

# **MAITHON POWER LIMITED**

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Maithon Power Limited

**Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of Maithon Power Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with [the Companies (Indian Accounting Standards) Rules, 2016, as amended]. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control 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. 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 standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 we have obtained 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 Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit/loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2017, included in these Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on April 26, 2017.

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 01, 2016 prepared in accordance with Ind AS, included in these standalone Ind AS financial statements, have been audited by the predecessor auditor who had audited the standalone financial statements for the relevant periods. The report of the predecessor auditor on the comparative financial information and the opening balance sheet dated March 31, 2017 expressed an unmodified opinion.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purpose 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, Statement of Profit and Loss including the Statement of 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 Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2016, as amended;
  - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 2" to this report;



# **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 36 to the Ind AS financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & CO. LLP  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

*T. Das Mahapatra*

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per Tanmoy Das Mahapatra  
Partner  
Membership Number: 058259  
Place of Signature: Kolkata  
Date: April 20, 2018



**"ANNEXURE 1" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAITHON POWER LIMITED****TO THE MEMBERS OF Maithon Power Limited**

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

Type of Land	Area	In lakh	Remarks
Raiyati Land (Free hold) located at Maithon, Jharkhand.	564.67 acres	15,980	The title deed to the Private land is in the name of Damodar Valley Corporation (DVC). Pending transfer of title as per the shareholders agreement, the Company had entered into an Indenture deed with DVC on 5 December, 2008, which provided inter-alia, lease of private land for a period of 35 years (and extendable for another 35 years at the option of the Company).
Railway Land (Freehold Land) located at Maithon, Jharkhand.	78 acres	13,802	The title deed to the Private land is in the name of Damodar Valley Corporation (DVC). As required by the shareholders agreement, DVC is in the process of transferring title in these lands in favour of the Company as per applicable laws of the State of Jharkhand.

The company has not taken any immovable properties of leasehold land and building that have been taken on lease and disclosed as fixed assets in the IND AS financial statement.

- (ii) According to the information and explanation given to us the inventory has been physically verified by the management during the year. No material discrepancies were noticed on such physical verification.



# **S.R. BATLIBOI & Co. LLP**

Chartered Accountants

- (iii) According to the information and explanations given to us, 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. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) According to the information and explanation given to us the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The maintenance of cost records has been specified by the central government under section 148(1) of the companies' act 2013. We have broadly reviewed the books of account maintained by the Company pursuant to the companies rules 2014 made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, , and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) According to the information and explanation given to us, in respect of statutory dues:
  - A. The Company has generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues applicable to it with appropriate authorities.
  - B. There are no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, , service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues were outstanding, as at March 31, 2018, for a period of more than six months from the date they became payable.
  - C. According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders. The company has not taken any loan from the government.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments. The term loan have been applied by the company during the year for the purpose for which they were raised.



# **S.R. BATLIBOI & Co. LLP**

Chartered Accountants

- (x) To the best of our knowledge and according to the information and explanation given to us, no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013 and hence provisions of section 192 of Companies Act, 2013 are not applicable.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

*T. Das Mahapatra*

per **Tanmoy Das Mahapatra**  
Partner

Membership Number: 058259

Place of Signature: Kolkata

Date: April 20, 2018



**"ANNEXURE 2" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAITHON POWER LIMITED**

**Report on the Internal Financial Controls 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 Maithon Power Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone 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 the 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") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail,



accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, [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 **S.R. Batliboi & CO. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

*T. Das Mahapatra*

per **Tanmoy Das Mahapatra**  
Partner

Membership Number: 058259

Place of Signature: Kolkata

Date: April 20, 2018



MAITHON POWER LIMITED  
Balance Sheet as at 31st March, 2018

	Notes	As at	
		31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
<b>ASSETS</b>			
<b>Non-current Assets</b>			
(a) Property, Plant and Equipment	5	3,55,144.57	3,76,634.87
(b) Capital Work-in-Progress		26,825.45	21,231.15
(c) Intangible Assets	6	2.22	4.82
(d) Financial Assets			
(i) Loans	7	23.42	17.63
(ii) Other Financial Assets	8	31.48	32.38
(e) Deferred Tax Asset	20	-	63.70
(f) Non-current Tax Assets (Net)	9	1,027.91	313.63
(g) Other Non-current Assets	10	8,251.28	8,766.34
<b>Total Non-current Assets</b>		<b>3,91,306.33</b>	<b>4,07,064.52</b>
<b>Current Assets</b>			
(a) Inventories	11	10,977.26	11,495.24
(b) Financial Assets			
(i) Investments	12	9,853.65	35,915.45
(ii) Trade Receivables	13	26,363.09	28,446.93
(iii) Unbilled Revenue		4,019.15	3,337.10
(iv) Cash and Cash Equivalents	14	5,009.70	1.83
(v) Loans	7	2.40	2.77
(vi) Other Financial Assets	8	15,189.28	10,848.54
(c) Other Current Assets	10	6,020.44	2,959.57
<b>Total Current Assets</b>		<b>77,434.97</b>	<b>93,007.43</b>
<b>TOTAL ASSETS</b>		<b>4,68,741.30</b>	<b>5,00,071.95</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	15	1,50,891.77	1,50,891.77
(b) Other Equity	16	47,410.87	37,158.37
<b>Total Equity</b>		<b>1,98,302.64</b>	<b>1,88,050.14</b>
<b>LIABILITIES</b>			
<b>Non-current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	17	1,94,228.32	2,13,554.64
(ii) Other Financial Liabilities	18	778.59	505.74
(b) Provisions	21	735.36	436.73
(c) Deferred Tax Liabilities (Net)	20	631.00	-
(d) Other Non-current Liabilities	22	1,697.45	1,697.45
<b>Total Non-current Liabilities</b>		<b>1,98,070.72</b>	<b>2,16,194.56</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	23	2,818.21	6,122.33
(ii) Trade Payables	19	15,133.05	14,509.72
(iii) Other Financial Liabilities	18	53,693.79	72,142.24
(b) Provisions	21	119.39	176.97
(c) Other Current Liabilities	22	603.50	2,875.99
<b>Total Current Liabilities</b>		<b>72,367.94</b>	<b>95,827.25</b>
<b>Total Liabilities</b>		<b>2,70,438.66</b>	<b>3,12,021.81</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,68,741.30</b>	<b>5,00,071.95</b>

See accompanying notes to the Financial Statements 1-44

In terms of our report attached.

For S.R.Batliboi & Co LLP  
Chartered Accountants  
ICAI Firm registration number: 301003E/E300005

For and on behalf of the Board,

Tanmoy Das Mahapatra  
Partner  
Membership No: 058259  
Place: Mumbai  
Date: 20th April, 2018



Ashok Sethi  
Chairman  
Place: Mumbai  
Date: 20th April, 2018

Sanjeev Kumar Seth  
Director  
Place: Kolkata  
Date: 20th April, 2018

Poonam Shirke  
Company Secretary  
Place: Mumbai  
Date: 20th April, 2018

Purushottam Thakur  
Chief Executive Officer  
Place: Mumbai  
Date: 20th April, 2018

Satish Kumar  
Chief Financial Officer  
Place: Mumbai  
Date: 20th April, 2018

MAITHON POWER LIMITED

Statement of Profit and Loss for the period ended 31st March, 2018

	Notes	Year Ended 31st March, 2018 ₹ Lakhs	Year Ended 31st March, 2017 ₹ Lakhs
(I) Revenue from Operations (Refer Note-35)	24	2,27,041.41	2,40,482.37
(II) Other Income	25	1,877.95	1,805.54
(III) Total Income		2,28,919.36	2,42,287.91
(IV) Expenses			
Cost of Power Purchased		204.06	40.23
Cost of Fuel		1,35,044.58	1,35,217.98
Employee Benefits Expense	26	4,375.30	4,014.28
Finance Costs	27	20,405.93	25,840.23
Depreciation and Amortisation Expenses	28	23,739.74	23,772.45
Other Expenses	29	22,910.87	20,946.94
Total Expenses		2,06,680.48	2,09,832.11
(V) Profit Before Tax		22,238.88	32,455.80
(VI) Tax Expense	30		
Current Tax		3,374.72	6,938.86
MAT Credit		(7,345.45)	(9,730.55)
Deferred Tax		8,040.15	9,666.85
		4,069.42	6,875.16
(VII) Profit For The Period		18,169.46	25,580.64
(VIII) Other Comprehensive Income			
Add/(Less):			
(i) Items that will not be reclassified to profit and loss			
(a) Remeasurement of the Defined Benefit Plans		(7.83)	(8.36)
(ii) Tax relating to items that will not be reclassified to profit or loss		-	-
(a) Current Tax		2.71	1.78
Total Other Comprehensive Income		(5.12)	(6.58)
(IX) Total Comprehensive Income for the period (IX+ X)		18,164.34	25,574.06
(X) Earnings Per Equity Share (Face Value ₹ 10/- Per Share)			
(i) Basic (₹)		1.20	1.70
(ii) Diluted (₹)		1.20	1.70

See accompanying notes to the Financial Statements

1-44

In terms of our report attached.

For S.R.Batliloi & Co LLP  
Chartered Accountants  
ICAI Firm registration number: 301003E/E300005

*T. Das Mahapatra*

Tanmoy Das Mahapatra  
Partner  
Membership No: 058259  
Place: Mumbai  
Date: 20th April, 2018



For and on behalf of the Board,

*Ashok Sethi*

Ashok Sethi  
Chairman  
Place: Mumbai  
Date: 20th April, 2018

*Sanjeev Kumar Sethi*

Sanjeev Kumar Sethi  
Director  
Place: Kolkata  
Date: 20th April, 2018

*Poonam Shirké*

Poonam Shirké  
Company Secretary  
Place: Mumbai  
Date: 20th April, 2018

*Purushottam Thakur*

Purushottam Thakur  
Chief Executive Officer  
Place: Mumbai  
Date: 20th April, 2018

*Satish Kumar*

Satish Kumar  
Chief Financial Officer  
Place: Mumbai  
Date: 20th April, 2018

MAITHON POWER LIMITED  
Statement of Changes in Equity

A. Equity Share Capital

Equity Shares of ₹ 10 each issued, subscribed and fully paid	₹ Lakhs	
	No. of Shares	Amount
Balance as at 31st March, 2017	1,50,89,17,729	1,50,891.77
Issue of Equity Shares during the year	-	-
Balance as at 31st March, 2018	1,50,89,17,729	1,50,891.77

