



Lighting up Lives!

13<sup>th</sup>  
**ANNUAL  
REPORT**  
2015-16



**TATA POWER TRADING COMPANY LIMITED**  
Shaping India's Vibrant Power Market





**CSR Activity – 5kW Solar Roof Top in Greater Noida**



**Townhall of TPTCL**



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**Strategy Workshop 2016**

# ABOUT US

## Introduction

Tata Power Trading Company Limited (Tata Power Trading) is a wholly owned subsidiary of The Tata Power Company Limited (Tata Power). Tata Power is India's oldest and the largest integrated private sector power utility with an installed generation capacity of 9103 MW as on 31<sup>st</sup> March, 2016. Tata Power has a presence in all areas of power sector viz. Generation (thermal, hydro, solar and wind), Transmission and Distribution. Tata Power Trading has emerged as a pioneer in the Indian power sector, with a track record of performance, customer care and sustained growth.

Tata Power Trading is the first company in India to be awarded a power trading license by Central Electricity Regulatory Commission on 9<sup>th</sup> June, 2004. Tata Power Trading was incorporated on 31<sup>st</sup> December, 2003 and converted to public company limited on 16<sup>th</sup> February, 2004. The Company has progressively upgraded from Category 'A' license in 2004 to Category 'F' on 9<sup>th</sup> June, 2005 and which was recategorised to Category 'I' on 16<sup>th</sup> February, 2009. This entitles licensee to trade unlimited power. Tata Power Trading has become a trailblazer in the power trading arena with a host of innovative initiatives.

Tata Power Trading has been at the forefront in shaping India's vibrant power trading market. With access to Technical, Managerial and Financial resources of its parent company, it is uniquely equipped to provide an unmatched range of services, customer care and complete payment security for its customers at the most competitive rates. As an extremely well knit organization, it has domain expertise in all the segments of Power Trading whether it be Marketing, Commercial or Operations, supported ably by the Finance, Legal and Administrative functions.

In a short span of time after receiving the license, Tata Power Trading has catalyzed the flow of electricity across the length and breadth of the country helping bridge the demand and supply gap of the various utilities.

## Our Key Strengths

- The name TATA epitomizes the core quality of "Leadership with Trust". Ethics and trustworthiness are our inherent assets and we are committed to create value for all our suppliers and customers. We conduct our operations with absolute professionalism, uncompromising integrity, transparency and total commitment.
- Our operational agility and state of the art techno-commercial platform ensures reliable and timely deliveries.
- We believe in developing and nurturing long term collaborative relationships with our suppliers and customers by being responsive and keeping customer requirements paramount.
- Leveraging generation, transmission and distribution business of our parent organization lends us a unique flexibility in managing energy surpluses and deficits.
- Assurance of timely payment and payment security to power suppliers.

# BOARD OF DIRECTORS



## **Mr. S. Ramakrishnan - Chairman**

Mr. S. Ramakrishnan holds a B.Tech (Mechanical) degree from Indian Institute of Technology, Madras and a Management degree from Indian Institute of Management, Ahmedabad. He joined The Tata Administrative Service in 1972 and during his long tenure handled a multitude of national as well as international projects.



## **Mr. Piyush Mankad - Independent Director**

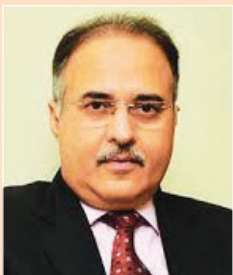
Mr. Mankad is a retired civil servant with a distinguished career of over 40 years in the Civil Services. He graduated with a Masters' degree from St. Stephen's College, Delhi University, and a Post Graduate Diploma in Development Studies from Cambridge University, United Kingdom. He has held a number of official positions including Counsellor (Economic) in the Indian Embassy, Tokyo; Controller of Capital Issues, Ministry of Finance; Finance Secretary, Government of India. He was the executive director for India and four other countries and Board Member for the Asian Development Bank, Manila until July 2004.



## **Mr. Seethapathy Chander - Independent Director**

Mr. Seethapathy Chander, a B.Tech in Electrical Engineering from the Indian Institute of Technology (Delhi) and a Diploma in Business Management from IGNOU, has over 37 years of professional experience, 15 years at NTPC, India and over 22 years at the Asian Development Bank (ADB) in Manila, Philippines. Joining a fledgling NTPC in 1977 as one of its first batch of 35 engineering executive trainees, he served at its Corporate Planning, Power Systems Design, and Northern Regional Transmission Construction divisions, and as the chief of staff in the office of the Chairman and Managing Director.

He was part of teams that designed, procured, constructed, and commissioned, NTPC's first 400kV transmission lines and substations, and led the design and procurement of NTPC's (and India's) first high voltage direct current (HVDC) systems. At ADB, Chander led the financing of infrastructure in public and private sector operations in Afghanistan, Bangladesh, Bhutan, Cambodia, China, India, Indonesia, Kazakhstan, Laos, the Maldives, Nepal, Sri Lanka, and Uzbekistan. He served as ADB's chief of IT for four years, before becoming the Director General of its Regional and Sustainable Development Department, concurrently serving as its Chief Compliance Officer. He retired from ADB in 2015 as the management's special senior advisor responsible for infrastructure and public private partnerships.



## **Mr. Anil Sardana - Director**

An Electrical Engineer from Delhi College of Engineering and a Post Graduate Diploma in Management, Mr. Sardana brings with him over three decades of experience in the power & infrastructure sector and has worked with companies like NTPC Limited, BSES (prior to it becoming an ADAG group company), Tata Power Delhi Distribution (erstwhile NDPL). Mr. Sardana also served as the Executive Director (Business Development & Strategy) for Tata Power from 1st March 2007 to 3rd August 2007 and continued to be on its Board till 1st July 2008. Mr. Sardana was the Managing Director of Tata Teleservices Limited for over 3 years from 2007 to 2011. He is presently Managing Director of Tata Power and also on the Board of other Tata Companies.



### **Mr. Ashok Sethi - Director**

Mr. Ashok S. Sethi, is a B.Tech from IIT, Kharagpur. He was Chief - Corporate Operations Management and was also Executive Director of Maithon Power Limited, a subsidiary of Tata Power. He has wide experience in power sector ranging from Thermal and Hydro Generation, Transmission and Distribution, Commercial and Regulatory and also Advocacy. He has been with Tata Power for the last 38 years and has deep understanding and commitment to the business and stakeholders. He is presently Chief Operating Officer and Executive Director of Tata Power. He is also on the board of other Tata companies.



### **Mr. Ramesh N Subramanyam - Director**

Mr. Ramesh N Subramanyam is a graduate from Nagpur University. He is member The Institute of Cost Accountants of India (ICAI) and The Institute of Company Secretaries of India (ICSI). He has also passed Certified Public Accountant (CPA) examination of the American Institute of Certified Public Accountant (AICPA).

He is having 20 years of experience in leading companies like Loyds Steel Limited, Hindustan Lever Limited, Monsanto India Limited. Before joining Tata Power, he worked as Assistant Vice-president, Global Corporate Treasury of Siemens AG.

He joined Tata Power in 2007 as Chief Financial Officer for Costal Gujarat Power Limited (Mundra UMPP). He is also on the Board of other Tata Power Group companies namely PT Sumber Energi Andalan Tbk, Maithon Power Limited, Indian Energy Limited, etc. He is also the member of core committee of power sector financing of CII. He is presently Chief Financial Officer of Tata Power Company.



### **Mr. Arun Srivastava - Director**

Mr. Arun Srivastava has been working within the Power and Infrastructure sectors since 1981 and has a wide exposure in various aspects of project formulation, planning, management & implementation, budgeting & scheduling of numerous projects in the power sector, including policy formulation at the national level for the implementation of private power development in India.

Mr. Arun Srivastava has done his B. Sc in Engineering, (First Division with Distinction) from Bhagalpur College of Engineering (1977 - 1981) and also has attended course on Corporate Governance and Reforms from Princeton University.

Mr. Srivastava has wide experience in managing large power sector reform & restructuring projects involving multi-disciplinary inputs, dealing with multiple stakeholders, consensus building and steering the reform programmes in the planned direction.

He has been involved in the formulation, development and implementation of Private Power Policy of the Government of India (GOI) as well as development of legislation for creation of CERC and SERC. In addition, he has also been involved with the national level planning, project appraisal and resource management of power projects as Consultant to the Power & Energy Division, Planning Commission, and Government of India. He has also been involved in developing a corporate and strategic plan for India's largest power generator, NTPC.



### **Ms. Anjali Kulkarni - Director**

Ms. Anjali Kulkarni, aged 56 years, is a graduate in Electronics and Telecommunication from Poona University. She has worked with Tata Power since 1979. During the years in Tata Power, she has worked in the areas of Engineering, Project Management, Commissioning and Maintenance of Thermal Power plants.

She currently handles the position of Head - Project Engineering and is responsible for the engineering of the mechanical systems of new Thermal Power plant projects as well as engineering of capital expenditure projects for operating plants.



### **Mr. Sanjeev Mehra - Managing Director**

Mr. Sanjeev Mehra is B.Tech (Electrical), and PG Diploma in Business Administration. He has a vast experience of over 29 years in Power Sector. He started his career in NTPC as an Executive Trainee in Electrical Design Department & worked there for almost 9 years. Thereafter he joined Power Grid Corporation of India Limited in the Commercial Department. He has taken various challenges in his previous assignments. When trading of power was conceived and PTC India Limited was formed, he joined it as an initial employee and worked in various functions before joining Tata Power Trading Company Limited as Managing Director in September 2011.



## NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTEENTH ANNUAL GENERAL MEETING of TATA POWER TRADING COMPANY LIMITED will be held on Friday, the 15<sup>th</sup> day of July, 2016 at 3.00 p.m. at the Tata Power Conference Room at Bombay House, 24, Homi Mody Street, Mumbai - 400 001 to transact the following business:-

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2016 together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare a dividend for the financial year 2015-16 on Equity Shares
3. To appoint a Director in place of Mr. S Ramakrishnan (DIN: 00005090), who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Ashok Sethi (DIN: 01741911), who retires by rotation and is eligible for re-appointment.
5. Ratification of appointment of Statutory Auditors and fixing their remuneration

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

**“RESOLVED THAT** pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and the Rules made thereunder, as amended from time to time, the appointment of M/s Deloitte Haskins & Sells, Chartered Accountants, (ICAI Firm Registration No. 015125N), as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of Fourteenth Annual General Meeting to conduct audit of the Company for FY 2016-17 be and is hereby ratified.

**FURTHER RESOLVED THAT** the Statutory Auditors be paid such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors plus reimbursement of service tax, travelling and out-of-pocket expenses.”

### SPECIAL BUSINESS :

6. **Appointment of Mr. Anil Sardana as Director.**

To consider and if thought fit, to pass the following resolution with or without modification as an Ordinary Resolution:

**“RESOLVED THAT** Mr. Anil Sardana (DIN: 00006867), who was appointed as an Additional Director under Section 161 of the Companies Act, 2013 (the Act), by the Board of Directors of the Company on 23rd September, 2015 and who holds office up to the date of the Thirteenth Annual General Meeting and in respect of whom Notice under Section 160 of the Act has been received from a member, signifying its intention to propose Mr. Sardana as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company.

**RESOLVED FURTHER THAT** Mr. Anil Sardana be and is hereby appointed in a non-executive capacity and he will not be responsible for the day- to- day affairs of the Company.”

## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.
2. A blank proxy form is sent herewith.
3. The instrument appointing proxy, duly stamped completed and signed, should be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of companies must be supported by appropriate resolution issued on behalf of the nominating companies.
4. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send to the Company duly certified copy of the relevant Board resolution authorizing such a representative to attend and vote on their behalf at the meeting.
5. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business under Item No. 6 above to be transacted at the meeting is annexed hereto.
6. All documents referred to in the accompanying Notice and the Explanatory Statement are open to inspection by the members at the registered office of the Company on all working days up to the date of Annual General Meeting between 11:00 a.m. and 1:00 p.m.
7. The Record Date for the purpose of payment of dividend would be 7<sup>th</sup> July, 2016.
8. In case of Joint Holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

By Order of the Board of Directors,

**T N Ramakrishnan**  
Company Secretary  
ACS No: A06578

Mumbai: 13<sup>th</sup> May, 2016

### Registered Office:

C/o The Tata Power Company Limited  
Carnac Receiving Station,  
34, Sant Tukaram Road,  
Mumbai 400 009.  
CIN: U40100MH2003PLC143770



## EXPLANATORY STATEMENT

As required by Section 102 of the Companies Act, 2013 (the Act), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos. 6 of the accompanying Notice dated 13th May, 2016.

### Item No. 6

Mr. Anil Sardana was appointed as an Additional Director of the Company w.e.f. 23<sup>rd</sup> September, 2015, by the Board of Directors under Section 161 of the Act and as per the Article of Association of the Company. In terms of Section 161 of the Act, Mr. Sardana holds office only up to the date of forthcoming Annual General Meeting but is eligible for appointment as Director.

By Order of the Board of Directors,

**T N Ramakrishnan**  
Company Secretary  
ACS No: A06578

Mumbai: 13<sup>th</sup> May, 2016

### Registered Office:

C/o The Tata Power Company Limited  
Carnac Receiving Station,  
34, Sant Tukaram Road,  
Mumbai 400 009.  
CIN: U40100MH2003PLC143770

## Details of the Directors, seeking appointment/re-appointment at the forthcoming Annual General Meeting

Name of Director	Mr. S Ramakrishnan	Mr. Ashok Sethi	Mr. Anil Sardana
Date of Birth	19 <sup>th</sup> February, 1949	3 <sup>rd</sup> April, 1954	16 <sup>th</sup> April, 1959
Date of Appointment	28 <sup>th</sup> December, 2004	3 <sup>rd</sup> September, 2007	23 <sup>rd</sup> September, 2015
Expertise in functional areas	Mr. S. Ramakrishnan holds a B.Tech (Mechanical) degree from Indian Institute of Technology, Madras and a Management degree from Indian Institute of Management, Ahmedabad. He joined The Tata Administrative Service in 1972 and during his long tenure handled a multitude of national as well as international projects.	Mr. Ashok S. Sethi, is a B.Tech from IIT, Kharagpur. He was Chief - Corporate Operations Management and was also Executive Director of Maithon Power Limited, a subsidiary of Tata Power. He has wide experience in power sector ranging from Thermal and Hydro Generation, Transmission and Distribution, Commercial and Regulatory and also Advocacy. He has been with Tata Power for the last 38 years and has deep understanding and commitment to the business and stakeholders. He is presently Chief Operating Officer and Executive Director of Tata Power. He is also on the board of other Tata companies.	Mr. Sardana brings with him over three decades of experience in the power and infrastructure sector and has worked with companies like NTPC Limited, BSES (prior to it becoming an ADAG group company) and Tata Power Delhi Distribution (erstwhile NDPL). Mr. Sardana also served as the Executive Director (Business Development and Strategy) for Tata Power from 1 <sup>st</sup> March, 2007 to 3 <sup>rd</sup> August, 2007 and continued to be on its Board till 1 <sup>st</sup> July, 2008. Mr. Sardana was the Managing Director of Tata Teleservices Limited for over 3 years from 2007 to 2011. Since February 2011, he is the Managing Director of The Tata Power Company.
Qualifications	B.Tech (Mechanical)/degree from Indian Institute of Technology, Madras and a Management degree from Indian Institute of Management/Ahmedabad.	A metallurgical engineer from IIT, Kharagpur.	An Electrical Engineer from Delhi College of Engineering, a Cost Accountant (ICWAI) and holds a Post Graduate Diploma in Management from Delhi.

