218.57 <i>767.57</i>	-	-	-	40.41	218.73 <i>807.98</i>	-	218.73 <i>807.98</i>
Sale of property, plant and equipment	0.23	-	-	-	0.30 <i>0.20</i>	-	-	-	0.30 <i>0.23</i>	-	0.53 <i>0.23</i>
Capital advance given	-	-	-	221.75	-	-	-	-	221.75	-	221.75
Dividend paid	480.00 <i>800.00</i>	-	-	-	-	-	-	-	-	-	480.00 <i>800.00</i>
Managerial remuneration (see note 3 below)	-	-	-	-	-	-	-	-	-	134.55 <i>50.43</i>	134.55 <i>50.43</i>

Notes:

- The Tata Power Company Limited (TPCL) has given an undertaking to MPL (fellow subsidiary) to fulfill payment obligations of the company in case of default in payment for power sold on behalf of MPL.
- Figures in italics stated in serial no. (b) pertain to year ended 31 March, 2016.
- Managerial remuneration for KMP excludes provision for leave encashment and gratuity, as separate figures for KMP is not available.



TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

(b) Transaction / balances outstanding with related parties

Particulars	CE		Fellow subsidiaries					KMP	Total
	TPCL	TPDDL	MPL	TPSS	TPREL	CGPL	IEL		
(ii) Balance outstanding									
Trade receivables									
As at 31.03.2017	26.47	7,841.17	-	-	-	-	-	7,841.17	7,867.64
As at 31.03.2016	-	7,020.18	-	-	-	-	-	7,020.18	7,020.18
As at 1.04.2015	-	26,306.73	-	-	-	-	-	26,306.73	26,306.73
Unbilled revenue									
As at 31.03.2017	-	-	-	-	-	-	-	-	-
As at 31.03.2016	-	195.81	-	-	-	-	-	195.81	195.81
As at 1.04.2015	-	489.53	-	-	-	-	-	489.53	489.53
Receivable on sale of property, plant and equipment (PPE)									
As at 31.03.2017	0.23	-	-	-	0.30	-	-	0.30	0.53
As at 31.03.2016	-	-	-	-	0.20	-	0.03	0.23	0.23
As at 1.04.2015	-	-	-	-	-	-	-	-	-
Capital advances									
As at 31.03.2017	-	-	-	221.75	-	-	-	221.75	221.75
As at 31.03.2016	-	-	-	221.74	-	-	-	221.74	221.74
As at 1.04.2015	-	-	-	-	-	-	-	-	-
Payable on purchase of property, plant and equipment (PPE)									
As at 31.03.2017	-	-	0.11	524.37	-	-	-	524.48	524.48
As at 31.03.2016	-	-	-	473.52	-	-	-	473.52	473.52
As at 1.04.2015	-	-	-	1,418.01	-	-	-	1,418.01	1,418.01
Trade payables									
As at 31.03.2017	1,394.00	-	5,303.19	-	-	-	-	5,303.19	6,697.19
As at 31.03.2016	2,088.79	-	17,510.31	-	-	-	-	17,510.31	19,599.10
As at 1.04.2015	1,406.97	-	19,531.07	-	-	-	-	19,531.07	20,938.04

Note:

The Tata Power Company Limited (TPCL) has given an undertaking to MPL (fellow subsidiary) to fulfill payment obligations of the Company in case of default in payment for power sold on behalf of MPL.



TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31. Financial Instruments

31.1 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 the optimisation of the debt and equity balance.

The Capital structure of the Company consists of net debt (borrowings as detailed in notes 13, 14 and 17 offset by cash and cash equivalents) and total equity of the Company.

The management reviews the capital structure of the Company on a quarterly basis. As part of this review, the management considers cost of capital and the risks associated with each class of capital.