B. Other Equity

	₹ Lakhs		
	Reserves and Surplus		
	Debtore Redemption Reserve	Retained Earnings	Total
Balance as at 1st April, 2017	2,635.87	34,522.50	37,158.37
Profit for the year	-	18,169.46	18,169.46
Other Comprehensive Income/(Expense) for the year (Net of Tax)	-	(5.12)	(5.12)
<b>Total Comprehensive Income</b>	-	<b>18,164.34</b>	<b>18,164.34</b>
Issue of Equity Shares during the year	-	-	-
Transfer to Retained Earnings on Sale of Shares	-	-	-
Dividend paid	-	(6,646.86)	(6,646.86)
Dividend Distribution Tax	-	(1,264.98)	(1,264.98)
Transfer to Debtore Redemption Reserve	3,420.04	(3,420.04)	-
	<b>3,420.04</b>	<b>(11,331.88)</b>	<b>(7,911.84)</b>
<b>Balance as at 31st March, 2018</b>	<b>6,055.91</b>	<b>41,354.96</b>	<b>47,410.87</b>

See accompanying notes to the Financial Statements

In terms of our report attached

For and on behalf of the Board,

For S.R.Batliloi & Co LLP  
Chartered Accountants  
ICAI Firm registration number: 301003E/E300005

*T. Das Mahapatra*

Tanmoy Das Mahapatra  
Partner  
Membership No: 058259  
Place: Mumbai  
Date: 20th April, 2018



*Ashok Sethi*

Ashok Sethi  
Chairman  
Place: Mumbai  
Date: 20th April, 2018

*Sanjeev Kumar Sethi*

Sanjeev Kumar Sethi  
Director  
Place: Kolkata  
Date: 20th April, 2018

*Poonam Shirke*

Poonam Shirke  
Company Secretary  
Place: Mumbai  
Date: 20th April, 2018

*Purushottam Thakur*

Purushottam Thakur  
Chief Executive Officer  
Place: Mumbai  
Date: 20th April, 2018

*Satish Kumar*

Satish Kumar  
Chief Financial Officer  
Place: Mumbai  
Date: 20th April, 2018

MAITHON POWER LIMITED  
Statement of Cash Flows For Year ended 31st March,2018

	For Year ended 31st March,2018 ₹ Lakhs	For Year ended 31st March, 2017 ₹ Lakhs
<b>A. Cash Flow from Operating Activities</b>		
Profit before tax	22,238.84	32,455.80
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and Amortisation Expense	23,739.75	23,773.56
Interest Income	(143.23)	(133.27)
Finance Cost	20,405.93	25,840.24
(Gain)/loss on disposal of property, plant and equipment	7.02	13.80
Gain/loss on Sale of Current Investments (Including fair value change)	(1,311.51)	(1,329.72)
Amortization of Leasehold Land	414.63	416.88
	<u>43,112.59</u>	<u>48,581.59</u>
	65,351.43	81,037.39
<b>Working Capital Adjustments</b>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	517.97	216.85
Trade receivables	2,083.84	27,845.01
Other current assets	(2,646.13)	(1,591.63)
Other non-current assets	-	-
Unbilled revenue	(682.05)	2,905.99
Other Financial Assets - Current	(4,340.75)	(3,799.38)
Other Financial Assets - Non Current	0.69	(6.87)
Movement in operating asset	<u>(5,066.43)</u>	<u>25,569.97</u>
	60,285.00	1,06,607.36
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	2,939.10	(2,685.33)
Other current liabilities	280.45	(1,711.02)
Short-term provisions	(65.41)	140.30
Long-term provisions	298.64	109.10
Other Financial Liabilities - Current	(9,646.65)	11,500.03
Movement in operating liability	<u>(6,193.87)</u>	<u>7,353.08</u>
Cash flow from/(used in) operations	54,091.13	1,13,959.44
Income tax paid	(4,089.00)	(6,704.17)
Net Cash Flow from/(used) in Operating Activities	50,002.13	1,07,255.27
<b>B. Cash Flow from Investing Activities</b>		
Capital expenditure on fixed assets, including capital advances	(6,638.88)	(2,565.77)
Proceeds from sale of fixed assets	14.30	10.99
Purchase of Current Investments	(2,60,956.00)	(2,84,418.92)
Proceeds from Sale of Current Investments	2,88,303.65	2,49,833.20
Others	143.23	133.27
Loan given to Employees (Net)	(1.41)	-
Bank Balance not considered as Cash and Cash Equivalents	0.10	-
Net Cash Flow from/(used) in Investing Activities	20,864.99	(37,007.23)
<b>C. Cash flow from Financing Activities</b>		
Interest and Other Borrowing Costs	(20,829.03)	(26,151.67)
Proceeds from Long term borrowings	1,30,400.00	49,847.49
Repayment of Long term borrowings	(1,49,213.25)	(82,957.53)
Proceeds from Short term borrowings	52,797.92	-
Repayment of Short term borrowings	(56,102.03)	(14,040.48)
Dividend Paid	(19,110.52)	-
Dividend distribution tax	(3,802.34)	-
Net Cash Flow from/(used) in Financing Activities	<u>(65,859.25)</u>	<u>(73,302.19)</u>
Net Increase (in Cash and Cash Equivalents)	5,007.87	(3,054.15)
Cash and Cash Equivalents as at 1st April	1.83	3,055.98
Cash and Cash Equivalents as at 31st March	5,009.70	1.83



MAITHON POWER LIMITED  
Statement of Cash Flows For Year ended 31st March, 2018

Notes:

Cash and Cash Equivalents include:

- (i) Cash on hand
- (ii) Balances with banks  
In current accounts

	As at 31st March, 2018 ₹ Lakhs	As at 31st March, 2017 ₹ Lakhs
	-	0.05
	5,009.70	1.77
	<b>5,009.70</b>	<b>1.83</b>

See accompanying notes to financial statements 1-44  
In terms of our report attached.

For and on behalf of the Board.

For S.R. Batliboi & Co LLP  
Chartered Accountants  
ICAI Firm registration number: 301003E/E300005

*T. Das Mahapatra*

Tanmoy Das Mahapatra  
Partner  
Membership No: 058259  
Place: Mumbai  
Date: 20th April, 2018



*Ashok Sethi*

Ashok Sethi  
Chairman  
Place: Mumbai  
Date: 20th April, 2018

*P. Thakur*

Purushottam Thakur  
Chief Executive Officer  
Place: Mumbai  
Date: 20th April, 2018

*Sanjeev Kumar*

Sanjeev Kumar Seth  
Director  
Place: Kolkata  
Date: 20th April, 2018

*Poonam Shirke*

Poonam Shirke  
Company Secretary  
Place: Mumbai  
Date: 20th April, 2018

*Satish Kumar*

Satish Kumar  
Chief Financial Officer  
Place: Mumbai  
Date: 20th April, 2018

## **1. Background**

MAITHON POWER LIMITED ('the Company'), was set up pursuant to an agreement entered into between The Tata Power Company Limited (TPCL) and Damodar Valley Corporation (DVC) with 74% and 26% shareholding respectively, to operate and maintain Electric power generating stations based on conventional / non-conventional resources, tie-lines, sub-stations and transmission lines connected therewith (referred to as 'the Project'). The Company has set up a thermal power generation plant (comprising of two units of 525 MW each namely 'Unit I and Unit II') at Maithon, Jharkhand with a total capacity of 1050 MW. Unit I and Unit II of the project were commissioned on 1 September, 2011 and 24 July, 2012 respectively. The registered office of the Company is Corporate Center, 34 Sant Tukaram Road, Carnac Bunder, Mumbai 400009, Maharashtra, India.

## **2. Significant accounting policies**

### **2.1 Basis of preparation and presentation**

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- 2.1.1 Land and buildings classified as property, plant and equipment
- 2.1.2 Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

### **2.2 Fair Value**

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

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The cross functional team of the Group works closely with the valuer to establish the appropriate valuation techniques and inputs to the model

### **2.3 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 recognized 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 impairment of property plant and equipment in respect of certain cash generating units (CGU), fair value of unquoted securities and impairment of investments, valuation of current and deferred tax expense, realization of MAT Credit, valuation of defined



benefit obligations, regulatory deferral accounts, provisions and contingent liabilities.

**Impairment of investments:**

The Company reviews its carrying value of investments carried at cost or amortized cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

**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 2.10.2.

**MAT**

The company estimates that MAT credit will be utilized from 2027-28 to 2031-32 amounting to ₹ 17,076 lakhs.

**2.4 Revenue recognition**

Revenue is recognized when the amount of revenue can be reliably measured, it is probable that the economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Specific criteria for revenue recognition followed for different areas as under-

**2.4.1 Sale of power**

Revenue from power supply is accounted for based on billing to customers and includes unbilled revenues accrued up to the end of the period which is accounted based on terms stated in the Power Purchase Agreements entered with the customers.

The Company determines surplus/deficit (i.e. excess/shortfall of/in tariff) for the year in respect of its long term power purchase agreements based on the principles laid down under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulation notified by Central Electricity Regulatory Commission (CERC) and on the basis of the Tariff Order issued by it. In respect of such surplus/deficit, appropriate adjustments as stipulated under the regulations are made during the year. Further, any adjustments that may arise on final tariff approval by CERC under the aforesaid Tariff regulations are made after the completion of such tariff approval.

**2.4.2 Delay Payment charges**

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

**2.4.3 Sale of goods**

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

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



#### 2.4.4 Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognized 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.

#### 2.5 Leasing

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

##### 2.5.1 The Company as lessor

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs (See note 2.7). Contingent rentals are recognized as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

##### 2.5.2 The Company as lessee

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at 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 net investment outstanding in respect of the lease.



## 2.6 Foreign currencies

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

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

Exchange differences on monetary items are recognized 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.

## 2.7 Borrowing costs

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

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

All other borrowing costs are recognized in statement of profit and loss in the period in which they are incurred.

## 2.8 Current vs Non Current

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- ▶ Expected to be realised or intended to be sold or consumed in normal operating cycle
- ▶ Held primarily for the purpose of trading
- ▶ Expected to be realised within twelve months after the reporting period, or
- ▶ Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- ▶ It is expected to be settled in normal operating cycle
- ▶ It is held primarily for the purpose of trading
- ▶ It is due to be settled within twelve months after the reporting period, or
- ▶ There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The group has identified twelve months as its operating cycle.



## **2.9 Employee Benefits**

### **2.9.1 Defined contribution plans**

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

### **2.9.2 Defined benefits plans**

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognized in profit or loss on the earlier of:

- ▶ The date of the plan amendment or curtailment, and
- ▶ The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- ▶ Service costs comprising current service costs, past-service costs, gains and losses on curtailments and nonroutine settlements; and
- ▶ Net interest expense or income"

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

### **2.9.3 Short term and other long-term employee benefits**

A liability is recognized 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 recognized 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 recognized 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.

## **2.10 Income Taxes**

### **2.10.1 Current tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management



periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### **2.10.2 Deferred tax**

Deferred tax is recognized 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 recognized for all taxable temporary differences. Deferred tax assets are generally recognized 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 recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

The company's operations are carried out under tax holiday period (80IA benefits of Income Tax Act, 1961). Deferred tax assets or liabilities, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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 credit entitlement is recognized 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.

### **2.10.3 MAT Credit entitlement**

Policy on MAT:

"Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The company reviews the "MAT credit entitlement" asset at each reporting date."

