

# **15<sup>th</sup> Annual Report**

## **2017-18**



**TATA POWER TRADING COMPANY LIMITED**

Shaping India's Vibrant Power Market



**TATA POWER TRADING CO. LTD.****NOTICE**

The FIFTEENTH ANNUAL GENERAL MEETING of TATA POWER TRADING COMPANY LIMITED will be held at shorter notice on Friday, the 13<sup>th</sup> day of July, 2018 at 10:00 a.m. at the Conference Room of The Tata Power Company Limited, Fort House, Mumbai 400 001, to transact the following business:-

**Ordinary Business**

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31<sup>st</sup> March, 2018 together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on Equity Shares for the financial year ended 31<sup>st</sup> March, 2018.

**Special Business**

3. To consider and if thought fit, pass the following resolution as an ordinary resolution:

**"RESOLVED THAT** Mr. S Ramakrishnan (DIN: 00005090), a Director liable to retire by rotation, who does not seek re-election, be not re-appointed a Director of the Company.

**RESOLVED FURTHER THAT** the vacancy, so created on the Board of Directors of the Company, be not filled."

4. **Appointment of Mr. Praveer Sinha as a Director**

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

**"RESOLVED THAT** Mr. Praveer Sinha (DIN: 01785164), 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 10<sup>th</sup> May, 2018 and who holds office up to the date of the Fifteenth 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. Sinha 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. Praveer Sinha 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."

**TATA POWER TRADING CO. LTD.****5. Appointment of Mr. Ajay Kapoor as a Director**

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

**"RESOLVED THAT** Mr. Ajay Kapoor (DIN:00466631), 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 21<sup>st</sup> June, 2018 and who holds office up to the date of the Fifteenth 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. Kapoor 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. Ajay Kapoor 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. The relative explanatory statement pursuant to Section 102 of the Companies Act, 2013 (the Act), the details of the directors seeking re-appointment/appointment under item no. 3 above as required under Secretarial Standard - 2 on general meetings issued by the Institute of Company Secretaries of India, are annexed hereto.
2. 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.
3. A blank proxy form is sent herewith.
4. 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.
5. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send to the Company duly certified copy of the



## **TATA POWER TRADING CO. LTD.**

relevant Board resolution authorizing such a representative to attend and vote on their behalf at the meeting.

6. All documents referred to in the accompanying Notice 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 9:00 a.m. and 5:00 p.m.
7. The record date for the purpose of payment of dividend would be 6<sup>th</sup> July, 2018.
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,**

Sd/-  
Amey Naik  
(Company Secretary)  
ACS No. A48149

Mumbai, 2<sup>nd</sup> July, 2018

**Registered Office:**

Carnac Receiving Station,  
34, Sant Tukaram Road,  
Mumbai 400 009

CIN: U40100MH2003PLC143770

Website: [www.tatapowertrading.com](http://www.tatapowertrading.com)

E-mail: [tptclmarketing@tatapower.com](mailto:tptclmarketing@tatapower.com)

**TATA POWER TRADING CO. LTD.****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 No. 3, 4 and 5 of the accompanying Notice dated 2<sup>nd</sup> July, 2018.

**Item No. 3**

Mr. S Ramakrishnan has been on the Board of the Company since December, 2004. The Board places on record its sincere appreciation and recognition of the valuable contribution and services rendered by Mr. S Ramakrishnan during his tenure as a Director on the Board of the Company.

Pursuant to the provisions of Section 152 of the Companies Act, 2013 and in accordance with the Articles of Association of the Company, Mr. S Ramakrishnan, Director is due to retire by rotation at the ensuing Annual General Meeting. However, he has not offered himself for re-appointment to facilitate Tata Power's plans to reconstitute the Board, resulting in vacancy on the Board; and, the Board proposes that the vacancy caused by his retirement be not filled-up.

Your Directors recommend the resolution to be passed as an Ordinary Resolution.

Except Mr. S Ramakrishnan, none of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the Resolutions at Item No. 3.

**Item No. 4****Appointment of Mr. Praveer Sinha as a Director**

Mr. Praveer Sinha was appointed as an Additional Director of the Company w.e.f. 10<sup>th</sup> May, 2018 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. Sinha holds office only up to the date of forthcoming Annual General Meeting but is eligible for appointment as Director.

In compliance with the provisions of Companies Act, 2013, the Board recommends the Resolution at Item No. 5 of the accompanying notice for approval by the Members of the Company as an Ordinary Resolution.

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Except Mr. Praveer Sinha, being an appointee, none of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the Resolutions at Item No. 4.

**Item No. 5****Appointment of Mr. Ajay Kapoor as a Director**

Mr. Ajay Kapoor was appointed as an Additional Director of the Company w.e.f. 21<sup>st</sup> June, 2018 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. Kapoor holds office only up to the date of forthcoming Annual General Meeting but is eligible for appointment as Director.

In compliance with the provisions of Companies Act, 2013, the Board recommends the Resolution at Item No. 6 of the accompanying notice for approval by the Members of the Company as an Ordinary Resolution.

Except Mr. Ajay Kapoor, being an appointee, none of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the Resolutions at Item No. 5.