Gearing ratio

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

	As at 31-Mar-17	As at 31-Mar-16	Rs. in Lacs As at 1-Apr-15
Debt (i)	17,885.71	25,846.80	25,189.22
Cash and cash equivalents	810.56	27.35	342.92
Net debt	17,075.15	25,819.45	24,846.30
Total equity	15,792.66	15,848.64	14,968.39
Net debt to equity ratio (%)	108.12%	162.91%	165.99%

(i) Debt is defined as long-term and short-term borrowings, as described in notes 13, 14 and 17.

31.2 Categories of financial instruments

	As at 31-Mar-17	As at 31-Mar-16	Rs. in Lacs As at 1-Apr-15
Financial assets			
Measured at fair value through profit or loss (FVTPL)			
(a) Designated as at FVTPL- Investment in unquoted equity and preference instruments	387.00	365.25	343.50
Measured at amortised cost			
(a) Trade receivables	48,703.13	67,104.61	52,801.28
(b) Cash and cash equivalents	810.56	27.35	342.92
(c) Other financial assets	12,858.32	18,114.38	12,556.83
Financial liabilities			
Measured at amortised cost			
(a) Borrowings	17,637.35	25,711.14	25,189.22
(b) Trade payables	32,599.43	47,140.29	26,893.01
(c) Other financial liabilities	1,667.88	1,717.87	3,191.12

31.3 Financial risk management

The Company's activities expose it to a variety of financial risk which includes market risk (including interest rate risk and price risk), credit risk and liquidity risk.

The Company's focus is to ensure liquidity which is sufficient to meet Company's operational requirements. The Company monitors and manages key financial risks so as to minimise potential adverse effects on its financial performance. The Company has a risk management policy which covers the risks associated with the financial assets and liabilities. The details for managing each of these risks are summarised ahead.

31.4 Market risk

Market risk is the risk that the expected cash flows or fair value of a financial instrument could change owing to changes in market prices. The Company's activities expose it primarily to the financial risks of changes in interest rate (see note 31.5) and price risk (see note 31.6)



TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31.5 Interest rate risk management

The Company is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. The Risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

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

Interest Rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for borrowings at the end of year. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the year was outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended 31 March, 2017 would decrease/increase by Rs. 18.26 lacs (for the year ended March 2016: decrease/ increase by Rs. 11.44 lacs). This is mainly attributable to the Company's exposure to the interest rates on its variable rate borrowings.

The Company's sensitivity to interest rates has decreased during the current year by mainly due to the reduction in variable rate

31.6 Price risk

The Company is exposed to equity / preference price risks arising from equity / preference instruments investments. These investments are held for strategic purposes.

The carrying amount of the Company's investments designated as at fair value through profit or loss at the end of the reporting period are as follows:

Particulars	Rs. in Lacs		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Investments in equity instruments	-	-	-
Investments in preference instruments	387.00	365.25	343.50

For the year ended 31 March, 2017 and 31 March, 2016, every 0.50 percentage increase / decrease in the value of investments, will affect the Company's profit before tax by Rs. 1.94 lacs and Rs. 1.83 lacs, respectively.

31.7 Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits for major counter parties that are reviewed and approved by the management regularly.

Trade receivables consist of primarily receivables from sale of power to customers. Ongoing credit evaluation is performed based on the financial condition of account receivables and the collaterals are held as security.

Collateral

The Company holds collateral i.e. letter of credit and bank guarantee to partly secure its outstanding trade receivables and to mitigate credit risk as appropriate.

31.8 Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows. The Company generates sufficient cash flows from the current operations which together with the available cash and cash equivalents and short-term investments provide liquidity both in the short-term as well as in the long-term. Note 31.8.2 below sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.



TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31.8.1 Expected maturity for financial liabilities

				Rs. in Lacs
	0-1 year	1-5 years	5+ years	Total
31 March, 2017				
Non-derivative financial liabilities				
Borrowings*	14,518.27	2,538.13	2,429.27	19,485.67
Trade payables	32,599.43	-	-	32,599.43
Other financial liabilities*	1,688.67	-	-	1,688.67
31 March, 2016				
Non-derivative financial liabilities				
Borrowings*	23,772.16	917.00	2,373.12	27,062.28
Trade payables	47,140.29	-	-	47,140.29
Other financial liabilities*	1,731.32	-	-	1,731.32
1 April, 2015				
Non-derivative financial liabilities				
Borrowings*	24,626.63	283.47	658.31	25,568.41
Trade payables	26,893.01	-	-	26,893.01
Other financial liabilities*	3,191.12	-	-	3,191.12

*including undiscounted interest

31.8.2 Financing facilities

	Lacs		
	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Secured long term loan facility:			
-amount used	3,788.00	2,288.00	630.00
-amount unused	342.00	1,842.00	1,700.00
	<u>4,130.00</u>	<u>4,130.00</u>	<u>2,330.00</u>
Secured short term loan facilities:			
-amount used	14,233.37	16,646.02	24,559.22
-amount unused	18,766.63	13,853.98	5,940.78
	<u>33,000.00</u>	<u>30,500.00</u>	<u>30,500.00</u>

31.9 Fair value measurements

31.9.1 Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis

The Company's investments are measured at fair value at the end of each reporting period. The following table gives information on determination of its fair value, the valuation technique and inputs used.

Particulars	Fair value as at			Fair value hierarchy	Valuation approach
	31-Mar-17	31-Mar-16	31-Mar-15		
Investment in equity shares of Power Exchange India Limited	-	-	-	Level 3	Net asset value approach
Investment in preference shares of Tata Ceramics Limited	387.00	365.25	343.50	Level 3	Discounted cashflow approach

31.9.2 Fair value of the Company's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair value.



TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

32. Employee benefit plan

32.1 Defined contribution plan

The Company makes contribution towards provident fund which is a defined contribution plan for qualifying employees. The provident fund plan is operated by the Regional Provident Fund Commissioner. Under the scheme, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the retirement benefit scheme is to make the specified contributions.

The total expense recognised in the Statement of Profit and Loss is Rs. 25.31 Lacs (for the year ended 31 March, 2016 Rs. 12.72 Lacs) and represents contribution payable to the Employee Provident Fund. As at 31 March, 2017, contribution of Rs. 2.50 Lacs (as at 31 March, 2016 Rs. 2.30 Lacs) due in respect of FY 2016-17 (FY 2015-16) reporting period had not been paid to the plans. The amounts were paid subsequent to the end of the respective reporting periods.

32.2 Defined benefit plan

a. Gratuity plan

The Company offers the employee benefit schemes of gratuity to its employees. Benefits payable to eligible employees of the Company with respect of these benefits are accounted for on the basis of an actuarial valuation as at the balance sheet date.

Risks associated with Plan Provisions

Risks associated with the plan provisions are actuarial risks. These risks are: - (i) interest risk (discount rate risk), (ii) mortality risk and (iii) salary risk.

Investment risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period of government bonds.

Interest risk (discount rate risk):

A decrease in the bond interest rate (discount rate) will increase the plan liability.

Mortality 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 the employment. Indian Assured Lives Mortality (2006-08) ultimate table has been used in respect of the above. A change in mortality rate will have a bearing on the plan's liability.

Salary risk:

The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

The most recent actuarial valuation of the present value of defined benefit obligations was carried out at 31 March, 2017 by Mr. Khushwant Pahwa, Fellow, Institute of Actuaries of India. The present value of defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Principal actuarial assumptions:

	As at 31-Mar-17	As at 31-Mar-16
Discount rate (p.a.)	7.40%	8.00%
Expected rate of salary increase (p.a.)	8.00%	8.00%

Note:

- The gratuity plan is unfunded.
- The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.
- As at 1 April, 2015, there were no employees on the payroll of the Company hence there was no provision for gratuity as at 1 April, 2015.

