

**TATA POWER SOLAR SYSTEMS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Tata Power Solar Systems Limited

### **Report on the Ind AS financial statements**

We have audited the accompanying Ind AS financial statements of Tata Power Solar Systems Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of 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 Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016. This responsibility 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 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of 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, and its cash flows for the year ended on that date.

**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 I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable
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 the Companies (Indian Accounting Standards) Rules, 2015 and and the Companies (Accounting Standards) Amendment Rules, 2016;
  - (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 dated April 26, 2018 in 'Annexure II' to this report;
  - (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 30 to the Ind AS financial statements;



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

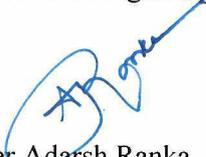
Chartered Accountants

- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts, including derivative contracts. Refer Note 19 and 20 to the Ind AS financial statements;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI firm registration number: 101049W/E300004



per Adarsh Ranka

Partner

Membership Number: 209567

Place: Delhi

Date: April 26, 2018



**Annexure I referred to in clause 1 of paragraph on the report on other legal and regulatory requirements of our report of even date**

**Re: Tata Power Solar System Limited**

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) All fixed assets have not been physically verified by the management during the year but there is a regular program of verification which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us by the management, the title deeds of the immovable properties included in property plant and equipment are held in the name of the Company
- ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- iii) According to the information and explanation given to us by the management, the Company has granted loans to one Company covered in the register maintained under section 189 of the Companies Act, 2013.
- a) In our opinion and according to the information and explanations given to us by the management, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest.
- b) In the case of the loans granted to the companies listed in the register maintained under section 189 of the Act, the borrowers have been regular in the repayment of the principal and payment of interest wherever required.
- c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.
- iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- v) 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) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture 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) a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.



# S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

b) According to the information and explanations given to us by the management, 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, goods and service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount of Demand (Rs. In Lakhs)	Period for which amounts relates to	Forum where dispute is pending	Amount paid (Rs. In Lakhs)	Amount unpaid (Rs. In Lakhs)
Income Tax Act, 1961	Income Tax	1,629.70	FY 2003-04	Commissioner Income Tax (Appeals)	1,629.70	-
Income Tax Act, 1961	Income Tax	580.60	FY 2007-08	Commissioner Income Tax (Appeals)	580.60	-
Income Tax Act, 1961	Income Tax	1,419.69	FY 2008-09	Commissioner Income Tax (Appeals)	1,419.69	-
Income Tax Act, 1961	Income Tax	2,658.39	FY 2009-10	Income Tax Appellate Tribunal	959.96	1,698.43
Income Tax Act, 1961	Income Tax	719.91	FY 2010-11	Income Tax Appellate Tribunal	719.91	-
Income Tax Act, 1961	Income Tax	258.67	FY 2012-13	Commissioner Income Tax (Appeals)	258.67	-
Karnataka VAT Act, 2003	Karnataka VAT	130.27	FY 2009-10	Joint Commissioner	-	130.27
Karnataka VAT Act, 2003	Karnataka VAT	297.29	FY 2012-13	Deputy Commissioner	297.29	-

viii) In our opinion and according to the information and explanations given to us 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.

ix) According to the information and explanations given to us by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us by the management, we report that 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.



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

Chartered Accountants

xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the Company and hence reporting under clause (xi) are not applicable and hence not commented upon.

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 to us by the management, transactions with the related parties are in compliance with section 177 and 188 of the 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 and on an overall examination of the balance sheet, 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.

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 & ASSOCIATES LLP

Chartered Accountants

ICAI firm registration number: 101049W/E300004

  
Per Adarsh Ranka  
Partner

Membership number: 209567

Place: Delhi

Date: April 26, 2018



**Annexure II to the Independent auditor's report of even date on the Ind AS financial statements of Tata Power Solar System 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 Tata Power Solar System Limited ('the Company') as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). 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 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, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



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

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

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

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

For S.R. BATLIBOI & ASSOCIATES LLP  
ICAI firm registration number: 101049W/E300004  
Chartered Accountants

per Adarsh Ranka  
Partner

Membership Number: 209567



Place: Delhi

Date: April 26, 2018

Tata Power Solar Systems Limited  
Balance Sheet as at March 31, 2018

		Particulars	Note	As at March 31, 2018	As at March 31, 2017
<b>Rs. in Lakhs</b>					
<b>A</b>		<b>ASSETS</b>			
	<b>1</b>	<b>Non-current assets</b>			
		(a) Property, plant and equipment	4	24,260.34	29,061.61
		(b) Capital work-in-progress		221.99	924.73
		(c) Intangible assets	5	434.48	370.51
		(d) Financial assets			
		(i) Investment in subsidiary	6	100.00	100.00
		(ii) Trade receivables	9	429.23	215.56
		(iii) Other financial assets	12	364.09	249.16
		(e) Non-current tax assets (net)	13	3,084.18	3,084.18
		(f) Other non-current assets	14	80.99	28.62
		<b>Total non-current assets</b>		<b>28,975.30</b>	<b>34,034.37</b>
	<b>2</b>	<b>Current assets</b>			
		(a) Inventories	7	23,388.99	24,911.96
		(b) Financial assets			
		(i) Investments	8	11,655.31	-
		(ii) Trade receivables	9	82,054.08	92,764.73
		(iii) Cash and bank balances	10	3,200.52	10,863.43
		(iv) Loans	11	198.91	2,013.14
		(v) Other financial assets	12	1,835.26	3,591.17
		(d) Other current assets	14	10,285.19	6,901.48
		<b>Total current assets</b>		<b>132,618.26</b>	<b>141,045.91</b>
		<b>Total assets (1+2)</b>		<b>161,593.56</b>	<b>175,080.28</b>
<b>B</b>		<b>EQUITY AND LIABILITIES</b>			
	<b>1</b>	<b>Equity</b>			
		(a) Equity share capital	15	22,977.57	22,977.57
		(b) Other equity	16	19,828.82	9,457.28
		<b>Total equity</b>		<b>42,806.39</b>	<b>32,434.85</b>
		<b>Liabilities</b>			
	<b>2</b>	<b>Non-current liabilities</b>			
		(a) Provisions	20	4,191.18	4,304.42
		(b) Non-current tax liabilities (net)	21	373.55	373.55
		(c) Other non-current liabilities	22	1,102.54	2,795.59
		<b>Total non-current liabilities</b>		<b>5,667.27</b>	<b>7,473.56</b>
	<b>3</b>	<b>Current liabilities</b>			
		(a) Financial liabilities			
		(i) Borrowings	17	29,608.91	52,963.36
		(ii) Trade payables	18	58,958.36	53,399.10
		(iii) Other financial liabilities	19	1,803.53	8,841.99
		(b) Provisions	20	6,608.42	4,696.43
		(c) Current tax liabilities (net)	21	427.10	283.41
		(d) Other current liabilities	22	15,713.58	14,987.58
		<b>Total current liabilities</b>		<b>113,119.90</b>	<b>135,171.87</b>
		<b>Total equity and liabilities (1+2+3)</b>		<b>161,593.56</b>	<b>175,080.28</b>

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R.Batiboi & Associates LLP  
ICAI Firm Registration Number: 101049W/ E300004  
Chartered Accountants

per Adarsh Ranka  
Partner  
Membership Number: 209567



Place : Delhi  
Date : April 26, 2018

For and on behalf of the Board of Directors of  
Tata Power Solar Systems Limited

Ashish Khanna  
Managing Director &  
Chief Executive Officer  
DIN: 02699527

Satish Gupta  
Chief Financial Officer

Place : Delhi  
Date : April 26, 2018

Neha Malik  
Company Secretary  
DIN: 02611401



Tata Power Solar Systems Limited  
Statement of Profit and Loss for the year ended March 31, 2018

Rs. in Lakhs except earnings per equity share

Particulars	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
I Revenue from operations	23	274,895.97	226,130.78
II Other income	24	270.48	166.54
III Total income (I + II)		275,166.45	226,297.32
IV Expenses			
Cost of materials consumed (including sub- contracting cost of Rs. 29,418.10 Lakhs (March 31, 2017 : Rs. 19,099.52 Lakhs))		215,057.33	173,947.06
(Increase)/ decrease in inventories of finished goods and work-in-progress		(850.14)	3,053.81
Employee benefits expenses	25	11,646.60	9,430.10
Finance costs	26	5,657.05	7,544.90
Depreciation and amortisation expenses	27	7,401.60	4,009.05
Other expenses	28	23,331.40	18,643.95
V Total expenses		262,243.84	216,628.87
VI Profit before tax (III- V)		12,922.61	9,668.45
VII Tax expenses			
Current tax		-	-
Minimum alternate tax		2,880.40	1,869.44
Deferred tax		-	-
Total tax expenses		2,880.40	1,869.44
VIII Profit for the year (VI-VII)		10,042.21	7,799.01
IX Other comprehensive income			
<u>Items that will not be reclassified to profit or loss</u>			
(i) Remeasurements of the defined benefit liabilities / (asset)		495.24	(56.70)
(ii) Income tax relating to items that will not be reclassified to profit or loss		165.91	(12.10)
Total other comprehensive income ( (i) - (ii))		329.33	(44.60)
X Total comprehensive income for the year (VIII + IX)		10,371.54	7,754.41
XI Earnings per equity share (Rs.) :	39		
Basic		43.70	33.94
Diluted		43.70	33.94

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R.Batliboi & Associates LLP  
ICAI Firm Registration Number: 101049W/ E300004  
Chartered Accountants

per Adarsh Ranka  
Partner  
Membership Number: 209567



Place : Delhi  
Date : April 26, 2018

For and on behalf of the Board of Directors of  
Tata Power Solar Systems Limited

Ashish Khanna  
Managing Director &  
Chief Executive Officer  
DIN: 06699627

Satish Gupta  
Chief Financial Officer

Place : Delhi  
Date : April 26, 2018

Director  
DIN: 02421481

Neha Malik  
Company Secretary



Tata Power Solar Systems Limited  
Statement of changes in equity for the year ended March 31, 2018