Accounting policy when the entities operates under tax holiday scheme:



No deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the gross total income is subject to deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the recognition of deferred tax assets are restricted to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first."

## 2.11 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes purchase price (Net off trade discount & rebates) and any directly attributable cost of bringing the asset to its working condition for its intended use and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

Cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation commences when the assets are ready for their intended use.

Freehold land and Assets held for sale are not depreciated.

### Regulatory Assets:

Depreciation on Property, plant and equipment in respect of electricity business of the Company covered under Part B of Schedule II of the Companies Act, 2013, has been provided on the straight line method at the rates using the methodology as notified by the respective regulators.

### Non-Regulatory Assets:

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their estimated 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.

Estimated useful lives of the assets are as follows:

Type of asset	Useful lives
Buildings-Plant	25 years
Buildings-Others	25 years
Plant and Equipment	25 years
Computer	3 years
Furniture and Fixtures	5 to 10 years
Office Equipment	5 to 13 years
Motor Vehicles, etc.	5 years



An item of property, plant and equipment is derecognized 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 recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

## **2.12 Intangible assets**

### **2.12.1 Intangible assets acquired separately**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

### **2.12.2 Derecognition of intangible assets**

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

### **2.12.3 Useful lives of intangible assets**

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting f. The amortisation expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Estimated useful lives of the intangible assets are as follows:

<b>Type of asset</b>	<b>Useful lives</b>
Licences	5 years
Computer Software	5 years

## **2.13 Impairment of tangible and intangible assets**

"The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment Testing for an asset is required, the Company estimates the asset's recoverable amount. an asset's recoverable amount is the higher of an asset's or Cash-generating unit's (CGU) fair value less costs of disposal and its value in use. recoverable amount is determined for an individual asset, unless the asset does not generate Cash inflows that are largely independent of those from other assets or Companies of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.



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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future Cash flows after the fifth year. To estimate Cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates Cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the market in which the asset is used."

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation surplus. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized.

#### **2.14 Inventories of stores and spares**

Inventories are stated at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Costs of inventories are determined on weighted average basis.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Unserviceable / damaged stores and spares are identified and written down based on technical evaluation.

#### **2.15 Provisions**

Provisions are recognized 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 recognized 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).

#### **2.16 Onerous contracts**

Present obligations arising under onerous contracts are recognized 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.

#### **2.17 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

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

#### **2.18 Financial assets**

All regular way purchases or sales of financial assets are recognized and derecognized 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 recognized financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### **2.18.1 Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### **2.18.2 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.

On initial recognition, the Company makes an irrevocable election on an instrument-by-instrument basis to present the subsequent changes through fair value in other comprehensive income pertaining to investments in equity instruments, other than equity investment which are



held for trading. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

### **2.18.3 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.

Other financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

### **2.18.4 Impairment of financial assets (other than at fair value)**

The Company assesses at each date of balance sheet whether a financial asset or a Company of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

### **2.18.5 Derecognition of financial assets**

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized 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 recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

## **2.19 Financial liabilities and equity instruments**



### **2.19.1 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.

### **2.19.2 Equity instruments**

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

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

### **2.19.3 Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

### **2.19.4 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 derecognized and the consideration paid and payable is recognized in profit or loss.

### **2.20 Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. Cash and cash equivalents include balances with banks which are unrestricted for withdrawal and usage.

### **2.21 Cash Flow Statement**

Cash flows are reported using the indirect method, where by profit before tax 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 expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### **2.22 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 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.

### **3. Standards issued but not yet effective**

#### **IND AS 115 - Revenue from Contracts with Customers**

In March 2018, the Ministry of Corporate Affairs had notified Ind AS 115 (Revenue from Contracts with Customers) which would be applicable for accounting periods beginning on or after 1 April 2018. This Standard establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any material impact on the company.

#### **Amendments to Ind AS 12 - Recognition of Deferred Tax Assets for Unrealised Losses**

"The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the company as the company has no deductible temporary differences or assets that are in the scope of the amendments."

### **4. Critical accounting estimates and judgements**

In the application of the Company's accounting policies, the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.



**MAITHON POWER LIMITED**  
**Notes to the Financial Statements**

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The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

Estimation of current tax and deferred tax expense - Note 30

Estimated fair value of investments - Note 31.1

Regulatory deferral accounts - Note 8 and Note 18

Estimation of values of contingent liabilities - Note 36

Estimates and judgement are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.





Note:

- 5(a) The Plant land of 1,116 acres comprising Private land (565 acres), Gair Mazura (GM) land (115 acres) and Forest land (436 acres) was identified and acquired by Damodar Valley Corporation (DVC) exclusively for the Maithon Right Bank Thermal Power Project.

The title to the Private land measuring 565 acres, acquired for the site, where the power generating station is set up, is in the name of DVC. As per the shareholders agreement, the title is to be transferred to the Company. Pending transfer of title as stated above, the Company had entered into an Indenture Deed with DVC on 5 December, 2008, which provided inter-alia, lease of private land for a period of 35 years (and extendable for another 35 years at the option of the Company) and provision to create security in favour of Lenders and transfer this land to the Company at the cost at which it was acquired subject to approval of the Government of the State of Jharkhand. Subsequently, the Company had created security in favour of Lenders on 17 July, 2017, as per the terms of the CLA and accordingly the lease rent has been fixed at ₹ 1 per annum.

The expenditure in connection with private land including land compensation and rehabilitation and resettlement expenses has been capitalised as freehold land.

- 5(b) DVC had also acquired GM Land (115 acres) and Forest Land (436 acres) from the State of Jharkhand with the right to use them for the project. As per the shareholders agreement, the lease is to be transferred to the Company. Pending transfer of lease in the name of the Company by DVC, the Company had entered into a License Agreement with DVC for GM Land (74 acres) and Forest Land (236 acres) on 18 January, 2008 for use of these lands initially for a period of five years and which is to be automatically renewed thereafter. In terms of the Government of the State of Jharkhand resolution No. 241/R dated 22 January, 2011, DVC has agreed to sub-lease of GM land (115 acres) to the Company subject to the approval of the Government of the State of Jharkhand. The expenditure in connection with these lands has been included under note 9 other assets as prepayment for leasehold land.
- 5(c) The Company had incurred cost of land for first phase of Railway Corridor of 96 acres to DVC, which had acquired these lands exclusively for the Project. The land consists of Private land (78 acres) and GM land (18 acres). As per the shareholders agreement, the title / lease of these lands is to be transferred to the Company. DVC is in the process of transferring title / lease in these lands in favour of the Company as per applicable laws of the State of Jharkhand. The expenditure in connection with private land including land compensation and rehabilitation and resettlement expenses has been capitalised as freehold land and expenditure in connection with GM land has been included under note 10 other assets as prepayment for leasehold land.
- 5(d) The Company has elected to fair value its freehold land and use that fair value in its opening Ind AS Balance Sheet as at 1 April, 2015 as deemed cost. Accordingly, the freehold land is carried at fair value of ₹ 29,692.14 lakhs and carrying amount reported under previous GAAP was ₹ 17,270.95 lakhs. Accordingly an amount of ₹ 12,351.21 lakh has been credited to retained earnings as at 1 April, 2015 (transition date).
- 5(e) Freehold land with a carrying amount of ₹ 15,890.05 lakhs (as at 31 March, 2017 - ₹ 15,890.05 lakhs) has been pledged to secure borrowings of the Company (see note 17).

Property, plant and equipment (other than freehold land) with a carrying amount of ₹3,25,452 lakhs (as at 31 March, 2017 - ₹ 3,46,942.73 lakhs) have also been pledged to secure borrowings of the Company (see note 17)



MAITHON POWER LIMITED

Notes to the Financial Statements

6. Other Intangible Assets

	₹ Lakhs	
	Computer software	Total
<b>Cost</b>		
Balance as at 1st April,2017	50.12	50.12
Additions	-	-
Disposal	-	-
<b>Balance as at 31st March,2018</b>	<b>50.12</b>	<b>50.12</b>
<b>Accumulated amortisation and impairment</b>		
Balance as at 1st April,2017	45.30	45.30
Amortisation expense	2.60	2.60
Impairment losses recognised in the statement of profit or loss	-	-
<b>Balance as at 31st March,2018</b>	<b>47.90</b>	<b>47.90</b>
<b>Net Block</b>		
As at 31st March,2018	<b>2.22</b>	<b>2.22</b>
As at 31st March,2017	<b>4.82</b>	<b>4.82</b>



	As at 31st March, 2018 ₹ Lakhs	As at 31st March, 2017 ₹ Lakhs
<b>7. Loans</b>		
<b>Non-current</b>		
<b>Other Loans</b>		
Loans to Employees	23.42	17.63
	<b>23.42</b>	<b>17.63</b>
<b>Current</b>		
<b>Other Loans</b>		
Loans to Employees	2.40	2.77
	<b>2.40</b>	<b>2.77</b>
<b>8. Other Financial Assets</b>		
<b>Non-current</b>		
(i) <b>Security Deposits</b>		
With related parties	20.00	20.00
With Others	11.38	12.28
With bank in deposit accounts with more than 12 month maturity*	0.10	0.10
	<b>31.48</b>	<b>32.38</b>
* Under lien with Distric Mining Authority, Jharkhand		
<b>Current</b>		
(i) <b>Others</b>		
Regulatory Assets	15,189.28	10,848.54
	<b>15,189.28</b>	<b>10,848.54</b>
<b>9. Non-current tax Assets</b>		
<b>Non-current tax assets</b>		
Advance Income-tax (Net)	1,027.91	313.63
	<b>1,027.91</b>	<b>313.63</b>



	As at 31st March, 2018 ₹ Lakhs	As at 31st March, 2017 ₹ Lakhs
<b>10. Other Assets</b>		
<b>Non-current</b>		
(i) <b>Capital Advances</b>		
Unsecured, considered good	2,677.75	2,780.44
(ii) <b>Unamortised Premium for Leasehold Land</b>		
Unsecured, considered good	5,573.53	5,985.90
	<b>8,251.28</b>	<b>8,766.34</b>
<b>Current</b>		
(i) <b>Balances with Government Authorities</b>		
Advances	-	100.00
(ii) <b>Unamortised Premium for Leasehold Land</b>		
Unsecured, considered good	416.88	416.88
(iii) <b>Other Loans and Advances</b>		
Unsecured, considered good		
Prepaid Expenses	303.70	434.79
Advances to Vendors	5,299.86	2,007.90
	<b>5,603.56</b>	<b>2,442.69</b>
	<b>6,020.44</b>	<b>2,959.57</b>
<b>11. Inventories</b>		
<b>Inventories (Lower of cost and net realisable value)</b>		
(a) <b>Raw Materials</b>		
Fuel	7,383.48	8,877.53
Fuel-in-Transit	307.52	-
(b) <b>Stores and Spares</b>		
Stores and Spare Parts	3,284.91	2,616.78
(c) <b>Loose Tools</b>	1.35	0.93
	<b>10,977.26</b>	<b>11,495.24</b>