Demographic assumptions:

	As at 31-Mar-17	As at 31-Mar-16
Mortality table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Withdrawal rate (p.a.) (for all ages)	5%	5%



TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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

	Rs. in Lacs	
	Year ended 31-Mar-17	Year ended 31-Mar-16
Service Cost		
Current service cost	16.87	16.74
Net interest expense	7.25	2.71
Component of defined benefit costs recognised in profit or loss	24.12	19.45
Remeasurement on the net defined benefit liability :		
Actuarial (Gains)/losses arising from changes in demographic assumptions	-	-
Actuarial (Gains)/losses arising from changes in financial assumptions	9.56	-
Actuarial (Gains)/losses arising from experience adjustment	(2.77)	12.92
Components of defined benefit costs recognised in other comprehensive income	6.79	12.92
Total	30.91	32.37

The current service cost and the net interest expense for the year are included in "Employee benefits expense" in the Statement of Profit and Loss.

The remeasurement of the net defined 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 benefits plans as follows:

Particulars	Rs. in Lacs	
	As at 31-Mar-17	As at 31-Mar-16
Present value of funded defined benefit obligation	119.25	90.70
Fair value of plan assets	-	-
Funded status surplus/(deficit)	119.25	90.70

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

	Rs. in Lacs	
	Year ended 31-Mar-17	Year ended 31-Mar-16
Opening defined benefit obligations	90.70	-
Current service cost	16.87	16.74
Interest cost	7.25	2.71
Actuarial (Gains)/losses arising from changes in demographic assumptions	-	-
Actuarial (Gains)/losses arising from changes in financial assumptions	9.56	-
Actuarial (Gains)/losses arising from experience adjustment	(2.77)	12.92
Benefits paid	(2.36)	-
Acquisition adjustment	-	58.33
Closing defined benefit obligation	119.25	90.70



TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant

Particulars	As at 31.03.2017		As at 31.03.2016	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+1%) (Rs. in Lacs) (% change compared to base due to sensitivity)	18.88 15.80%	(15.31) (12.8%)	22.36 24.70%	(17.35) (19.1%)
Salary Growth Rate (-/+1%) (Rs. in Lacs) (% change compared to base due to sensitivity)	(15.36) (12.9%)	18.57 15.60%	(17.86) (19.7%)	22.70 25.00%
Mortality Rate (-/+ 10%) (Rs. in Lacs) (% change compared to base due to sensitivity)	0.08 0.10%	(0.09) (0.1%)	0.07 0.10%	(0.06) (0.1%)

The expected maturity analysis of defined benefit obligation (valued on undiscounted basis) is as follows:

	(Rs. in Lacs)	
	31-Mar-17	31-Mar-17
Within 1 year	0.36	0.15
Between 1-5 years	25.97	10.43
Beyond 5 years	364.14	11.49
	31-Mar-17	31-Mar-17
	13 years	23 years

The average duration of the defined benefit plan obligation represents average duration for active members (based on discounted cash flows)

b. Actuarial assumptions for compensated absences

	As at 31-Mar-17	As at 31-Mar-16
Discount rate (p.a.)	7.40%	8.00%
Expected rate of salary increase (p.a.)	8.00%	8.00%

Note:

1. The compensated absences plan is unfunded.
2. The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.
3. As at 1 April, 2015, there were no employees on the payroll of the Company hence there was no provision for compensated absences as at 1 April, 2015.



TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

33. Commitments

	Rs. in Lacs		
	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-	1,458.89
(b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.			

34. Contingent liabilities

	Rs. in Lacs		
	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
(a) Other money for which the Company is contingently liable -Power banking arrangement	-	-	17.97
	-	-	17.97
(b) The Company does not have any pending litigations which would impact its financial position.			