	Rs. in Lakhs
a. Equity share capital	
As at April 1, 2016	22,977.57
As at March 31, 2017	22,977.57
As at April 1, 2017	22,977.57
As at March 31, 2018	22,977.57

b. Other Equity

Particulars	Reserves and surplus (Refer Note 17)				Rs. in Lakhs	
	Securities premium	General reserve	Capital redemption Reserve	Deemed equity	Retained earnings	Total other equity
As at April 1, 2016	14,587.09	4,735.00	2,295.00	1,261.87	(21,176.09)	1,702.87
Profit / (loss) for the year	-	-	-	-	7,799.01	7,799.01
Other comprehensive income / (expense) arising from re-measurements of the defined benefit liabilities / (asset) (net of tax)	-	-	-	-	(44.60)	(44.60)
As at March 31, 2017	14,587.09	4,735.00	2,295.00	1,261.87	(13,421.68)	9,457.28
As at April 1, 2017	14,587.09	4,735.00	2,295.00	1,261.87	(13,421.68)	9,457.28
Profit / (loss) for the year	-	-	-	-	10,042.21	10,042.21
Other comprehensive income / (expense) arising from re-measurements of the defined benefit liabilities / (asset) (net of tax)	-	-	-	-	329.33	329.33
As at March 31, 2018	14,587.09	4,735.00	2,295.00	1,261.87	(3,050.14)	19,328.82

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S. R. Batliboi & Associates LLP  
ICAI Firm Registration Number: 101049W/ E300004  
Chartered Accountants

per Adarsh Ranka  
Partner  
Membership Number: 209567



Place : Delhi  
Date : April 26, 2018

For and on behalf of the Board of Directors of  
Tata Power Solar Systems Limited

Ashish Khanna  
Managing Director & Chief Executive Officer  
DIN: 06699527

Shashi Gupta  
Chief Financial Officer

Place : Delhi  
Date : April 26, 2018



Neha Malik  
Director  
DIN: 02941481  
Neha Malik  
Company Secretary

Tata Power Solar Systems Limited  
Statement of cash flow for the year ended March 31, 2018

Rs. in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Cash flows from operating activities</b>		
Profit / (loss) before tax	12,922.61	9,668.45
Adjustments for:		
Finance costs recognised in profit or loss	5,657.05	7,544.90
Interest income recognised in profit or loss	(122.73)	(130.46)
Other non-operating income (net of expenses directly attributable to such income)	-	(0.09)
Loss/ (Gain) on disposal of property, plant and equipment	(62.36)	0.15
Income from government grant	(1,708.72)	(996.41)
Impairment of financial assets	903.14	1,978.47
Depreciation and amortisation expense	7,401.60	4,009.05
Provision for warranty	1,365.39	1,184.16
Gain/loss on sale of current investments	(52.80)	-
	26,303.18	23,268.22
Movements in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	1,522.97	(4,962.91)
Trade receivables	9,713.43	(46,054.78)
Other current assets	(3,414.48)	(3,279.19)
Other non-current assets	(6.31)	14.25
Unbilled revenue	1,908.86	(3,211.59)
Other financial assets - Current	(297.09)	187.50
Other financial assets - Non current	(114.93)	64.34
Movement in operating assets	9,312.45	(57,242.38)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	5,559.26	21,123.25
Other current liabilities	726.00	11,282.30
Short-term provisions	1,041.84	3,964.39
Long-term provisions	(113.24)	(612.50)
Other financial liabilities - Current	(4.18)	43.07
Movement in operating liabilities	7,209.68	35,800.51
Cash generated from operations	42,825.31	1,816.35
Income taxes paid	(2,902.62)	(1,573.93)
<b>Net cash (used in)/ generated from operating activities</b>	<b>39,922.69</b>	<b>242.42</b>
<b>Cash flows from investing activities</b>		
Investment in subsidiary's equity	-	(100.00)
Purchase of current investments	(22,501.00)	-
Proceeds from sale of current investments	10,898.49	-
Interest received	147.28	102.13
Payments for property, plant and equipment (including capital advances)	(5,661.61)	(4,677.73)
Payments for intangible assets	(194.36)	(338.83)
Proceeds from disposal of property, plant and equipment	98.90	-
Loan given to related parties	(5,967.83)	(3,085.00)
Loan repaid by related parties	7,812.83	1,140.00
<b>Net cash (used in)/ generated from from investing activities</b>	<b>(15,367.30)</b>	<b>(6,959.43)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings (short-term)- net	(23,112.29)	34,284.94
Interest paid	(8,629.45)	(4,791.02)
<b>Net cash (used in)/ generated from financing activities</b>	<b>(31,741.74)</b>	<b>29,493.92</b>
<b>Net increase in cash and cash equivalents</b>	<b>(7,186.35)</b>	<b>22,776.91</b>
Cash and cash equivalents at the beginning of the year	10,384.74	(12,392.17)
<b>Cash and cash equivalents at the end of the year</b>	<b>3,198.39</b>	<b>10,384.74</b>

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R.Batilbhai & Associates LLP  
ICAI Firm Registration Number: 101049W/ E300004  
Chartered Accountants

per Adarsh Ranka  
Partner  
Membership Number: 209567



For and on behalf of the Board of Directors of  
Tata Power Solar Systems Limited

Ashish Khanna  
Managing Director &  
Chief Executive Officer  
DIN: 026699527  
Director

Saish Gupta  
Chief Financial Officer

Neha Malik  
Company Secretary

Place : Delhi  
Date : April 26, 2018

Place : Delhi  
Date : April 26, 2018



**Tata Power Solar Systems Limited**  
**Notes to the financial statements for the year ended March 31, 2018**

**1 Corporate information**

Tata Power Solar Systems Limited ('the Company' or "TPSSL") is a manufacturer of solar photo-voltaic cells and modules as well as in the Engineering, Procurement and Construction (EPC) in the solar energy market, wherein the manufactured cells/modules are utilised. The Company is a wholly owned subsidiary of The Tata Power Company Limited.

**2 Significant Accounting Policies**

**2.1 Statement of compliance**

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

**2.2 Basis of preparation and presentation**

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

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (refer accounting policy regarding financial instruments) which have been measured at fair value.

The functional and presentation currency of the Company is Indian Rupee ("Rs") which is the currency of the primary economic environment in which the Company operates.

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

**2.3 Current versus non-current classification**

The Company 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 Company has identified twelve months as its operating cycle.



**Tata Power Solar Systems Limited**  
**Notes to the financial statements for the year ended March 31, 2018**

**2.4 Fair value measurement of financial instruments**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

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

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

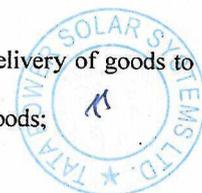
**2.6 Revenue recognition**

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

**2.6.1 Sale of Goods and Services**

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

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;



**Tata Power Solar Systems Limited**  
**Notes to the financial statements for the year ended March 31, 2018**

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

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

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

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

#### 2.6.2 Interest Income

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

#### 2.6.3 Dividends

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

#### 2.7 Taxes on income

##### Current income tax

Tax expense for the year comprises current and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised 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.

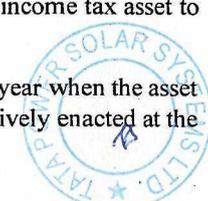
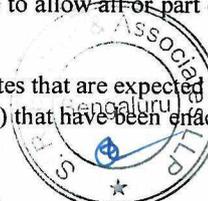
##### Deferred income tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit and is accounted for using the balance sheet liability model. Deferred tax liabilities are generally recognised for all the taxable temporary differences. In contrast, deferred assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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 income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.



**Tata Power Solar Systems Limited**  
**Notes to the financial statements for the year ended March 31, 2018**

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets include Minimum Alternative Tax ("MAT") paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is 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 realized.

## **2.8 Leases**

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

### As Lessor

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

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### As Lessee

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

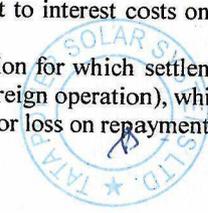
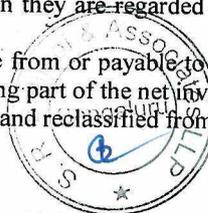
Rental expenses from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are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

## **2.9 Foreign currencies**

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

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

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



**Tata Power Solar Systems Limited**  
**Notes to the financial statements for the year ended March 31, 2018**

**2.10 Borrowing costs**

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

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

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

**2.11 Retirement and other employee benefits**

Retirement benefit in the form of provident fund, pension fund and superannuation fund are defined contribution scheme. The Company has no obligation, other than the contribution payable. The Company recognizes contribution payable to provident fund, pension fund and superannuation fund as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet reporting date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method using actuarial valuation to be carried out at each balance sheet date.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Re-measurements, 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 recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

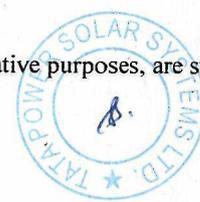
- a. The date of the plan amendment or curtailment, and
- b. The date that the Company recognises related restructuring costs

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

- a. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- b. Net interest expense or income.

**2.12 Property, plant and equipment**

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



**Tata Power Solar Systems Limited**  
**Notes to the financial statements for the year ended March 31, 2018**

Freehold land is not depreciated.

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

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

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. 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 the statement of profit or loss as and when incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate assets are derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

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

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

Estimated useful lives of the assets are as follows:

- Tangible fixed assets - The useful life is as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:
  - i. Plant and Machinery: Useful life ranging from 3 to 14 years
  - ii. In case of low value assets, i.e. assets individually costing less than Rs. 5,000/-, they are depreciated in full in the year of capitalisation.
- Lease-hold improvements are amortised over the primary period of the lease

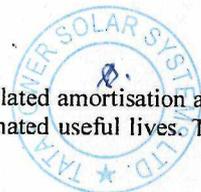
Pro-rata depreciation is charged on assets purchased and / or sold during the year.

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

## **2.13 Intangible assets**

### **2.13.1 Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The



**Tata Power Solar Systems Limited**  
**Notes to the financial statements for the year ended March 31, 2018**

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

**2.13.2 Derecognition of intangible assets**

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

**2.13.3 Useful lives of intangible assets**

Estimated useful lives of the intangible assets are as follows:

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

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

**2.14 Impairment of tangible and intangible assets**

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

- (i) in the case of an individual asset, at the higher of the net selling price and the value in use; and
- (ii) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the company suitably adjusted for risks specified to the estimated cash flows of the asset).

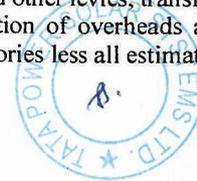
For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

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

**2.15 Inventories**

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



**Tata Power Solar Systems Limited**  
**Notes to the financial statements for the year ended March 31, 2018**

**2.16 Provisions and contingent liabilities**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Provisions and contingent liability are reviewed at each balance sheet.

**Provision for warranty:**

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

**2.17 Financial instruments**

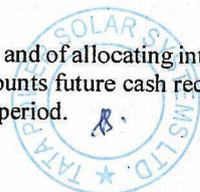
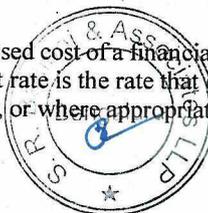
Financial assets and financial liabilities are recognised when the Company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction cost and where such values are different from the fair value, 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 and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the Statement of profit and loss. In case of interest free or concession loans/debentures/preference shares given to subsidiaries, associates and joint ventures, the excess of the actual amount of the loan over initial measure at fair value is accounted as an equity investment.