Terms and Conditions of appointment	Re-appointed as Director	Re-appointed as Director	Appointed as Non-Executive Director
Remuneration	Only Sitting Fees will be paid	-	-
Directorships held in other companies	<ol style="list-style-type: none"> <li>Coastal Gujarat Power Ltd.</li> <li>NELCO Ltd.</li> <li>Tata Power Solar Systems Ltd.</li> <li>Tata Projects Ltd.</li> <li>PT Arutmin Indonesia</li> <li>PT Kaltim Prima Coal</li> </ol>	<ol style="list-style-type: none"> <li>Industrial Energy Limited</li> <li>Adjaristsqali Georgia LLC</li> <li>The Tata Power Co. Ltd.</li> <li>Itezhi Tezhi Power Corporation</li> <li>Maithon Power Limited</li> </ol>	<ol style="list-style-type: none"> <li>The Tata Power Company Limited</li> <li>Tata Power Delhi Distribution Limited</li> <li>Tata Power Solar Systems Limited</li> <li>Tata Power Renewable Energy Limited</li> </ol>
Committee positions held in other companies	<p>Chairman of following Committees:</p> <ol style="list-style-type: none"> <li>Tata Power Solar Systems Ltd. – NRC and Corporate Social Responsibility (CSR)</li> <li>Tata Projects Ltd. - Project Review Committee</li> </ol> <p>Member of following Committees:</p> <ol style="list-style-type: none"> <li>Tata Power Solar Systems Ltd. – Audit Committee</li> <li>NELCO Ltd. - Audit Committee and NRC</li> <li>Coastal Gujarat Power Ltd. - NRC, Audit Committee and CSR</li> <li>Tata Power Trading Co. Ltd. - NRC and Audit Committee</li> <li>Tata Projects Ltd. - NRC, Audit Committee and CSR</li> </ol>	<p>Chairman of following Committees:</p> <ol style="list-style-type: none"> <li>Tata Power Trading Company Limited – CSR</li> </ol> <p>Member of following Committees:</p> <ol style="list-style-type: none"> <li>Tata Power Trading Company Limited – NRC</li> <li>The Tata Power Co. Ltd.- Executive Committee of Board, CSR, Risk Management Committee</li> <li>Industrial Energy Limited - NRC</li> <li>Maithon Power Limited - Executive Committee of Board and CSR</li> </ol>	<p>Chairman of following Committees:</p> <ol style="list-style-type: none"> <li>Tata Power Delhi Distribution Limited – CERC</li> </ol> <p>Member of following Committees:</p> <ol style="list-style-type: none"> <li>Tata Power Delhi Distribution Limited – Nomination and Remuneration Committee (NRC)</li> <li>Tata Power Renewable Energy Limited - NRC</li> </ol>
Number of Shares held	Nil	Nil	Nil



## PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies  
(Management and Administration) Rules, 2014]

### TATA POWER TRADING COMPANY LIMITED

REGISTERED OFFICE : CARNAC RECEIVING STATION, 34, SANT TUKARAM ROAD, MUMBAI 400 009

CIN: U40100MH2003PLC143770

Name of the member(s)		e-mail Id :	
Registered address		Folio No/*Client Id :	
		*DP Id :	

I/We, being the member(s) of \_\_\_\_\_ shares of TATA POWER TRADING COMPANY LIMITED, hereby appoint:

- 1) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id -----or failing him
- 2) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id -----or failing him
- 3) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id -----

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 13th Annual General Meeting of the Company, to be held on Friday, the 15th July. 2016 at 3.00 p.m. at Tata Power Conference Room at Bombay House, 24, Homi Mody Street, Mumbai - 400 001 and at any adjournment thereof in respect of such resolutions as are indicated below:

\*\* I wish my above Proxy to vote in the manner as indicated in the box below:

SI Resolution No	Description of Resolutions	FOR	AGAINST
<b>Ordinary Business</b>			
<b>1.</b>	Adoption of Audited Financial Statements, Reports of Board of Directors and Auditors for the Financial Year ended on 31st March, 2016, together with the Reports of the Board of Directors and the Auditors thereon		
<b>2.</b>	Declaration of dividend on Equity Shares for FY 2015-16.		
<b>3.</b>	Reappointment of Mr. S Ramakrishnan, Director who retires by rotation and being eligible offer himself for reappointment		
<b>4.</b>	Reappointment of Mr. Ashok Sethi, Director who retires by rotation and being eligible offer himself for reappointment		
<b>5.</b>	Appointment of Statutory Auditors		
<b>Special Business</b>			
<b>6.</b>	Appointment of Mr. Anil Sardana as Director		

Signed this..... day of.....2016

Affix revenue  
stamp

(Signature of shareholder)

(Signature of first proxy holder)

(Signature of second proxy holder)

(Signature of third proxy holder)

**Notes:**

- (1) This form of proxy in order to be elective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
- (2) A Proxy need not be a member of the Company.**
- (3)** A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- (4)** **\*\*This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.**
- (5)** Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- (6)** In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

# BOARD'S REPORT

To The Members,

The Directors are pleased to present the Thirteenth Annual Report on the business and operations of your Company and the Statements of Account for the year ended 31<sup>st</sup> March, 2016.

## 1. FINANCIAL RESULTS

*Figures in ₹ Crore*

	FY 16	FY 15
a) Net Sales/Income from other operations	5,942.37	4,181.21
b) Operating Expenditure	5,894.52	4,130.59
c) <b>Operating Profit</b>	<b>47.85</b>	<b>50.62</b>
d) Add: Other Income	0.65	5.09
e) Less: Finance Cost	20.53	11.60
f) Profit before depreciation and tax	27.97	44.11
g) Less: Depreciation / Amortiation / Impairment	2.88	0.48
h) <b>Profit before tax</b>	<b>25.09</b>	<b>43.63</b>
i) Tax Expenses	8.97	14.50
j) <b>Net Profit / (Loss) after Tax</b>	<b>16.12</b>	<b>29.13</b>

## 2. DIVIDEND

During the year, the Ministry of Power (MoP) has allowed trading licensees to participate in medium term bidding. One of the qualifying criterion is a net worth ₹ 1.5 crore/MW for the quantum quoted in the medium term bid. In order to quote for a minimum quantum of 100 MW, your Company needs to have a net worth of ₹ 150 crore as on 31<sup>st</sup> March, 2016. Keeping this in mind, the Directors have recommended a dividend of ₹ 3/- per share (previous year: ₹ 5/- per share) on the paid-up Equity share capital of 16,000,000 Equity Shares of ₹ 10/- each for the FY 16 subject to approval of the shareholders.

## 3. STATE OF COMPANY'S AFFAIRS

### • Financial

During the year, your Company reported a Profit after Tax (PAT) of ₹ 16.12 crore, as against ₹ 29.13 crore for the previous year, a decline of 45%, primarily on account of losses from Dagachu transaction, decrease in trading margin and higher provisioning for doubtful debts. The Operating Revenue was higher at ₹ 5,942.37 crore, as against ₹ 4,181.21 crore mainly on account of increase in volume traded by about 64%.

The Earnings per share (EPS) has decreased to ₹ 10.07/- as against ₹ 18.20/- in the previous year.

### • Business Environment

India has an installed generation capacity of 298 Giga Watt (GW) as on 31<sup>st</sup> March, 2016. Generation capacity in the country has been steadily increasing, driven by fresh investments by private players, attracted by a combination of factors such as long term growth in demand for power in tandem with economic growth and creation of a vibrant power market that provides price signals for trading of merchant power. As per Central Electricity Authority's (CEA) Monthly Report of March, 2016, India's generating capacity comprises of 185 GW



of coal based capacity, 24 GW of gas based capacity, 43 GW of hydro capacity, 39 GW of renewable capacity and about 6 GW of nuclear capacity.

In order to meet the increasing demand of power, the Government of India (GoI) has announced a capacity addition target of 88,537 Mega Watt (MW) from conventional sources and 30,000 MW from renewable sources in the XII plan (2013–17). About 52,738 MW capacity has been achieved from conventional sources and about 9120 MW capacity from renewable sources.

The transmission sector plays an important role in the present power scenario which is characterized by geographical and seasonal diversity factors impacting demand and supply situation by facilitating transfer of power where required.

Indian Power Transmission System is one of the largest integrated electricity transmission networks in the world. As per data available on MoP website, Inter-State Transmission System (ISTS) in India is continuously expanding with current Inter – Regional Transmission capacity in excess of 57,450 MW as on 31<sup>st</sup> March, 2016. The National Transmission Grid System is divided into five regional grids i.e. North, East, West, South and the North-East. All the grids are frequency synchronized with commissioning of 765kV S/c Raichur – Sholapur line on 31<sup>st</sup> December 2013 creating a single National Grid. The inter-regional power transfer capacity is envisaged to be augmented to about 72,250MW by the end of the XII Plan (2016-17). Southern Region beneficiaries are currently facing shortage of power due to corridor constraint in import of power resulting in market splitting and higher prices.

Power supply position in the country has generally improved during FY 16. As per CEA Monthly Report of March, 2016, the gap between requirement and availability of energy reduced from 3.6% during FY 15 to 2.1% during FY 16. The gap between peak demand and supply also reduced from 4.7% during FY 15 to 3.2% during FY 16.

In order to improve the operational and financial efficiency of the State Distribution Companies (Discoms), MoP has launched UDAY (Ujwal Discom Assurance Yojana) Scheme which would be applicable to all State-owned Discoms. In the scheme, States shall take over 75% of Discom debt over two years wherein 50% of debt shall be taken over in FY 16 and 25% in FY 17. States will issue non Statutory Liquidity Ratio (SLR) bonds in market and to Financial Institutions (FIs) holding the Discom debt to appropriate extent. The proceeds realized from the issue of bonds shall be entirely transferred from Discoms. This could be a financial turnaround for the Discoms. Discoms opting for scheme will comply with Renewable Purchase Obligation (RPO) outstanding since 1<sup>st</sup> April 2012. Further, participating States may get additional funding priority through Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), Integrated Power Development Scheme (IPDS) and Power Sector Development Fund (PSDF).

MoP has issued a revised Guidelines for Short term Power Procurement wherein it will be mandatory for all Discoms to purchase power through e-competitive bidding by reverse auction. This could reduce the cost of power purchase of the Discoms.

Electricity traded in the short term power market during FY 16 was 116.21 Billion Units (BUs), 10.58% of total generation; comprising of 5.60% through Bilateral, 3.10% through power exchanges and 1.88% through Unscheduled Interchange (UI). There is an increase in the volume traded in short term power market from FY 15 to FY 16 by 17.41%.

In the coming year, both short term bilateral sale and power exchange Day Ahead Market (DAM) transactions segments are expected to grow at a slow pace. Your Company is expected to consolidate its position as one of market leaders in both the segments.

While the outlook for power trading is bright in the long term, the sector is currently facing several challenges such as

**a. Poor Financial health of Discoms:**

Although several states have raised tariffs in the last few years, the financial condition of several distribution entities still remains a matter of concern. Improvement in financial health of Discoms would be crucial to power

trading market development. With the implementation of UDAY Scheme, financial turnaround of the Discoms is expected. However, the same is expected to take some time. Procurement by Discoms on the Case I route is not progressing as envisaged, due to poor financial condition of Discoms. Merchant prices are also dampened as load-shedding is preferred by Discoms against supplying unmet demand of its customers.

**b. Lower trading Margins:**

The competition has grown fierce due to an increase in the number of Central Electricity Regulatory Commission (CERC) licensed traders. Due to this, trading margins are under immense downward pressure.

**c. Transmission Constraints:**

Power trading was also adversely affected by continued corridor constraints for power flow from Eastern Region (ER) and Western Region (WR) to Southern Region (SR) leading to prevalence of high prices for the customers in the Southern states. During the year, corridor constraints also cropped for power flow from ER/WR to Northern Region (NR) which led to stranding of significant generating capacities in these regions.

**d. Fuel price risk:**

There is an obligation on Discoms for competitive bidding through Case I or Case II route for power procurement. Such procurement is not progressing as envisaged earlier, as the generators are unwilling to take fuel price risks and would like it to be built into the tariff.

**e. Lack of regulatory clarity for trading of imported power**

Although GoI has shifted the subject of import of power from restricted category to free category, existing regulation lack clarity with regard to allowing sale of imported power in power exchange by traders. Your Company is the only trading company who is importing power from Bhutan for sale on short term bilateral. Your Company had also filed petition in CERC for allowing the cross-border import of power through power exchange. However, CERC in its Order dated 16th February, 2016, has directed that the interim arrangement of scheduling power on bilateral basis would continue till the time the issue is decided by CERC in the petition filed by Indian Energy Exchange (IEX) for allowing cross-border trading on the power exchange. Considering that India is envisaging import of larger quantum of power from neighbouring countries such as Bhutan and Nepal over long term it is critical to have appropriate regulatory framework in place to facilitate trading of imported power and full access to power market options.

**f. Traders not being allowed to participate in Long term Case I bidding**

MoP has revised the norms for competitive bidding process to be followed by Discoms for purchasing power on long term and medium term basis. According to the new norms, power traders are no longer allowed to participate in long term Case I bids.

**g. Open access slow growth:**

The unwillingness of Discoms to allow open access to its consumers, in spite of binding provisions in Electricity Act, 2003, is acting as a major barrier to further growth and competition in the Power Trading sector. Growth in Power Trading can accelerate even further, if the transmission corridor constraints, restrictive open access regime being followed in various States, excessive levels of cross subsidy charge are mitigated and do not hamper customer's desire to avail open access power.

**• Operations**

As the Company has created a renewable energy generation portfolio the operations section is divided into Trading Operation and Generation Operations.

**a. Trading Operation:**

Your Company is the first company to be granted a license by the CERC in June 2004.

Your Company has traded 17,305 MUs in FY 16 as compared to 10,432 MUs in the previous year (increase of about 64% year on year) and has shown a compounded annual growth rate (CAGR) of 31.79% over the past five years. Your Company was ranked the second largest trader with a market share of 15.15% in FY 16 amongst the top 10 traders. Further, in the area of Renewable Energy Certificates (RECs) trading, your Company has emerged as one of the largest trader in the REC market during the year. During the year, your Company had the privilege of buying Voluntary RECs for the Indian establishments of World Bank.