	As at 31st March, 2018 ₹ Lakhs	As at 31st March, 2017 ₹ Lakhs
<b>12. Current Investments</b>		
<b>Investments carried at Fair Value through Profit and Loss</b>		
<b>Mutual Funds (Unquoted)</b>		
i. SBI Premier Liquid Fund - direct growth plan Nil Units (31st March, 2017: 4,89,115.93)	-	12,483.79
ii. DSP BlackRock Liquidity Fund - direct growth plan 80,741.42 units (31st March, 2017 : 86,014.98)	2,006.68	2,000.52
iii. Invesco India Liquid Fund - direct plan growth 85,736.40 units (31st March, 2017: 178,722.86)	2,050.87	4,001.03
iv. Tata Floater-direct plan growth Nil units (31st March, 2017: 183,598.12)	-	4,556.07
v. Axis Liquid Fund-direct growth 98,946.09 units (31st March, 2017: 138,678.59)	1,907.22	2,500.69
vi. Axis Treasury Advantage Fund-direct growth Nil units (31st March, 2017:128,437.44)	-	2,371.09
vii. Tata Money Market-direct plan growth 74,246.36 units (31st March, 2017: 117,079.31)	2,033.14	3,000.79
ix. JM High Liquidity Fund - direct growth option Nil Units (31st March 2017: 1,12,35,753.07)	-	5,001
x. UTI Liquid Cash Plan-direct plan growth 95,178.65 units (31st March, 2017: Nil units)	1,855.74	-
	<b>9,853.65</b>	<b>35,915.45</b>
Aggregate carrying value of investments	<b>9,804.76</b>	<b>35,760.52</b>



**MAITHON POWER LIMITED**  
**Notes to the Financial Statements**

	As at 31st March, 2018 ₹ Lakhs	As at 31st March, 2017 ₹ Lakhs
<b>13. Trade Receivables</b>		
<b>Current Trade Receivables</b>		
Secured Considered good	26,363.09	8,387.67
Unsecured Considered good	-	20,059.26
	<b>26,363.09</b>	<b>28,446.93</b>
<b>14. Cash and Cash Equivalents</b>		
(i) Balances with Banks:		
In Current Accounts	5,009.70	1.77
(ii) Cash on Hand	-	0.06
<b>Cash and Cash Equivalents as per Balance Sheet</b>	<b>5,009.70</b>	<b>1.83</b>
<b>Cash and Cash Equivalents as per Statement of Cash Flows</b>	<b>5,009.70</b>	<b>1.83</b>



15. Equity - Share Capital

	As at 31st March, 2018		As at 31st March, 2017	
	Number	₹ Lakhs	Number	₹ Lakhs
<b>Authorised</b>				
Equity Shares of ₹ 10/- each	2,00,00,00,000	2,00,000.00	200,00,00,000	2,00,000.00
		<u>2,00,000.00</u>		<u>2,00,000.00</u>
<b>Issued and Subscribed Capital</b>				
1,50,89,17,729 fully paid equity shares of ₹ 10 each (as at 31 March, 2017: 1,50,89,17,729)	1,50,89,17,729	1,50,891.77	150,89,17,729	1,50,891.77
<b>Total Issued, Subscribed and fully Paid-up Share Capital</b>		<u>1,50,891.77</u>		<u>1,50,891.77</u>

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share and is entitled for dividend approved in the Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	As at 31st March, 2018		As at 31st March, 2017	
	Number	₹ Lakhs	Number	₹ Lakhs
<b>Equity Shares</b>				
At the beginning of the year	1,50,89,17,729	1,50,891.77	150,89,17,729	1,50,891.77
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<u>150,89,17,729</u>	<u>1,50,891.77</u>	<u>150,89,17,729</u>	<u>1,50,891.77</u>

(ii) Details of shareholders holding more than 5% shares in the Company

	As at 31st March, 2018		As at 31st March, 2017	
	Number	% Holding	Number	% Holding
<b>Equity Shares of ₹ 10/- each fully paid</b>				
The Tata Power Company Limited (the holding Company)	1,11,65,99,120	74%	1,11,65,99,120	74%
Damodar Valley Corporation	39,23,18,609	26%	39,23,18,609	26%

16. Other Equity

Debenture Redemption Reserve

	As at 31st March, 2018 ₹ Lakhs	As at 31st March, 2017 ₹ Lakhs
Opening Balance	2,635.87	603.84
Add: Amount transferred from Retained Earnings	3,420.04	2,032.03
Less: Amount transferred to Surplus in Statement of Profit and Loss	-	-
<b>Closing Balance</b>	<u>6,055.91</u>	<u>2,635.87</u>

The Company has issued non convertible debentures. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (as amended), require the company to create DRR out of profits of the company available for payment for dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures issued.

Retained Earnings

	As at 31st March, 2018 ₹ Lakhs	As at 31st March, 2017 ₹ Lakhs
Opening balance	34,522.50	26,069.65
Add: Remeasurement of Defined Benefit Obligation (Net of Tax)	(5.12)	(6.58)
Profit for the period	18,169.46	25,580.64
Less: Payment of Dividend	6,646.66	12,463.66
Tax on Dividend	1,264.98	2,625.52
Transfer to Debenture Redemption Reserve	3,420.04	2,032.03
	<u>6,832.46</u>	<u>8,452.85</u>
<b>Closing Balance</b>	<u>41,354.96</u>	<u>34,522.50</u>
	<u>47,410.87</u>	<u>37,158.37</u>

On 29th June, 2017, Dividend of ₹ 0.303 per share (3.03%) aggregating ₹ 4,570 lakhs. was paid to the holders of fully paid equity shares. On 29th December, 2017, Dividend of ₹ 0.138 per share (1.38%) aggregating to ₹ 2,077 lakhs was declared to the holders of fully paid equity shares.



	As at 31st March, 2018 ₹ Lakhs	As at 31st March, 2017 ₹ Lakhs
<b>17. Non-current Borrowings</b>		
<b>Secured - At Amortised Cost</b>		
(i) Redeemable Non-Convertible Debentures (See Note I below)	99,471.14	99,652.89
(ii) Term Loans from Banks (See Note II below)		
Term Loans from Banks	94,757.18	1,06,863.15
Term Loans from financial Institutions	-	7,038.60
	<b>1,94,228.32</b>	<b>2,13,554.64</b>

**I. Redeemable Non-Convertible Debentures**

(i) Debenture of Rs. 50,000 lakhs issued on 30 November, 2015

(a) Security

The Company has issued ₹ 50,000.00 lakhs of secured, non-cumulative and non-convertible redeemable debentures of face value ₹10.00 lakhs each on 30 November, 2015 at par. The debentures have been issued for the part-refinancing of the outstanding term loan from banks and financial institution. The debentures are listed in the wholesale debts market segment of National Stock Exchange of India Limited (NSE).

The debentures are secured in favor of the debenture trustee (for the benefit of the debentureholders) in the following manner:

- a. First ranking pari passu charge on all the movable assets of the Company in relation to the project as set out in the terms agreed with the sole arranger;
- b. First ranking pari passu mortgage and charge over the freehold land of the plant (included under property, plant and equipment as freehold land) pertaining to the Company, both present and future, which in aggregate would measure approximately 565 acres acquired by the Company from Damodar Valley Corporation (DVC) under indenture of lease entered into between Damodar Valley Corporation (DVC) and the Company;
- c. First ranking pari passu mortgage by way of an equitable mortgage or any other mortgage on the freehold railway land (78 acres included under property, plant and equipment as freehold land) within a period of three months from the date on which this land is transferred in the name of the Company along with the right to create security.
- d. First ranking pari passu mortgage by way of an equitable mortgage or any other mortgage on the entire GM land (133 acres) (payments in respect of which included under other assets as prepayment for leasehold land) within a period of three months from the date on which this land is transferred in the name of the Company along with the right to create security.

The above security will at all times, rank pari-passu inter se with the existing lenders and the debentureholders.

The Company will have to take a prior written no-objection certificate from the debentureholders in the event it intends to create a security over the above secured properties in favor of its working capital lenders over and above ₹ 100,000.00 lakhs.

(b) Interest

The debentures carry a floating rate of interest which shall be calculated at a sum of the floating base rate of HDFC Bank Limited plus 15 basis points. Interest is payable on the November of each year.

(c) Redemption terms

The debentures which were issued on 30 November, 2015 have the following redemption schedule:

Redemption	Date	Principal
First redemption	30 November, 2021	33%
Second redemption	30 November, 2022	33%
Final redemption	30 November, 2023	34%

(ii) Debenture of Rs. 50,000 lakhs issued on 9 February, 2017

(a) Security

The Company has issued ₹ 50,000.00 lakhs each of secured, non-cumulative and non-convertible redeemable debentures of face value ₹50.00 lakhs each 9 February, 2017 at par respectively. The debentures have been issued for the part-refinancing of the outstanding term loan from banks and financial institution. The debentures are listed in the wholesale debts market segment of National Stock Exchange of India Limited (NSE).



- a. First ranking pari passu mortgage and charge over the freehold land of the plant (included under property, plant and equipment as freehold land) pertaining to the Company, both present and future, which in aggregate would measure approximately 565 acres acquired by the Company from Damodar Valley Corporation (DVC) under indenture of lease entered into between Damodar Valley Corporation (DVC) and the Company.
- b. First ranking pari passu mortgage by way of an equitable mortgage or any other mortgage on the freehold railway land (78 acres included under property, plant and equipment as freehold land) within a period of three months from the date on which this land is transferred in the name of the Company along with the right to create security.
- c. First ranking pari passu mortgage by way of an equitable mortgage or any other mortgage on the entire GM land (133 acres) (payments in respect of which included under other assets as prepayment for leasehold land) within a period of three months from the date on which this land is transferred in the name of the Company along with the right to create security.
- d. A first pari-passu charge on all movable properties and assets including, but not limited to plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and other movable assets of the Issuer related to the Project, both present and future
- e. First pari-passu charge on all the bank accounts of the Project and each of the other accounts required to be created by the Issuer under any project document or contract
- f. First pari-passu charge over all current assets of the Issuer in relation to the Project including book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, intangibles, goodwill, uncalled capital of the Issuer pertaining to the Project, both present and future
- g. A first pari-passu charge on all intangible assets of the Project including but not limited to the goodwill and undertaking of the Project
- h. Assignment by way of security over letters of credit, performance bonds or guarantees provided by any person for any contract in relation to the Project in favour of the Issuer
- i. Assignment by way of security of all the rights, title, interest, benefits, claims and demands whatsoever of the Issuer in each of the Project Documents.
- j. Assignment by way of security of all insurance contracts/proceeds under insurance contracts in relation to the Project.

The above security will at all times, rank pari-passu inter se the existing lenders and the debentureholders.