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

36. Corporate Social Responsibility Expenses

- (a) Gross amount required to be spent by the Company during the year ended 31 March, 2017: Rs. 78.33 Lacs (Previous year Rs. 91.00 lacs)
(b) Amount spent during the year ended 31 March, 2017: Rs. 78.37 Lacs

	Rs. in Lacs		
	Paid	Yet to be paid	Total
i) Construction/acquisition of any assets	(-)	(-)	(-)
ii) On purposes other than (i) above	78.37 (90.95)	- (-)	78.37 (90.95)
iii) Details of related party transaction - Contribution during the year ended 31 March, 2017	-	-	-
- Payable as at 31 March, 2017	-	-	-
	(-)	(-)	(-)

* Figure in brackets pertain to the previous year



TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

37. First-time Ind AS adoption reconciliations

37.1 Effect of Ind AS adoption on the balance sheet as at 31 March, 2016 and 1 April, 2015

Rs. in Lacs

	Notes	As at 31-Mar-16			As at 1-Apr-15		
		Previous GAAP*	Effect of transition to Ind AS	As per Ind AS balance sheet	Previous GAAP*	Effect of transition to Ind AS	As per Ind AS balance sheet
ASSETS							
Non-current assets							
Property, plant and equipment		3,032.64	-	3,032.64	933.23	-	933.23
Capital work-in-progress		2,311.66	-	2,311.66	3,559.95	-	3,559.95
Intangible assets		413.59	-	413.59	50.49	-	50.49
Intangible assets under development		-	-	-	254.72	-	254.72
Financial assets							
(i) Investments	(a)	300.00	65.25	365.25	300.00	43.50	343.50
Non-current tax assets (net)	(b)	91.46	-	91.46	67.87	-	67.87
Deferred tax assets (net)	(b)	-	-	-	-	5.26	5.26
Other non-current assets		230.94	-	230.94	-	-	-
		6,380.29	65.25	6,445.54	5,166.26	48.76	5,215.02
Current assets							
Financial assets							
(i) Trade receivables	(b)	66,810.28	294.33	67,104.61	52,777.25	24.03	52,801.28
(ii) Cash and cash equivalents		27.35	-	27.35	342.92	-	342.92
(iii) Other financial assets	(b)	18,119.91	(5.53)	18,114.38	12,612.20	(55.37)	12,556.83
Other current assets		23.86	-	23.86	165.70	-	165.70
		84,981.40	288.80	85,270.20	65,898.07	(31.34)	65,866.73
Total assets		91,361.69	354.05	91,715.74	71,064.33	17.42	71,081.75
EQUITY AND LIABILITIES							
Equity							
Equity share capital		1,600.00	-	1,600.00	1,600.00	-	1,600.00
Other equity	(a), (b), (d)	13,416.82	831.82	14,248.64	12,382.72	985.67	13,368.39
		15,016.82	831.82	15,848.64	13,982.72	985.67	14,968.39
Non-current liabilities							
Financial liabilities							
(i) Borrowings		2,152.34	-	2,152.34	630.00	-	630.00
Provisions		201.43	-	201.43	-	-	-
Deferred tax liabilities (net)	(b)	221.14	99.95	321.09	5.39	(5.39)	-
		2,574.91	99.95	2,674.86	635.39	(5.39)	630.00
Current liabilities							
Financial liabilities							
(i) Borrowings		23,558.80	-	23,558.80	24,559.22	-	24,559.22
(ii) Trade payables		47,140.29	-	47,140.29	26,893.01	-	26,893.01
(iii) Other financial liabilities		1,717.87	-	1,717.87	3,191.12	-	3,191.12
Provisions	(d)	580.39	(577.72)	2.67	962.86	(962.86)	-
Current tax liabilities (net)		70.49	-	70.49	162.96	-	162.96
Other current liabilities		702.12	-	702.12	677.05	-	677.05
		73,769.96	(577.72)	73,192.24	56,446.22	(962.86)	55,483.36
Total liabilities		76,344.87	(477.77)	75,867.10	57,081.61	(968.25)	56,113.36
Total equity and liabilities		91,361.69	354.05	91,715.74	71,064.33	17.42	71,081.75

* Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.



TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

37.2 Reconciliation of total equity as at 31 March, 2016 and 1 April, 2015

	Notes	Rs. in Lacs	
		As at 31-Mar-16	As at 1-Apr-15
Total equity (shareholders funds) under previous GAAP		15,016.82	13,982.72
Fair valuation of investments under Ind AS	(a)	65.25	43.50
Impairment of financial assets under Ind AS	(b)	288.80	(31.34)
Recognition of deferred taxes on Ind AS adjustments	(b)	(99.95)	10.65
Dividends not recognised as a liability until declared under Ind AS	(d)	480.00	800.00
Tax on dividends not recognised as a liability until declared under Ind AS	(d)	97.72	162.86
Total adjustment to equity		831.82	985.67
Total equity under Ind AS		15,848.64	14,968.39

37.3 Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended 31 March, 2016

	Notes	Rs. in Lacs		
		Year ended 31-March-16		
		Previous GAAP*	Effect of transition to Ind AS	Ind AS
Revenue from operations		5,94,282.99	-	5,94,282.99
Other income	(a)	17.32	21.75	39.07
Total income (A)		5,94,300.31	21.75	5,94,322.06
Cost of power purchased		5,86,419.98	-	5,86,419.98
Employee benefit expenses	(c)	530.90	(12.92)	517.98
Finance costs		2,053.25	-	2,053.25
Depreciation and amortisation expense		287.99	-	287.99
Other expenses	(b)	2,499.68	(320.14)	2,179.54
Total expenses (B)		5,91,791.80	(333.06)	5,91,458.74
Profit before tax (A-B)		2,508.51	354.81	2,863.32
Tax expense				
(1) Current tax (net)		233.42	-	233.42
(2) Deferred tax	(b), (c)	663.27	114.87	778.14
		896.69	114.87	1,011.56
Profit for the year		1,611.82	239.94	1,851.76
Other comprehensive income				
i. Items that will not be reclassified to profit or loss				
- Remeasurements of the defined benefit plan	(c)	-	(12.92)	(12.92)
ii. Deferred tax relating to items that will not be reclassified to profit or loss	(c)	-	4.27	4.27
Total other comprehensive income		-	(8.65)	(8.65)
Total comprehensive income for the year		1,611.82	231.29	1,843.11

* Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

37.4 Reconciliation of total comprehensive income for year ended 31 March, 2016

	Notes	Rs. in Lacs
		Year ended 31-Mar-16
Profit as per previous GAAP		1,611.82
Adjustments :		
Remeasurements of the defined benefit plan recognised in other comprehensive income	(c)	12.92
Fair valuation of investments under Ind AS	(a)	21.75
Impairment of financial assets under Ind AS	(b)	320.14
Recognition of deferred taxes on Ind AS adjustments	(b), (c)	(114.87)
Total effect of transition to Ind AS		239.94
Profit for the year as per Ind AS		1,851.76
Other comprehensive income for the year (net of tax)	(c)	(8.65)
Total comprehensive income under Ind AS		1,843.11



TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

37.5 Effect of Ind AS adoption on the statement of cash flows for the year ended 31 March, 2016

	Note	Rs. in Lacs		
		Year ended 31-March-16		
		Previous GAAP*	Effect of transition to Ind AS	As per Ind AS balance sheet
Net cash flows from operating activities	(e)	4,492.47	-	4,492.47
Net cash flows from investing activities		(2,478.33)	-	(2,478.33)
Net cash flows from financing activities		(2,329.71)	(9,807.83)	(12,137.54)
Net decrease in cash and cash equivalents		(315.57)	(9,807.83)	(10,123.40)
Cash and cash equivalents at the beginning of the period		342.92	-	342.92
Cash and cash equivalents at the end of the period	27.35	(9,807.83)	(9,780.48)	

* Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

37.6 Analysis of cash and cash equivalents as at 31 March, 2016 and as at 1 April, 2015 for the purposes of statement of cash flow under Ind AS