Your Company is the only trading company having regional offices in Hyderabad, Mumbai, Chennai and Noida along with resident representatives in Kolkata and Dehradun. The trading operations are carried out from the Control Room at its Noida office and functions on 24x7 on 365 days basis.

Under the Tata Electricity Account Mate (TEAM) initiative launched by Tata Power, your Company is playing a key role in supplying conventional / renewable power to several Tata Group Companies like Tata Consultancy Services Limited, The Indian Hotels Company Limited, Tata Motors Limited, Tata Communication Limited, Tata Steel Limited, Titan Company Limited, etc and enabling them to achieve energy cost optimization.

## **b. Generation Operation:**

Your Company has set up renewable energy based generation projects in Tamil Nadu and Gujarat. The update on generation operations is as follows:

### **i. 1.25 MW Sastra Solar Rooftop Project, Tamil Nadu**

Your Company has set up a 1.25 MW Solar Rooftop Project in Shanmugha Arts, Science, Technology & Research Academy (SASTRA) University, Tamil Nadu. The project was commissioned on 15<sup>th</sup> March, 2015, and a Power Purchase Agreement (PPA) is entered into with SASTRA University for a period of 15 years.

During the year, the project generated 1.72 MUs at a Plant Load Factor (PLF) of about 19%, in spite of disturbance due to Chennai floods in November, 2015.

### **ii. 4 MW Wind Project Rojmal District Gujarat**

The 4 MW (2 x 2 MW) Wind Power Plant at Rojmal, District Botad, Gujarat was commissioned on 17<sup>th</sup> April, 2015. The power to be generated from the Project is tied up with Gujarat Urja Vikas Nigam limited (GUVNL) at a preferential tariff of ₹ 4.15/kWh for a period of 25 years.

During the year, the project generated 6.79 MUs at a PLF of about 20%.

## **• Upgrading IT Infrastructure**

### **SAP-Sashakt Project:**

Your Company is the second largest trader in the India Power Market and a large contributor in short term power trading and exchange traded power. In order to sustain the future growth in volume and transaction, a robust IT platform was needed.

In September, 2015, SAP Sashakt project was implemented in your Company which has a seamless integration between all the departments. Project SAP- Sashakt has provided enhanced ability to execute more transactions and reduction in manual interventions increasing operational efficiency. This will help your company in centralized data storage and also help in generating various MIS reports and business documents and save them automatically at a common location.

## **• Projects Under Execution**

Your Company is executing that a 3.13 MW Solar Photovoltaic (PV) power plant at Noamundi in Jharkhand through an Engineering, Procurement and Construction (EPC) contract route and has awarded the turnkey, fixed time-fixed price EPC contracts to Tata Power Solar Systems Limited (TPSS), a wholly owned subsidiary of The Tata Power Company Limited (Tata Power).

The entire power from the Project shall be sold to Tata Steel Limited (Tata Steel) for a period of 15 years. The project has been installed and awaiting Directorate General Mining and Safety (DGMS) approval for declaring the commissioning and commercial operation date (CoD).



- **Future Growth Areas**

The proposed amendments to the Electricity Act, 2003 envisage segregation of wire and supply business. With implementation of such amendment, your Company is looking at new business opportunities to open up which would lead to growth in trading volume. Even during the coming year, your Company is looking for ways to increase its open access consumer portfolio.

#### **4. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

- **Policy on appointment of directors**

Extract on the policy is added as Annexure II.

- **Additions**

During the period under review, Mr. Anil Sardana (DIN: 00006867) was appointed as Additional Director w.e.f. 23<sup>rd</sup> September, 2015, to hold office up to the date of the forthcoming Annual General Meeting. Notice under Section 160(1) of the Companies Act, 2013 (the Act) has been received from a member proposing his appointment as Director. The Board now recommends his appointment as Director liable to retire by rotation.

Mr. T N Ramakrishnan (CS Membership No. 6578) was appointed as the Company Secretary with effect from 24<sup>th</sup> October, 2015 and Mr. Amey Naik was appointed as the Chief Financial Officer with effect from 25<sup>th</sup> October, 2015.

- **Retirements/resignations**

Mr. Puneet Munjal (DIN: 06710641) resigned with effect from 10<sup>th</sup> September, 2015 from the Board of Directors. The Board thanked him for his services.

Mr. Sourav Mukherjee, Chief Financial Officer, submitted his resignation to the Board with effect from 24<sup>th</sup> October, 2015. The Board thanked him for his services.

Mr. S Ramakrishnan (DIN: 00005090) and Mr. Ashok Sethi (DIN: 01741911) are liable to retire by rotation and being eligible offer themselves for reappointment.

- **Number of Board Meetings and dates**

Five Board Meetings were held during the year and the gap between two Board Meetings did not exceed four months. The dates on which said meetings were held were as follows:

- i) 12<sup>th</sup> May, 2015
- ii) 31<sup>st</sup> July, 2015
- iii) 24<sup>th</sup> October, 2015
- iv) 29<sup>th</sup> January, 2016
- v) 19<sup>th</sup> March, 2016

The names and categories of the Directors of the Board and their attendance at the Board Meeting is as under.

Sr. No.	Name of the Director	Category of Directorship	Number of Board Meetings attended
1	Mr. S Ramakrishnan	Non-Independent, Non Executive	5
2	Mr. Seethapathy Chander	Independent, Non Executive	5
3	Mr. Piyush Mankad		5
4	Mr. Anil Sardana (appointed on 23 <sup>rd</sup> September, 2015)	Non-Independent, Non Executive	2
5	Mr. Ashok Sethi		2
6	Mr. Ramesh Subramanyam		3
7	Ms. Anjali Kulkarni		4
8	Mr. Arun Srivastava		2
9	Mr. Puneet Munjal (resigned on 10 <sup>th</sup> September, 2015)		2
10	Mr. Sanjeev Mehra	Non-Independent, Executive	5

Further, a meeting of Independent Directors was held on 19<sup>th</sup> March, 2016.

Audit Committee, meetings held on 12<sup>th</sup> May, 2015, 31<sup>st</sup> July, 2015, 24<sup>th</sup> October, 2015, 29<sup>th</sup> January, 2016 and 19<sup>th</sup> March, 2016.

Corporate Social Responsibility (CSR) Committee meetings held on 12<sup>th</sup> May, 2015, 31<sup>st</sup> July, 2015, 24<sup>th</sup> October and 29<sup>th</sup> January, 2016.

Nomination and Remuneration (NRC) Committee meetings held on 12<sup>th</sup> May, 2015, 31<sup>st</sup> July, 2015, 24<sup>th</sup> October, 29<sup>th</sup> January, 2016 and 19<sup>th</sup> March, 2016.

Annual General Meeting (AGM) held on 5<sup>th</sup> August 2015.

We confirm the above is a complete list of all shareholder / member meetings, board and committee meetings held during FY 16 and till the date of this letter.

- **A statement on declaration given by independent directors under sub-section 149 (7). - All pecuniary relationship or transactions of the non-executive directors vis-à-vis the company.**

All independent directors have given declarations that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013.

- **The following disclosures shall be made on the remuneration of directors. All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc.**

Added as Annexure VI.

- **Committees of the Board**

The Company has the following Committees of the Board; the number of meetings held the committees is also mentioned:

Audit Committee, meetings held on 12<sup>th</sup> May, 2015, 31<sup>st</sup> July, 2015, 24<sup>th</sup> October, 2015, 29<sup>th</sup> January, 2016 and 19<sup>th</sup> March, 2016.

Corporate Social Responsibility (CSR) Committee meetings held on 12<sup>th</sup> May, 2015, 31<sup>st</sup> July, 2015, 24<sup>th</sup> October, 2015 and 29<sup>th</sup> January, 2016.

Nomination and Remuneration (NRC) Committee meetings held on 12<sup>th</sup> May, 2015, 31<sup>st</sup> July, 2015, 24<sup>th</sup> October, 2015, 29<sup>th</sup> January, 2016 and 19<sup>th</sup> March, 2016.

## 5. EVALUATION OF BOARD PERFORMANCE

The Board has carried out an annual evaluation of its own performance, performance of the Directors individually as well as the evaluation of the working of its Committees. The following process was adopted for Board Evaluation:

- Feedback was sought from each Director about their views on the performance of the Board covering various criteria such as degree of fulfilment of key responsibilities, Board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning, Board culture and dynamics, quality of relationship between the Board and the Management and efficacy of communication with external stakeholders.
- Feedback was also taken from every Director on his assessment of the performance of each of the other Directors.
- The Nomination and Remuneration Committee (NRC) then discussed the above feedback received from all the Directors.
- Based on the inputs received, the Chairman of the NRC presented to the Independent Directors at their meeting, summary of the inputs received from the Directors as regards Board performance as a whole and of the Chairman. The performance of the non-independent non-executive directors and Board Chairman was also reviewed by them.
- Post the meeting of the Independent Directors, their collective feedback on the performance of the Board (as a whole) was discussed by the Chairman of the NRC with the Chairman of the Board.
- Feedback was provided to the Directors, as appropriate.

## 6. REGULATORY AND LEGAL

### 6.1 REGULATORY ENVIRONMENT

**National Tariff Policy (NTP)** - The Union Cabinet, has approved the proposal of the MoP for amendments in the Tariff Policy on 20<sup>th</sup> January, 2016. The amendments in the NTP are aimed at achieving the objectives of UDAY with the focus on 4 Es: Electricity for all, Efficiency to ensure affordable tariffs, Environment for a sustainable future and Ease of doing business to attract investments and ensure financial viability.

Highlights of the amendments are as follows:

#### **Electricity for all:-**

- ✓ 24x7 supply to be ensured to all consumers and State Governments and regulators will devise a power supply trajectory to achieve this.
- ✓ Power to be provided to remote unconnected villages through micro grids with provision for purchase of power into the grid as and when the grid reaches there.
- ✓ Affordable power for people near coal mines by enabling procurement of power from coal washery reject based plants.

#### **Efficiency:-**

- ✓ Reduction in power cost to consumers through expansion of existing power plants.
- ✓ Benefit from sale of un-requisitioned power to be shared allowing for reduction in overall power cost.
- ✓ Transmission projects to be developed through competitive bidding process to ensure faster completion at lower cost.
- ✓ Faster installation of Smart meters to enable “Time of Day” metering, reduce theft and allow net-metering.
- ✓ Lower power cost by creating transmission capacity for accessing power from across India.

#### **Environment:-**

- ✓ Renewable Power Obligation (RPO): In order to promote renewable energy and energy security, 8% of electricity consumption excluding hydro power, shall be from solar energy by March 2022.



- ✓ Renewable Generation Obligation (RGO): New coal/lignite based thermal plants after specified date to also establish/procure/purchase renewable capacity
- ✓ Affordable renewable power through bundling of renewable power with power from plants whose PPAs have expired or completed their useful life.
- ✓ No inter-State transmission charges and losses to be levied for solar and wind power.
- ✓ Promotion of Hydro projects through long term PPAs and exemption from competitive bidding till August 2022.
- ✓ Ancillary services to support grid operation for expansion of renewable energy.

#### **Ease of Doing Business:-**

- ✓ Generate employment in coal rich Eastern states like Odisha, West Bengal, Jharkhand, Chhattisgarh etc. by encouraging investments. States allowed to setup plants, with up to 35% of power procured by Discoms on regulated tariff
- ✓ Remove market uncertainty by allowing pass through for impact of any change in domestic duties, levies, cess and taxes in competitive bid projects.
- ✓ Clarity on tariff setting authority for multi-state sales. CERC to determine tariff for composite schemes where more than 10% power sold outside the State.

**Renewable Energy related Regulations** – CERC has issued Forecasting, Scheduling and Deviation Settlement Mechanism (DSM) Regulations for scheduling of renewable energy and bringing in more stability to the transmission grid. The draft Regulations are also proposed to State Electricity Regulatory Commissions (SERCs) and some of the SERCs have already adopted/issued the regulations in this regard. This offers a good opportunity for the Company to provide Qualified Coordinating Agency (QCA) Services in tie up with weather forecasting agency and providing scheduling from its Control Room. Your Company is exploring the possibility and scalability of the providing QCA Services.

## **6.2 REGULATORY ORDERS OF RELEVANCE**

### **• Petition filed by IEX for seeking consent for enabling cross border transactions –**

IEX has filed a petition with CERC seeking consent for enabling cross border transactions at Dagachhu Hydro Power Corporation Limited (DHPC) on Indian Energy Exchange. As a consequence of this petition your company has been restricted from selling DHPC power through power exchanges, till CERC decides on the IEX petition. Hearing has been concluded in the matter and CERC has reserved its order.

### **• Petition filed for seeking consent for sale of DHPC power on Power Exchanges –**

Your Company has filed a petition on 20<sup>th</sup> February, 2015 for seeking approvals / direction for sale of DHPC power in power exchange. Power System Operation Corporation Limited (POSOCO) has informed CERC that sale of DHPC power through exchanges may be allowed only after CERC decides on the issues raised in IEX petition. CERC has completed the hearing in the matter. CERC has issued an Order on 16<sup>th</sup> February, 2016, that the interim arrangement for DHPC power would continue and the decision on the allowing DHPC power in the power exchange would be taken at the time of disposal of IEX petition.

## **7. RISK MANAGEMENT FRAMEWORK**

### **• Risk Management System**

Your company has instituted a risk management system to support the delivery of the Company's strategy by managing the risks of failing to achieve business objectives.

By focusing on the early identification of key risks, it enables your company to conduct a detailed scrutiny of the existing level of mitigation and the further management actions required to either reduce or remove the risk.

On periodic basis, each functional lead carries out a detailed risk review exercise and updates the risk register.

The register ensures consistency of approach in management and reporting of risks. Risk Management framework aims at achieving the following:

- Identify and classify each risk
- Assess the inherent risk impact and likelihood,
- Identify mitigation measures;
- Identify risk owner who has responsibility for the timely implementation of the agreed mitigation plan; and
- Report on implementation of risk mitigation action plan.

Risk Management Sub Committee (RMSC) Meetings revise management of risk management framework annually.

Due to rigorous Risk Management system, your company's debtors outstanding is one of the lowest in the power trading industry.

#### • **Internal Financial Controls**

Your Company has appointed Mr. Parshuram Date, Chief - Internal Audit & Risk Management of Tata Power as Internal Auditor of the Company. The Internal Auditors endeavours to make meaningful contributions to the organisation's overall governance, risk management and internal controls. The function reviews and ensures sustained effectiveness of Internal Financial Controls by adopting a systematic approach.

As per the provisions of section 177 of the Companies Act, 2013 and the Audit Committee Charter, one of the roles and responsibility of the Audit Committee is to review the effectiveness of the Company's Internal Control System.

Section 143 (3) of the Companies Act, 2013 provides that the Auditors' Report shall state whether the Company has adequate Internal Financial Controls (IFC) system in place and the operating effectiveness of such controls. The Statutory Auditors shall report on the existence of adequate IFC and its operational effectiveness for the financial year.