**By Order of the Board of Directors,**

**Sd/-**

Amey Naik  
(Company Secretary)  
ACS No. A48149

Mumbai, 2<sup>nd</sup> July, 2018

**Registered Office:**

Carnac Receiving Station,  
34, Sant Tukaram Road,  
Mumbai 400 009

**TATA POWER TRADING CO. LTD.**
**Details of the Directors, seeking appointment/re-appointment at the forthcoming Annual General Meeting**

<b>Name of Director</b>	<b>Mr. Praveer Sinha</b>	<b>Mr. Ajay Kapoor</b>
<b>Date of Birth</b>	8 <sup>th</sup> April, 1962	19 <sup>th</sup> June, 1964
<b>Date of Appointment</b>	10 <sup>th</sup> May, 2018	21 <sup>st</sup> June, 2018
<b>Expertise in functional areas</b>	Mr. Praveer Sinha has over three decades of experience in the power sector and has been credited with transforming the power distribution sector and development and setting up of greenfield and brownfield power plants in India and abroad.	Mr. Ajay Kapoor has extensive experience in all areas of finance, ERP implementations, and has handled matters relating to international collaborations, joint ventures in India and abroad, financial restructuring, policy advocacy, capital raising, and acquisition besides handling legal advisory and has handled electricity litigation matters at all levels/forums.
<b>Qualifications</b>	Mr. Sinha holds a Master's Degree in Business Law from National Law School, Bengaluru and is also professionally trained as an Electrical Engineer. He is a Research Scholar at the Indian Institute of Technology Delhi and is also a visiting Scholar at Massachusetts Institute of Technology, Boston, USA.	Mr. Kapoor is an Honors graduate from the prestigious Shri Ram College of Commerce, Delhi University, India. A qualified Chartered Accountant he also holds MBA and LL.B degrees.
<b>Remuneration</b>	-	-
<b>Directorships held in other companies (excluding foreign Companies)</b>	<ol style="list-style-type: none"> <li>1. The Tata Power Company Limited</li> <li>2. Tata Power Renewable Energy Limited</li> <li>3. Tata Power Delhi Distribution Limited</li> <li>4. Tata Power Solar System Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Powerlinks Transmission Limited</li> <li>2. Duggar Hydro Power Limited</li> </ol>



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<b>Name of Director</b>	<b>Mr. Praveer Sinha</b>	<b>Mr. Ajay Kapoor</b>
Committee positions held in other companies	Member of Nomination and Remuneration Committee of Tata Power Renewable Energy Limited	-
Number of Shares held	Nil	Nil



## BOARD'S REPORT

To The Members,

The Directors are pleased to present the Fifteenth Annual Report on the business and operations of your Company and the Statements of Account for the year ended 31<sup>st</sup> March, 2018.

### 1. Financial Results

Figures in ₹ Crore

	FY 18	FY 17
a) Net Sales/Income from other operations	3691.42	4,605.09
b) Operating Expenditure	3652.97	4,576.23
<b>c) Operating Profit</b>	<b>38.45</b>	<b>28.86</b>
d) Add: Other Income	0.52	1.47
e) Less: Finance Cost	10.13	18.04
<b>f) Profit before depreciation and tax</b>	<b>28.84</b>	<b>12.29</b>
g) Less: Depreciation/ Amortisation/Impairment	4.57	3.13
<b>h) Profit Before Tax</b>	<b>24.27</b>	<b>9.16</b>
i) Tax Expenses	9.28	3.98
<b>j) Net Profit/ (Loss) after Tax</b>	<b>14.99</b>	<b>5.18</b>

### 2. Dividend

During the year, the Directors have declared an interim dividend of 62.5% (₹6.25/- per share of ₹ 10 each). Further, the Directors have recommended a final dividend of 6.25% (₹0.625/- per share of ₹ 10 each), subjected to the approval of Members.

### 3. State of Company's Affairs

#### • Financial Performance

During the year, your Company reported a Profit after Tax (PAT) of ₹ 14.99 crore, as against ₹ 5.18 crore for the previous year, an increase of 189.38%, primarily on account of lesser losses from Dagachhu power trade, due to renegotiation of power purchase agreement and better sales realisation from Dagachhu power trade. The Operating Revenue was lower at ₹ 3752.32 crore, as against ₹ 4,673.22 crore mainly on account of decrease in volume traded.

The Earnings per share (EPS) has increased to ₹ 9.37/- as against ₹ 3.24/- in the previous year.

**TATA POWER TRADING CO. LTD.**• **Business Environment**

India has an installed generation capacity of 344 Giga Watt (GW) as on 31<sup>st</sup> March, 2018. Generation capacity in the country has been steadily increasing, driven by fresh investments by private players. However, the growth in demand is not in line with the capacity addition as a result the demand growth was less than that expected in 19<sup>th</sup> EPS. As per Central Electricity Authority's (CEA) Monthly Report of March, 2018, India's generating capacity comprises of 197 GW of coal based capacity, 25 GW of gas based capacity, 45 GW of hydro capacity, 69 GW of renewable capacity and about 7 GW of nuclear capacity.

In order to meet the increasing demand of power and as per Draft National Electricity Plan, the capacity addition of 181.90 GW is targeted in XIII plan (2018 – 22). Out of 181.90 GW of capacity addition target, 54.37 GW will be added from Thermal, 16.42 GW will be added from Hydro, 2.80 GW from Nuclear, 23.48 GW from Wind and 84.84 GW will be added from solar generation. Out of the capacity addition target of 13.17 GW from conventional sources of power in FY18, 8,710 GW has been added from Thermal plant and 795 GW capacity has been added from Hydro plant. Out of the capacity addition target of 14.55 GW from renewable sources of energy in FY18, 9,362GW from solar, 1,766 GW from Wind, 106 GW from Small Hydro and 528 GW has been added in Biogas power.