The Issuer will have to take a prior written no-objection certificate from the debentureholders in the event it intends to create a security over the above secured properties in favour of its working capital lenders over and above Rs. 1,00,000 lakhs.  
The Issue shall at all times maintain a FACR of 1.15 times.

**(b) Interest**

The debentures carry a fixed rate of interest of 8% per annum. Interest is payable on the February of each year.

**(c) Redemption terms**

The debentures which were issued on 9 February, 2017 have the following redemption schedule:

Redemption	Date	Principal amount payable (₹ Lakhs)
First redemption	9 February, 2023	10,000.00
Second redemption	9 February, 2024	10,000.00
Third redemption	7 February, 2025	10,000.00
Fourth redemption	9 February, 2026	10,000.00
Final redemption	9 February, 2027	10,000.00

**II. Term loans from banks and financial institution**

**(a) Security**

- a. The Company had entered into a 'Common Loan Agreement' (CLA) on 4 February, 2008 with a consortium of 16 scheduled commercial banks, State Bank of India being the Lead banker. The total sanctioned amount as per CLA was ₹ 311,500.00 lakhs. Further, the Company had entered into an additional loan agreement with the lenders for an amount of ₹ 59,900.00 lakhs. The Company had drawn an aggregate amount of ₹ 342,109.00 lakhs in respect of the above and repaid ₹ 48,192.02 lakhs upto 2 March, 2014. The balance amount of ₹ 293,916.98 lakhs was pre-paid on 3 March, 2014 from the proceeds of Term Loan-I as referred to in paragraph 'B' below.
- b. On 26 February, 2014 the Company entered into a 'Common Loan agreement' (CLA) with a consortium of 12 banks and 1 financial institution, State Bank of India being the Lead banker. The total sanctioned amount as per the CLA is ₹ 362,760.00 lakhs divided into 3 tranches of Term Loan-I, Term Loan-II and Term Loan-III of ₹ 323,040.00 lakhs, ₹ 12,350.00 lakhs and ₹ 27,370.00 lakhs respectively.
- c. The Company has repaid the term loan of ₹ 1,24,478.00 lakhs and has entered into a new 'Common Loan Agreement' with the State Bank of India on 18 July, 2017. The total Sanctioned amount is ₹ 1,30,400.00 lakhs.



In terms of CLA, the above term loans drawn are secured by:

- i. a first charge over all the immovable properties (including mortgage of leasehold rights in case of leasehold land, if any and excluding forest land (436.41 acres), railway land (34.50 acres) and the land admeasuring 14,000 (fourteen thousand) square meters acquired by the MPL from DVC on lease basis for construction of staff quarters) and assest of the borrower related to the Project, both present and future;
- ii. a first charge on all moveable propertes and assets including, but not limited to plant & machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and other movable assets of the borrower related to the Project, both present and future;
- iii. a first charge on all the bank accounts of the Project including but not limited to Debt Service Reserve Accounts (DSRA) and each of other accounts required to be created by the Borrower under any Project Document or contract;
- iv. a first charge over all current assets of the Borrower including book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, intangibles, goodwill, uncalled capital of the Borrower, both present and future;
- v. a first charge on all intangibles assests of the Project including but not limited to goodwill and undertaking of the Project.
- vi. An assignment by way of security over letters of Credit, performance bonds or guarantees provided by any person for any contract in relation to the Project in favour of the Borrower;
- vii. An assignment by way of security of all the rights, licenses, permits, approvals, consents, contracts, title, interest, benefits, claims and demands whatsoever of the Borrower in each of the Project Documents; such assignment being duly acknowledged and consented to by the relevant counter parties to such Project Documents, if required as per terms od such Project Documents, including the rights to receive any Liquidated Damages;
- viii. Negative lien on shareholding of Borrower and
- ix. An assignment by way of security of all Insurance Contracts/proceeds under Insurance Contracts in relation to the Projects.

**(b) Interest**

Interest rate shall be calculated at floating base rate of State Bank of India plus 50 basis points. The spread shall remain constant between any 2 (two) interest reset dates.

**(c) Repayment terms**

The repayment schedule of outstanding balance of loan as at 31 March, 2018 is as under:

Period	Number of installments	Amount of installments (₹ Lakhs)	Total Amount (₹ Lakhs)
1 April 2018 to 1 October, 2020	10 (quarterly installments)	4,703.50	47,035.00
1 January, 2021	1	67,203.00	67,203.00
			<b>1,14,238.00</b>
			<b>785.80</b>
			<b>1,13,452.20</b>

Less: Impact of recognition of borrowing at amortised cost using effective interest method under Ind AS

**Balance outstanding as at 31 March, 2018**

(d) The loan contains certain debt covenants relating as net borrowings to EBITDA ratio, interest coverage ratio, fixed asset coverage ratio, gross DSCR. The group has satisfied all debt covenants prescribed in the terms of bank loan

(e) The group has not defaulted on any loans payable



	As at 31st March, 2018 ₹ Lakhs	As at 31st March, 2017 ₹ Lakhs
<b>18. Other Financial Liabilities</b>		
<b>Non-current</b>		
Payables towards Purchase of Fixed Assets	778.59	505.74
	<b>778.59</b>	<b>505.74</b>
<b>Current</b>		
(a) Current Maturities of Long-term Debt	18,695.01	18,493.75
(b) Interest accrued but not due on Borrowings	2,063.01	2,125.57
(c) Unpaid Dividend	-	12463.66
(d) Other Payables		
Payables towards Purchase of Fixed Assets	1,516.60	253.67
Advance from Consumers	26,991.62	Nil
Security Deposits from Others	44.86	72.58
Regulatory Liabilities	4,380.69	38,733.01
	<b>53,693.79</b>	<b>72,142.24</b>
<b>19. Trade Payables</b>		
Total outstanding dues of micro enterprises and small enterprises	48.35	6.38
Total outstanding dues of creditors other than micro enterprises and small enterprises	15,084.70	14,503.34
	<b>15,133.05</b>	<b>14,509.72</b>
<b>20. Deferred Tax Assets / Liabilities (Net)</b>		
Deferred Tax Asset/Liabilities	17,707.00	9,666.85
MAT Credit entitlement	17,076.00	9,730.55
<b>Net Deferred Tax - Liability / (Assets)</b>	<b>631.00</b>	<b>(63.70)</b>

Particulars	Opening Balance	Recognised in profit or loss	Recognised in Other Comprehensive income	Closing balance
MAT credit entitlement	9,730.55	7,345.45	-	17,076.00
<b>Deferred tax assets / (liabilities) in relation to:</b>				
Property, plant and equipment	(41,984.61)	(298.54)	-	(42,283.15)
Provision for compensated absences	119.82	(17.92)	-	101.90
Unabsorbed depreciation	32,197.94	(7,723.69)	-	24,474.25
	<b>(9,666.85)</b>	<b>(8,040.15)</b>	-	<b>(17,707.00)</b>

**Note:**

- Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws. The Company is entitled for availing the tax benefit under section 80IA of the Income-tax Act, 1961, with effect from the financial year 2016-17 for 10 years.
- Deferred tax liabilities as at 31 March, 2018, reflect the quantum of tax liabilities accrued upto the period end but payable after the expiry of the tax holiday period. Pursuant to amendment in section 115JAA of Income Tax Act, 1961, MAT credit can be utilised upto the 15th assessment year as against the 10th assessment year earlier. Accordingly, the Company has recognised MAT credit aggregating to ₹ 17,076 lakhs as at the year-end, to the extent that there will be sufficient future taxable income against which such MAT credit entitlement can be adjusted.
- 

**21. Provisions**

**Non-current**

**Provision for Employee Benefits**

Compensated Absences	454.52	436.73
Other Defined Benefit Plans	125.62	-
Other Employee Benefits	155.22	-
	<b>735.36</b>	<b>436.73</b>

**Current**

**Provision for Employee Benefits**

Compensated Absences	9.96	21.22
Gratuity (Net)	83.67	155.75
Other Defined Benefit Plans	12.07	-
Other Employee Benefits	13.69	-
	<b>119.39</b>	<b>176.97</b>



MAITHON POWER LIMITED  
Notes to the Financial Statements

22. Other Liabilities

Non-current

Consumers' Benefit Account

1,697.45	1,697.45
<b>1,697.45</b>	<b>1,697.45</b>

Current

Statutory Liabilities

598.40	2,875.99
--------	----------

Other Liabilities

5.10	-
<b>603.50</b>	<b>2,075.99</b>

23. Current Borrowings

Unsecured - At Amortised Cost

From Banks

Letter of Credit

2,797.92	-
<b>2,797.92</b>	<b>-</b>

Secured - At Amortised Cost

From Banks

(a) Cash Credit Account

20.29	6,122.33
<b>20.29</b>	<b>6,122.33</b>

<b>2,818.21</b>	<b>6,122.33</b>
-----------------	-----------------

Note:

The Company has entered into 'Working Capital Facility Agreement' with State Bank of India and Allahabad Bank for availing cash credit facility which is secured by way of first pari-pasu charge on movable and immovable assets of the Company present and future, with other term loan and working capital lenders.



	Year Ended 31st March, 2018 ₹ Lakhs	Year Ended 31st March, 2017 ₹ Lakhs
<b>24. Revenue from Operations</b>		
<b>(a) Revenue from Power Supply</b>	2,52,007.57	2,52,157.72
(Less): Cash Discount	(5,215.89)	(5,368.31)
Income to be adjusted in future tariff determination		
(Less)/Add: (Net)	(19,830.25)	(6,333.63)
	<u>2,26,961.43</u>	<u>2,40,455.78</u>
<b>(b) Other Operating Revenue</b>		
Rental of Buildings	3.71	-
Income in respect of Services Rendered	53.50	21.19
Sale of Fly Ash	22.77	5.40
	<u>79.98</u>	<u>26.59</u>
	<u>2,27,041.41</u>	<u>2,40,482.37</u>

**Note:-**

The tariff to be charged from Long Term beneficiaries is determined by the Central Electricity Regulatory Commission (CERC) in accordance with the tariff regulations/norms notified by CERC. The tariff consists of two parts namely, capacity charge (for recovery of fixed cost based on plant availability) and energy charges (for recovery of fuel costs). The Company is raising invoices on long term beneficiaries as per the approved CERC tariff order. The Company has adjusted billed revenue for supply of power to long term beneficiaries on the basis of plant availability and actual capital cost incurred by the Company pursuant to the notified tariff regulation. As and when tariff orders for truing up are received, adequate adjustments are carried out.