As per section 134 of the Act, Directors of the Company, based on the representations received from the Management are to confirm in the Directors Responsibility Statements that the Internal Financial controls are not only adequate, but are also operating effectively.

With this objective in mind and to fulfil the requirements of the Companies Act, 2013, in FY 16, the internal auditors have identified key controls. The Company has adopted the Committee of Sponsoring Organisations (COSO) framework. COSO is a leading framework, which provides guidance on design and evaluation of internal controls. It provides assurance of financial controls in place at the level of functional heads and at top management level. This has helped in assessing the effectiveness and efficiency of operational controls, enhanced governance and consideration of anti-fraud expectations, reliability of financial reporting and statutory compliances. Attributes with internal control deficiency are identified with action plan to be taken and the target dates.

For the Business Process level, controls are evaluated through internal audits and Control Self-Assessment (CSA). These CSAs have also been rolled out across all functions in the Company.

The Internal Audit process includes review and evaluation of process robustness, effectiveness of controls and compliances. It also ensures adherence to policies and systems, and mitigation of operational risk perceived under each area under audit. Internal Audits are classified into vital, essential and desirable, based on the analysis of process impact of Company's Strategic Objectives. Post the audit, process is rated through Risk Control Index (RCI) and Process Robustness Index (RCI) given by the Internal Auditors. Significant observations including recommendations for improvement of the business processes are reviewed with the Management before reporting to the Audit Committee. The Audit Committee reviews the Internal Audit Reports and the status of implementation of the agreed action plan.

On the review of Internal Audit observations and actions taken on audit observations, we can state that there are no adverse observations having material impact on financials or commercial implication or material non-

compliances which have not been acted upon.

**Control Self-Assessment (CSA):** CSA process was rolled out this year, whereby responses of all process owners are used to assess built in internal controls in each process. This helps the Company to identify focus audit areas, design audit plan and support CEO/CFO certification for internal controls. The CSA questionnaire is designed to test effectiveness of deployment of existing controls for processes including the ones which are not to be audited as per audit plan. The responses received from process owners on the questionnaire are analysed.

**Process Robustness Index (PRI):** The processes are examined to assess their robustness primarily from the perspective of system driven controls which ensure deviations from the defined process do not occur due to manual interventions. In case controls have not been embedded in the system, other compensating controls such as maker-checker are exercised to assess the robustness of the process. This index is computed the basis of existence of robust controls and not on the basis of extent of implementation of these controls.

The Statutory Auditors carry out a limited review at quarterly intervals and these reports have not reported any adverse findings. The Company's Secretarial Audit carried out in the current year has not indicated any major lapses.

## 8. WHISTLE BLOWER POLICY / VIGIL MECHANISM:

The Company believes in the conduct of affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. In line with the Tata Code of Conduct (TCOC), any actual or potential violation, howsoever insignificant or perceived as such, is a matter of serious concern for the Company. The role of the employees in reporting such violations of the TCOC is critical to its implementation.

Pursuant to Section 177(9) of the Companies Act, 2013, a vigil mechanism is required to be established for the Directors and employees to report any instances of unethical behavior, actual or suspected, fraud or violation of TCOC.

Accordingly, the Vigil Mechanism has been formulated with a view to provide a mechanism for employees of the Company to approach the Chief Ethics Counselor (CEC) / Chairman of the Audit Committee of the Company.

## 9. SUSTAINABILITY

### 9.1 SAFETY – CARE FOR OUR PEOPLE

#### Safety Statistics FY 16:

Sl. No.	Safety Parameters (Employees and contractors)	FY 16	FY 15
1	Fatality (Number)	NIL	NIL
2	LTIFR (Lost Time Injuries Frequency Rate per million man hours)	NIL	NIL
3	Total Injuries Frequency Rate (TIFR) (Number of Injuries per million man hours)	NIL	NIL
4	First Aid Cases (Number)	NIL	NIL

### 9.2 CARE FOR OUR COMMUNITY/COMMUNITY RELATIONS

Your Company has a CSR Policy in place, the CSR Committee passed the policy on 21<sup>st</sup> October, 2015. The CSR budget for FY 16 was ₹ 90.95 lakhs. The details of CSR expenses are added as Annexure III.

### 9.3 CARE FOR OUR ENVIRONMENT

Your Company addresses various aspects of environment conservation such as resource conservation, energy efficiency, renewable energy certificates trading, etc. Your Company strives to create environmentally responsible employees by promoting and showcasing individual efforts in green initiatives through Greenolution.

## 10. HUMAN RESOURCES

### 10.1 MANPOWER

As on 1<sup>st</sup> September, 2015, 35 employees were taken on the payrolls of the Company from Tata Power.

### 10.2 EMPLOYEE ENGAGEMENT

The Company conducted an Employee Engagement Survey by Aon Hewitt for its employees. The results were shared with management and action plans have been developed to address the concerns. Various employee engagement activities were conducted during the year:

- Employees concerns were identified and addressed through Engagement Action Planning (EAP) workshops.
- The company celebrated the Tata Power centenary year along with families of the employees.
- Business strategy meet was organized between the Functional Heads and the Leadership Team.

### 10.3 CAPABILITY DEVELOPMENT

Various trainings and workshops were organized during the year for the development and enhancement of skills of employees. Some of the key programs that were organized include the following:

- Management Development programs were organized to build managerial capability of people managers.
- Customer focus programs were organized for many team members.
- Training sessions were organized to familiarize and train employees on SAP ERP.
- Awareness programs on Policy on Sexual Harassment (POSH) and Business Ethics were organized for employees.

### 10.4 SEXUAL HARASSMENT

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has a Policy on Sexual Harassment in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the FY 16:

No of complaints received	: NIL
No of complaints disposed off	: NIL
No. of workshops/ awareness program	: 2

## 11. CREDIT RATING

Your Company's long term credit facilities from banks are rated as 'A' by India Rating Agency and short term credit facility from banks was rated as 'A1' by India Rating Agency. Commercial Paper of the Company has been assigned 'A1+' rating with the guarantee of Tata Power.

## 12. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The company has not given any loans, guarantee or investment under section 186



### 13. FOREIGN EXCHANGE EARNINGS AND OUTGO

₹ crore

Particulars – Standalone	FY 16	FY 15
Foreign Exchange Earnings mainly on account of interest, dividend	0	0
Foreign Exchange Outflow mainly on account of:		
Fuel purchase	0	0
Interest on foreign currency borrowings, NRI dividends	0	0
Purchase of capital equipment, components and spares and other miscellaneous expenses	0.05	0.20

### 14. DISCLOSURE OF PARTICULARS - RELATED PARTY TRANSACTIONS

The Board has adopted a Policy on dealing with transactions entered with Related Parties. Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the Company and its Shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013, the Company has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

During the year, the Company did not enter into any transactions with related parties which were not at Arm's Length.

### 15. AUDITORS

M/s Deloitte, Haskins and Sells (DHS), Gurgaon, Chartered Accountants, who are the statutory auditors of your Company, hold office until the conclusion of the forthcoming Annual General Meeting. It is proposed to re-appoint DHS as statutory auditors of the Company from the conclusion of the forthcoming AGM till the conclusion of the Fourteenth AGM to be held in the year 2017, subject to ratification of their appointment at the AGM. DHS has, under Section 141 of the Act, furnished a certificate of its eligibility for re-appointment.

### 16. AUDITORS' REPORT

- Extract of Auditor's report is given in Annexure VII.

### 17. SECRETARIAL AUDIT REPORT

- Extract of Secretarial Auditor's report is given in Annexure VIII.

### 18. DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of IFC and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors including audit of IFC over financial reporting by the statutory auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's Internal Financial Control were adequate and effective during the financial year 2015-16.

Accordingly, pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- The Directors have in the selection of the accounting policies consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

- iii) The Directors have taken proper and sufficient care, to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013, for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the annual accounts on a going concern basis;
- v) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- vi) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 19. ACKNOWLEDGEMENTS

The Directors place on record their appreciation to all the Shareholders, Clients, Business Associates and Bankers.

The Directors are thankful to the Ministry of Power, Government of India, CERC, the concerned state governments and all concerned statutory authorities, including regulatory authorities for their support, and look forward to their continued support in future.

The Directors wish to convey their appreciation to the employees for their hard work, solidarity, cooperation and support to enable the Company to meet challenges and grow consistently.

On behalf of the Board of Directors,

**S. Ramakrishnan**  
Chairman  
(DIN: 00005090)

Mumbai: 13<sup>th</sup> May, 2016

# ANNEXURE I – CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Conservation of Energy: The disclosures stipulated under Section 134 (3) (m) of the Act read with Rule 8 of The Companies (Accounts) Rules, 2014 pertaining to conservation of energy are not applicable to the Company.

## A. Research and Development (R&D)

1	Specific area in which R & D carried out by the Company	Nil
2	Benefits derived as a result of the above R & D	Nil
3	Future Plan of Action	Nil
4	Expenditure on R & D (in ₹ crore) a) Capital b) Recurring c) Total	Nil

## B. Technology absorption, adaptation and innovation

1	Efforts, in brief, made towards Technology Absorption, adaptation and innovation	Nil
2	Benefits derived as a result of the above efforts	Nil
3	In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished: a) Technology Imported b) Year of Import c) Has technology been fully absorbed d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action	

1. TECHNOLOGY ABSORPTION - Nil

2. TECHNOLOGIES BEING REVIEWED/ADOPTED - Nil

On behalf of the Board of Directors,

**S. Ramakrishnan**  
Chairman  
(DIN: 00005090)

Mumbai: 13<sup>th</sup> May, 2016

# ANNEXURE II – POLICY ON APPOINTMENT OF DIRECTORS AND REMUNERATION POLICY

## 1. Objective

- 1.1** The Policy on Board Diversity ('the Policy') sets out the approach to diversity on the Board of Directors ('the Board') of Tata Power Trading Company Limited (the Company).
- 1.2** The Company recognises that diversity at board level is a necessary requirement in ensuring an effective board. A mix of executive, independent and other non-executive Directors is one important facet of diverse attributes that the Company desires. Further, a diverse Board representing differences in the educational qualifications, knowledge, experience, gender, age, thought and perspective results in delivering a competitive advantage and a better appreciation of the interests of stakeholders. These differences should be balanced against the need for a cohesive and effective Board. All Board appointments shall be made on merit having regard to this policy.

## 2. Attributes of Directors

The following attributes need to be considered in considering optimum board composition:

### i) Gender diversity:

Having at least one woman Director on the Board with an aspiration to reach three women Directors.

### ii) Age

The average age of Board members should be in the range of 60 - 65 years.

### iii) Competency

The Board should have a mix of members with different educational qualifications, knowledge and with adequate experience in finance, accounting, economics, legal and regulatory matters, the environment, green technologies, operations of the Company's businesses, energy commodity markets and other disciplines related to the Company's businesses.

### iv) Independence

The Independent Directors should satisfy the requirements of the Companies Act, 2013 (the Act) and the listing agreements in respect of the 'independence' criterion.

## Additional Attributes

- The Directors should not have any other pecuniary relationship with the Company, its subsidiaries, associates or joint ventures and the Company's promoters, besides sitting fees and commission.
- The Directors should not have any of their relatives (as defined in the Act and Rules made thereunder) as Directors or employees or other stakeholders (other than with immaterial dealings) of the Company, its subsidiaries, associates or joint ventures.
- The Directors should maintain an arm's length relationship between themselves and the employees of the Company, as also with the Directors and employees of its subsidiaries, associates, joint ventures, promoters and stakeholders for whom the relationship with these entities is material.
- The Directors should not be the subject of allegations of illegal or unethical behaviour, in their private or professional lives.
- The Directors should have ability to devote sufficient time to the affairs of the Company.

## 3. Role of the Nomination and Remuneration Committee

- 3.1** The Nomination and Remuneration Committee (NRC) shall review and assess Board composition whilst recommending the appointment or reappointment of Independent Directors.

## 4. Review of the Policy

- 4.1** The NRC will review the policy periodically and recommend revisions to the board for consideration.



# REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

The philosophy for remuneration of the Directors, Key Managerial Personnel (“KMP”) and all other employees of Tata Power Trading Company Limited (Company) is based on the commitment of fostering a culture of leadership with trust. The remuneration policy is aligned to this philosophy.

This remuneration policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 (Act). In case of any inconsistency between the provisions of law and this remuneration policy, the provisions of the law shall prevail and the Company shall abide by the applicable law. While formulating this policy, the Nomination and Remuneration Committee (NRC) has considered the factors laid down under Section 178(4) of the Act, which are as under:

- “(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the Directors of the quality required to run the company successfully;*
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and*
- (c) remuneration to the Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals”*

*Key principles governing this remuneration policy are as follows:*

## **Remuneration for Independent Directors and non-independent non-executive directors**

- Independent Directors (ID) and Non-independent non-executive Directors (NED) may be paid sitting fees (for attending the meetings of the Board and of Committees of which they may be members) and commission within regulatory limits.
- Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the NRC and approved by the Board.
- Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives).
- Overall remuneration should be reflective of size of the Company, complexity of the sector/ industry/ Company's operations and the company's capacity to pay the remuneration.
- Overall remuneration practices should be consistent with recognized best practices.
- Quantum of sitting fees may be subject to review on a periodic basis, as required.
- The aggregate commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board.
- The NRC will recommend to the Board the quantum of commission to each Director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and Committee meetings, individual contributions at the meetings and contributions made by the Directors other than in meetings.
- In addition to the sitting fees and commission, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/ her role as the Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board/ Board Committee meetings, General Meetings, Court convened meetings, meetings with shareholders/ creditors/ management, site visits, induction and training (organized by the company for directors) and in obtaining professional advice from independent advisors in the furtherance of his/ her duties as a Director.

## **Remuneration of the Managing Director (“MD”)/ Executive Directors (“ED”)/ KMP/ rest of the employees**

The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be:

- Market competitive (market for every role is defined as companies from which the Company attracts talent or companies to which the company loses talent)
- Driven by the role played by the individual,
- Reflective of size of the Company, complexity of the sector/ industry/Company’s operations and the Company’s capacity to pay,
- Consistent with recognized best practices and
- Aligned to any regulatory requirements.

### **In terms of remuneration mix or composition,**

- The remuneration mix for the MD/ EDs is as per the contract approved by the shareholders. In case of any change, the same would require the approval of the shareholders.
- Basic/ fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience.
- In addition to the basic/ fixed salary, the Company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimization, where possible. The Company also provides all employees with a social security net (subject to limits) by covering medical expenses and hospitalization through re-imbursements or insurance cover.
- Excludes employees covered by any long term settlements or specific term contracts. The remuneration for these employees would be driven by the respective long term settlements or contracts.
- The Company provides retirement benefits as applicable.
- In addition to the basic/ fixed salary, benefits, perquisites and allowances as provided above, the Company provides MD/ EDs such remuneration by way of an annual incentive remuneration/ performance linked bonus subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the Board. An indicative list of factors that may be considered for determination of the extent of this component are:
  - Company performance on certain defined qualitative and quantitative parameters as may be decided by the Board from time to time,
  - Industry benchmarks of remuneration,
  - Performance of the individual.
- The Company provides the rest of the employees a performance linked bonus. The performance linked bonus would be driven by the outcome of the performance appraisal process and the performance of the Company.