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 Ministry of Power (MoP) website, Inter-State Transmission System (ISTS) in India is continuously expanding with current Inter – Regional Transmission capacity in excess of 86.45 GW. The National Transmission Grid System is divided into five regional grids i.e. North, East, West, South and the North-East. As per draft NEP, a capacity addition of 45.70 GW is expected to be planned for 13<sup>th</sup> five year plan (FY 17-22). However, due to commissioning of new power projects, the availability of power in Southern region has increased significantly. This has resulted in reduced variance in the power market rates in Southern Region as compared to rest of the country.

Further, Central Electricity Regulatory Commission (CERC) has issued a draft Regulation on General Network Access (GNA) which will lead to correct projection of inter-regional transmission capacity addition thereby eliminating the inter-regional transmission congestion.

Power supply position in the country has slightly deteriorated during FY18. As per CEA Monthly Report of March, 2018, the gap between requirement and availability of energy in maintained at 0.70% in FY18. The gap between peak demand and supply also increased from 1.6% during FY17 to 2.0% during FY18.

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In line with the revised Guidelines issued by Ministry of Power (MoP), total 134 tenders were floated by the Distribution Companies (Discoms) for short term power purchase through competitive bidding on "DEEP" Portal followed by Reverse auction, totalling more than 1,00,000 Mega Watt (MW) of power.

In addition, 3 Discoms had floated 5 tenders for purchase of power under Medium term Power Procurement guidelines through "DEEP" portal followed by Reverse Auction. However, 4 tenders were scrapped by Discoms due to ambiguity in the bidding process resulting in higher tariff outcome.

The short term power prices of Day Ahead market have increased by 29% in FY18 as compared to FY17. The major reason for increase in the short term prices are increase in international coal price, below average monsoon, increase in Domestic coal price and other events/government decisions such as no load shedding, agriculture supply, elections etc.

As per CERC Marketing Monitoring report, the Electricity traded in the short term power market during FY18 was 128 Billion Units (BUs), 10.68% of total generation; comprising of 4.77% through Bilateral, 3.81% through power exchanges and 2.09% through Unscheduled Interchange (UI). The volume traded in short term power market, has increased by 7.92% from FY17 to FY18.

The sector is currently facing several challenges such as

**a. Lower trading Margins:**

The competition has grown fierce due to an increase in the number of Central Electricity Regulatory Commission (CERC) licensed traders and with the pressure of increasing market share. Due to this, trading margins are under pressure. New trading licensees are aggressively trying to enter into the short term market with lower trading margin.

**b. 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 Ujwal DISCOM Assurance Yojna (UDAY) Scheme, some of the Discom's financial health have marginally improved. However, at present, procurement by Discoms on the Case I route is not progressing as envisaged, due to poor financial condition of Discoms. In addition, Discom had to procure power at a tariff higher than their APPC due to increase in the short term rates during second half of the year, which has further deteriorated the financial health of the Discom.

**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 Northern

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Region (NR) leading to prevalence of high prices for the customers in the Northern states and stranding of significant generating capacities in these regions. During the year, there was a marginal corridor constraint for power flow from ER/WR to Southern Region (SR).

**d. Fuel price risk:**

There is an obligation on Discom 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. With increase in the imported fuel price, generators have also stopped Long term supply to Discom, committed through competitive bidding, resulting in increase in short term demand of the Discom. Since, October 2017, IPPs are facing shortage of Domestic coal supply (E-Auction) as a result of which the prices of Auction coal have also increased significantly less availability of coal supply.

**e. Open access slow growth:**

The unwillingness of Discoms to allow open access to its consumers, in spite of binding provisions in the Electricity Act, 2003, is acting as a major barrier to further growth and competition in the Power Trading sector. Growth in Open Access, is constrained because of risks due to transmission corridor availability, regulatory risks, restrictive open access regime being followed in various States and excessive levels of cross subsidy charge. Further, due to increase in short term market rates, open access power purchase has become unviable in some of the states.

**• 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 12,405 MUs in FY18 as compared to 14,583 MUs in the previous year (decrease of about 14.94% year on year). Your Company was ranked the third largest trader with a market share of 10.29% in FY18 amongst the top 11 traders. Further, in the area of Renewable Energy Certificates (RECs) trading and Energy Saving Certificates (ESCerts) trading, your Company has emerged as one of the largest trader in the REC market during the year.

Your Company is the only trading company having presence in Noida, Mumbai and Chennai and along with resident representatives in Ahmedabad, Bangalore, Bhubaneswar, Chandigarh, Hyderabad and Kolkata. The trading operations are

carried out from the Control Room at its Noida office and functions on 24x7 on 365 days basis.

During the year, the Company has conceptualized and implemented a wind group captive model for 21 MW Wagrai Windfarms Limited. The Company has also tied up with solar generators for supply of solar power to open access consumers in Karnataka. This has provided a long term stable revenue to the Company.

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, Tata Power Solar Systems Limited, Tata Realty Infrastructure Limited, etc and enabling them to achieve energy cost optimization.

In line with the approach of focusing on retail portfolio, your Company has sold about 1,159 MUs to open access consumers during the year.

**b. Generation Operation:**

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

**A. 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 1.84 MUs (1.89 MUs in FY17) at a Plant Load Factor (PLF) of about 16.80%.

**B. 4 MW Wind Project Rojmal District Gujarat**

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 7.07 MUs (7.61 MUs in FY17) at a PLF of about 20.18%.