**25. Other Income**

<b>(a) Interest Income</b>		
<b>On Financial Assets held at Amortised Cost</b>		
Interest on Banks Deposits	9.57	15.23
Interest on Income-tax Refund	132.38	116.80
Other Interest	1.29	1.24
	<u>143.24</u>	<u>133.27</u>
<b>(b) Gain/(Loss) on Investments</b>		
Gain/(Loss) on Current Investment measured at FVTPL	1,311.51	1,330.04
	<u>1311.51</u>	<u>1,330.04</u>
<b>(c) Other Non Operating Income</b>		
Miscellaneous Revenue	430.22	334.42
Loss on Disposal of Property, Plant and Equipment (Net)	(7.02)	(13.91)
	<u>423.20</u>	<u>342.23</u>
	<u>1877.95</u>	<u>1805.54</u>



	Year Ended 31st March, 2018 ₹ Lakhs	Year Ended 31st March, 2017 ₹ Lakhs
<b>25. Employee Benefits Expense</b>		
Salaries and Wages	3,672.57	3,588.37
Contribution to Provident Fund	179.41	162.88
Contribution to Superannuation Fund	58.88	53.73
Retiring Gratuities	86.93	66.63
Leave Encashment Scheme	56.41	122.48
Staff Welfare Expenses	621.18	274.01
	<u>4,675.38</u>	<u>4,268.10</u>
Less:		
Employee Cost Capitalised	300.08	253.82
	<u>300.08</u>	<u>253.82</u>
	<u>4,375.30</u>	<u>4,014.28</u>
<b>27. Finance Costs</b>		
(a) Interest Expense:		
Borrowings		
Interest on Debentures	8,351.17	5,293.48
Interest on Loans - Banks & Financial Institutions	10,731.63	19,561.06
Interest on borrowings from related party	-	502.53
Interest on Commercial Paper	-	189.26
Others		
Other Interest and Commitment Charges	22.45	71.91
	<u>19,105.25</u>	<u>25,618.24</u>
(b) Other Borrowing Cost:		
Other Finance Costs	1,300.68	221.99
	<u>1,300.68</u>	<u>221.99</u>
	<u>20,405.93</u>	<u>25,840.23</u>
<b>28. Depreciation and Amortisation expenses:</b>		
Depreciation on Tangible Assets	23737.14	23765.31
Add: Amortisation on Intangible Assets	2.60	7.13
	<u>23,739.74</u>	<u>23,772.44</u>
<b>29. Other Expenses</b>		
Consumption of Stores, Oil, etc. (Excludes stores issued for repair and maintenance)	854.04	326.60
Rental of Land, Buildings, Plant and Equipment, etc.	69.07	95.08
Repairs and Maintenance -		
(i) To Buildings and Civil Works	277.84	149.24
(ii) To Machinery and Hydraulic Works	7,572.32	6,802.71
(iii) To Furniture, Vehicles, etc.	252.96	240.69
	<u>8,103.12</u>	<u>7,192.64</u>
Rates and Taxes (Water charges & Cess)	1,022.96	1,067.69
Insurance	760.02	813.86
Other Operation Expenses	937.22	434.86
Ash Disposal Expenses	3,320.87	3,647.73
Transmission Charges	211.05	318.21
Travelling and Conveyance Expenses	255.70	270.52
Consultants' Fees	153.87	66.77
Auditor's Remuneration	56.20	81.07
Cost of Services Procured	6,079.35	5,696.76
Amortisation of Advance Towards Leasehold Land	414.63	415.75
Legal Charges	9.52	25.48
Corporate Social Responsibility Expenses	563.10	406.38
Miscellaneous Expenses	100.15	85.91
	<u>22,910.87</u>	<u>20,945.31</u>



	Year Ended 31st March, 2018 ₹ Lakhs	Year Ended 31st March, 2017 ₹ Lakhs
I. Payment to the Auditors (Inclusive of tax)		
Statutory Audit Fees	25.49	33.38
Taxation Services (to erstwhile Auditors)	19.63	3.45
Other Services ( ₹ 5.83 Lakhs to erstwhile Auditors)	6.42	0.77
Reimbursement of Expenses ( ₹ 2.90 Lakhs to erstwhile Auditors)	4.66	3.13
	<u>56.20</u>	<u>40.73</u>

### 30. Income taxes

Income tax recognised in profit and loss

Current tax

For The Period

In respect of earlier years (Refund of ₹ 1,413 Lakhs received for AY 2015-16)

4,784.00

(1,409.28)

3,374.72

6,938.86

-

6,938.86

Deferred tax

MAT Credit

8,040.15

(7,345.45)

694.70

9,666.85

(9,730.55)

(63.70)

Total income tax expense recognised in the current year

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

Profit before tax

22,238.88

32,455.80

Income tax expense calculated at 34.608% (2015-16: 34.608%)

7,696.43

11,232.30

Effect of MAT credit not recognised due to reversal of benefit under tax holiday period

-

-

Effect on tax due to tax holiday exemption under 80IA

281.12

(1,729.49)

Effect of expenses that are not deductible in determining taxable profit

62.60

164.04

Adjustment in respect of current income tax of previous years

(1,409.28)

Adjustments recognised in the current year in relation to the MAT credit of previous years.

(2,561.45)

(2,791.69)

4,069.42

6,875.16

The tax rate used for the financial years 2017-2018 and 2016-2017 reconciliations above is the corporate tax rate of 34.608% payable by corporate entities in India on taxable profits under the Indian tax law.

#### 30.1 Income tax recognised in other comprehensive income

Arising on income and expenses reclassified in other comprehensive income:

Remeasurement of the defined benefit plan

2.71

1.78

Total income tax expense recognised in other comprehensive income

2.71

1.78

Bifurcation of the income tax recognised in other comprehensive income into:

- Items that will not be reclassified to profit or loss

2.71

1.78

- Items that may be reclassified to profit or loss

#### 30.2 Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for

16,437.51

27,503.47

16,437.51

27,503.47



31. Financial Instruments

1. Financial assets and liabilities

1.1 The carrying value and fair value of financial instruments by categories as of 31st March, 2018 is as follows. ₹ Lakhs

Particulars	Fair Value through P&L	Fair Value through OCI	Amortised Cost	Total Carrying value	Total Fair Value
<b>Assets</b>					
Cash and Cash Equivalents	-	-	5,009.70	5,009.70	5,009.70
Trade Receivables	-	-	20,303.09	20,303.09	20,303.09
Investments					
Equity and Others	9,853.65	-	-	9,804.76	9,853.65
Unbilled Revenues	-	-	4,019.15	4,019.15	4,019.15
Loans	-	-	25.82	25.82	25.82
Other financial Assets	-	-	15,220.76	15,220.76	15,220.76
<b>Total</b>	<b>9,853.65</b>	<b>-</b>	<b>50,638.52</b>	<b>60,443.28</b>	<b>60,492.17</b>
<b>Liabilities:</b>					
Trade Payables	-	-	15,133.05	15,133.05	15,133.05
Borrowings (Includes Current Maturities)	-	-	2,15,741.54	2,15,741.54	2,15,741.54
Other Financial Liabilities	-	-	54,472.38	54,472.38	54,472.38
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,85,346.97</b>	<b>2,85,346.97</b>	<b>2,85,346.97</b>

1.2 The carrying value and fair value of financial instruments by categories as of 31st March, 2017 is as follows.

<b>Assets</b>					
Cash and Cash Equivalents	-	-	1.83	1.83	1.83
Trade Receivables	-	-	28,446.93	28,446.93	28,446.93
Investments					
Equity and Others	35,915.45	-	-	35,760.52	35,915.45
Unbilled Revenues	-	-	3,337.10	3,337.10	3,337.10
Loans	-	-	20.40	20.40	20.40
Other Financial Assets	-	-	10,880.92	10,880.92	10,880.92
<b>Total</b>	<b>35,915.45</b>	<b>-</b>	<b>42,687.18</b>	<b>78,447.70</b>	<b>78,602.63</b>
<b>Liabilities:</b>					
Trade Payables	-	-	14,509.72	14,509.72	14,509.72
Borrowings (Includes Current Maturities)	-	-	2,38,170.72	2,38,170.72	2,38,170.72
Other Financial Liabilities	-	-	72,647.98	72,647.98	72,647.98
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3,25,328.42</b>	<b>3,25,328.42</b>	<b>3,25,328.42</b>

31.1 Fair value measurements

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 in mutual funds 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 techniques and key inputs
	31st March, 2018	31st March, 2017		
Investment in mutual funds designated as at fair value through profit or loss	9,853.65	35,915.45	Level 1	NAV of mutual fund investments at reporting date

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 values.

31.2 Capital Management

The Company manages its capital to ensure that it will be able to continue as 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 16, 17 and 21 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.



	₹ Lakhs	
	As at 31st March, 2018	As at 31st March, 2017
<b>Gearing ratio</b>		
The gearing ratio at the end of the reporting period was as follows:		
Debt (i)	2,15,741.54	2,38,170.72
Cash and cash equivalents	5,009.70	1.83
Net debt	2,10,731.84	2,38,168.89
<b>Total equity</b>	<b>1,98,302.64</b>	<b>1,88,050.14</b>
Net debt to equity ratio (%)	106%	127%

(i) Debt is defined as long-term and short-term borrowings, as described in notes 17, 18 and 23.

### 31.3 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 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 below sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

#### 31.3.1 Expected maturity for financial liabilities

	0-1 year	1-5 years	5+ years	Total
<b>31 March, 2018</b>				
<b>Non-derivative financial liabilities</b>				
Borrowings*	36,701.18	1,83,358.15	65,687.84	2,85,747.16
Trade payables	15,133.05			15,133.05
Other financial liabilities*	62,805.96	778.59		63,584.55
<b>31 March, 2017</b>				
<b>Non-derivative financial liabilities</b>				
Borrowings*	26,690.34	1,93,330.90	1,00,242.65	3,20,263.89
Trade payables	12,178.90			12,178.90
Other financial liabilities*	75,693.78	505.74		76,199.52
* includes undiscounted interest				

The Company has subsequent to Balance sheet date entered into working capital facilities with certain banks amounting to Rs 25,000 Lakhs and other financing measures such as commercial paper which will be used for meeting short term liability.

#### 31.3.2 Financing facilities

	₹ Lakhs	
	As at 31st March, 2018	As at 31st March, 2017
<b>Unsecured working capital loan facility:</b>		
-amount used	-	-
-amount unused	-	10,500
<b>Secured cash credit and unsecured working capital loan facility:</b>		
-amount used	9.70	6,122.33
-amount unused	8,990.30	2,877.67
	<b>9,000.00</b>	<b>9,000.00</b>
<b>Secured bank loan facilities as per CLA entered on 18 July, 2017 (See note</b>		
-amount used	1,14,238.00	2,93,920.00
-amount unused	16,162.00	68,840.00



**31.4 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 section of this note.

Interest Rate sensitivity analysis

The sensitivity analyses 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, 2018 would decrease/increase by ₹ 902 Lakhs (for the year ended March 2017: decrease/increase by ₹303 Lakhs). 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 mainly due to the reduction in variable rate debt instruments.