### **Remuneration payable to Director for services rendered in other capacity**

The remuneration payable to the Directors shall be inclusive of any remuneration payable for services rendered by such Director in any other capacity unless:

- a) The services rendered are of a professional nature; and
- b) The NRC is of the opinion that the director possesses requisite qualification for the practice of the profession.

### **Policy implementation**

The NRC is responsible for recommending the remuneration policy to the Board. The Board is responsible for approving and overseeing implementation of the remuneration policy.

## ANNEXURE III – ANNUAL REPORT ON CSR ACTIVITIES

1	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	<p>The Company has been actively working on five thrust areas in CSR:</p> <ul style="list-style-type: none"> <li>• Primary Education with focus on girl child</li> <li>• Health and Drinking Water</li> <li>• Livelihood and Employability</li> <li>• Social Capital and Infrastructure</li> <li>• Inclusive Growth</li> </ul> <p>The Company's CSR policy, including overview of projects or programs proposed to be undertaken, are provided on the Company website: <a href="http://tatapowertrading.com/pdf/CSR-Policy.pdf">http://tatapowertrading.com/pdf/CSR-Policy.pdf</a></p>
2	The composition of the CSR committee	<ol style="list-style-type: none"> <li>1. Mr. Ashok Sethi (Chairman)</li> <li>2. Mr. Seethapathy Chander</li> <li>3. Mr. Sanjeev Mehra</li> </ol>
3	Average net profit of the company for last three financial years.	₹ 42.56 crores (as per Section 198 of Companies Act, 2013).
4	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	₹ 85.12 lakhs.
5	Details of CSR spent during the financial year	
(a)	Total amount to be spent for the financial year	₹ 85.12 lakhs. However, the Company has spent an amount of ₹ 90.95 lakhs during the year.
(b)	Amount unspent, if any	Nil
(c)	Manner in which the amount spent during the financial year is detailed below	Refer page no. 30
6	In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report	The Company has met the spend requirement on CSR activities.
7	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and Policy of the company	The implementation and monitoring of the CSR Policy is in compliance with CSR objectives and Policy of the Company.



**Manner in which the amount spent during the financial year is detailed below**

Sl. No	CSR project or activity identified	Sector in which the project is covered	Project/ Program	Amount Outlay (Budget) project wise	Amount Spent on projects or programs	Cumulative expenditure up to 31 <sup>st</sup> March, 2015	Amount spent: Direct or through implementation agency
			(Specify local area/ state and district)		Subheads: Direct and Overheads		
1	Remedial Education Support in Railway affected villages-MPL	Child Primary Education	Remedial Education Support in Railway affected villages (Maithon, Jharkhand)	₹ 35.94 Lakhs	Survey, Awareness Generation, Infrastructure for running the center, Teaching Learning Material, Instructors/ Teachers Salary	₹ 35.94 Lakhs	Tata Power Community Development Trust
2	Utkarsh Shiksha School Building	Child Primary Education	Upgradation of education facilities through construction of new school building at Dombhui 'model' village in Maithon, Dhanbad.	₹ 12.20 Lakhs	Construction of middle school, on land donated by local community	₹ 10.72 Lakhs	Tata Power Community Development Trust
3	Construction of Solar RO Plant	Health	Social Infrastructure	₹ 24.66 Lakhs	Two Solar powered RO Plants installed to overcome scarcity of safe drinking water, benefitting 1274 scheduled tribe families in Dombhui village of Nirsa block, Dhanbad,	₹ 24.66 Lakhs	Tata Power Community Development Trust
4	Income generation center at Maithon	Livelihood & Employability	Social Infrastructure	₹ 1.48 Lakhs	Partial financial support towards the construction of Handicrafts training centre at Maithon	₹ 1.48 Lakhs	Tata Power Community Development Trust
5	Remedial Education Support in Railway affected villages-TPTCL	Child Primary Education	Remedial Education Support in Railway affected villages (Maithon, Jharkhand)	₹ 7.46 Lakhs	Survey, Awareness Generation, Infrastructure for running the center, Teaching Learning Material, Instructors/ Teachers Salary	₹ 7.46 Lakhs	Tata Power Community Development Trust
6	Sponsoring Vocational Training Center-Shakurpur	1. Overall Development of Child and Women Empowerment 2. Livelihood & Employability	"Vocational Training Center" (Shakurpur, New Delhi)	₹ 5.68 Lakhs	The vocational training courses & remedial education course will have minimum of 220 beneficiaries in a year (160 beneficiaries in Beauty culture & Hair & Care, Computer Training (Hardware & Software) and 60 beneficiaries in Remedial Education / Tutorial course).	₹ 5.68 Lakhs	Direct
7	Solar Roof Top at Udayan Ghar, Greater Noida	Building Social Capital and Infrastructure	Building 5kW Solar Rooftop for Udayan Ghar in Greater Noida	₹ 5.00 Lakhs	Building 5kW solar rooftop panels for the NGO Udayan Care	₹ 5.00 Lakhs	Direct
8	Total					₹ 90.95 Lakhs	

**Sanjeev Mehara**  
Managing Director  
(DIN: 02626778)

**Ashok Sethi**  
(Chairman CSR Committee)  
(DIN: 01741911)



## ANNEXURE IV – RELATED PARTY TRANSACTIONS

- Policy on dealing with Related Party Transactions - <http://tatapowertrading.com/resources/downloads.php>
- Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in section 188(1) of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto (FORM AOC-2)

### Details of contracts or arrangements or transactions at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration	Salient terms including value	Date (s) of approval by the Board	Amount paid as advances, if any
The Tata Power Company Limited (Holding Company)	Supply of Power	October, 2015 & November, 2015	As per the bid document	N.A.	Nil
Tata Power Delhi Distribution Limited (Fellow Subsidiary)	Supply of Power	April, 2015 to March, 2016	As per CERC Regulations/Order	N.A.	Nil
Maithon Power Limited (Fellow Subsidiary)	Purchase of Power	April, 2015 to March, 2015	As per CERC Regulations/ Orders	N.A.	Nil
The Tata Power Company Limited (Holding Company)	Sale of REC	April, 2015 to March, 2015	As per market clearing prices of power exchange	N.A.	Nil
The Tata Power Company Limited (Holding Company)	Receiving Services like Business Support, Internal Audit, etc.	April, 2015 to March, 2016	As per mark up assessed	N.A.	Nil
Tata Power Solar Systems Limited (Fellow Company)	Purchase of Fixed Assets	April, 2015 to March, 2016	Lowest Bidder	N.A.	Nil
Tata Power Renewable Energy Limited (Fellow Company)	Sale of Fixed Assets	April, 2015 to March, 2016	At Written Down Value	N.A.	Nil
Tata Power Renewable Energy Limited (Fellow Company)	Purchase of Fixed Assets	April, 2015 to March, 2017	Lowest Bidder	N.A.	Nil
The Tata Power Company Limited (Holding Company)	Purchase of Power	April, 2015 to March, 2018	As per CERC Regulations/ Orders	N.A.	Nil

On behalf of Board of Director  
**S. Ramakrishnan**  
Chairman  
(DIN: 00005090)

13<sup>th</sup> May 2016

## ANNEXURE V – LOANS, GUARANTEES, SECURITIES AND INVESTMENTS MADE

Nature of transaction (whether Loan/ Guarantee/ Security/ Acquisition)	Name of Person/ Body Corporate (recipient)	Amount of Loan/ Security/ Acquisition/ Guarantee	Tenure	Purpose of proposed utilization by recipient	Loans		Guarantees	Securities	Acquisitions	Terms & conditions	Whether prejudicial to interest of the company
					Rate of Interest	Date of maturity					
None											

# ANNEXURE VI – ANNUAL RETURN

## Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31st March 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U40100MH2003PLC143770
2.	Registration Date	31 <sup>st</sup> December, 2003
3.	Name of the Company	Tata Power Trading Company Limited
4.	Category / Sub-Category of the Company	Public Company
5.	Address of the Registered office and contact details	Carnac Receiving Station, 34-Sant Tukaram Road, Carnac Bunder, Mumbai, Maharashtra
6.	Whether listed Company	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any.	N.A.

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Electrical Energy	2716	100%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% Of Shares Held	Applicable Section
1	The Tata Power Company Limited	L28920MH1919PLC000567	Holding	100%	2(46)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### (i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (in crore)				No. of Shares held at the end of the year (in crore)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.	-	1.60	1.60	100%	-	1.60	1.60	100%	0%
e) Banks / FI									
f) Any Other....									
<b>Sub-total (A) (1):-</b>	<b>-</b>	<b>1.60</b>	<b>1.60</b>	<b>100%</b>	<b>-</b>	<b>1.60</b>	<b>1.60</b>	<b>100%</b>	<b>0%</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other....									
<b>Sub-total (A) (2):-</b>									
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>-</b>	<b>1.60</b>	<b>1.60</b>	<b>100%</b>	<b>-</b>	<b>1.60</b>	<b>1.60</b>	<b>100%</b>	<b>0%</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>									
<b>2. Non-Institutions</b>									
a) Bodies Corp.									

i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)									
<b>Sub-total (B)(2):-</b>									
Total Public Shareholding (B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
<b>Grand Total (A+B+C)</b>	<b>-</b>	<b>1.60</b>	<b>1.60</b>	<b>100%</b>	<b>-</b>	<b>1.60</b>	<b>1.60</b>	<b>100%</b>	<b>0%</b>

## (ii) Shareholding of Promoters

SI No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	The Tata Power Company Limited	15,999,994	100%	-	15,999,994	100%	-	-
2	The Tata Power Company Limited and Mr. A S Bapat	1	0%	-	1	0%	-	-
3	The Tata Power Company Limited and Mr. H M Mistry	1	0%	-	1	0%	-	-
4	The Tata Power Company Limited and Mr. Sanjay Dube	1	0%	-	1	0%	-	-
5	The Tata Power Company Limited and Mr. Deepak Mahendra	1	0%	-	1	0%	-	-
6	The Tata Power Company Limited and Mr. Sanjeev Mehra	1	0%	-	1	0%	-	-
7	The Tata Power Company Limited and Mr. Ramesh Subramanyam	1	0%	-	1	0%	-	-



**(iii) Change in Promoters' Shareholding (please specify if there is no change)**

Sl. No.	Name Shareholder	Shareholding at the beginning of the year		Date	Reason	Increase/Decrease in		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	The Tata Power Company Limited	15,999,994	100%	NA	NA	0	0%	15,999,994	100%
2	The Tata Power Company Limited and Mr. A S Bapat	1	0%	NA	NA	0	0%	1	0%
3	The Tata Power Company Limited and Mr. H M Mistry	1	0%	NA	NA	0	0%	1	0%
4	The Tata Power Company Limited and Mr. Sanjay Dube	1	0%	NA	NA	0	0%	1	0%
5	The Tata Power Company Limited and Mr. Deepak Mahendra	1	0%	NA	NA	0	0%	1	0%
6	The Tata Power Company Limited and Mr. Sanjeev Mehra	1	0%	NA	NA	0	0%	1	0%
7	The Tata Power Company Limited and Mr. Ramesh Subramanyam	1	0%	NA	NA	0	0%	1	0%

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Name of Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	NA				

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Date	Reason	Increase/Decrease in Shareholding		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. Ramesh Subramanyam	1	0%	NA	NA	0	0%	1	0%
2	Mr. Sanjeev Mehra	1	0%	NA	NA	0	0%	1	0%

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Figures in ₹ crore

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	251.89	-	-	251.89
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>251.89</b>	<b>-</b>	<b>-</b>	<b>251.89</b>
<b>Change in Indebtedness during the financial year</b>				
- Addition	2056.04	-	-	2056.04
- Reduction	(2048.30)	-	-	(2048.30)
<b>Net Change</b>	<b>7.74</b>	<b>-</b>	<b>-</b>	<b>7.74</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	259.34	-	-	259.34
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.29	-	-	0.29
<b>Total (i+ii+iii)</b>	<b>259.63</b>	<b>-</b>	<b>-</b>	<b>259.63</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Figures in ₹ lakhs

Sl. No.	Particulars of Remuneration	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	129.11
2.	Stock Option	
3.	Sweat Equity	
4.	Commission - as % of profit - others, specify...(performance based)	
5.	Others, Retirement Benefits	
	Total (A)	129.11
	Ceiling as per the Act	125.47

## B. Remuneration to other Directors:

Figures in ₹ lakhs

Sl. No.	Name of Directors	Particulars of Remuneration			Total Amount
		Fee for attending board / committee Meetings*	Commission**	Others, please specify	
<b>I.</b>	<b>Independent Directors</b>				
	Mr. Seethapathy Chander	6.12	Nil	Nil	6.12
	Mr. Piyush Mankad	5.40	Nil	Nil	5.40
	Total (A)	11.52	Nil	Nil	11.52
<b>II.</b>	<b>Other Non-Executive Directors</b>				
	Mr. Anil Sardana	Nil	Nil	Nil	Nil
	Mr. Ashok Sethi	Nil	Nil	Nil	Nil
	Mr. Ramesh Subramanyam	Nil	Nil	Nil	Nil
	Mr. Arun Srivastava	Nil	Nil	Nil	Nil
	Ms. Anjali Kulkarni	1.80	Nil	Nil	1.80
	Mr. Puneet Munjal	Nil	Nil	Nil	Nil
	Total (B)	1.80	Nil	Nil	1.80
	Total Managerial Remuneration	13.32	Nil	Nil	13.32
	Overall Ceiling as per the Act				25.09

None of the NEDs had any pecuniary relationship or transactions with the Company

## C. Remuneration to Key Managerial Personnel Other than Managing Director/Manager/Whole Time Director

Figures in ₹ lakhs

Sl. No.	Particulars of Remuneration	Mr. Sourav Mukherjee (CFO)	Mr. Amey Naik (CFO)	Ms. Ankita Jain (CS)	Mr. T N Ramakrishnan (CS)	Total
		(April, 2015 to October, 2015)	(November, 2015 to March, 2016)	(April, 2015 to May, 2015)	(November, 2015 to March, 2016)	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	21.66	13.15	1.33	3.22	
2.	Stock Option					
3.	Sweat Equity					
4.	Commission - as % of profit - others, specify...(performance based)					
5.	Others, Retirement Benefits					
	<b>Total</b>	<b>21.66</b>	<b>13.15</b>	<b>1.33</b>	<b>3.22</b>	

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
Penalty			None		
Punishment					
Compounding					
OTHER OFFICERS IN DEFAULT					
Penalty			None		
Punishment					
Compounding					

On behalf of the Board of Directors,

**S. Ramakrishnan**  
Chairman  
(DIN: 00005090)

Mumbai: 13<sup>th</sup> May, 2016

# ANNEXURE VII– AUDITOR’S REPORT

## INDEPENDENT AUDITOR’S REPORT

### TO THE MEMBERS OF TATA POWER TRADING COMPANY LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **TATA POWER TRADING COMPANY LIMITED** (“the Company”), which comprise the Balance Sheet as at 31 March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information for the year then ended.