**C. 3 MW Noamundi Solar Project, West Singhbhum District, Jharkhand**

Your company has set up a 3 MW Solar Power Project at Noamundi, West Singhbhum District, Jharkhand. A PPA is entered into with Tata Steel for a period of 15 years. The project was commissioned on 23<sup>rd</sup> May 2017.

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During the year from the date of commissioning, the project generated 3.71 MUs at a PLF of about 16.46% (computed from commissioning on 23<sup>rd</sup> May, 2017).

- **Upgrading IT Infrastructure**

Your Company implemented various IT initiatives in FY18 to strengthen business processes resulting value addition to the business. A major upgrade being alignment of existing process and output in line with Goods and Services Tax (GST).

Further, Application Development for Qualified Co-ordinating Agency (QCA) business has been initiated to improve the efficiency and response time to the customers and Application Development for Energy Management System (EMS) as a service to the Discoms has been initiated to increase the profitability through cost savings by source optimization.

- **Tata Business Excellence Model (TBEM)**

The Tata Business Excellence Model (TBEM) matrix has been conceived to deliver strategic direction and drive business improvements at the Tata Group. Aimed at enabling Tata Group companies capture the best global business processes and practices, the business excellence assessment model invests Tata Group companies with the inherent dynamism to evolve and keep pace with ever-changing business performance parameters. The main objectives of the Tata business excellence model assessment methodology is to enhance value for all stakeholders and contribute to marketplace success, maximise enterprise-wide effectiveness and capabilities, and deliver organisational and personal learning.

- **Future Growth Areas**

Ministry of Power issued Revised Guidelines for purchase of power by Discom on Medium term basis through online portal followed by Reverse Auction. In FY17, it was seen that there has been steep increase in the prices of short term transactions due to several reasons such as increase in imported coal price, less availability of domestic coal, lesser monsoon, political decisions, etc. It is expected that the relatively higher rates in short term market would continue to prevail in coming years. In FY17, we have seen that few Discoms namely India Power Corporation Limited (IPCL), Brihun Mumbai Electricity Supply and Transport (BEST) Undertaking and Noida Power Company Limited (NPCL) have come out with Medium term power procurement tenders. It is expected that Discom would come out with more Medium term tenders in near future to cater to their power requirements.

The volume of energy procured by Open Access consumer has decreased in FY18 due to increase in the short term power market rates. The impediments in the sourcing power of open access at reasonable rates have led to purchase of power by consumer on Group Captive mode. Your Company is geared up to execute Group Captive contracts with various consumers for supplying power on Open Access.

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With the deficit of Renewable Energy Certificates (RECs), lower tariff of renewable generation and higher merchant tariffs, it is expected that renewable power purchase by Discom and Open Access consumer will increase in FY18. Discom would procure power on short term from Renewable sources, especially from wind & solar. Your company is actively exploring opportunities for tying up the renewable source of power in FY18 and offering power to the consumer on Open Access at a competitive tariff.

### • **Customer Satisfaction Survey**

Your Company conducts the Consumer Satisfaction Survey (C-Sat Survey) every year and adopted CAWI (Computer Aided Web Interview) methodology for obtaining customer response utilizing free service from Qualtrics.com for survey. The C-Sat Survey were divided into four Segments i.e. Service Quality, Staff accessibility and complaint resolution, Commercial aspects and Brand Imagery. The C-Sat Survey Score for FY18 was at 83% which was similar to that of FY17.

## **4. Reserve**

The net movement in the various reserves of the Company for FY18 and the previous year are as follows:

<b>Particulars</b>	<b>₹ crore</b>	
	<b>FY18</b>	<b>FY17</b>
Revaluation Reserve	Nil	Nil
Securities Premium Account	20.90	20.90
General Reserve	13.55	13.55
Retained Earnings	105.87	107.40
Deemed capital contribution	0.08	0.08

## **5. Directors and Key Managerial Personnel**

### • **Retirements/resignations**

Mr. N N Misra (DIN: 00575501) resigned with effect from 19<sup>th</sup> February, 2018 from the Board of Directors, due to official preoccupations. The Board thanked him for his services and contributions.

Mr. Seethapathy Chander (DIN: 02336635) term in the office as Independent Director had ended on 25<sup>th</sup> March, 2018. The Board thanked him for his services and contributions.

Mr. S Ramakrishnan is liable to retire rotation and has not sought reappointment.

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### • 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 are as follows:

- i) 5<sup>th</sup> May, 2017
- ii) 22<sup>nd</sup> July, 2017
- iii) 31<sup>st</sup> October, 2017
- iv) 19<sup>th</sup> January, 2018
- v) 20<sup>th</sup> March, 2018

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	5/5
2	Mr. Seethapathy Chander	Independent, Non Executive	3/5
3	Mr. N. N Misra		4/4
4	Mr. Anil Sardana	Non-Independent, Non Executive	5/5
5	Mr. Ashok Sethi		5/5
6	Ms. Anjali Kulkarni		5/5
7	Mr. Sanjeev Mehra	Executive	5/5

### • General Body Meetings

Annual General Meeting (AGM) for FY17 was held on 28<sup>th</sup> August, 2017.

### • Committees of the Board

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

Audit Committee, meetings held on 5<sup>th</sup> May, 2017, 22<sup>nd</sup> July, 2017, 17<sup>th</sup> October, 2017 and 19<sup>th</sup> January, 2018.

Corporate Social Responsibility (CSR) Committee meetings held on 5<sup>th</sup> May, 2017, 22<sup>nd</sup> July, 2017, 17<sup>th</sup> October, 2017 and 19<sup>th</sup> January, 2018.