**31.5 Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in net assets value (NAV) of the financial instruments held.

The Company manages the surplus funds majorly through investments in debt based mutual fund schemes. The price of investment in these mutual fund schemes is reflected through Net Asset Value (NAV) declared by the Asset Management Company on daily basis as reflected by the movement in the NAV of invested schemes. The Company is exposed to price risk on such investments.

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	₹ Lakhs	
	As at 31.03.2018	As at 31.03.2017
Investments in mutual funds	9,853.65	35,915.45

**31.6 Credit risk management**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties 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 that are reviewed and approved by the management regularly.

Collateral held as security

The Company holds collateral i.e. letter of credit and bank guarantee to partly secure its outstanding trade receivables. Credit risk associated with receivables is mitigated because the receivables are partly secure.

**31.7 Commodity price risk**

The operating activity of the company involves generation of power and therefore requires continuous supply of coal. The company has entered into fuel supply agreements with Central Coalfields Limited and Bharat Coking Coal Limited and any price fluctuation is passed on to the customers



32. Corporate Social Responsibility Expenses

Particulars	Year Ended 31st March, 2018		Year Ended 31st March, 2017
	₹ Lakhs		₹ Lakhs
a) Gross amount required to be spent by the group during the year	555		406
(b) Amount spent during the year ending on 31st March, 2018	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset			
ii) On purposes other than above	563.1	-	563.1
b) Amount spent during the year ending on 31st March, 2017:			
i) Construction/acquisition of any asset			
ii) On purposes other than above	406.38	-	406.38

33. Earnings per share

Basic/diluted earnings per share (face value of Rs. 10 each)

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
	₹ per share	₹ per share
	1.20	1.70
	1.20	1.70

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:

	Year Ended 31st March, 2018	Year ended 31st March, 2017
	₹ per share	₹ per share
Earnings used in the calculation of basic earnings per share	18,169.46	25,580.64

The weighted average number of equity shares for the purposes of diluted earnings

1,50,891.77      1,50,891.77

Note: The Company did not have any potentially dilutive securities in any of the period presented.



34. Related Party Transactions

a. List of related parties

i. Controlling Entity

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

ii. Entity exercising significant influence

Damodar Valley Corporation (DVC)

iii. Fellow Subsidiaries

Tata Power Trading Company Limited (TPTCL)

Coastal Gujarat Power Limited (CGPL)

Powerlinks Transmission Limited (PTL)

Industrial Energy Limited (IEL)

Tata Power Solar System Ltd (TPSSL)

iv. Post-employment benefit plan

Maithon Power Gratuity Fund (Fund)

v. Key Management Personnel (KMP)

Mr. Kozipart Chandrasekhar- Chief Executive Officer (upto September 2017)  
Mr. Purushottam Thakur- Chief Executive Officer (w.a.f October 2017)



**MAITHON POWER LIMITED**

Notes to the Financial Statements

b. Transactions/balances outstanding with related parties

Particulars	SI		Fellow subsidiaries				Subtotal	PEBP Fund	KMP	Total
	CE TPCL	DVC	CGPL	IEL	PTL	TPSSL				
Revenue from power supply	-	25,568.84 (38,172.08)	-	-	-	-	1,02,550.72 (1,47,034.22)	-	-	1,28,119.86 (1,85,206.30)
Cash discount on power sales	-	484.17 (616.52)	-	-	-	-	2,722.17 (3,287.86)	-	-	3,206.34 (3,904.38)
Electricity Charges	-	39.20 (51.04)	-	-	-	-	-	-	-	39.20 (51.04)
Water charges	-	921.16 (962.90)	-	-	-	-	-	-	-	921.16 (962.90)
Rent and hire charges	6.38 (6.37)	15.13 (44.11)	-	-	-	-	-	-	-	21.51 (50.48)
Operation and maintenance charges	5,180.15 (4,744.92)	-	-	-	-	-	-	-	-	5,180.15 (4,744.92)

Particulars	SI		Fellow subsidiaries				Subtotal	PEBP Fund	KMP	Total
	CE TPCL	DVC	CGPL	IEL	PTL	TPSSL				
Trading margin on power sales	-	-	-	-	-	-	21.75 (6.74)	-	-	21.75 (6.74)
Sale of property, plant and equipment	-	-	-	0.08 (0.30)	-	0.61 (0.82)	0.69 (1.12)	-	-	0.69 (8.15)
Interest on loan	-	-	-	-	-	-	-	-	-	-
Purchase of property, plant and equipment	-	-	-	-	-	-	1.45 (0.85)	-	-	1.45 (0.85)
Reimbursement of expenses to the Company	-	10.86 (20.41)	-	-	-	-	43.45 (66.21)	-	-	54.31 (86.62)
Reimbursement of expenses by the Company	388.10 (-)	8.78 (-)	-	-	-	-	7.33 (-)	-	-	402.21 (-)
Service received related to CWIP	15.93 (28.59)	-	-	-	-	-	-	-	-	15.93 (28.59)
Managerial remuneration	-	-	-	-	-	-	-	-	-	-
Contribution to Gratuity Fund	-	-	-	-	-	-	-	-	104.23 (107.43)	-
Dividend paid	4,918.67 (9,223.11)	1,728.18 (3,240.56)	-	-	-	-	-	-	-	6,646.85 (12,463.66)



MAITHON POWER LIMITED  
Notes to the Financial Statements

Particulars	Fellow subsidiaries											Total
	CE TPCL	SI DVC	TPTCL	CGPL	IEL	PTL	TPSSL	Subtotal	PEBP Fund	KMP	₹ lakhs	
ii) Balances outstanding as at 31st March, 2018:												
Trade receivables												
As at 31-03-2018	-	21,343.57	5,595.77	-	-	-	-	5,595.77	-	-	-	26,939.34
As at 31-03-2017	(-)	(22,477.51)	(5,280.58)	(-)	(-)	(-)	(-)	(5,280.58)	(-)	(-)	(-)	(27,758.09)
Advance from Customer												
As at 31-03-2018	-	7,853.50	18,690.63	(-)	(-)	(-)	(-)	18,690.63	-	-	-	26,544.13
As at 31-03-2017	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Unbilled revenue												
As at 31-03-2018	-	3,216.18	158.03	-	-	-	-	158.03	-	-	-	3,374.21
As at 31-03-2017	(-)	(2,986.47)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(2,986.47)
Security deposits												
As at 31-03-2018	-	8.25	-	(-)	(-)	(-)	(-)	-	-	-	-	8.25
As at 31-03-2017	(-)	(20.00)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(20.00)
Other current assets-others												
As at 31-03-2018	5.75	(2.02)	(3.94)	0.70	-	-	-	0.70	-	-	-	6.45
As at 31-03-2017	(6.54)	(-)	(-)	(1.11)	(-)	(-)	(0.82)	(5.87)	(-)	(-)	(-)	(14.43)
Trade payables												
As at 31-03-2018	735.50	95.05	-	-	-	-	-	-	-	-	-	830.55
As at 31-03-2017	(402.24)	(93.42)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(495.66)
Liability towards gratuity fund												
As at 31-03-2018	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
As at 31-03-2017	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(155.75)	(-)	(-)	(155.75)
Letter of credit received												
As at 31-03-2018	-	2,640.00	6,415.32	-	-	-	-	6,415.32	-	-	-	9,055.32
As at 31-03-2017	(-)	(2,700.00)	(6,299.56)	(-)	(-)	(-)	(-)	(6,299.56)	(-)	(-)	(-)	(8,999.56)
Bank guarantee given												
As at 31-03-2018	-	(65.70)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(65.70)
As at 31-03-2017	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

Notes:

Figures in brackets stated pertain to year ended 31 March, 2017.



### 35. Employee benefits

#### 35.1. Defined Contribution Plan

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution retirement benefit plans for eligible employees. The provident fund plan is operated by the Regional Provident Fund Commissioner. The Superannuation fund is managed by LIC of India. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The only obligation of the Company with respect to the retirement benefit scheme is to make the specified contributions.

The Company has recognized ₹ 134.79 lakhs (31st March, 2017 ₹ 162.88 lakhs) for provident fund contributions and ₹ 58.88 lakhs (31st March, 2017 ₹ 54.72 lakhs) for superannuation contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

#### 35.2. Defined Benefit plan

##### Unfunded

##### Post-Employment Medical Benefits

The Company provides certain post-employment health care benefits to superannuated employees at some of its locations. In terms of the plan, the retired employees can avail free medical check-up and medicines at Company's facilities.

##### Pension (Including Director pension)

The Company operates a defined benefit pension plan for employees who have completed 15 years of continuous service. The plan provides benefits to members in the form of a pre-determined lumpsum payment on retirement. Executive Director, on retirement, is entitled to pension payable for life including HRA benefit. The level of benefit is approved by the Board of Directors of the Company from time to time.

##### Ex-Gratia Death Benefit

The Company has a defined benefit plan granting ex-gratia in case of death during service. The benefit consists of a pre-determined lumpsum amount along with a sum determined based on the last drawn basic salary per month and the length of service.

##### Retirement Gift

The Company has a defined benefit plan granting a pre-determined sum as retirement gift on superannuation of an employee.

##### Funded

##### Gratuity plan

The Company has a defined benefit gratuity plan. The gratuity plan is primarily governed by the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of five years are eligible for gratuity. The level of benefits provided depends on the member's length of service and salary at the retirement, withdrawal, resignation, death of an employee. The gratuity plan is funded plan. The gratuity fund is managed by Aditya Birla Sun Life Insurance Company Limited. The fund has the form of a trust and is governed by Trustees appointed by the Company. The Trustees are responsible for the administration of the



**MAITHON POWER LIMITED**  
**Notes to the Financial Statements**

plan assets and for the definition of the investment strategy in accordance with the regulations. The funds are deployed in recognized insurer managed funds in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimates of expected gratuity payments.

The Plan assets include investments include significant investments in G-Sec Bonds and accordingly exposed to financial risk.

**Risks associated with Plan Provisions**

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

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government Bonds Yield. If plan liability is funded and return on plan assets is below this rate, it will create a plan deficit.
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 plan assets and the present value of the defined benefit obligation were carried out as at 31 March, 2018 by Mr. Kulin Patel, 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.