Investment in equity instruments issued by subsidiaries, associates and joint ventures are measured at cost less impairment.

Investment in preference shares/ debentures of the subsidiaries are treated as equity instruments if the same are convertible into equity shares or are redeemable out of the proceeds of equity instruments issued for the purpose of redemption of such investments. Investment in preference shares/ debentures not meeting the aforesaid conditions are classified as debt instruments at amortised cost.

**Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.



**Tata Power Solar Systems Limited**  
**Notes to the financial statements for the year ended March 31, 2018**

(a) Financial assets

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model 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.

Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets 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. The Company in respect of equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument by instrument basis at the time of initial recognition of such equity investments.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Impairment of financial assets

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through the statement of profit and loss.

The Company recognises impairment loss on trade receivables using expected credit loss model, which involves use of provision matrix constructed on the basis of historical credit loss experience as permitted under Ind AS 109 – Impairment loss on investments.

For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.

De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109.

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 assets 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.

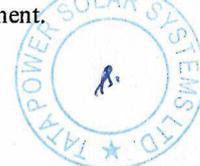
On de-recognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of de-recognition and the consideration received is recognised in statement of profit or loss.

(b) Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments



**Tata Power Solar Systems Limited**  
**Notes to the financial statements for the year ended March 31, 2018**

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

**Financial Liabilities**

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**a. Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

**b. De-recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

**Off-setting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**2.18 Derivative financial instruments**

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

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

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

**2.19 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.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.



**Tata Power Solar Systems Limited**  
**Notes to the financial statements for the year ended March 31, 2018**

**2.20 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.

**2.20 Government grants**

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

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

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

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

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

**2.21 Standards issued but not yet effective**

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

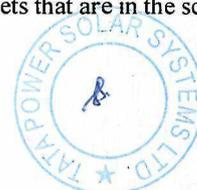
In March 2018, the Ministry of Corporate Affairs has notified Ind AS 115 (Revenue from Contracts with Customers) which would be applicable for accounting periods beginning on or after April 1, 2018. This Standard establishes the principles that an entity shall apply to report useful information to users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

**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 recognised 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 April 1, 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.



**Tata Power Solar Systems Limited**  
**Notes to the financial statements for the year ended March 31, 2018**

**3 Critical accounting judgments and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in Note 2, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

**3.1 Critical judgments in applying accounting policies**

There were no critical judgments, apart from those involving estimations (see note 4.2 below), that the directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statement.

**3.1.1 Key sources of estimation uncertainty**

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

As described at Note 2.12 above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

**3.1.3 Fair value measurements and valuation processes**

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

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

**3.1.4 Determination of percentage of completion**

The Company uses the proportionate completion method for recognition of revenue, accounting for unbilled revenue / unearned revenue and contract cost thereon for its turnkey contracts. The percentage of completion is measured by reference to the stage of the projects and contracts determined based on the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs. Use of the proportionate completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. These estimates are based on events existing at the end of each reporting date.



Tata Power Solar Systems Limited  
Notes to the financial statements for the year ended March 31, 2018

Note - 4 : Property, plant and equipment

Particulars	Land	Building	Plant and machinery	Factory equipment	Leasehold improvements	Office equipment	Furniture and fixtures	Motor vehicles	Total
<b>Gross carrying value</b>									
As at April 1, 2016	7,456.80	6,788.23	9,608.27	837.69	20.84	1,486.64	779.92	-	26,978.39
Additions made during the year	-	-	12,077.16	-	-	201.90	16.24	-	12,295.30
Disposals/ adjustments during the year	-	-	-	(5.47)	-	(21.10)	(8.70)	-	(35.27)
As at March 31, 2017	7,456.80	6,788.23	21,685.43	832.22	20.84	1,667.44	787.46	-	39,238.42
Additions made during the year	-	261.56	1,683.90	1.84	-	464.70	37.78	56.70	2,506.48
Disposals/ adjustments during the year	-	-	(345.90)	-	-	(843.51)	(29.86)	-	(1,219.27)
As at March 31, 2018	7,456.80	7,049.79	23,023.43	834.06	20.84	1,288.63	795.38	56.70	40,525.63
<b>Accumulated depreciation</b>									
As at April 1, 2016	-	327.71	3,222.06	711.39	20.84	1,389.85	615.37	-	6,287.22
Depreciation expense for the year	-	328.18	3,388.21	117.12	-	57.14	34.06	-	3,924.71
Disposals/ adjustments for the year	-	-	-	(5.47)	-	(21.10)	(8.55)	-	(35.12)
As at March 31, 2017	-	655.89	6,610.27	823.04	20.84	1,425.89	640.88	-	10,176.81
Depreciation for the year	-	364.98	6,697.78	9.07	-	132.63	54.11	12.64	7,271.21
Disposals/ adjustments during the year	-	-	(318.23)	-	-	(836.42)	(28.08)	-	(1,182.73)
As at March 31, 2018	-	1,020.87	12,989.82	832.11	20.84	722.10	666.91	12.64	16,265.29
Net Block as at March 31, 2018	7,456.80	6,028.92	10,033.61	1.95	-	566.53	128.47	44.06	24,260.34
Net Block as at March 31, 2017	7,456.80	6,132.34	15,075.16	9.18	-	241.55	145.58	-	29,061.61

Note - 5 : Intangible assets

Particulars	Software	Technical knowhow	Total
<b>Gross carrying value</b>			
As at April 1, 2016	214.18	907.39	1,121.57
Additions made during the year	444.16	-	444.16
Disposals/ adjustments during the year	-	-	-
As at March 31, 2017	658.34	907.39	1,565.73
Additions made during the year	194.36	-	194.36
Disposals/ adjustments during the year	(35.36)	-	(35.36)
As at March 31, 2018	817.34	907.39	1,724.73
<b>Accumulated amortisation</b>			
As at April 1, 2016	203.49	907.39	1,110.88
Amortisation expense for the year	84.34	-	84.34
Disposals/ adjustments for the year	-	-	-
As at March 31, 2017	287.83	907.39	1,195.22
Amortisation expense	130.39	-	130.39
Disposals/ adjustments during the year	(35.36)	-	(35.36)
As at March 31, 2018	382.86	907.39	1,290.25
Net Block as at March 31, 2018	434.48	-	434.48
Net Block as at March 31, 2017	370.51	-	370.51



**Tata Power Solar Systems Limited**  
Notes to the financial statements for the year ended March 31, 2018

**Note - 6 Non-current Investments**

Particulars	Rs. in Lakhs	
	As at March 31, 2018	As at March 31, 2017
(i) Investments in equity instruments at cost		
Unquoted investments (all fully paid)		
- Chirasthaayee Saurya Limited (wholly owned subsidiary) (1,000,000 shares of Rs. 10 each)	100.00	100.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>
Aggregate value of unquoted investments	100.00	100.00

**Note - 6.1: Investment in equity instrument**

The Company has incorporated a subsidiary Chirasthaayee Saurya Limited registered in Bengaluru on June 14, 2016. The Company has made total investment of Rs. 100 Lakhs in the form of equity as at March 31, 2018.

**Note - 7: Inventories**

Particulars	Rs. in Lakhs	
	As at March 31, 2018	As at March 31, 2017
(Lower of cost and net realisable value)		
Raw materials	13,305.47	15,678.58
Work-in-progress	635.60	601.78
Finished goods	9,447.92	8,631.60
<b>Total</b>	<b>23,388.99</b>	<b>24,911.96</b>
Included above, goods-in-transit:		
Raw materials	484.16	3,069.06
<b>Total</b>	<b>484.16</b>	<b>3,069.06</b>

The cost of materials consumed include inventories and project related materials delivered at site recognised as an expense during the year was Rs. 215,057.33 Lakhs (for the year ended March 31, 2017: Rs. 173,947.06 Lakhs)

The cost of inventories recognised as an expense, referred above, includes Rs 427.52 Lakhs (for the year ended March 31, 2017: Rs 745.90 Lakhs) in respect of write-downs of Inventory to net realisable value.

The Mode of valuation of Inventories has been stated in Note 2.15

**Note - 8: Current investments**

Particulars	Rs. in Lakhs			
	As at March 31, 2018		As at March 31, 2017	
	No. of Units	Amount	No. of Units	Amount
Unquoted Investments in Mutual Funds				
Axis Liquid Fund- Direct Growth	337,275	6,501.07	-	-
SBI mutual Fund(Premier Liquid fund -Regular pain - growth)	18,443	500.84	-	-
Invesco India Liquid Fund - Direct Growth	194,535	4,653.40	-	-
<b>Total</b>		<b>11,655.31</b>		<b>-</b>
Aggregate value of unquoted current investments		11,655.31		-
Aggregate value provision for diminution in the value of current investments		-		-



Note - 9: Trade receivables

Particulars	Rs. in Lakhs			
	As at March 31, 2018		As at March 31, 2017	
	Current	Non-current	Current	Non-current
Secured, considered good	-	-	-	-
Unsecured, considered good				
Receivable from related parties (Refer Note 36)	18,070.58	-	36,113.69	-
Receivable from parties other than related parties	66,764.95	429.23	57,103.78	215.56
Doubtful	4,723.09	455.10	6,099.26	624.09
Less: Allowance for doubtful debts (including expected credit loss allowance)	(7,504.54)	(455.10)	(6,552.00)	(624.09)
<b>Total</b>	<b>82,054.08</b>	<b>429.23</b>	<b>92,764.73</b>	<b>215.56</b>

Note - 9.1 :

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

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

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

**Ageing**

Particulars	Average Expected credit loss (%)
Within the credit period	1.01%
1-30 days past due	2.69%
31-60 days past due	3.76%
61-90 days past due	4.23%
91-120 days past due	5.16%
121-150 days past due	6.82%
151-180 days past due	7.59%
More than 180 days past due	9.96%

**Age of receivables**

Particulars	Rs. in Lakhs	
	As at March 31, 2018	As at March 31, 2017
Within the credit period	33,469.17	37,261.96
1-30 days past due	18,042.99	15,406.96
31-60 days past due	10,581.60	20,156.36
61-90 days past due	4,857.82	5,218.99
91-120 days past due	3,691.20	3,745.71
121-150 days past due	1,532.66	2,016.11
151-180 days past due	1,473.43	4,100.79
More than 180 days past due	16,794.08	12,249.50

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

Particulars	Rs. in Lakhs	
	As at March 31, 2018	As at March 31, 2017
Balance at beginning of the year	452.74	1,595.94
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	2,328.71	(1,143.20)
Balance at end of the year	2,781.45	452.74