#### Management’s Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 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 and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company’s Directors, as well as evaluating the overall presentation of the 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 financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31



March, 2016, and its profit and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
  - e. On the basis of the written representations received from the directors as on 31 March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
  - g. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position – Refer Note 25(a) to the financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 28 to the financial statements.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company - Refer Note 31 to the financial statements.
2. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order / CARO 2016”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

**Alka Chadha**  
Partner  
(Membership No. 93474)

**New Delhi : 13<sup>th</sup> May, 2016**

## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

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

We have audited the internal financial controls over financial reporting of **TATA POWER TRADING COMPANY LIMITED** (“the Company”) as of 31 March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

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

#### **Auditor’s Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the 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 financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

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

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2016, based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

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

**Alka Chadha**  
Partner  
(Membership No. 93474)

**New Delhi : 13<sup>th</sup> May, 2016**

## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

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

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

We are informed that the provisions of Employees’ State Insurance Act, 1948 are not applicable to the Company and that the operations of the Company do not give rise to Customs Duty and Excise Duty.
  - b. There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales Tax, Service Tax, Value Added Tax, Cess and other material statutory dues in arrears as at 31 March, 2016 for a period of more than six months from the date they became payable.

We are informed that the provisions of Employees’ State Insurance Act, 1948 are not applicable to the Company and that the operations of the Company do not give rise to Customs Duty and Excise Duty.
  - c. There are no dues of Income-tax, Sales Tax, Service Tax and Value Added Tax which have not been deposited as on 31 March, 2016 on account of disputes.

We are informed that the Company’s operations do not give rise to Customs Duty and Excise duty.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loans or borrowings from financial institutions and government or has not issued any debentures.
- ix. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised

moneys by way of initial public offer or further public offer (including debt instruments).

- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.
- xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- xvi. The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

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

**Alka Chadha**  
Partner  
(Membership No. 93474)

**New Delhi : 13<sup>th</sup> May, 2016**



# ANNEXURE VIII– SECRETARIAL AUDIT REPORT

Form No. MR-3

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31st MARCH 2016

*[Pursuant to section 204 (1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

To,

The Members,

**TATA POWER TRADING COMPANY LIMITED**

CARNAC RECEIVING STATION, 34-SANT TUKARAM ROAD

CARNAC BUNDER, MUMBAI, Maharashtra

PIN - 400009

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **TATA POWER TRADING COMPANY LIMITED** (here in after called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the **TATA POWER TRADING COMPANY LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2016 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **TATA POWER TRADING COMPANY LIMITED** ("The Company") for the financial year ended on 31st March 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **NOT APPLICABLE**
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- **NOT APPLICABLE**
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **NOT APPLICABLE**
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **NOT APPLICABLE**
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **NOT APPLICABLE**

- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **NOT APPLICABLE**
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **NOT APPLICABLE**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **NOT APPLICABLE**
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and **NOT APPLICABLE**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **NOT APPLICABLE**
- (vi) The Electricity Act, 2003
- (vii) CERC Rules & other Regulations issued from time to time, viz, CERC (Fixation of Trading Margin) Regulations, 2010, CERC (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2009 and other related matters Regulations

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s), if applicable; **NOT APPLICABLE**

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions have been carried through unanimously. There were no dissenting members' views hence it has not been recorded anywhere in the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period there were no major events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations and guidelines.

For Nirbhay Kumar & Associates

**Nirbhay Kumar**

C.P. No. 7887

M. No. 21093

New Delhi : 6<sup>th</sup> May 2016

# TATA POWER TRADING COMPANY LIMITED

## BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2016

	Notes	As at 31 <sup>st</sup> March, 2016 (₹)	As at 31 <sup>st</sup> March, 2015 (₹)
<b>I EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share capital	3	160,000,000	160,000,000
(b) Reserves and surplus	4	1,341,682,126	1,238,271,924
		<b>1,501,682,126</b>	<b>1,398,271,924</b>
<b>2. Non-current liabilities</b>			
(a) Long-term borrowings	5	215,234,320	63,000,000
(b) Deferred tax liabilities (net)	6	66,865,764	539,000
(c) Long-term provisions	7	20,143,216	—
		<b>302,243,300</b>	<b>63,539,000</b>
<b>3. Current liabilities</b>			
(a) Short-term borrowings	8	2,364,601,896	2,455,921,839
(b) Trade payables	9		
i. Total outstanding dues of micro enterprises and small enterprises.		—	—
ii. Total outstanding dues of creditors other than micro enterprises and small enterprises		4,714,028,612	2,689,301,172
(c) Other current liabilities	10	241,999,146	386,817,337
(d) Short-term provisions	11	65,088,042	112,582,520
		<b>7,385,717,696</b>	<b>5,644,622,868</b>
<b>TOTAL</b>		<b>9,189,643,122</b>	<b>7,106,433,792</b>
<b>II ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	12	304,223,723	93,323,090
(ii) Intangible assets	12	41,358,604	5,048,652
(iii) Capital work-in-progress		231,165,851	355,995,138
(iv) Intangible assets under development		—	25,472,290
		<b>576,748,178</b>	<b>479,839,170</b>
(b) Non-current investments	13	30,000,000	30,000,000
(c) Long-term loans and advances	14	76,073,006	6,786,800
		<b>682,821,184</b>	<b>516,625,970</b>
<b>2. Current assets</b>			
(a) Trade receivables	15	6,681,051,298	5,277,725,091
(b) Cash and cash equivalents	16	2,735,326	34,292,381
(c) Short-term loans and advances	17	48,070,726	49,471,922
(d) Other current assets	18	1,774,964,588	1,228,318,428
		<b>8,506,821,938</b>	<b>6,589,807,822</b>
<b>TOTAL</b>		<b>9,189,643,122</b>	<b>7,106,433,792</b>
See accompanying notes forming part of the financial statements	1-36		

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Alka Chadha**  
Partner

New Delhi, 13<sup>th</sup> May, 2016

**Amey S Naik**  
Chief Financial Officer

**T N Ramakrishnan**  
Company Secretary

New Delhi, 13<sup>th</sup> May, 2016

For and on behalf of the Board of Directors

**S. Ramakrishnan**  
Chairman

**Sanjeev Mehra**  
Managing Director

New Delhi, 13<sup>th</sup> May, 2016

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2016

	Notes	Year ended	Year ended
		31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
		(₹)	(₹)
<b>1. Revenue from operations</b>	19	59,423,719,658	41,812,057,705
<b>2. Other income</b>	20	6,535,292	50,870,751
<b>3. Total revenue (1+2)</b>		<b>59,430,254,950</b>	<b>41,862,928,456</b>
<b>4. Expenses</b>			
(a) Cost of power purchased		59,428,830,397	41,699,520,324
Less: Cash discount earned		786,832,233	604,118,907
		<b>58,641,998,164</b>	<b>41,095,401,417</b>
(b) Compensation expenses / (income) (net)			
Compensation incurred		22,227,251	99,809,636
Less: Compensation earned		22,228,412	99,986,651
		(1,161)	(177,015)
(b) Employee benefits expense	21	53,089,771	–
(c) Finance costs	22	205,324,797	116,045,527
(d) Depreciation and amortisation expense	12	28,839,513	4,812,080
(e) Other expenses	23	250,152,767	210,630,546
<b>Total expenses</b>		<b>59,179,403,851</b>	<b>41,426,712,555</b>
<b>5. Profit before tax (3-4)</b>		<b>250,851,099</b>	<b>436,215,901</b>
<b>6. Tax expenses</b>			
(a) Current tax expense		71,163,552	124,010,000
(b) (Less): MAT credit		(44,751,990)	–
(c) Short / (Excess) provision for tax relating to prior years		(3,069,100)	–
<b>(d) Net current tax expense</b>		<b>23,342,462</b>	<b>124,010,000</b>
(e) Deferred tax		66,326,764	20,944,900
<b>Total tax expense</b>		<b>89,669,226</b>	<b>144,954,900</b>
<b>7. Profit for the year (5-6)</b>		<b>161,181,873</b>	<b>291,261,001</b>
<b>8. Earnings per equity share [face value of share Rs. 10 each] (Basic and diluted)</b>	34	10.07	18.20
See accompanying notes forming part of the financial statements	1-36		

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Alka Chadha**  
Partner

New Delhi, 13<sup>th</sup> May, 2016

**Amey S Naik**  
Chief Financial Officer

**T N Ramakrishnan**  
Company Secretary

New Delhi, 13<sup>th</sup> May, 2016

For and on behalf of the Board of Directors

**S. Ramakrishnan**  
Chairman

**Sanjeev Mehra**  
Managing Director

New Delhi, 13<sup>th</sup> May, 2016

# CASH FLOW STATEMENT FOR THE

## YEAR ENDED 31<sup>st</sup> MARCH, 2016

	Notes	Year ended 31 <sup>st</sup> March, 2016 (₹)	Year ended 31 <sup>st</sup> March, 2015 (₹)
<b>A. Cash flow from operating activities</b>			
Profit before tax		250,851,099	436,215,901
Adjustments for:			
Depreciation / amortisation expenses		28,839,513	4,812,080
Finance costs		205,324,797	116,045,527
Loss on sale of fixed assets (net)		80,967	139,969
Interest income		—	(260,239)
Liabilities no longer required written back		—	(5,355,490)
Dividend income from current investments- mutual fund		(995,770)	(17,483,541)
Profit on sale of current investments		(736,029)	(138,892)
Provision for doubtful trade receivables and advances / (written back)		74,169,276	(27,274,131)
Operating profit before working capital changes		<b>557,533,853</b>	<b>506,701,184</b>
Changes in working capital:			
Adjustments for (increase) / decrease in operating assets:			
Trade receivables		(1,476,895,621)	(2,589,790,103)
Short-term loans and advances		801,333	(387,493)
Other current assets		(546,646,160)	4,189,739
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		2,024,727,440	533,792,876
Other current liabilities		(58,728,680)	27,606,948
Short term provisions		267,457	—
Long term provisions		20,143,216	—
<b>Cash generated from operations</b>		<b>521,202,838</b>	<b>(1,517,886,849)</b>
Taxes paid		(79,701,618)	(129,727,209)
<b>Net cash flow from / (used in) operating activities</b>	<b>A</b>	<b>441,501,220</b>	<b>(1,647,614,058)</b>
<b>B. Cash flow from investing activities</b>			
Capital expenditure on fixed assets, including capital advances		(250,697,666)	(303,008,617)
Proceeds from sale of fixed assets		155,791	51,475
Purchase of current investments		(5,880,999,997)	(26,079,483,543)
Proceeds from sale of current investments		5,881,736,026	26,079,622,435
Interest received		—	260,239
Dividend received		995,770	17,483,541
<b>Net cash used in investing activities</b>	<b>B</b>	<b>(248,810,076)</b>	<b>(285,074,470)</b>
<b>C. Cash flow from financing activities</b>			
Proceeds from long-term borrowings		165,800,000	63,000,000
Proceeds from short-term borrowings-bank overdraft		980,782,538	(48,692,762)
Proceeds from other short-term borrowings		19,410,888,067	14,944,884,767
Repayment of other short-term borrowings		(20,482,990,547)	(12,788,962,928)
Finance cost paid		(189,055,149)	(105,061,612)
Bank charges paid		(13,386,990)	(10,983,915)
Dividend paid		(80,000,000)	(80,000,000)
Tax on dividend		(16,286,118)	(13,596,000)
<b>Net cash flow from / (used in) financing activities</b>	<b>C</b>	<b>(224,248,199)</b>	<b>1,960,587,550</b>
<b>D. Net increase / (decrease) in cash and cash equivalents</b>	<b>(A+B+C)</b>	<b>(31,557,055)</b>	<b>27,899,022</b>
<b>E. Cash and cash equivalents at the beginning of the year</b>		<b>34,292,381</b>	<b>6,393,359</b>
<b>F. Cash and cash equivalents at the end of the year</b>	<b>16</b>	<b>2,735,326</b>	<b>34,292,381</b>
See accompanying notes forming part of the financial statements	1-36		

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Alka Chadha**  
Partner

New Delhi, 13<sup>th</sup> May, 2016

**Amey S Naik**  
Chief Financial Officer

**T N Ramakrishnan**  
Company Secretary

New Delhi, 13<sup>th</sup> May, 2016

For and on behalf of the Board of Directors

**S. Ramakrishnan**  
Chairman

**Sanjeev Mehra**  
Managing Director

New Delhi, 13<sup>th</sup> May, 2016



# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 1 : BACKGROUND

Tata Power Trading Company Limited is a wholly owned subsidiary of The Tata Power Company Limited. The Company is engaged in the business of trading of electricity across the country. Central Electricity Regulatory Commission (CERC) has granted Category “I” certificate to the Company for purposes of power trading, which allows the Company to trade power units without any quantitative restrictions. The Company sources power from different public and private sectors utilities and supplies to various consumers being public and private sectors power utilities. Further, the Company also provides consultancy services relating to procurement/sale of power, coal and Clean Development Mechanism (CDM) advisory services.

## NOTE 2 : SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of Preparation of Financial Statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 (“the 2013 Act”) / Companies Act, 1956 (“the 1956 Act”), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

### b) Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the periods in which the results are known / materialise.

### c) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### d) Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### e) Fixed Assets:

Fixed Assets are stated at cost less accumulated depreciation, amortisation and impairment loss if any. Cost includes purchase price, borrowing costs and all other applicable expenses incurred to bring the assets to its present location and condition.

### f) Depreciation and amortisation:

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the Vehicles whose estimated useful life is assessed as 5 years based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the

operating conditions of the asset, etc.

Intangible assets are amortised over their estimated useful life on straight line method or 5 years, whichever is lower.

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

**g) Investments:**

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

**h) Revenue Recognition:**

- i. Revenue from sale of power is accounted for based on rates agreed with the customers and is inclusive of trading margin.
- ii. For sale of power under banking arrangements only margin earned on the transactions is accounted for as revenue.
- iii. Revenue in the nature of advisory services rendered towards finalisation of power purchase agreements, CDM services, load management etc. is recognised when the fees are determined under the terms of respective agreements.
- iv. Delayed payment charges for power supply are recognised, on grounds of prudence, as and when recovered/ confirmed by consumers.
- v. Compensation recoverable from customers/suppliers for default in purchase/sale of power is accrued as determined under the terms of respective agreements and acknowledged by customers/suppliers.
- vi. Revenue from sale of Power generated is recognised on accrual basis, as per rates agreed in the Power sale agreement.

**i) Other income**

Interest income is accounted on accrual basis.