Nomination and Remuneration (NRC) Committee meetings held on 5<sup>th</sup> May, 2017, 22<sup>nd</sup> July, 2017, 31<sup>st</sup> October, 2017 and 19<sup>th</sup> January, 2018.

We confirm the above is a complete list of all Shareholder / Member meetings, Board and Committee meetings held during FY17.

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- 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 V

**6. Regulatory****6.1 Regulatory Environment****a. Draft CERC Regulations on General Network Access and Grant of Connectivity**

CERC issued draft Regulations on General Network Access and Grant of Connectivity. GNA will replace the existing open access regulations. Under the new philosophy, transmission planning will be based on anticipated load demand and generation and flexibility to be provided in the power system to allow operation of the generating stations on economic principle of least cost of generation and supply.

Trading Licensee under the prevailing regulations is eligible to apply for Long Term Access (LTA) or Medium Term Open Access (MTOA). In the draft regulations it has been proposed that only grid connected entities can apply for GNA and the trading licensees will not be entitled to obtain GNA. However, Trading Licensees can buy and sell power on behalf of the grid connected entities. It has been proposed that the existing LTA with trading licensees will be deemed to be the GNA of the concerned grid connected entities.

In case of a trading licensee buying power from the neighboring country through a long term PPA and not having any LTA and long term Power Supply Agreement, there is no clarity as to how GNA will be obtained.

**6.2 Regulatory Orders/Petitions of relevance****a. CERC Order on Maithon Power Limited (MPL)**

On 27<sup>th</sup> December, 2017, CERC has issued Order with respect to MPL for truing up for the period from FY12 to FY14 and tariff determination for the period from FY15 to FY19.

Your Company has long term contract for purchase 600 MW of power from MPL, which has been in turn sold to Tata Power Delhi Distribution Company Limited (TPDDL) and to West Bengal State Electricity Distribution Company Limited (WBSEDCL). MPL bills the Company on the basis of tariff as determined by CERC. The tariff charged by the Company to TPDDL and WBSEDCL is linked to CERC determined tariff for MPL.

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Based on the CERC Order, MPL has issued a credit note of ₹ 386.53 crore to your Company and your Company has in turn issued credit notes totaling to ₹ 386.53 crore on TPDDL and WBSEDCL. On account of this credit notes, your Company has reduced Revenue from Power Supply as well as Cost of Power Purchased in the current year by ₹ 386.53 crore. Correspondingly, your Company has reduced receivable from TPDDL and WBSEDCL and payable to MPL by ₹ 386.53 crore.

**b. Hon'ble Supreme Court's direction allowing resumption of trading**

After the CERC Order dated 30<sup>th</sup> March, 2017 on reduction of prices for RECs, many generating companies had filed petitions stating that their stock of unsold RECs would not get cleared at such low prices. They had first gone to Appellate Tribunal of Electricity (ATE) to suggest a way to clear the existing REC stock. While the ATE agreed to introduce a vintage multiplier, it refused to put a stay on trading of RECs. When the petition was taken to the Hon'ble Supreme Court, it not only put a stay on the trading, it has also stayed the new price regime which was introduced by the CERC.

Hon'ble Supreme Court has allowed conditional trading of Non-solar RECs at old RECs prices (i.e. ₹ 1,500/REC), with the difference between old and new prices to be deposited with the regulators pending the final order from ATE on the matter. Final order from ATE in the matter is awaited. Further, Solar RECs trading is suspended until final order of ATE.

**7. Risk Management Framework and Internal Financial Controls****• Risk Management System**

Your company is ISO 31000 certified company. It 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 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.

## **TATA POWER TRADING CO. LTD.**

Risk Management Sub Committee (RMSC) Meetings revisit the risk management framework annually.

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

- **Business Continuity and Disaster Management Program (BCDMP)**

Your Company is certified ISO 22301:2012 Company for BCDMP. Mockdrills and Table Top Exercise were carried out during the year to increase awareness and prepare the team for any eventuality. We have identified the processes under L1, L2, L3 and L4 processes. In-line with the requirement of the certification, it has developed Damage Assessment Team, Technical Team and Operation Team to conduct devise the plan in case Business Continuity or Disaster Management is invoked.

- **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.

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 FY17, 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.

**TATA POWER TRADING CO. LTD.**

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 followed this year as well, 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 on 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 quarterly review 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 behaviour. 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.

Vigil Mechanism has been formulated with a view to provide a mechanism for employees of the Company to approach the Chief Ethics Counsellor (CEC).

## **9. Sustainability**

### **9.1 Safety – Care for our People**

#### **Safety Statistics FY18:**

<b>Sl. No.</b>	<b>Safety Parameters (Employees and contractors)</b>	<b>FY18</b>	<b>FY17</b>
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, which was revisited on 13<sup>th</sup> May, 2016. The CSR budget for FY18 was ₹ 54.82 lakhs.

Your Company has invested in following schemes under CSR activities:

#### **I. SASTRA:**

Your company has invested ₹ 3.77 lakhs in CSR activities to be undertaken by SASTRA University in areas surrounding the University in Tamil Nadu.

##### **a. Social Capital and Institution Building**

The objective of the project was to empower local unemployed youth through pre-approved skill development programs to pursue their future micro-venture/business and create avenues for their sustainable livelihood through entrepreneurial orientation and assistance.

The target group was 100 trainees to be identified from 10 villages near SASTRA University.