**(b) Specific allowance for doubtful receivables**

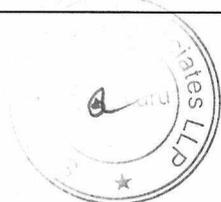
Particulars	Rs. in Lakhs	
	As at March 31, 2018	As at March 31, 2017
Balance at beginning of the year	6,723.35	3,717.51
Add: Specific allowance on trade receivables	117.10	3,763.35
Less: Reversal of allowance on collection	(1,662.26)	(757.51)
Balance at end of the year	5,178.19	6,723.35

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

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

Note - 10: Cash and bank balances

Particulars	Rs. in Lakhs	
	As at March 31, 2018	As at March 31, 2017
Balances with banks	3,200.52	10,863.43
Cash and cash equivalents as per balance sheet	3,200.52	10,863.43
Bank overdrafts	(2.13)	(478.69)
Cash and cash equivalents as per statement of cashflows	3,198.39	10,384.74



**Tata Power Solar Systems Limited**  
**Notes to the financial statements for the year ended March 31, 2018**

**Note - 11: Loans**

Particulars	Rs. in Lakhs			
	As at March 31, 2018		As at March 31, 2017	
	Current	Non-current	Current	Non-current
Loans to related parties (Unsecured, considered good)				
- Inter-Corporate Deposit (Refer Note 11.1 below and Note 36)	100.00	-	1,945.00	-
Other Loans (Unsecured, considered good)				
- Loan to employees	98.91	-	68.14	-
<b>Total</b>	<b>198.91</b>	<b>-</b>	<b>2,013.14</b>	<b>-</b>

**Note - 11.1:**

The Inter-Corporate Deposit has been provided to its subsidiary, Chirasthaayee Saurya Limited. The tenure of the loan is 90 days and it carries interest rate ranging from 8% to 9.50% p.a. The interest rate may change depending on the State Bank of India -Prime Lending Rate (SBI-PLR). The interest is payable on a quarterly basis. Any rollover (subjected to maximum 90 days) shall be permitted subject to timely payment of interest.

**Note - 12: Other financial assets**

Particulars	Rs. in Lakhs			
	As at March 31, 2018		As at March 31, 2017	
	Current	Non-current	Current	Non-current
Security deposits				
Unsecured, considered good	456.30	364.09	284.67	249.16
Unsecured, considered doubtful	396.68	37.84	277.09	37.84
	<b>852.98</b>	<b>401.93</b>	<b>561.76</b>	<b>287.00</b>
Less: Impairment loss on security deposits (Refer Note 12.1 below)	(396.68)	(37.84)	(277.09)	(37.84)
	456.30	364.09	284.67	249.16
Unsecured, considered good				
Unbilled revenue	1,367.03	-	3,275.89	-
Interest accrued on inter corporate deposit (Refer Note 36)	1.32	-	28.33	-
Interest accrued on bank deposits	2.46	-	-	-
Other receivables	8.15	-	2.28	-
<b>Total</b>	<b>1,835.26</b>	<b>364.09</b>	<b>3,591.17</b>	<b>249.16</b>



Tata Power Solar Systems Limited  
Notes to the financial statements for the year ended March 31, 2018

Note -12.1: Movement of Impairment loss on security deposits

Particulars	Rs. in Lakhs	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Balance at beginning of the year	314.93	199.10
Movement in impairment loss allowance on security deposits	120.59	165.89
Less: Reversal of allowance on collection	(1.00)	(50.06)
Balance at end of the year	434.52	314.93

Note - 13: Current and non-current tax assets (net)

Particulars	Rs. in Lakhs			
	As at March 31, 2018		As at March 31, 2017	
	Current	Non-current	Current	Non-current
Unsecured, considered good				
Tax assets (Net of provisions of Rs. 4,349.30 Lakhs (as at March 31, 2017 - Rs. 4,349.30 Lakhs))	-	3,084.18	-	3,084.18
<b>Total</b>	<b>-</b>	<b>3,084.18</b>	<b>-</b>	<b>3,084.18</b>

Note - 14: Other current and non-current assets

Particulars	Rs. in Lakhs			
	As at March 31, 2018		As at March 31, 2017	
	Current	Non-current	Current	Non-current
Unsecured, considered good				
Capital advances	-	67.15	-	21.09
Advances other than capital advances				
Advances to suppliers	1,998.40	-	4,965.65	-
Advance to employee	37.41	-	21.39	-
Others				
Balances with government authorities (other than income taxes)	8,022.01	1.80	1,756.39	1.80
Prepaid expenses	72.24	12.04	84.79	5.73
Other receivables	155.13	-	73.26	-
<b>Total</b>	<b>10,285.19</b>	<b>80.99</b>	<b>6,901.48</b>	<b>28.62</b>



Note - 15: Equity share capital

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Rs. in Lakhs	No. of shares	Rs. in Lakhs
<b>Authorised share capital:</b>				
Equity shares of Rs. 100/- each with voting rights	25,000,000	25,000.00	25,000,000	25,000.00
<b>Issued, subscribed and fully paid:</b>				
Equity shares of Rs. 100/- each with voting rights	22,977,567	22,977.57	22,977,567	22,977.57
<b>Total</b>	<b>22,977,567</b>	<b>22,977.57</b>	<b>22,977,567</b>	<b>22,977.57</b>

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

Particulars	No. of shares	Rs. in Lakhs
At April 1, 2016		
Changes during the year	22,977,567	22,977.57
At March 31, 2017		
Changes during the year	22,977,567	22,977.57
At March 31, 2018	22,977,567	22,977.57

(ii) Detail of the rights, preferences and restrictions attached to equity shares

Equity Shares :

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

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

Particulars	No. of Shares
<b>Equity shares with voting rights</b>	
<b>As at March 31, 2018</b>	
The Tata Power Company Limited, the Holding Company and its nominees	22,977,567
<b>As at March 31, 2017</b>	
The Tata Power Company Limited, the Holding Company and its nominees	22,977,567

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
The Tata Power Company Limited, the Holding Company and its nominees	22,977,567	100%	22,977,567	100%

Note - 16: Other equity

Particulars	Securities premium	General reserve	Capital redemption Reserve	Deemed equity	Retained earnings	Rs. in Lakhs
						Total
As at April 1, 2016						
Profit for the year	14,587.09	4,735.00	2,295.00	1,261.87	(21,176.09)	1,702.87
Other comprehensive Income / (expense) arising from remeasurements of the defined benefit liabilities / (asset) (net of tax)	-	-	-	-	7,799.01	7,799.01
					(44.60)	(44.60)
<b>As at March 31, 2017</b>	<b>14,587.09</b>	<b>4,735.00</b>	<b>2,295.00</b>	<b>1,261.87</b>	<b>(13,421.68)</b>	<b>9,457.28</b>
Profit for the year	-	-	-	-	10,042.21	10,042.21
Other comprehensive Income / (expense) arising from remeasurements of the defined benefit liabilities / (asset) (net of tax)	-	-	-	-	329.33	329.33
<b>As at March 31, 2018</b>	<b>14,587.09</b>	<b>4,735.00</b>	<b>2,295.00</b>	<b>1,261.87</b>	<b>(3,050.14)</b>	<b>19,828.82</b>

Note - 16.1 : Securities premium reserve

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

Note - 16.2 : General reserve

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

Note - 16.3 : Capital redemption Reserve

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

Note - 16.4 : Deemed equity

The deemed equity pertains to the accrued interest on the preference shares waived by the preference shareholders.

Note - 16.5 : Retained earnings

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



**Tata Power Solar Systems Limited**  
**Notes to the financial statements for the year ended March 31, 2018**

**Note - 17: Short Term Borrowings**

Particulars	Rs. in Lakhs	
	As at March 31, 2018	As at March 31, 2017
<b>A. Secured borrowings</b>		
(a) Loans repayable on demand from banks		
Bank overdraft (Refer Note 17.1 below)	2.13	478.69
<b>Total secured borrowings</b>	<b>2.13</b>	<b>478.69</b>
<b>B. Unsecured borrowings</b>		
(a) Loans repayable on demand from banks		
Commercial paper (Refer Note 17.2 below)	-	29,765.60
Packing credit facility (Refer Note 17.3 below)	6,000.00	-
(b) Other loans		
Buyers credit (Refer Note 17.4 below)	23,606.78	22,719.07
<b>Total unsecured borrowings</b>	<b>29,606.78</b>	<b>52,484.67</b>
<b>Total</b>	<b>29,608.91</b>	<b>52,963.36</b>

**Note - 17.1: Bank overdraft**

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

**Note - 17.2: Commercial paper**

The commercial paper has a maturity period of 60-90 days and is secured by Corporate Guarantee from Tata Power Company Limited. The interest charge on the commercial paper ranges between 6.43% to 6.66%.

**Note - 17.3: Packing credit facility**

Packing credit has been availed against the export order under the working capital loan limits bearing an interest rate of 6.3% for a period of 130 days.

**Note - 17.4: Buyers credit**

Buyers credit are short term facilities provided for 30 to 180 days. The interest charge on the buyers credit ranges between 1.26% to 1.98%.

**Note - 18: Trade payables**

Particulars	Rs. in Lakhs			
	As at March 31, 2018		As at March 31, 2017	
	Current	Non-current	Current	Non-current
Trade payable for goods and services				
- Total outstanding dues of micro enterprise and small enterprise (Refer Note 31)	-	-	31.78	-
- Total outstanding dues of creditors other than micro enterprise and small enterprise	58,958.36	-	53,367.32	-
<b>Total</b>	<b>58,958.36</b>	<b>-</b>	<b>53,399.10</b>	<b>-</b>

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



Tata Power Solar Systems Limited  
Notes to the financial statements for the year ended March 31, 2018

Note - 19: Other Financial Liabilities

Particulars	Rs. in Lakhs			
	As at March 31, 2018		As at March 31, 2017	
	Current	Non-current	Current	Non-current
<b>Other financial liabilities measured at amortised cost</b>				
(a) Interest accrued (Refer Note 19.1 below)	96.15	-	40.12	-
(b) Creditors for capital supplies/services	1,337.81	-	5,165.29	-
(c) Interest on MSME (Refer Note 31)	-	-	0.60	-
(d) Trade / security deposits received	85.24	-	89.42	-
	<b>1,519.20</b>	<b>-</b>	<b>5,295.43</b>	<b>-</b>
<b>Other financial liabilities measured at fair value</b>				
Derivative financial instruments carried at fair value	284.33	-	3,546.56	-
	<b>284.33</b>	<b>-</b>	<b>3,546.56</b>	<b>-</b>
<b>Total</b>	<b>1,803.53</b>	<b>-</b>	<b>8,841.99</b>	<b>-</b>

Note - 19.1: Interest accrued

The interest accrued includes interest accrued but not due on borrowings amounting to Rs. 96.15 Lakhs (As at March 31, 2017 - Rs. 40.12 Lakhs). Refer Note 17.3 and Note 17.4 for the terms of the interest rate on the borrowings.