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

S. No.	Particulars	Refer Note below	As at 31.03.2018	As at 31.03.2017
i.	Discount rate (p.a.)	1	7.70%	7.00%
ii.	Salary escalation rate (p.a.)	2	7.00%	7.50%
iii.	Retirement age		60 years	60 years
iv.	Mortality table		Indian Assured Lives Mortality (2006-08) modified Ult.	Indian Assured Lives Mortality (2006-08) modified Ult.
v.	Withdrawal rate 44>Age>21 Age>44		2.50% 1.00%	2.50% 1.00%
vi.	Rate of gold inflation		8%	



**MAITHON POWER LIMITED**  
**Notes to the Financial Statements**

**Note:**

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

The amounts recognized in the financial statements and the movements in the net defined benefit obligations over the year are as follows:

- i. Amounts recognized in the Statement of Profit and Loss in respect of these defined benefits plans are as follows:

Particulars	Year ended 31.03.2018 ₹ lakhs	Year ended 31.03.2017 ₹ lakhs
Current service cost	82.05	68.37
Net interest expenses	4.87	(1.74)
<b>Components of defined benefit costs recognized in profit or loss</b>	<b>86.92</b>	<b>66.63</b>

- ii. Remeasurement on the net defined benefit liability:

Particulars	Year ended 31.03.2018 ₹ lakhs	Year ended 31.03.2017 ₹ lakhs
Actuarial (gains) / loss arising due to DBO period	1.91	13.78
Return on plan assets (greater)/less than discounting rate	(5.31)	(5.42)
<b>Component of defined benefit costs recognized in Other Comprehensive Income</b>	<b>(3.40)</b>	<b>8.36</b>

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

The remeasurement of the net defined benefit liability is included in the other comprehensive income.



- iii. The amount included in the Balance Sheet arising from the entity's obligation in respect of its defined benefits plans as follows:

Particulars	As at 31.03.2018 ₹ lakhs	As at 31.03.2017 ₹ lakhs
Present value of funded defined benefit obligation	(955.34)	(863.97)
Fair value of plan assets	867.27	708.22
<b>Funded status surplus/(deficit)</b>	<b>(87.07)</b>	<b>(155.75)</b>

- iv. Movement in the fair value of the defined benefit obligation:

Particulars	Year ended 31.03.2018 ₹ lakhs	Year ended 31.03.2017 ₹ lakhs
Opening defined benefit obligation	863.97	609.60
Current service cost	82.05	68.37
Interest cost on defined benefit obligation	58.01	47.85
Acquisitions cost	20.01	132.18
Actuarial (gains) / loss arising from changes in demographic assumptions	75.64	13.78
Actuarial (gains) / loss arising from changes in experience	65.41	-
Actuarial (gains) / loss arising from changes in financial assumption	(139.13)	-
Benefits paid	(70.61)	(7.81)
<b>Closing defined benefit obligations</b>	<b>955.35</b>	<b>863.97</b>

- v. Movement in the fair value of the plan assets are as follows:

Particulars	Year ended 31.03.2018 ₹ lakhs	Year ended 31.03.2017 ₹ lakhs
Opening fair value of plan assets	708.22	602.31
Interest income	53.13	49.59
Employer contributions	101.61	50.90
Return on plan assets (excluding amount included in net interest expenses)	5.31	5.42
Benefits paid	-	-
<b>Closing fair value of plan assets</b>	<b>868.27</b>	<b>708.22</b>

The plan assets of the Company managed through a trust are managed by Birla Sun Life Insurance (BSLI) Company Limited. The details of investments relating to these assets are not shown by BSLI. Hence, the composition of each major category of plan assets, the percentage



**MAITHON POWER LIMITED**  
**Notes to the Financial Statements**

or amount that each major category constitutes to the fair value of the total plan assets has not been disclosed.

The Company expects to make a contribution of ₹ 101.96 lakhs (as at 31 March, 2017: ₹ 87.52 lakhs) to defined benefit plan during the next financial year.

**vi. 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.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	As at 31.03.2018 ₹ lakhs		As at 31.03.2017 ₹ lakhs	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+0.5%) (Prior period (-/+ 1%))	54.48	(49.93)	77.52	(67.31)
Salary Growth Rate (-/+0.5%) (Prior period (-/+ 1%))	(50.48)	54.61	(67.48)	76.06
Withdrawal Rate (-/+ 5%) (Prior period (-/+ 10%))	23.08	(46.53)	6.27	(5.73)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit liability recognized in the Balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.



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

	31 March, 2018 ₹ lakhs	31 March, 2017 ₹ lakhs
Within 1 year	19.88	41.79
Between 1-2 years	90.96	91.99
Between 2-3 years	138.48	48.35
Between 3-4 years	40.65	155.29
Between 4-5 years	28.60	69.93
Beyond 5 years	701.83	1,517.45

	31 March, 2018	31 March, 2017
The average duration of the defined benefit plan obligation represents average duration for active members (based on discounted cash flows)	8.1 years	9.5 years

### 35.3 Other Defined benefit plans

The amounts recognized in the financial statements and the movements in other net defined benefit obligations over the year are as follows:

i. Amounts recognized in the Statement of Profit and Loss in respect of these defined benefits plans are as follows:

Particulars	Year ended 31.03.2018 ₹ lakhs
Current service cost	84.13
Net interest expenses	45.78
Past service cost	205.34
Acturial Gain/loss	(26.45)
<b>Components of defined benefit costs recognized in profit or loss</b>	<b>308.80</b>

ii. Remeasurement on the net defined benefit liability:

Particulars	Year ended 31.03.2018 ₹ lakhs
Actuarial (gains) / loss arising due to DBO experience	(10.66)
Actuarial (gains)/ loss arising due to assumption changes	21.89
<b>Component of defined benefit costs recognized in Other Comprehensive Income</b>	<b>11.23</b>

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



**MAITHON POWER LIMITED**  
**Notes to the Financial Statements**

The remeasurement of the net defined benefit liability is included in the other comprehensive income.

**iii. Movement in the fair value of the defined benefit obligation:**

Particulars	Year ended
	31.03.2018 ₹ lakhs
Net defined benefit asset/ (liability) at end of prior period	(459.49)
Service cost	(289.47)
Net interest on net defined benefit liability/ (asset)	(45.78)
Amount recognized in OCI	15.22
Employer contributions	
Benefit paid directly by the Company	22.88
Acquisitions credit/ (cost)	(14.44)
<b>Closing defined benefit obligations</b>	<b>(771.08)</b>

**IV. Sensitivity Analysis**

Particulars	As at 31.03.2018 ₹ lakhs	
	Decrease	Increase
Discount Rate (-/+0.5%)	45.4	(32.55)
Salary Growth Rate (-/+0.5%)	34.14	34.14
Withdrawal Rate (-/+ 5%)	(77.07)	(77.07)
Gold Inflation rate(-/+ 5%)	10.08	10.08

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

	31 March, 2018 ₹ lakhs
Within 1 year	32.36
Between 1-2 years	51.48
Between 2-3 years	63.88
Between 3-4 years	55.84
Between 4-5 years	46.00
Beyond 5 years	438.27



**36. Contingent liabilities**

- (a) The Company has received a demand of ₹ 4,500.00 lakhs from the Office of Assistant Commissioner, Dhanbad under the Building and other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 contending that the Company has to pay 1% of the Project Cost (estimated to be ₹ 450,000.00 lakhs) as cess.

As per legal advice obtained by the Company, the Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 is applicable on cost of construction and not on supply of equipment, accordingly the Company had deposited an amount of ₹ 126.00 lakhs as cess for cost of construction and raised the demand on the concerned contractor / vendor. Further, the Company is of the view that any such demand if payable will be borne by the contractor/vendors. Accordingly, no provision has been made in the books of account.

- (b) Claims against the Company not acknowledged as debts for demands raised by the office of the Zonal Jt. Director General Trade for revocation of grant of deemed export benefits which has been disputed by the Company ₹ 3,641.14 lakhs (31 March, 2017 : ₹ 3,641.14 lakhs).

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

**38. Segment Reporting**

The Company is mainly engaged in the business of generation and selling of power 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.

39.

- (a) The year end foreign currency exposures of the Company is ₹ Nil (31 March, 2017: Nil)

The Company did not have any long term contract including derivative contract for which there were any material

- (b) foreseeable losses.

**40. Tariff Order**

- (a) The Central Electricity Regulatory Commission in its order dated 26th December, 2017 has passed an order truing up the tariff for the control period 2009-2014 and determined the tariff for the control period 2014-2019. The company had raised the invoices on long term beneficiaries as per the CERC tariff order dated 19th November 2014. Pursuant to the recent Tariff Order dated 26th December 2017, the company had made adjustment amounting ₹ 12,250 lakhs to "Revenue from Operations". This comprises of ₹ 7,162 lakhs for period prior to March 31, 2017 and ₹ 5,088 lakh for the year ending March 31, 2018.

- (b) The Central Electricity Regulatory Commission has allowed the ash disposal expenses as additional O&M for the period 2011-14. However the claim of additional O&M expenses for ash disposal for 2014-19 has not been considered at this stage and it has been linked with the petition of NTPC praying for recovery of additional expenditure of ash disposal and the same is pending for consideration of the commission. The commission has also requested to furnish the details of actual expenditure at the time of truing up. In view of this, the company has created 'Regulatory Assets' amounting to ₹ 14,162 lakhs as on March 31, 2018 in the books for recovery of ash disposal expenses. This comprises of ₹ 10,848 lakhs for period prior to March 31, 2017 and ₹ 23,313 lakhs for the year ending March 31, 2018.

**41. Mega power status**

The Company had applied to the Ministry of Power, Government of India along with necessary documents for grant of Mega Power Status to the Company's 1050 MW Maithon Right Bank Thermal Power Plant. Pending receipt of the mega power certificate, the Company remains liable to pay excise and customs duty on its receipts of goods and materials wherever applicable. Accordingly, the Company had paid excise duty to its vendors aggregating to ₹ 12,024 lakhs (31 March, 2017: ₹ 12,024 lakhs) upto 31 March, 2018. Out of total payment of excise duty to suppliers ₹ 11,911 lakhs (net of receipts) had been capitalised and the balance amount of ₹ 113 lakhs is included in capital work-in-progress as at 31 March, 2018.

**42. Significant Events after the Reporting Period**

There were no significant adjusting event that occurred subsequent to the period other than the events disclosed in the relevant notes.

43. For a better presentation, the following major regroupings have been made.

- (a) Unbilled revenue which hitherto was disclosed under "other financial assets" is now presented on the face of financial statements.

- (b) Stores and spares issued for repairs and maintenance has been regrouped under repairs and maintenance which hitherto was disclosed under stores consumed.



44. Approval of financial statements

The financial statements were approved by the Board of Directors on 20 April, 2018.

For S.R.Batilboi & Co LLP  
Chartered Accountants  
ICAI Firm registration number: 301003E/E300005

*T. Das Mahapatra*

Tanmoy Das Mahapatra  
Partner  
Membership No: 058259  
Place: Mumbai  
Date: 20th April, 2018



For and on behalf of the Board,

*Ashok Sethi*

Ashok Sethi  
Chairman  
Place: Mumbai  
Date: 20th April, 2018

*Sanjeev*

Sanjeev Kumar Seth  
Director  
Place: Kolkata  
Date: 20th April, 2018

*Poonam Shirke*

Poonam Shirke  
Company Secretary  
Place: Mumbai  
Date: 20th April, 2018

*P. Thakur*

Purushottam Thakur  
Chief Executive Officer  
Place: Mumbai  
Date: 20th April, 2018

*Satish Kumar*

Satish Kumar  
Chief Financial Officer  
Place: Mumbai  
Date: 20th April, 2018