	Note	As at 31-Mar-16	As at 1-Apr-15
Cash and cash equivalents for the purposes of statement of cash flows as per previous GAAP		27.35	342.92
Bank overdrafts which form an integral part of cash management system	(e)	(9,807.83)	-
Cash and cash equivalents for the purpose of statement of cash flows under Ind AS		(9,780.48)	342.92

Notes to the reconciliation between Previous GAAP and Ind AS

(a) Non-current investments

Under the previous GAAP, non-current investments were measured at cost less diminution in value which is other than temporary. Under Ind AS, these financial assets have been measured at FVTPL. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2016.

Accordingly, there is an increase in the carrying amount of long term investments and retained earnings (and total equity) by Rs. 43.50 lacs and Rs. 65.25 lacs as at 1 April, 2015 and 31 March, 2016 respectively.

(b) Provision for doubtful trade receivables and other financial assets

As per Ind AS 109, the Company needs to recognise impairment loss towards expected credit loss (ECL) on financial assets. The resulting differential ECL on financial assets, as compared to the provision made in the previous GAAP, has been recognised in retained earnings as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2016.

Accordingly, there is a decrease in the provision for doubtful trade receivables and other financial assets by Rs. 31.34 lacs (with corresponding impact on deferred tax balance by Rs. 10.65 lacs) as at 1 April, 2015 and increase by Rs. 288.80 lacs (with corresponding impact on deferred tax balance by Rs. 99.95 lacs) as at 31 March, 2016. The profit before tax for the year ended 31 March, 2016 was increased by Rs. 320.14 lacs and corresponding deferred tax expense has increased by Rs. 110.60 lacs.

(c) Re-measurement gains or losses

Under previous GAAP, actuarial gains and losses were recognised in profit or loss. Under Ind AS, the actuarial gains and losses form part of measurement of the net defined benefit liability / asset which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of profit or loss. The actuarial losses for the year ended 31 March, 2016 were Rs. 12.92 lacs and the tax effect thereon was Rs. 4.27 lacs. This change does not affect total equity, but there is an increase in profit before tax of Rs. 8.65 lacs and decrease in other comprehensive income of Rs. 8.65 lacs for the year ended 31 March, 2016.

(d) Provisions

Under the previous GAAP, dividends proposed by the Board of Directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the annual general meeting. Accordingly, the liability for proposed dividend of Rs 800.00 lacs and Rs. 480.00 lacs (along with tax on proposed dividend of Rs. 162.86 lacs as at 1 April, 2015 and Rs. 97.72 lacs 31 March, 2016) as at 1 April, 2015 and 31 March, 2016 respectively, included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

(e) Cash and cash equivalent

Under Ind AS, bank overdrafts which are repayable on demand and form an integral part of an entity's cash management system are included in cash and cash equivalents for the purpose of presentation of statement of cash flows. Whereas under previous GAAP, there is no similar guidance and hence, bank overdrafts were considered similar to other borrowings and the movements therein were reflected in cash flow from financing activities. The effect of this is that bank overdrafts of Rs. 9,807.83 as at 31 March, 2016 and Rs. Nil as at 1 April, 2015 have been considered as part of cash and cash equivalents under Ind AS for the purpose of presentation of Statement of Cash Flows. Consequently, the cash outflow from financing activities as per the Statement of Cash Flows for the year ended 31 March, 2016 prepared as per Ind AS is lower to the extent of this net movement of Rs. 9,807.83.



TATA POWER TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

38. Approval of financial statements

The financial statements for the year ended 31 March, 2017 were approved by the Board of Directors and authorised for issue on 5 May, 2017.

For and on behalf of the Board of Directors



S. Ramakrishnan
Chairman



Sanjeev Mehra
Managing Director



Amey S Naik
Chief Financial Officer &
Company Secretary



New Delhi
5 May, 2017