Note - 20: Provisions

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	Non-current	Current	Non-current
(a) Provision for employee benefits				
Compensated absences (Refer Note 34.2)	38.93	1,052.90	121.78	802.02
Gratuity (Refer Note 34.2)	-	1,291.52	26.64	1,488.67
Post Employee Benefits (Refer Note 34.2)	-	2.02	-	-
Other defined benefit plan (Refer Note 34.2)	40.69	366.49	42.55	425.10
Other employee benefits (Refer Note 34.2)	48.47	164.90	-	-
(b) Other Provisions				
Warranty (Refer Note 20.1 below)	1,766.92	1,313.35	1,313.55	1,588.63
Rectification work (Refer Note 20.1 below)	2,432.25	-	3,191.91	-
Provision for foreseeable losses (Refer Note 20.1 below)	2,281.16	-	-	-
<b>Total</b>	<b>6,608.42</b>	<b>4,191.18</b>	<b>4,696.43</b>	<b>4,304.42</b>

Note - 20.1: Provision for warranty and rectification work

Particulars	As at March 31, 2018		As at March 31, 2017	
	(Rs. in Lakhs)		(Rs. in Lakhs)	
	Warranty Provision	Rectification work	Warranty Provision	Rectification work
Balance as at beginning of the year	2,902.18	3,191.91	2,054.27	1,551.56
Provision made during the year	1,365.39	1,888.31	1,184.16	2,188.90
Amounts incurred/utilized during the year	(1,187.30)	(2,017.25)	(383.58)	(548.55)
Unwinding of discount and effect of changes in the discount rate	-	-	47.33	-
<b>Balance as at the end of the year</b>	<b>3,080.27</b>	<b>3,062.97</b>	<b>2,902.18</b>	<b>3,191.91</b>

Of the above the amounts expected to be incurred within a year amounts to Rs. 1,766.92 Lakhs (March 31, 2017 : Rs. 1,313.55 Lakhs). The warranty expenditure is expected to be incurred over the warranty life of the products as contracted, which varies from 10 to 25 years.

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

The provision for rectification work relates to the estimated cost of work agreed to be carried out for the rectification of goods supplied to the customers. The amount is anticipated to be expensed in the year 2018-19. These amounts have not been discounted for the purposes of measuring the provision for rectification work, because the effect is not material.

Provision for foreseeable loss represents loss provided for onerous contracts.

Note - 21: Current and non-current tax liabilities (net)

Particulars	Rs. in Lakhs			
	As at March 31, 2018		As at March 31, 2017	
	Current	Non-current	Current	Non-current
Income tax payable (Net of advance tax of Rs. 9,095.90 Lakhs (As at March 31, 2017- Rs. 6,193.3 Lakhs))	427.10	373.55	283.41	373.55
<b>Total</b>	<b>427.10</b>	<b>373.55</b>	<b>283.41</b>	<b>373.55</b>



**Tata Power Solar Systems Limited**  
**Notes to the financial statements for the year ended March 31, 2018**

**Note - 22: Other current and non-current liabilities**

	As at March 31, 2018		As at March 31, 2017	
	Current	Non-current	Current	Non-current
(a) Advances received from customers	4,868.03	-	2,891.50	-
(b) Government grant (Refer Note 22.1 below)	-	1,102.54	-	2,795.59
(c) Statutory dues (other than income taxes)	368.86	-	415.32	-
(d) Income received in advance (unearned revenue)	10,476.69	-	11,680.76	-
<b>Total</b>	<b>15,713.58</b>	<b>1,102.54</b>	<b>14,987.58</b>	<b>2,795.59</b>

**Note - 22.1: Government grant**

The Company has received government grants in the form of import duty exemption on purchase of capital goods, to be used for production of items for exports, based on the terms of the Export Promotion Capital Goods (EPCG) scheme. The Company recognises an income from such grants based on meeting the export obligations as specified under the EPCG scheme.

Based on the guidance received from the Company's professional consultant on the exports achieved till March 31, 2018, the Company has recognised the income, to the proportionate extent of export obligations met. Refer Note 23(c).

**Movement in Government Grant**

Particulars	Rs. in Lakhs	
	As at March 31, 2018	As at March 31, 2017
Balance at beginning of the year	2,795.59	933.44
Add: Received during the year	15.67	2,858.56
Less: Released to the statement of profit and loss	(1,708.72)	(996.41)
Balance at end of the year	1,102.54	2,795.59



**Tata Power Solar Systems Limited**  
**Notes to the financial statements for the year ended March 31, 2018**

**Note - 23: Revenue from operations**

Particulars	Rs. in Lakhs	
	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Revenue from sale of goods	270,459.91	223,422.15
(b) Revenue from rendering of services	2,304.30	1,520.24
(c) Other operating revenue		
- Income from government grant (Refer Note 22(b))	1,708.72	996.41
- Sale of scrap	195.43	118.72
- Sale of scrips for duty exemption	227.61	73.26
<b>Total</b>	<b>274,895.97</b>	<b>226,130.78</b>

**Note -24 Other income**

Particulars	Rs. in Lakhs	
	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Interest income (Refer Note (i) below)	122.73	130.46
(b) Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	32.59	0.09
(c) Profit from Sale of Investments (Net)	52.80	-
(d) Net loss / (gain) on foreign currency transactions net off Derivative gain/loss (other than considered as finance costs)	-	35.99
(d) Other gains (Refer Note (iii) below)	62.36	-
<b>Total</b>	<b>270.48</b>	<b>166.54</b>
<b>Notes</b>		
(i) <b>Interest income comprises :</b>		
Interest on Inter Corporate Deposits (Refer Note 36)	92.53	53.78
Interest from banks on deposits	16.58	-
Interest on delays in customer payments	-	62.94
Interest on electricity deposits	13.23	13.74
Other Interest	0.39	-
<b>Total</b>	<b>122.73</b>	<b>130.46</b>
(ii) <b>Other non-operating income (net of expenses directly attributable to such income) :</b>		
Insurance Income	30.52	-
Miscellaneous Income	2.07	0.09
<b>Total</b>	<b>32.59</b>	<b>0.09</b>
(iii) <b>Profit from sale/ fair valuation of investments (Net)</b>		
Current Investments	52.80	-
<b>Total</b>	<b>52.80</b>	<b>-</b>
(iii) <b>Other gains</b>		
Gain on disposal of property, plant and equipment	62.36	-
<b>Total</b>	<b>62.36</b>	<b>-</b>

**Note -25 Employee benefits expenses**

Particulars	Rs. in Lakhs	
	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Salaries and wages	9,539.73	7,767.17
(b) Contribution to provident and other funds (Refer Note 34.1)	808.18	719.88
(c) Staff welfare expenses	1,298.69	943.05
<b>Total</b>	<b>11,646.60</b>	<b>9,430.10</b>



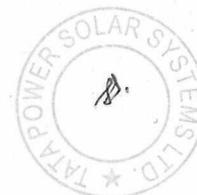
**Tata Power Solar Systems Limited**  
**Notes to the financial statements for the year ended March 31, 2018**

**Note -26 Finance costs**

Particulars	Rs. in Lakhs	
	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Interest expense		
Interest on bank overdrafts and other borrowings	2,705.73	2,578.93
Interest on delayed remittance of income taxes	34.49	43.82
(b) Other borrowing costs		
Bank charges	467.87	411.69
Other finance costs	2,448.96	4,463.13
Unwinding of discounts on provision	-	47.33
<b>Total</b>	<b>5,657.05</b>	<b>7,544.90</b>

**Note -27: Depreciation and amortisation expenses**

Particulars	Rs. in Lakhs	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation of Property, Plant and equipment (Refer Note 4)	7,271.21	3924.71
Amortisation of intangible assets (Refer Note 5)	130.39	84.34
<b>Total</b>	<b>7,401.60</b>	<b>4,009.05</b>



Tata Power Solar Systems Limited

Notes to the financial statements for the year ended March 31, 2018

Note -28 Other expenses

Particulars	Rs. in Lakhs	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Stores and spares consumed	1,184.19	1,000.51
Effluent processing charges	470.47	668.31
Power, fuel, water & oil consumed	1,911.34	1,518.87
Freight and handling charges	3,762.61	3,604.22
Rent including lease rentals (Refer Note 35)	916.76	747.02
Repairs and maintenance - Buildings	62.64	8.41
Repairs and maintenance - Machinery	1,185.20	1,428.30
Repairs and maintenance - Others	145.42	297.45
Rates and taxes	171.23	52.67
Insurance charges	348.39	266.03
Commission, discounts and rebates	963.80	720.00
Impairment of financial assets (Refer Note 28.2 below)	903.14	1,978.47
Net loss / (gain) on foreign currency transactions	876.83	-
Loss on fixed assets written off	-	0.15
Provision for warranty	1,365.39	1,184.16
Legal and other professional costs (Refer Note 28.1 below)	1,144.93	1,191.58
Advertisement, promotion and selling expenses	377.86	215.85
Travelling expenses	1,442.64	1,088.90
Cost of service-outsourced	3,655.93	1,770.03
Director fees	10.84	22.08
Tata brand equity	1,261.94	-
Other general expenses	1,169.85	880.94
<b>Total</b>	<b>23,331.40</b>	<b>18,643.95</b>

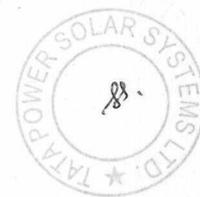
Note - 28.1: Payment to auditors included in legal and other professional costs (including applicable taxes)

Particulars	For the year ended March 31, 2018 *	For the year ended March 31, 2017*
(a) For audit	26.90	46.00
(b) For taxes and other services	3.54	16.10
(c) For reimbursement of expenses	3.47	3.54
<b>Total</b>	<b>33.91</b>	<b>65.64</b>

\* Includes Rs. 7.08 Lakhs (March 31, 2017: Rs. 65.64 Lakhs) paid to erstwhile auditors of the Company.