**j) Employee benefits**

Employee benefits include provident fund, gratuity scheme, compensated absences, retirement gifts and long-term service awards.

**Defined contribution plans**

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

**Defined benefit plan:**

For defined benefit plans in the form of gratuity and retirement gifts, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets.

**Short-term employee benefits:**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- i. in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- ii. In case of non-accumulating compensated absences, when the absences occur.

**Long-term employee benefits:**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets, if any out of which the obligations are expected to be settled. Long-term service awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

**k) Segment Reporting:**

As the Company's business activity consists only of Power Trading and related consultancy activities, as such there are no separate reportable segments as per the requirements of Accounting Standard (AS-17) "Segment Reporting" as notified under the Companies (Accounting Standards) Rules, 2006.

**l) Leases**

Where the Company as a lessor leases assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

Assets leased by the Company in its capacity as a 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.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

**m) Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

**n) Taxes on Income:**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

**o) Provisions and contingencies:**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

**p) Operating Cycle**

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

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## YEAR ENDED 31<sup>st</sup> MARCH, 2016

### Note 3 : Share capital

	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Nos.	(₹)	Nos.	(₹)
<b>Authorised</b>				
Equity shares of Rs. 10 each	20,000,000	200,000,000	20,000,000	200,000,000
6% Non cumulative redeemable preference shares of Rs. 10 each	18,000,000	180,000,000	18,000,000	180,000,000
	38,000,000	380,000,000	38,000,000	380,000,000
<b>Issued, subscribed and fully paid-up</b>				
Equity shares of Rs. 10 each fully paid	16,000,000	160,000,000	16,000,000	160,000,000
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>16,000,000</b>	<b>160,000,000</b>	<b>16,000,000</b>	<b>160,000,000</b>
<b>a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:</b>				
	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Nos.	(₹)	Nos.	(₹)
Equity shares				
At the beginning and at the end of the period	16,000,000	160,000,000	16,000,000	160,000,000
<b>b. Terms/rights attached to equity shares</b>				
"The Company has one class of equity shares having a par value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders."				
<b>c. Shares held by holding company</b>				
16,000,000 shares (31 <sup>st</sup> March, 2015 - 16,000,000 shares) being the entire share capital is held by the The Tata Power Company Limited.				
<b>d. Details of shares held by each shareholders holding more than 5% shares</b>				
Out of equity shares issued by the Company, shares held by its holding company are as below:				
	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Nos.	% holding in the class	Nos.	% holding in the class
<b>Equity shares of Rs. 10 each fully paid</b>				
The Tata Power Company Limited, holding company	16,000,000	100%	16,000,000	100%

### Note 4 : Reserves and surplus

	As at 31 <sup>st</sup> March, 2016 (₹)	As at 31 <sup>st</sup> March, 2015 (₹)
<b>Securities premium account</b>		
Opening and closing balance	208,950,000	208,950,000
<b>General reserve</b>		
Opening balance	135,500,000	103,500,000
Add: Amount transferred from surplus in the Statement of Profit and Loss	—	32,000,000
<b>Closing balance</b>	<b>135,500,000</b>	<b>135,500,000</b>
<b>Surplus in the Statement of Profit and Loss</b>		
Opening balance	893,821,924	730,847,041
Add : Profit for the year	161,181,873	291,261,001
Less: Proposed dividend (amount per share ₹ 3 (31 <sup>st</sup> March, 2015 - ₹ 5))	48,000,000	80,000,000
Less: Tax on proposed dividend	9,771,671	16,286,118
Less: Transfer to general reserve	—	32,000,000
<b>Closing surplus in Statement of Profit and Loss</b>	<b>997,232,126</b>	<b>893,821,924</b>
<b>TOTAL</b>	<b>1,341,682,126</b>	<b>1,238,271,924</b>



**Note 5 : Long-term borrowings**

	As at 31 <sup>st</sup> March, 2016 (₹)	As at 31 <sup>st</sup> March, 2015 (₹)
Term loan from Kotak Mahindra bank (Secured) (See note 5a)	215,234,320	63,000,000
<b>Note 5a:</b>		
a) Term loan from Kotak Mahindra Bank has interest rate of 10.20% per annum and is secured by first charge by way of hypothecation of Company's moveables including book-debts, bills, outstanding monies, receivables, both present and future ranking pari-passu with other participating banks. The loan is repayable in 36 quarterly equal installments commencing from 30 <sup>th</sup> June, 2016.	49,434,320	63,000,000
b) Term loan from Kotak Mahindra Bank has interest rate of 10.05% per annum and is secured by first charge by way of hypothecation of Company's moveables including book-debts, bills, outstanding monies, receivables, both present and future ranking pari-passu with other participating banks. The loan is repayable in 44 quarterly installments commencing from 30 <sup>th</sup> September, 2016.	165,800,000	—

**Note 6 : Deferred tax liabilities (net)**

<b>Deferred tax liabilities (A)</b>		
On difference between book balance and tax balance of fixed assets	108,680,720	13,193,454
<b>Total (a)</b>	<b>108,680,720</b>	<b>13,193,454</b>
<b>Deferred tax assets (B)</b>		
Provision for doubtful trade receivables and advances	38,553,037	12,654,454
Provision for employee benefits	3,261,919	—
<b>Total (b)</b>	<b>41,814,956</b>	<b>12,654,454</b>
<b>Deferred tax liabilities (net) (A-B)</b>	<b>66,865,764</b>	<b>539,000</b>

**Note 7 : Long-term provisions**

<b>Provision for employee benefits</b>		
Provision for gratuity	9,054,745	—
Provision for compensated absences	10,486,250	—
Provision for other employee benefits	602,221	—
<b>TOTAL</b>	<b>20,143,216</b>	<b>—</b>

**Note 8 : Short-term borrowings**

Term loan from banks (Secured) (See note below)	683,819,358	2,455,921,839
Bank overdraft (Secured) (See note below)	980,782,538	—
Commercial paper	700,000,000	—
<b>TOTAL</b>	<b>2,364,601,896</b>	<b>2,455,921,839</b>
<b>Note:</b>		
Secured by first charge by way of hypothecation of Company's moveables including book-debts, bills, outstanding monies, receivables, both present and future ranking pari-passu with other participating banks.		

**Note 9 : Trade payables**

i. total outstanding dues of micro enterprises and small enterprises.	—	—
ii. total outstanding dues of creditors other than micro enterprises and small enterprises (see note 29)	4,714,028,612	2,689,301,172
<b>TOTAL</b>	<b>4,714,028,612</b>	<b>2,689,301,172</b>

**Note 10 : Other current liabilities**

Current maturities of long-term borrowings (see note 5a)	13,565,680	—
Interest accrued but not due	2,882,658	—
Statutory liabilities (provident fund, withholding taxes, service tax etc.)	26,155,137	19,154,191
Payables on purchase of fixed assets	67,771,802	170,309,651
Security deposits from customers	81,729,829	142,674,088
Security deposits from vendors	5,020,066	5,056,995
Advances from customers	44,057,096	48,550,699
Other liabilities	816,878	1,071,713
<b>TOTAL</b>	<b>241,999,146</b>	<b>386,817,337</b>

**Note 11 : Short-term provisions**

<b>Provision for employee benefits</b>		
Provision for gratuity	15,529	—
Provision for compensated absences	251,928	—
	<b>267,457</b>	<b>—</b>
<b>Other provisions</b>		
Provision for tax [net of advance tax ₹ 211,864,640 (as at 31 <sup>st</sup> March, 2015 - ₹ 255,463,599)]	7,048,914	16,296,402
Proposed dividend	48,000,000	80,000,000
Provision for tax on proposed dividend	9,771,671	16,286,118
	<b>64,820,585</b>	<b>112,582,520</b>
<b>TOTAL</b>	<b>65,088,042</b>	<b>112,582,520</b>

(All amount in ₹)

	Gross Block			Accumulated Depreciation				Net Block	
	As at 1 <sup>st</sup> April, 2015	Additions	Disposals	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	For the Year	Eliminated on disposal of assets	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2016
<b>Tangible assets</b>									
Leasehold land	–	1,000,000	–	1,000,000	–	40,000	–	40,000	960,000
Plant and equipment	97,576,863 6,748,547	231,532,538 91,848,027	2,892,196 1,019,711	326,217,205 97,576,863	5,747,061 4,631,681	20,649,807 1,943,647	2,676,242 828,267	23,720,626 5,747,061	302,496,579 91,829,802
Furniture and fixtures	974,424 974,424	199,304 –	5,400 –	1,168,328 974,424	728,242 719,034	32,352 9,208	3,598 –	756,996 728,242	411,332 246,182
Office equipment	1,682,573 1,679,760	236,974 2,813	260,954 –	1,658,593 1,682,573	1,034,967 404,989	662,505 629,978	241,952 –	1,455,520 1,034,967	203,073 647,606
Vehicles	1,527,389 1,527,389	– –	– –	1,527,389 1,527,389	927,889 652,959	446,761 274,930	– –	1,374,650 927,889	152,739 599,500
<b>Sub total</b>	<b>101,761,249 10,930,120</b>	<b>232,968,816 91,850,840</b>	<b>3,158,550 1,019,711</b>	<b>331,571,515 101,761,249</b>	<b>8,438,159 6,408,663</b>	<b>21,831,425 2,857,763</b>	<b>2,921,792 828,267</b>	<b>27,347,792 8,438,159</b>	<b>304,223,723 93,323,090</b>
	Gross Block			Accumulated Amortisation				Net Block	
	As at 1 <sup>st</sup> April, 2015	Additions	Disposals	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	For the Year	Eliminated on disposal of assets	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2016
<b>Intangible assets</b>									
Computer software	30,231,311 30,231,311	43,318,040 –	– –	73,549,351 30,231,311	25,182,659 23,228,342	7,008,088 1,954,317	– –	32,190,747 25,182,659	41,358,604 5,048,652
<b>Sub total</b>	<b>30,231,311 30,231,311</b>	<b>43,318,040 –</b>	<b>– –</b>	<b>73,549,351 30,231,311</b>	<b>25,182,659 23,228,342</b>	<b>7,008,088 1,954,317</b>	<b>– –</b>	<b>32,190,747 25,182,659</b>	<b>41,358,604 5,048,652</b>
<b>Total</b>	<b>131,992,560 41,161,431</b>	<b>276,286,856 91,850,840</b>	<b>3,158,550 1,019,711</b>	<b>405,120,866 131,992,560</b>	<b>33,620,818 29,637,005</b>	<b>28,839,513 4,812,080</b>	<b>2,921,792 828,267</b>	<b>59,538,539 33,620,818</b>	<b>345,582,327 98,371,742</b>

Note: Previous year's figures are in italics.

	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	(₹)	(₹)

**Note 13 : Non-current investments**

<b>Trade investments (valued at cost less diminution, other than temporary, if any)</b>		
<b>Equity Shares (Unquoted)</b>		
2,500,000 (31 <sup>st</sup> March, 2015 - 2,500,000) equity shares of ₹ 10 each fully paid-up in Power Exchange India Limited	25,000,000	25,000,000
Less: Provision for other than temporary diminution in value of investments	25,000,000	25,000,000
	—	—
<b>Non-trade investments</b>		
<b>Preference Shares (Unquoted)</b>		
300,000 (31 <sup>st</sup> March, 2015 - 300,000) 7.25% redeemable cumulative convertible preference shares of ₹ 100 each fully paid-up in Tata Ceramics Limited	30,000,000	30,000,000
<b>TOTAL</b>	<b>30,000,000</b>	<b>30,000,000</b>

**Note 14 : Long term loans and advances (Unsecured, considered good)**

Advance income-tax (net of provisions ₹ 469,483,983 (as at 31 <sup>st</sup> March, 2015 - ₹ 348,543,083)	9,146,478	6,786,800
Capital advances	22,174,538	—
MAT credit entitlement	44,751,990	—
<b>TOTAL</b>	<b>76,073,006</b>	<b>6,786,800</b>

**Note 15 : Trade receivables (Unsecured unless otherwise stated)**

<b>Outstanding for a period exceeding six months from the date they were due for payment</b>		
Considered good	592,735,758	7,347,256
Considered doubtful	56,910,889	13,924,064
	649,646,647	21,271,320
Less: Provision for doubtful trade receivables	56,910,889	13,924,064
	<b>592,735,758</b>	<b>7,347,256</b>
<b>Other Trade receivables</b>		
Considered good	6,088,315,540	5,270,377,835
Considered doubtful	49,699,690	19,117,101
	6,138,015,230	5,289,494,936
Less: Provision for doubtful trade receivables	49,699,690	19,117,101
	<b>6,088,315,540</b>	<b>5,270,377,835</b>
<b>TOTAL</b>	<b>6,681,051,298</b>	<b>5,277,725,091</b>

	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	(₹)	(₹)

**Note 16 : Cash and cash equivalents**

Balances with banks - In current accounts	2,735,326	34,292,381
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**Note 17 : Short-term loans and advances - Unsecured**

<b>Security deposits</b>		
Considered good	34,225,890	20,761,790
Doubtful	500,000	500,000
	<b>34,725,890</b>	<b>21,261,790</b>
Less: Provision for doubtful advances	500,000	500,000
<b>TOTAL</b>	<b>34,225,890</b>	<b>20,761,790</b>
<b>Prepaid expense</b>	<b>11,067,411</b>	<b>16,570,161</b>
<b>Other loans and advances</b>		
Considered good	2,777,425	12,139,971
Doubtful	4,288,629	3,688,766
	<b>7,066,054</b>	<b>15,828,737</b>
Less: Provision for doubtful advances	4,288,629	3,688,766
	<b>2,777,425</b>	<b>12,139,971</b>
<b>TOTAL</b>	<b>48,070,726</b>	<b>49,471,922</b>

**Note 18 : Other current assets**

Unbilled revenue	1,774,964,588	1,228,318,428
<b>TOTAL</b>	<b>1,774,964,588</b>	<b>1,228,318,428</b>

	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	(₹)	(₹)

**Note 19 : Revenue from operations**

Revenue from power supply	59,780,833,640	42,086,248,729
Less : Cash discount allowed	380,196,864	290,251,668
	<b>59,400,636,776</b>	<b>41,795,997,061</b>
<b>Sale of services</b>		
Revenue from power banking sale (net of service tax paid)	23,622	4,907,504
Income from advisory services	8,656,646	2,062,323
Income from other services	14,402,614	9,090,817
	23,082,882	16,060,644
<b>TOTAL</b>	<b>59,423,719,658</b>	<b>41,812,057,705</b>

**Note 20 : Other income**

Dividend income from current investments- mutual fund	995,770	17,483,541
Liquidated damages recovered	4,803,493	–
Delayed payment charges received	–	358,458
Profit on sale of current investments	736,029	138,892
Interest income from banks on deposits	–	260,239
Provision for doubtful trade receivables and advances written back (net)	–	27,274,131
Liabilities no longer required written back	–	5,355,490
<b>TOTAL</b>	<b>6,535,292</b>	<b>50,870,751</b>



	As at	As at
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	(₹)	(₹)

#### Note 21 : Employee benefits expense

Salaries and wages	40,303,660	—
Contributions to provident fund	1,577,338	—
Gratuity expenses	3,237,381	—
Leave encashment scheme	6,527,320	—
Staff welfare expenses	1,444,072	—
<b>TOTAL</b>	<b>53,089,771</b>	<b>—</b>

#### Note 22 : Finance costs

Interest expense on:		
- short-term borrowings from holding company	—	364,932
- other short-term borrowings	172,507,643	104,304,195
- long-term borrowings	19,120,055	—
Delayed payment charges	310,109	392,485
Bank charges	13,386,990	10,983,915
<b>TOTAL</b>	<b>205,324,797</b>	<b>116,045,527</b>

#### Note 23 : Other expenses

Rent expense	27,375,469	19,660,853
Repairs and maintenance - Others	12,342,549	3,469,568
Travelling and conveyance	6,675,094	6,113,054
Loss on sale of fixed assets (net)	80,967	139,969
Licence and other fees	8,579,323	10,791,536
Cost of outsourced services	63,205,399	110,815,341
Brand equity fees	17,245,453	25,965,304
Provision for doubtful trade receivables and advances	74,169,276	—
Legal and professional charges	22,291,432	17,676,439
Payment to auditors (See note below)	2,902,575	2,563,943
Director fees	1,686,314	—
Expenditure on corporate social responsibility	9,095,124	7,700,501
Miscellaneous expenses	4,503,792	5,734,038
<b>TOTAL</b>	<b>250,152,767</b>	<b>210,630,546</b>
<b>Note:</b>		
<b>Payments to the auditors comprise (inclusive of service tax):</b>		
To statutory auditors		
For audit	1,946,500	1,348,320
For taxation matters	200,375	196,630
For other services	687,000	797,756
Reimbursement of expenses	68,700	221,237
<b>TOTAL</b>	<b>2,902,575</b>	<b>2,563,943</b>

The remuneration disclosed above excludes fees of ₹ 2,441,829 (Previous year ₹ 492,839) (including service tax) for other professional services rendered by a firm of accountants in which some partners of the firm of statutory auditors are partners.