After conducting a baseline survey to identify beneficiaries, lectures and hands on experience was to be provided by experienced trainers to fuel entrepreneurial spirit within the beneficiaries so they may consider opening their own micro-venture businesses after the program.

b. Livelihood Improvement through capacity building of SHG

The objective was dissemination of product information and providing a platform for "Exhibition-cum-sale" of products made by them. 3 such events were proposed to be organized. The target group was 35 SHGs covering 500 women.



II. Tata Power Community Development Trust (TPCDT):

Your company signed an MOU with TPCDT for an amount of ₹ 45 lakhs for FY18, to be dispersed for various programs in Haldia, details of which are given below:

a. Education Excellence Program

The objective of the program was- (i) To reduce drop out and enhance enrolment; (ii) To retain all children in project area between 6 to 14 years age group; (iii) To ensure increased learning outcome; and (iv) To ensure equal educational opportunity for all with focus on girl child in Haldia. Key activities undertaken to achieve the objectives include - awareness in parents and children - for mainstreaming dropouts/enhancing enrolment; education resources in primary schools; assessment of reading/writing/retention skills for students; Teachers Training; formulation and development of TLM and night coaching & career guidance.

b. Livelihood & Employability

The objective was to improve the quality of life for the community and enhance income level of the communities through skill development of youth and SHG women. Key activities undertaken to generate livelihood and employability include SRI paddy cultivation; commercial vegetable cultivation; commercial nursery seed bed preparation; fish spawn liberation; fishery and animal husbandry.

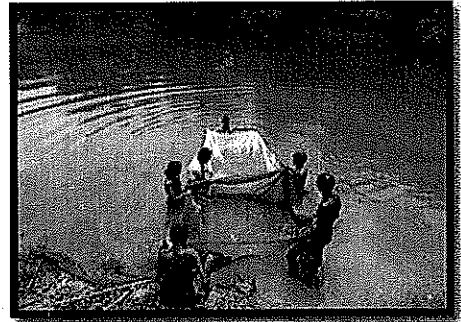
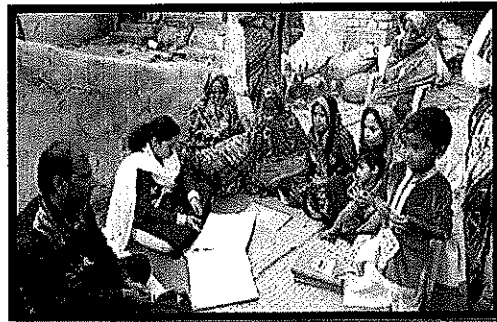
c. Financial Inclusion

The objective of the project was to promote and strengthen women SHGs and SHG-based institutions thereby empowering women for sustainable livelihood.

Key activities undertaken to achieve the objectives were - formation of new SHGs, establishment of Bank linkages for 100% SHGs and registration under NRLM/NULM, Bank Loans for SHGs for starting income generation initiatives and promotion of adult literacy program for SHG women.

d. Integrated Water harvesting

The objective of the program was to enhance ground water level and help the farmers for sustainable agriculture and fisheries. Key activities undertaken to achieve this objective included selection of farmers for integrated farming, excavation of ponds in 7 acres of land and dressing the excavated soil surrounding the embankment of ponds and conducting skill training on fish cultivation and vegetable cultivation in collaboration with Government Departments.



III. ARADHYA VT Centre:

Your Company has spent ₹ 6.23 lakhs in the programmed undertaken at ARADHYA VT Centre in Shakurpur (Delhi). Vocational trainings were provided to students (50% under SC/ST category) under various categories as indicated below:

- a) 92 students were provided training on course of Beauty Learning.
- b) 152 Students were provided Computer Training.
- c) 60 students were trained on Remedial Education Centre.



**9.3 Care for our Environment**

Your Company addresses various aspects of environment conservation such as resource conservation, energy efficiency, renewable energy certificates trading. Your Company strives to create environmentally responsible employees by promoting and showcasing individual efforts in green initiatives through Greenolution. The employees consider the aspects of Greenolution while carrying out process reengineering.

**10. Human Resources****10.1 Manpower**

As on 31<sup>st</sup> March, 2018, Tata Power Trading Company Ltd. had 47 employees on its payrolls.

**10.2 Employee Engagement**

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

- Employee's suggestions and issues were identified and addressed through Engagement Action Planning (EAP) workshops.
- All initiatives identified under EAP workshops have been successfully closed in the year.
- HR Connect, Pulse Connect, Townhalls and Knowledge Sharing Sessions were organized for all employees. This helped in establishing connect with employees and understanding their issues for speedy and smooth resolution.
- Various rewards and recognition programs were organized for employees. Xpressions, an online portal for recognition and building connect, was used extensively by employees.

**10.3 Capability Development****Key initiatives taken:**

Based on training needs identified at the start of the Training Cycle, training programs were deployed for all employees. These training needs were identified with view of current and future functional requirements. 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:

## **TATA POWER TRADING CO. LTD.**

- Management Development programs were organized to build managerial capability of people managers.
- Employees were nominated for both functional and behavioral trainings, based on training needs identified for them.
- A training program on Customer Relationship Management, was conducted for all employees, to improve the employee's customer responsiveness and customer relationship management skills.
- Awareness programs on POSH (Policy on Sexual Harassment) and Ethics was 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 FY18:

No of complaints received:	NIL
No of complaints disposed off:	NIL
No of cases pending for more than 90 days:	NIL
No of workshops/ awareness program:	3
Nature of action taken by the employer or District officer:	Not applicable

### **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**

On two occasions during the previous year, the company had invested in Inter-Corporate Deposit as a part of normal working capital management. The details of investment are provided in Annexure IV.