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Impairment loss allowance on trade receivables (Refer Note 9.1)	2,445.81	3,763.35
Impairment loss allowance on deposits (Refer Note 12.1)	120.59	165.89
	<b>2,566.40</b>	<b>3,929.24</b>
Reversal of impairment losses on deposits (Refer Note 12.1)	(1.00)	(50.06)
Reversal of impairment losses on trade receivables (Refer Note 9.1)	(1,662.26)	(1,900.71)
<b>Total</b>	<b>903.14</b>	<b>1,978.47</b>



Tata Power Solar Systems Limited  
Notes to the financial statements for the year ended March 31, 2018

Note -29 Income Tax

Particulars	Rs. in Lakhs	
	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Current tax</b> In respect of the current year	2,880.40	1,869.44
<b>Deferred tax</b> In respect of the current year	-	-
<b>Total income tax expense recognised in the current year</b>	<b>2,880.40</b>	<b>1,869.44</b>

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

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

Particulars	Rs. in Lakhs	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit before tax	12,922.61	9,668.45
Income tax expense calculated at 30.9% (2016-2017: 30.9%)	3,993.09	2,987.55
Effect of income that is exempt from taxation	-	-
Effect of expenses that are not deductible in determining taxable profit	2,988.33	2,225.60
Effect of concessions (other allowances)	(1,684.65)	(2,546.33)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	(5,296.77)	(2,666.82)
Others (Effect of Minimum Alternate Tax)	2,880.40	1,869.44
<b>Income tax expense recognised in profit or loss</b>	<b>2,880.40</b>	<b>1,869.44</b>

The tax rate used for the 2017-2018 and 2016-2017 reconciliations above is the corporate tax rate of 30.9% payable by corporate entities in India on taxable profits under the Indian tax law. However as the Company has significant brought forward tax losses and unabsorbed depreciation, the Company has accrued for tax under the Minimum Alternate Tax requirements under the Income Tax Act, 1961.

Income tax recognised directly in other comprehensive income

Particulars	Rs. in Lakhs	
	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Current tax</b> Effect of Minimum Alternate Tax	165.91	(12.10)
<b>Deferred tax</b> Arising on income and expenses recognised in other comprehensive income :	-	-
<b>Total income tax recognised in other comprehensive income</b>	<b>165.91</b>	<b>(12.10)</b>
<b>Bifurcation of the income tax recognised in other comprehensive income into:-</b>		
Items that will not be reclassified to profit or loss	165.91	(12.10)
Items that may be reclassified to profit or loss	-	-
	<b>165.91</b>	<b>(12.10)</b>



**Tata Power Solar Systems Limited**  
**Notes to the financial statements for the year ended March 31, 2018**

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

Particulars	Rs. in Lakhs	
	As at March 31, 2018	As at March 31, 2017
<b>(i) Contingent Liabilities</b>		
(a) Claims against the Company not acknowledged as debts, in the nature of :		
(i) Income Tax demands, including penalty and interest due up to date of the order. These claims relate to demands made significantly pertaining to transfer pricing and other adjustments, which are being contested by the Company. These cases are pending at various forums with the respective authorities. Outflows, if any, arising out of the claims would depend upon the outcome of the decision of the appellate authority and the Company's right for future appeals before judiciary. No reimbursements are expected.	2,677.28	2,677.28
(ii) Sales tax and VAT demands, including penalty and interest due up to the date of the order. These claims relate to demands arising from difference in values of stock transfer, F-Forms and instances of non-filing of returns by vendors.	130.27	427.56
<b>(ii) Commitments</b>		
(a) Estimated amounts of contracts remaining to be executed on capital account and not provided for Tangible assets	598.30	1,400.54
(b) Other commitments:		
(i) Vendor purchase commitments	17,653.42	19,931.05
(ii) Export Commitments pertaining to EPCG benefits, considered as Government Grants that are required to be met by 2023/2024.	6,993.06	20,861.20
(ii) The Company has committed to provide future post sale services for periods extending from 1 to 25 years	13,916.73	13,189.37
(iii) Bank guarantees provided to Customs authorities for imports	1,363.62	-



**Tata Power Solar Systems Limited**  
**Notes to the financial statements for the year ended March 31, 2018**

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

Particulars	Rs. in Lakhs	
	As at March 31, 2018	As at March 31, 2017
(i) Principal amount remaining unpaid to any supplier as at the end of accounting year	-	31.78
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	0.60
(iii) The amount of interest paid along with the amount of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	0.60
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	0.60
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

**Note -32: Capital management**

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

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

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

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



Note -33: Financial Instruments

(i) Categories of financial instruments

The carrying value of financial instruments by categories as at March 31, 2018 and March 31, 2017 is as follows:

Particulars	Rs. in Lakhs			
	Carrying Value		Fair Value	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Financial Assets</b>				
Measured at amortised cost				
Trade receivables	82,483.31	92,980.29	82,483.31	92,980.29
Cash and cash equivalents	3,200.52	10,863.43	3,200.52	10,863.43
Loans	198.91	2,013.14	198.91	2,013.14
Other financial assets	2,199.35	3,840.33	2,199.35	3,840.33
Measured at fair value through profit or loss (FVTPL)				
Investments in mutual funds	11,655.31	-	11,655.31	-
<b>Total assets</b>	<b>99,737.40</b>	<b>109,697.19</b>	<b>99,737.40</b>	<b>109,697.19</b>
<b>Financial Liabilities</b>				
Measured at amortised cost				
Borrowings	29,608.91	52,963.36	29,608.91	52,963.36
Trade payables	58,958.36	53,399.10	58,958.36	53,399.10
Other financial liabilities	1,519.20	5,295.43	1,519.20	5,295.43
Measured at fair value through profit or loss (FVTPL)				
Derivative liabilities	284.33	3,546.56	284.33	3,546.56
<b>Total liabilities</b>	<b>90,370.80</b>	<b>115,204.45</b>	<b>90,370.80</b>	<b>115,204.45</b>

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

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

- Long-term fixed-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- Fair values of the Company's interest-bearing borrowings and loans are determined by using discounted cash flow (DCF) method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at March 31, 2018 was assessed to be insignificant.
- The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves etc. As at March 31, 2018, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.

(ii) Capital Management and Gearing Ratio

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. From time to time, the Company reviews its policy related to dividend payment to shareholders, return capital to shareholders or fresh issue of shares. The Company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations as detailed in the notes below.

The Company's capital management is intended to create value for shareholders by facilitating the meeting of its long-term and short-term goals. Its Capital structure consists of net debt (borrowings as detailed in notes below) and total equity.

Gearing ratio

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

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Debt (i)	29,608.91	52,963.36
Less: Cash and Bank balances (including cash and bank balances in a disposal Company held for sale)	3,200.52	10,863.43
<b>Net debt</b>	<b>26,408.39</b>	<b>42,099.93</b>
Total Capital (ii)	42,806.39	32,434.85
<b>Capital and net debt</b>	<b>69,214.78</b>	<b>74,534.78</b>
Net debt to Total Capital plus net debt ratio (%)	38%	56%

(i) Debt is defined as long-term borrowings (including current maturities) and short-term borrowings (excluding derivative, financial guarantee contracts and contingent considerations).

(ii) Equity is defined as Equity share capital, Unsecured perpetual securities and other equity including reserves and surplus.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

(iii) Financial risk management objectives

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

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

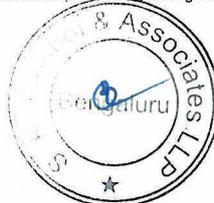
(iv) Market Risk

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

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

Market risk exposures are measured using sensitivity analysis.

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



(v) Foreign Currency risk management

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

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

Currency	Liabilities at at		Assets as at	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
JPY	1.32	1.24	-	-
USD	17,209.13	13,929.72	5,468.04	825.37
EURO	334.41	665.26	79.25	116.98
GBP	55.19	20.44	52.66	46.17

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

(v)(a) Foreign Currency sensitivity analysis

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

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

The following table details the Company's sensitivity to a Re. 1 increase and decrease against the relevant foreign currencies. A positive number below indicates an increase in profit or equity where the Re. strengthens against the relevant currency and vice versa.

Particulars	Currency JPY Impact (Rs. in Lakhs)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Impact on profit or loss for the year	-4.29	-4.58
Impact on total equity as at the end of the reporting period	-4.29	-4.58

Particulars	Currency USD Impact (Rs. in Lakhs)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Impact on profit or loss for the year	180.14	202.07
Impact on total equity as at the end of the reporting period	180.14	202.07

Particulars	Currency Euro Impact (Rs. in Lakhs)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Impact on profit or loss for the year	3.16	7.91
Impact on total equity as at the end of the reporting period	3.16	7.91

Particulars	Currency GBP Impact (Rs. in Lakhs)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Impact on profit or loss for the year	0.03	-0.32
Impact on total equity as at the end of the reporting period	0.03	-0.32

(v)(b) Forward foreign exchange contracts

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

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

Outstanding contracts*	Average exchange rate		Foreign currency		Notional value (Rs. in Lakhs)		Fair value assets (liabilities) (Rs. in Lakhs)	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Buy Currency USD								
Less than 3 months	65.36	67.4494	1,612,872	46,665,998	1,054.25	31,475.94	3.94	1,086.94
3 to 6 months	65.52	68.7979	15,965,154	44,570,142	10,460.56	30,663.32	34.76	1606.71
6 to 9 months	65.96	69.7562	19,899,000	14,370,000	13,125.37	10,023.97	132.63	682.15
9 to 12 months	66.45	69.7993	39,501,250	2,010,000	26,248.24	1,402.97	113.00	87.78
12 to 15 months	-	68.0458	-	2,171,556	-	1,477.65	-	66.94
15 months	-	65.8025	-	868,376	-	571.41	-	2.68

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



**Tata Power Solar Systems Limited**  
Notes to the financial statements for the year ended March 31, 2018

**(vi) Interest rate risk management**

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

**(vii) Credit risk management**

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

**Trade and other receivables**

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

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

Particulars	Rs. in Lakhs	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from top customer	126,877.21	72,824.11
Revenue from second top customer	28,044.78	65,912.47
Revenue from top 5 customers	187,305.73	161,966.28

Two customers accounted for more than 50% of the revenue for the year ended March 31, 2018 and two customer accounted for more than 10% of the revenue for the year ended March 31, 2017.

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

Particulars	Rs. in Lakhs	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Receivable from top customer	15,512.61	35,738.04
Receivable from second top customer	9,417.14	16,628.12
Receivable from top 5 customers	42,640.89	64,014.24

Two customers accounted for more than 25% of the receivables as at March 31, 2018 and two customer accounted for more than 10% of the receivables as at March 31, 2017.