**Note 24 : Expenditure on corporate social responsibility**

a)	Gross amount required to be spent by the Company during the year ended 31 <sup>st</sup> March, 2016: ₹ 85.11 lakhs (Previous year ₹ 77 lakhs).			
b)	Amount spent during the year ended 31 <sup>st</sup> March, 2016:			
	Particulars	Paid (A)	Yet to be paid (B)	Total (A+B)
(i)	Construction/acquisition of any asset	— (—)	— (—)	— (—)
(ii)	On purposes other than (i) above	9,095,124 (7,700,501)	— —	9,095,124 (7,700,501)
(iii)	Details of related party transactions			
	- Contribution during the year ended 31 <sup>st</sup> March, 2016	— (—)	— (—)	— (—)
	- Payable as at 31 <sup>st</sup> March, 2016	— (—)	— (—)	— (—)
<b>Note:</b> Figures in brackets pertain to the previous year.				

**Note 25 : Contingent liabilities and commitments**

a)	Contingent liabilities (to the extent not provided for)
(i)	The Company does not have any pending litigations which would impact its financial position.
(ii)	Other money for which the Company is contingently liable (No cash outflow is expected in the near future).
	- Power banking arrangement - ₹ Nil (31 <sup>st</sup> March, 2015 - ₹ 1,796,900)
b)	Commitments
	- Estimated amount of contracts remaining to be executed on capital account and not provided for - ₹ Nil (31 <sup>st</sup> March 2015 ₹ 145,888,817)

**Note 26 :** The year-end foreign currency exposures of the Company is Nil (31<sup>st</sup> March, 2015: Nil).

**Note 27 : Employee Benefits**

(i)	<b>Defined contribution plan</b>
	The Company makes Provident Fund contributions to defined contribution plan 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 has recognised ₹ 1,577,338 (31 <sup>st</sup> March, 2015: ₹ Nil) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the plan by the Company is at rates specified in the rules of the schemes.
(ii)	<b>Defined benefits plan</b>
a)	<b>Description of gratuity plan</b>
	The Company offers the employee benefit schemes of Gratuity to its employees. Benefits payable to eligible employees of the company with respect to gratuity, a defined benefit plan is accounted for on the basis of an actuarial valuation as at the balance sheet date.
	The following table sets out the unfunded status of the gratuity plan and amounts recognised in the financial statements as at 31 <sup>st</sup> March, 2016:

Particulars		Year ended 31 <sup>st</sup> March, 2016 (₹)	Year ended 31 <sup>st</sup> March, 2015 (₹)
<b>1 Expenses recognised in the Statement of Profit and Loss</b>			
Current service cost		1,674,145	—
Interest cost		271,232	—
Actuarial loss/(gain)		1,292,004	—
<b>Net cost</b>		<b>3,237,381</b>	<b>—</b>
<b>2 Change in defined benefit obligations (DBO) during the year</b>			
Present value of DBO at beginning of the year		—	—
Acquisition adjustment		5,832,893	—
Interest cost		271,232	—
Current service cost		1,674,145	—
Benefits paid		—	—
Actuarial loss/(gain)		1,292,004	—
<b>Present value of DBO at the end of the year</b>		<b>9,070,274</b>	<b>—</b>
<b>3 Amount recognised in the Balance Sheet:</b>			
<b>Particulars</b>		<b>Year ended 31<sup>st</sup> March, 2016 (₹)</b>	<b>Year ended 31<sup>st</sup> March, 2015 (₹)</b>
Present value of DBO		9,070,274	—
Fair value of plan assets		—	—
<b>Net liability recognised in the balance sheet</b>		<b>9,070,274</b>	<b>—</b>
- Non current liability		15,529	—
- Current liability		9,054,745	—
<b>Particulars</b>	<b>Refer Note below</b>	<b>Year ended 31<sup>st</sup> March, 2016</b>	<b>Year ended 31<sup>st</sup> March, 2015</b>
<b>4 Principal actuarial assumptions:</b>			
Discount rate (per annum)	i	8.00%	—
Expected rate of return on assets (per annum)	ii	N.A.	—
Salary escalation rate (per annum)	iii	8.00%	—
<b>5 Demographic assumptions:</b>			
Retirement age		60 Years	—
Mortality rate		Standard Table IALM (2006-08)	—
Withdrawal rate		5%	—
<b>b Actuarial assumptions for long term compensated absences:</b>			
<b>Particulars</b>	<b>Refer Note below</b>	<b>Year ended 31<sup>st</sup> March, 2016</b>	<b>Year ended 31<sup>st</sup> March, 2015</b>
Discount rate (per annum)	i	8.00%	—
Expected rate of return on assets (per annum)	ii	N.A.	—
Salary escalation rate (per annum)	iii	8.00%	—
<b>Notes:</b>			
i. The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of obligations.			
ii. The plan is unfunded.			
iii. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.			
iv. During the previous year there were no employees on the payroll of the Company hence no provision was made for gratuity and compensated absences as at 31 <sup>st</sup> March, 2015.			

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- 28** The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- 29** Based on the information available with the Company, the balance due to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is ₹ Nil (31<sup>st</sup> March, 2015: ₹ Nil) and no interest has been paid or is payable during the period under the terms of the MSMED Act, 2006. The information provided by the Company has been relied upon by the auditors.
- 30** Total number of units traded during the year ended 31<sup>st</sup> March, 2016 - 17,305 MUs (31<sup>st</sup> March, 2015 - 10432 MUs) excluding under banking arrangement - 2 MUs (31<sup>st</sup> March, 2015 - 140 MUs).
- 31** There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- 32** Disclosure as required by Accounting Standard 18 'Related Party Disclosures':

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

<b>Holding Company:</b>
The Tata Power Company Limited (TPCL)
<b>Fellow subsidiaries (where transactions have taken place during the year):</b>
(i) Tata Power Delhi Distribution Limited (TPDDL)
(ii) Maithon Power Limited (MPL)
(iii) Tata Power Solar Systems Ltd. (TPSS)
(iv) Tata Power Renewal Energy Limited (TPREL)
(v) Industrial Energy Limited (IEL)
<b>Key Management Personnel</b>
Sanjeev Mehra, Managing Director (on payroll of the Company w.e.f. 1 September, 2015)

**(b) Details of transactions during the year ended 31<sup>st</sup> March, 2016.**

(All amounts in ₹)								
Particulars	TPCL	TPDDL	MPL	TPSS	TPREL	IEL	KMP	Total
Revenue from power supply	103,509,646	9,317,651,922	-	-	-	-	-	9,421,161,568
	2,834,353	10,370,150,886	-	-	-	-	-	10,372,985,239
Cash discount allowed	2,070,193	172,944,505	-	-	-	-	-	175,014,698
	-	96,239,298	-	-	-	-	-	96,239,298
Revenue from sale of REC certificate	2,639,684	-	-	-	-	-	-	2,639,684
	3,532,116	-	-	-	-	-	-	3,532,116
Compensation earned	1,200,000	-	-	-	-	-	-	1,200,000
	-	-	-	-	-	-	-	-
Cost of power purchased	1,874,700,438	-	16,613,718,159	-	-	-	-	18,488,418,597
	2,032,905,192	-	19,273,727,120	-	-	-	-	21,306,632,312
Cash discount earned	33,309,915	-	353,563,341	-	-	-	-	386,873,256
	24,602,269	-	347,824,787	-	-	-	-	372,427,056
Receiving of services	82,143,792	-	-	-	-	-	-	82,143,792
	111,117,394	-	-	-	-	-	-	111,117,394
Interest expenditure	-	-	-	-	-	-	-	-
	364,932	-	-	-	-	-	-	364,932
Purchase of fixed assets	-	-	-	76,757,018	4,041,450	-	-	80,798,468
	-	-	-	222,788,052	197,129,520	-	-	419,917,572
Sale of fixed assets	-	-	-	-	20,287	2,664	-	22,951
	-	-	-	-	-	-	-	-
Capital advance given	-	-	-	22,174,538	-	-	-	22,174,538
	-	-	-	-	-	-	-	-
Dividend paid	80,000,000	-	-	-	-	-	-	80,000,000
	80,000,000	-	-	-	-	-	-	80,000,000
Managerial remuneration	-	-	-	-	-	-	5,043,309	5,043,309
	-	-	-	-	-	-	-	-
Inter Corporate Deposit taken and repaid	-	-	-	-	-	-	-	-
	300,000,000	-	-	-	-	-	-	300,000,000

**(c) Details of balances outstanding as at year end:**

Capital advances	-	-	-	22,174,538	-	-	-	22,174,538
	-	-	-	-	-	-	-	-
Trade receivables	-	702,018,402	-	-	-	-	-	702,018,402
	-	2,630,672,843	-	-	-	-	-	2,630,672,843
Other loans and advances	10,669,311	-	-	-	-	-	-	10,669,311
	-	-	-	-	-	-	-	-
Unbilled revenue	-	19,580,604	-	-	-	-	-	19,580,604
	-	48,952,945	-	-	-	-	-	48,952,945
Trade payables	208,878,782	-	1,751,030,701	-	-	-	-	1,959,909,483
	140,697,361	-	1,953,106,549	-	-	-	-	2,093,803,910
Payable on purchase of fixed assets	-	-	-	47,352,050	-	-	-	47,352,050
	-	-	-	141,801,154	-	-	-	141,801,154
Receivable on Sale of fixed assets	-	-	-	-	20,287	2,664	-	22,951
	-	-	-	-	-	-	-	-

**Notes:**

- The Tata Power Company Limited (TPCL) has given an undertaking to MPL (fellow subsidiary) to fulfill payment obligations of the Company in case of default in payment for power sold on behalf of MPL.
- \*Figures in italics stated in serial no. (b) and (c) above pertains to year ended 31<sup>st</sup> March, 2015 and as at 31<sup>st</sup> March, 2015 respectively.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## 33 : Expenditure in foreign currency

Particulars	Year ended	Year ended
	31 <sup>st</sup> March, 2016 (₹)	31 <sup>st</sup> March, 2015 (₹)
Repairs and maintenance - Others	-	2,017,907
Legal and professional charges	543,510	-

## 34 : Earnings per share

Particulars	Year ended	Year ended
	31 <sup>st</sup> March, 2016 (₹)	31 <sup>st</sup> March, 2015 (₹)
Profit for the period (Rs.) (A)	161,181,873	291,261,001
The weighted average number of equity shares (Nos.) (B)	16,000,000	16,000,000
The nominal value of equity shares (Rs.)	10	10
Basic / diluted earnings per share (Rs.) (A/B)	10.07	18.20

## 35 : Segment reporting

As the Company's business activity primarily consists of Power Trading and related consultancy activities, as such there are no separate reportable segments as per the requirements of Accounting Standard 17 'Segment Reporting'.

**36 :** Previous year's amounts have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosures.

For and on behalf of the Board of Directors

**S. Ramakrishnan**  
Chairman

**Sanjeev Mehra**  
Managing Director

**Amey S Naik**  
Chief Financial Officer

**T N Ramakrishnan**  
Company Secretary

New Delhi: 13<sup>th</sup> May, 2016





By Royal Charter

# Certificate of Registration

## BUSINESS CONTINUITY MANAGEMENT SYSTEM - ISO 22301:2012

This is to certify that:

Tata Power Trading Company Limited  
Tata Power Company Limited  
3rd Floor, C – 43  
Sector 62  
Noida 201 307  
Uttar Pradesh  
India

Holds Certificate No:

**BCMS 631076**

and operates a Business Continuity Management System which complies with the requirements of ISO 22301:2012 for the following scope:

Business Continuity Management System of the Tata Power Trading Company Limited including power trading function, corporate divisions and support service functions located in Noida.

Refer to Original Certificate.

For and on behalf of BSI:

Frank Lee, EMEA Compliance & Risk Director

Original Registration Date: 09/04/2015

Latest Revision Date: 09/04/2015

Effective Date: 09/04/2015

Expiry Date: 08/04/2018

Page: 1 of 1



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An electronic certificate can be authenticated [online](http://www.bsi-global.com/ClientDirectory).

Printed copies can be validated at [www.bsi-global.com/ClientDirectory](http://www.bsi-global.com/ClientDirectory) or telephone +91 11 2692 9000.

Further clarifications regarding the scope of this certificate and the applicability of ISO 22301:2012 requirements may be obtained by consulting the organization.

This certificate is valid only if provided original copies are in complete set.

BSI, The MIRA Corporate Suites (A-2), Plot 1 and 2, Ishwar Nagar, Mathura Road, New Delhi 110 065.  
A Member of the BSI Group of Companies.





TPTCL Family Get-together





## **TATA POWER TRADING COMPANY LIMITED**

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Email: [tptclmarketing@tatapower.com](mailto:tptclmarketing@tatapower.com)  
Website: [www.tatapower.com](http://www.tatapower.com)

**Registered Office:**

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Mumbai 400 009