## **TATA POWER TRADING CO. LTD.**

### **13. Foreign Exchange Earnings and Outgo**

	₹ crore	
<b>Particulars – Standalone</b>	<b>FY18</b>	<b>FY17</b>
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	0.03	0.04

### **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 ("Act"), 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 S. R. Batliboi & Co., LLP, Chartered Accountants, who are the statutory auditors of your Company, hold office until the conclusion of the 19<sup>th</sup> Annual General Meeting.

### **16. Auditors' Report**

Extract of Auditor's report is given in Annexure VI.

### **17. Secretarial Audit Report**

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

### **18. Directors' Responsibility Statement**

Based on the framework of IFC (Internal Financial Controls) 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 FY18.

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:

**TATA POWER TRADING CO. LTD.**

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (ii) They 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) They 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) They have prepared the annual accounts on a going concern basis;
- (v) They 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) They 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, Ministry of External Affairs, Government of India, CERC, CEA, 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 are thankful to the Management of Dagachhu Hydro Power Corporation Limited.

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,

Sd/-  
S Ramakrishnan  
Chairperson  
(DIN: 00005090)

Mumbai, 25<sup>th</sup> April, 2018

**ANNEXURE I – CONSERVATION OF ENERGY AND TECHNOLOGY  
ABSORPTION**

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

A. Conservation of Energy - 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	Nil

1. TECHNOLOGY ABSORPTION - NIL

2. TECHNOLOGIES BEING REVIEWED/ADOPTED - NIL

On behalf of the Board of Directors,

Sd/-  
S Ramakrishnan  
Chairperson  
(DIN: 00005090)

Mumbai, 25<sup>th</sup> April, 2018

## TATA POWER TRADING CO. LTD.

### Annexure II – 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>TPTCL 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	<p>1. Ms. Anjali Kulkarni (Chairperson)</p> <p>2. Mr. Seethapathy Chander</p> <p>3. Mr. Sanjeev Mehra</p>
3	Average net profit of the company for last three financial years.	₹ 27.41 crore (as per Section 198 of Companies Act, 2013)
4	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	₹ 54.82 lakhs
5	Details of CSR spent during the financial year	
(a)	Total amount to be spent for the financial year	₹ 55.05 lakhs
(b)	Amount unspent, if any	Nil
(c)	Manner in which the amount spent during the financial year is detailed below	Details provided below

**TATA POWER TRADING CO. LTD.**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No	CSR project or activity identified	Sector in which the project is covered	Project/ Program  (Specify local area/ state and district)	Amount Outlay (Budget) project wise {In INR}	Amount Spent on projects or programs {In INR}  Subheads: Direct and Overheads	Cumulative expenditure up to 31/03/18 {In INR}	Amount spent: Direct or through implementation agency
1	ARADHYA VT Center	<ul style="list-style-type: none"> <li>Child Primary Education</li> <li>Vocational Training</li> </ul>	Sakurpur, Delhi	6,45,640	6,23,452	6,23,452	Direct
2	SASTRA University	Social Capital and Institution Building	Thanjavur, Tamil Nadu	1,57,000	1,57,000	3,77,000	Direct
		Livelihood improvement	Thanjavur & Kumbakonam, Tamil Nadu	2,20,000	2,20,000		Direct
3	TPCDT	Education excellence	Haldia, West Bengal	26,00,000	26,00,000	45,00,000	Implementation Agency - TPCDT
		Farm and Non-Farm Livelihood		10,00,000	10,00,000		
		Empowering Community women through SHG promotion		5,00,000	5,00,000		
		Integrated Water Harvesting		4,00,000	4,00,000		
	<b>Total</b>	-	-	<b>55,22,640</b>	<b>55,00,452</b>	<b>55,00,452</b>	-
4	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 requirement of amount to be spend on CSR activities.				
5	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.				

**TATA POWER TRADING CO. LTD.**
**ANNEXURE III – 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 not 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
None					

Details of material contracts or arrangement or transactions at arm's length basis:

Name of the Related Party and Nature of Relation	Nature of Contracts/ Arrangements/ Transactions	Duration	Salient terms including value	Date (s) of approval by the Board	Amount paid as advances , if any
Tata Power Delhi Distribution Limited (Fellow subsidiary)	Supply of Power	April 2017 to March 2018	As per CERC Regulation/Order	N.A.	Nil
Tata Power Solar Systems Limited (Fellow Subsidiary)	Supply of Power	April 2017 to March 2018	Linked to Exchange discovered price	N.A.	Nil
Welspun Renewable Energy Limited (Fellow Subsidiary)	Rendering of Services	April 2017 to March 2018	QCA Service	N.A.	Nil
Welspun Solar Kannada Private Limited (Fellow Subsidiary)	Rendering of Services	April 2017 to March 2018	QCA Service	N.A.	Nil
Tata Power Renewable Energy Limited (Fellow Subsidiary)	Rendering of Services	April 2017 to March 2018	QCA Service	N.A.	Nil