**(viii) Liquidity risk management**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's principal sources of liquidity are cash and cash equivalents, working capital borrowings, the cash flow that is generated from operations and proceeds of maturing financial assets. The Company believes that the working capital, including the available unutilised borrowing limits is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of financial liabilities as at March 31, 2018:

Particulars	Rs. in Lakhs				
	Upto 1 year	1 to 5 years	5+ years	Total	Carrying Amount
<b>Financial Liabilities</b>					
Accounts payable and acceptances (non-interest bearing)	58,958.36	-	-	-	58,958.36
Borrowings and interest thereon	29,705.06	-	-	-	29,705.06
Other financial liabilities	1,423.05	-	-	-	1,423.05
Derivative liabilities	284.33	-	-	-	284.33

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

Particulars	Rs. in Lakhs				
	Upto 1 year	1 to 5 years	5+ years	Total	Carrying Amount
<b>Financial Liabilities</b>					
Accounts payable and acceptances (non-interest bearing)	53,399.10	-	-	-	53,399.10
Borrowings and interest thereon	53,003.48	-	-	-	53,003.48
Other financial liabilities	5,255.31	-	-	-	5,255.31
Derivative liabilities	3,546.56	-	-	-	3,546.56



**Tata Power Solar Systems Limited**

Notes to the financial statements for the year ended March 31, 2018

**(ix) Fair value measurements**

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of the reporting period.

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique (s) and inputs used).

Financial assets/(financial liabilities)	Fair Value as at (Rs. in Lakhs)		Fair Value Hierarchy	Valuation Technique(s) & key inputs used
	March 31, 2018	March 31, 2017		
Investments in Mutual funds	11,655.31	-	Level 2	Valued based on market value of the fund after deducting its liabilities. The value of all units of a mutual fund portfolio are calculated on a daily basis, from this all expenses are then subtracted. The result is then divided by the total number of units the resultant value is the NAV.
Derivative financial instruments (Foreign currency forward contracts)	(284.33)	(3,546.56)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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

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



Note - 34: Employee benefit plan

Note -34.1: Defined Contribution plan

The Company makes provident fund and superannuation fund contribution which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.427.88 Lakhs (for the year ended March 31, 2017 - Rs.407.12 Lakhs) for Provident Fund contributions, Rs. 66.46 Lakhs (year ended March 31, 2017 - Rs. 70.27 Lakhs) for Superannuation Fund contributions, included as a part of contribution to provident fund and other funds in Note 25 Employees Benefit Expenses. The Company recognised Rs. 1.32 Lakhs (for the year ended March 31, 2017 0.35 Lakhs) for Employee State Insurance Scheme contributions, included as a part of staff welfare in Note 25 Employees Benefit Expenses. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Note -34.2: Defined benefit plans

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

- Gratuity (included as a part of contribution to provident fund and other fund in Note 25 Employees Benefits Expense)
- Pension (post retirement benefits, to the erstwhile managing director (included as a part of Salary and Wages in Note 25 Employees Benefits Expense)
- Post-Employment Medical Benefits (post-employment health care benefits to superannuated employees in Note 25 Employees Benefits Expense)
- Ex-Gratia Death Benefit (granting ex-gratia in case of death during service in Note 25 Employees Benefits Expense)
- Retirement Gift (granting a pre-determined sum as retirement gift on superannuation of an employee in Note 25 Employees Benefits Expense)

**Investment Risk:**

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

**Interest Risk:**

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

**Longevity Risk**

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

**Salary Risk:**

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

In respect of the plan, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2018 by professional actuary. The present value of the defined benefit obligation, and the related current service cost and paid service cost, were measured using the projected unit cost credit method.

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

Particulars	Valuation as at	
	March 31, 2018	March 31, 2017
Gratuity, compensated leave absences and pension:		
Discount rate (p.a.)	7.70%	7.50%
Expected rate of salary increase (p.a.)	Management - 7% Non Management - 5%	7.50%
Attrition (p.a.)	Management: 21-44 years - 2.5% 45 years and above - 1% Non Management: 0.5%	21-30 Years- 5% 31-40 Years- 3% 41-59 years- 2%
Expected return on plan assets (p.a.)	7.70%	7.50%
Pension increase rate (p.a.)	5%	5%
Mortality tables	Indian Assured Lives Mortality (06-08) Ult Table Published Tables PA (90)	Indian Assured Lives Mortality (06-08) Ult Table Published Tables PA (90)
Mortality in retirement		

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

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

Particulars	Rs. in Lakhs			
	Gratuity		Pension	
	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017
Current Service Cost	168.89	147.55	-	-
Net Interest expense	111.22	94.94	33.48	37.73
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>280.11</b>	<b>242.49</b>	<b>33.48</b>	<b>37.73</b>

Remeasurement on the net defined benefit liability :

Particulars	Rs. in Lakhs			
	Gratuity		Pension	
	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017
Return on the net defined benefit liability				
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	(428.91)	134.95	(5.21)	20.80
Actuarial (gains)/losses arising from experience assumptions	(8.17)	(71.40)	(52.61)	(30.55)
Actual return less interest on plan assets	(0.73)	2.90	-	-
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>(437.81)</b>	<b>66.45</b>	<b>(57.82)</b>	<b>(9.75)</b>
<b>Total</b>	<b>(157.70)</b>	<b>308.94</b>	<b>(24.34)</b>	<b>27.98</b>

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

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

Particulars	Rs. in Lakhs			
	Gratuity		Pension	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Present value of funded defined benefit obligation	1,322.06	1,536.34	400.76	467.65
Fair value of plan assets	30.54	21.03	-	-
Funded status	1,291.52	1,515.31	400.76	467.65
<b>Net (liability) recognised in balance sheet</b>	<b>1,291.52</b>	<b>1,515.31</b>	<b>400.76</b>	<b>467.65</b>
Current (liability)	-	-26.64	-40.39	-42.55
<b>Non-current (liability)</b>	<b>-1,291.52</b>	<b>-1,488.67</b>	<b>-360.37</b>	<b>-425.10</b>
Estimated amount of contribution in the immediate next year		26.64		

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

Particulars	Rs. in Lakhs			
	Gratuity		Pension	
	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening defined benefit obligations	1,536.32	1,246.27	467.68	482.25
Current service cost	168.89	147.55	-	-
Interest Cost	113.06	100.64	33.47	37.73
Acquisitions (credit)/cost	(1.31)	-	-	-
Actuarial (Gains)/losses arising from changes in demographic assumptions	(34.75)	-	-	-
Actuarial (Gains)/losses arising from changes in financial assumptions	(394.16)	134.95	(5.21)	20.80
Actuarial (Gains)/losses arising from experience assumptions	(8.17)	(71.40)	(52.61)	(30.55)
Past Service Cost, including losses/(gains) on curtailment	-	-	-	-
Benefits paid directly by the Company	(14.77)	-	(42.56)	(42.55)
Benefits paid from plan assets	(43.06)	(22.29)	-	-
Liabilities assumed/settled*	-	0.60	-	-
Liabilities extinguished on settlements	-	-	-	-
<b>Closing defined benefit obligation</b>	<b>1,322.06</b>	<b>1,536.32</b>	<b>400.77</b>	<b>467.68</b>

\* On account of business combination or inter group transfer

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

Particulars	Rs. in Lakhs			
	Gratuity		Pension	
	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening fair value of plan assets	21.03	38.46	-	-
Interest income	1.84	5.70	-	-
Remeasurement gains/(losses)	-	-	-	-
Actual return on plan assets less interest on plan assets	0.73	(2.90)	-	-
Contribution from the employer	50.00	2.06	-	-
Contribution from plan participant	-	-	-	-
Benefits paid	(43.06)	(22.29)	-	-
<b>Closing fair value of plan assets</b>	<b>30.55</b>	<b>21.03</b>	<b>-</b>	<b>-</b>

The weighted average duration of the benefit obligation as at March 31, 2018 is 8.1 years.

#### Sensitivity Analysis

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

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

Particulars	March 31, 2018	March 31, 2017
<b>Discount rate</b>		
Impact of increase in 50 bps on DBO	(12.52)	(15.01)
Impact of decrease in 50 bps on DBO	13.25	15.95
<b>Pension increase rate *</b>		
Impact of increase in 50 bps on DBO	12.71	16.67
Impact of decrease in 50 bps on DBO	(12.11)	(15.06)
<b>Life expectancy</b>		
Impact of increase by 1 year on DBO	24.35	16.88
Impact of decrease by 1 year on DBO	(24.38)	(16.98)

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

The expected maturity analysis of undiscounted defined benefit obligation is as follows:

Particulars	Rs. in Lakhs			
	Gratuity		Pension	
	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017
Within 1 year	25.09	47.67	41.92	42.55
Between 1 - 2 years	23.21	44.91	42.49	43.30
Between 2 - 3 years	44.90	59.10	42.87	43.93
Between 3 - 4 years	78.99	83.55	43.02	44.43
Between 4 - 5 years	67.91	66.99	42.93	44.77
Beyond 5 years	657.34	435.57	203.66	222.94

Movement of Provision of Compensated Leave Absences

Particulars	Rs. in Lakhs	
	March 31, 2018	March 31, 2017
Opening balance	923.80	663.76
Add: Expenses for the year	410.22	448.34
Less: Payment made during the year	(242.19)	(188.30)
<b>Closing Balance</b>	<b>1,091.83</b>	<b>923.80</b>
Expense recognised in Statement of Profit and Loss	410.22	448.34
Current portion of provision balance	38.93	121.78
Non-current portion of provision balance	1,052.90	802.02



**Tata Power Solar Systems Limited**  
**Notes to the financial statements for the year ended March 31, 2018**

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

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

Particulars	Rs. in Lakhs	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Rent recognised as an expense during the year	916.76	747.02
Future minimum lease payments for the non-cancellable period		
within 1 year	-	-
1-5 years	-	-

b. The Company has taken certain vehicles on operating lease which are non-cancellable for a period of 5 years. Details of rent paid during the year and future minimum lease rentals are as follows:

Particulars	Rs. in Lakhs	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Rent recognised as an expense during the year	27.40	19.43
Future minimum lease payments for the non-cancellable period		
within 1 year	22.61	25.52
1-5 years	56.36	50.71



Tata Power Solar Systems Limited  
Notes to the financial statements for the year ended March 31, 2018

Note - 36: Related Party Disclosure

Note - 36.1: Names of Related parties and relationships:

Holding Company	The Tata Power Company Limited
Promoters holding more than 20% in the Holding Company	Tata Sons Limited
Fellow Subsidiaries	NELCO Limited Tata Power Renewable Energy Limited Tata Power Delhi Distribution Limited Industrial Energy Limited Chemical Terminal Trombay limited* Powerlink Transmission Limited Tata Power Trading Company Limited Maithon Power Limited Walwhan Renewable Energy Limited
Wholly Owned Subsidiary	Chirasthaayee Saurya Limited
Key Management Personnel	Mr. Anil Sardana- Chairman Mr. Ashish Khanna-Managing Director and Chief Executive Officer Mr. Seethapathy Chander- Director Mr. Sowmyan Ramakrishnan- Director Mr. Subhash Chander Chetal- Director Mr. Ramesh Subramanyam- Director Ms. Suparna Mitra- Director Mr. Rahul C. Shah- Director (upto July 14, 2016) Mr. Satish Gupta - Chief Financial Officer Miss Neha Malik - Company Secretary

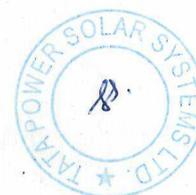
\*Amalgamated with The Tata Power Company Limited w.e.f March 7, 2018

Note - 36.2: Transactions during the year

Particulars	Rs. in Lakhs					
	Fellow Subsidiaries		Holding Company/ Promoters holding more than 20% in the Holding Company		Wholly Owned Subsidiary	
	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>1 Sale of Materials</b>						
Tata Power Renewable Energy Limited	121,637.47	65,250.39	-	-	-	-
Chemical Terminal Trombay limited	-	0.93	-	-	-	-
Tata Power Delhi Distribution Limited	5.94	-	-	-	-	-
Tata Power Trading Company Limited	-	216.39	-	-	-	-
The Tata Power Company Limited	-	-	3.94	26.53	-	-
Chirasthaayee Saurya Limited	-	-	-	-	29,401.19	-
<b>2 Services Rendered</b>						
The Tata Power Company Limited	-	-	38.06	32.34	-	-
Tata Power Renewable Energy Limited	571.88	359.80	-	-	-	-
Chemical Terminal Trombay limited**	1.87	1.20	-	-	-	-
Chirasthaayee Saurya Limited	-	-	-	-	77.17	0.09
Tata Power Delhi Distribution Limited	20.74	3.25	-	-	-	-
<b>3 Services Received</b>						
Tata Power Trading Company Limited	976.02	207.50	-	-	-	-
The Tata Power Company Limited*	-	-	691.33	751.06	-	-
Tata Sons Limited	-	-	1,261.94	-	-	-
<b>4 Purchase/(Sale) of Property, Plant and Equipment</b>						
The Tata Power Company Limited	-	-	2.40	-	-	-
Walwhan Renewable Energy Limited	(0.14)	-	-	-	-	-
Maithon Power Limited	1.43	-	-	-	-	-
<b>5 Reimbursement of Expenses</b>						
Chirasthaayee Saurya Limited	-	-	-	-	5.75	2.19
<b>6 Interest Received</b>						
Chirasthaayee Saurya Limited	-	-	-	-	92.53	53.78
<b>7 Receipt and allotment of Preference Shares</b>						
The Tata Power Company Limited	-	-	-	-	-	-
<b>8 Receipt and allotment of Equity Shares</b>						
The Tata Power Company Limited	-	-	-	-	-	-
<b>7 Investment in Equity Shares</b>						
Chirasthaayee Saurya Limited	-	-	-	-	-	100.00
<b>8 Loan given during the period</b>						
Chirasthaayee Saurya Limited	-	-	-	-	5,967.83	3,095.00
<b>9 Loan Repaid during the period</b>						
Chirasthaayee Saurya Limited	-	-	-	-	7,812.83	-1,150.00

\* Includes Rs. 307.92 Lakhs towards key management personnel services.

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



**Tata Power Solar Systems Limited**

Notes to the financial statements for the year ended March 31, 2018

**Note - 36.3: Compensation of key management personnel**

Particulars	Rs. in Lakhs	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Short-term benefits (Refer Note below)	10.84	22.08

**Note:**

The Directors were paid only director's sitting fees during the year ended March 31, 2018 and March 31, 2017. The remuneration payable to key management personnel is determined by the nomination and remuneration committee having regard to the performance of individuals and market trends. For amounts incurred by the Company for the provision of key management

Particulars	Rs. in Lakhs	
	As at March 31, 2018	As at March 31, 2017
Balance Outstanding	-	3.00

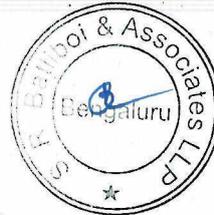
**Note - 36.4: Balances outstanding as at year end**

1 Balance Receivable/(Payable) (net)	Rs. in Lakhs	
	As at March 31, 2018	As at March 31, 2017
The Tata Power Company Limited	(129.08)	(207.07)
Tata Power Renewable Energy Limited	15,512.61	35,738.04
Tata Power Delhi Distribution Limited	47.78	29.41
Chemical Terminal Trombay limited	0.97	2.28
Tata Power Trading Company Limited	0.72	302.62
Chirasthaayee Saurya Limited	2,465.49	2.28
<b>2 Loan Balance outstanding</b>		
Chirasthaayee Saurya Limited	100.00	1,945.00
<b>3 Interest accrued outstanding</b>		
Chirasthaayee Saurya Limited	1.32	28.33
<b>4 Unbilled Revenue</b>		
Tata Power Delhi Distribution Limited	-	3.25
Tata Power Renewable Energy Limited	-	24.20
Chirasthaayee Saurya Limited	0.03	-
<b>5 Unearned Revenue</b>		
Chirasthaayee Saurya Limited	532.28	-
Tata Power Renewable Energy Limited	3,668.78	8,660.26

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

**Note - 36.5: Other transactions and balance outstanding**

The Company had received an open Corporate Guarantee from The Tata Power Company Limited, the Parent Company, for a maximum borrowing of Rs. 60,000 Lakhs (as at March 31, 2017- Rs. 40,000 Lakhs) at any point in time. The Company has utilised the Corporate Guarantee given against various borrowings during the year with a maximum outstanding amounting to Rs. 10,000 Lakhs (as at March 31, 2017- Rs. 35,000 Lakhs) at any point in time. The Corporate Guarantee utilized and outstanding as at March 31, 2018 is Rs. Nil (as at March 31, 2017- Rs. 30,000 Lakhs).



**Tata Power Solar Systems Limited**

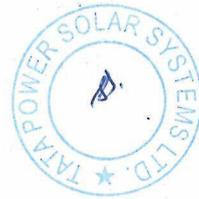
**Notes to the financial statements for the year ended March 31, 2018**

**Note -37: Segment Information**

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

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

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



**Tata Power Solar Systems Limited**  
**Notes to the financial statements for the year ended March 31, 2018**

**Note -38: Earnings/ (Loss) Per Share**

Particulars	Rs.	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Basic earnings/ (loss) per share	43.70	33.94
Diluted earnings/ (loss) per share	43.70	33.94

**Note -38.1: Basic Earnings/ (Loss) Per Share**

The earnings/(loss) and weighted average number of equity shares used in the calculation of basic earnings/ (loss) per share are as follows:

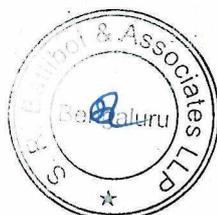
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit/ (loss) for the period attributable to Shareholders of the Company (Rs. in Lakhs)	10,042.21	7,799.01
Earnings/ (loss) used in the calculation of basic earnings per share (Rs. in Lakhs)	10,042.21	7,799.01
Weighted average number of equity shares for the purposes of basic earnings/ (loss) per share	22,977,567	22,977,567

**Note -38.2 Diluted Earnings/ (Loss) Per Share**

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit/ (Loss) for the period attributable to Shareholders of the Company (Rs. in Lakhs)	10,042.21	7,799.01
Earnings/ (Loss) used in the calculation of diluted earnings per share (Rs. in Lakhs)	10,042.21	7,799.01
Weighted average number of equity shares for the purposes of diluted earnings/ (loss) per share	22,977,567	22,977,567

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



**Tata Power Solar Systems Limited**  
Notes to the financial statements for the year ended March 31, 2018

**Note - 39: Deferred tax balance**

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

Particulars	Rs. in Lakhs	
	As at March 31, 2018	As at March 31, 2017
Deferred tax assets	-	-
Deferred tax liabilities	-	-

2017-18	Rs. in Lakhs				
	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised directly in equity	Closing Balance
<b>Deferred tax assets/ (liabilities) in relation to:</b>					
Difference in the written down value of fixed assets	(5,956.10)	2,656.93	-	-	(3,299.17)
Provisions for Employee benefits	998.38	(122.22)	153.03	-	1,029.19
Provisions for doubtful debts and advances	2,314.73	279.07	-	-	2,593.80
Provision for Warranty	896.77	55.03	-	-	951.80
Adjustment for other disallowances	-	704.88	-	-	704.88
<b>Sub-Total</b>	<b>(1,746.22)</b>	<b>3,573.69</b>	<b>153.03</b>	-	<b>1,980.50</b>
Unabsorbed tax loss and depreciation	6,508.03	(5,296.77)	-	-	1,211.26
Minimum Alternate Tax Credit	3,661.12	2,880.40	165.91	-	6,707.43
Less: Valuation Allowance	(8,422.93)	(1,157.32)	(318.94)	-	(9,899.19)
<b>Net Deferred Tax Asset / (Liability)</b>	-	-	-	-	-

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

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

The Company has deferred tax assets relating to differences in book and tax depreciation and other timing differences including accumulated unabsorbed tax losses and depreciation. As result of nominal current net taxable income and past net losses and the uncertainty of future business conditions, generally accepted accounting principles require that the Company establishes a tax valuation allowance assessing the realization value of its deferred tax assets. In assessing the realization of deferred tax assets, the likelihood of whether it is more likely than not that some portion or all of the deferred tax assets will not be realized must be considered. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary difference become deductible. As the Company is still in the process of establishing a trend of taxable profits, the Company has carried a valuation allowance of Rs. 9,899.19 Lakhs and Rs. 8,422.93 Lakhs as of March 31, 2018 and March 31, 2017.

**Note -40:** As at March 31, 2018, the Company has Good and Service tax recoverable recorded under balances with government authorities (Note 14) amounting to Rs. 7,568.53 Lakhs. The Company based on its assessment believes that the aforesaid is fully recoverable and accordingly no provision is required.

**Note -41: Dividend**

In respect of the year ended March 31, 2018 the directors propose that a dividend of 15% (Rs. 15 per share) be paid on fully paid equity shares. The equity dividend is subject to approval by shareholders at the Annual General Meeting and accordingly has not been considered for the purpose of these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total equity dividend to be paid is Rs. 3446.64 Lakhs the taxes thereon Rs. 701.65 Lakhs.

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

The financial statements were approved for issue by the Board of Directors on April 26, 2018.

**Note -43:** The Company is a wholly owned subsidiary of Tata Power Company Limited and accordingly is exempted from the preparation of consolidated financial statements in term of Ministry of Corporate Affairs Notification dated October 18, 2011.

**Note -44:** The financial statements for the year ended March 31, 2017 were audited by the erstwhile auditor of the Company.

**Note -45:** The previous year's figures have been regrouped/ reclassified, wherever necessary to conform to current year's classification.