**TATA POWER TRADING CO. LTD.**

Name of the Related Party and Nature of Relation	Nature of Contracts/ Arrangements/ Transactions	Duration	Salient terms including value	Date (s) of approval by the Board	Amount paid as advances , if any
Vagarai Windfarms Limited (Fellow Subsidiary)	Rendering of Services	April 2017 to March 2018	Consultancy for Group Captive	N.A.	Nil
The Tata Power Company Limited (Holding Company)	Revenue from Sale of REC certificate	April 2017 to March 2018	Service Charges	N.A.	Nil
The Tata Power Company Limited (Holding Company)	Purchase of Power	April 2017 to March 2018	Linked to Tender/ Exchange discovered price	N.A.	Nil
Maithon Power Limited (Fellow Subsidiary)	Purchase of Power	April 2017 to March 2018	As per CERC Regulation/Order	N.A.	Nil
The Tata Power Company Limited (Holding Company)	Receiving of Services	April 2017 to March 2018	Rent, Facility & Other services	N.A.	Nil
Tata Power Solar Systems Limited (Fellow Subsidiary)	Receiving of Services	April 2017 to March 2018	O&M Charges	N.A.	Nil
The Tata Power Company Limited (Holding Company)	Reimbursement of Expenses	April 2017 to March 2018	OA /SOC MOC charges	N.A.	Nil
Tata Power Delhi Distribution Limited (Fellow subsidiary)	Reimbursement of Expenses	April 2017 to March 2018	OA /SOC MOC charges	N.A.	Nil
Maithon Power Limited (Fellow Subsidiary)	Reimbursement of Expenses	April 2017 to March 2018	OA/SOC MOC charges	N.A.	Nil
Tata Power Solar Systems Limited (Fellow Subsidiary)	Reimbursement of Expenses	April 2017 to March 2018	OA/SOC MOC charges	N.A.	Nil
The Tata Power Company Limited (Holding Company)	Inter Corporate Loans	April 2017 to March 2018	ICD given/taken	N.A.	Nil
The Tata Power Company Limited (Holding Company)	Purchase of Property, plant & equipment	April 2017 to March 2018	At written down value	N.A.	Nil
The Tata Power Company Limited	Sale of Property, plant &	April 2017 to March	At written down value	N.A.	Nil



## **TATA POWER TRADING CO. LTD.**

<b>Name of the Related Party and Nature of Relation</b>	<b>Nature of Contracts/ Arrangements/ Transactions</b>	<b>Duration</b>	<b>Salient terms including value</b>	<b>Date (s) of approval by the Board</b>	<b>Amount paid as advances , if any</b>
(Holding Company)	equipment	2018			

On behalf of the Board of Directors,

Sd/-  
S Ramakrishnan  
Chairperson  
(DIN: 00005090)

Mumbai, 25<sup>th</sup> April, 2018

**TATA POWER TRADING CO. LTD.**
**Annexure IV– Loans, guarantees, securities and investments made**

Natur e of transa ction (whet her Loan/ Guara ntee/ Securi ty/ Acqui sition)	Nam e of Pers on/ Body Corp orate (reci pient )	Amou nt of Loan/ Securi ty/ Acqui sition/ Guara ntee	Ten ure	Purpos e of propos ed utilizati on by recipie nt	Loans		Guara ntees  Count er guara ntee	Secu rities  Detail s of secur ities provi ded	Acquis itions  No. & kind of securiti es	Term s & condi tions	Whet her preju dicial to intere st of the comp any
					Rat e of Inte rest	Dat e of mat urity					
Inter Corpo rate Depo sit (ICD)	The Tata Pow er Com pany Limit ed	300,00 0,000	3 day s	Workin g Capital manag ement	6.17 %	6- Nov- 17	-	-	-	-	No
ICD	The Tata Pow er Com pany Limit ed	150,00 0,000	1 day	Workin g Capital manag ement	6.25 %	1- Dec- 17	-	-	-	-	No

**TATA POWER TRADING CO. LTD.**
**ANNEXURE V – ANNUAL RETURN**
**Form No. MGT-9**

Extract of Annual Return as on the financial year ended on 31<sup>st</sup> March 2018

*[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%

**TATA POWER TRADING CO. LTD.**
**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>	-	1.60	1.60	100%	-	1.60	1.60	100%	0%
<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) =</b>	-	1.60	1.60	100%	-	1.60	1.60	100%	0%

**TATA POWER TRADING CO. LTD.**

<b>(A)(1)+(A)(2)</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>	-	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding</b>	-	-	-	-	-	-	-	-	-	-

**TATA POWER TRADING CO. LTD.**

(B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	<b>1.60</b>	<b>1.60</b>	<b>100%</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			% chan ge in share holdi ng durin g the year
		No. of Shares	% of total Shares of the Comp any	% of Share s Pledg ed / encum bered to total shares	No. of Shares	% of total Shares of the Comp any	% of Share s Pledg ed / encum bered 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%	-	0	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%	-	0	0%	-	-
6	The Tata Power Company Limited and Mr. Sanjeev Mehra	1	0%	-	1	0%	-	-

**TATA POWER TRADING CO. LTD.**

Sl 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	
7	The Tata Power Company Limited and Mr. Ramesh Subramanyam	1	0%	-	1	0%	-	-
8	The Tata Power Company Limited and Mr. Jeraz E Mahernosh	0	0%	-	1	0%	-	-
9	The Tata Power Company Limited and Mr. Pramod Singh	0	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 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	The Tata Power Company Limited	15,999,994	100%		No change	-	-	15,999,994	100%
2	The Tata Power Company Limited and Mr. A S Bapat	1	0%	31 <sup>st</sup> October, 2017	Superannuation of Mr. A S Bapat	(1)	0%	-	-
3	The Tata Power	1	0%		No	-	-	1	0%

**TATA POWER TRADING CO. LTD.**

SI No	Name Shareholder	Shareholding at the beginning of the year		Date	Reason	Increase/(De crease) in Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Compa ny			No. o share s	% of total shares of the Comp any	No. of shares	% of total shares of the Company
	Company Limited and Mr. H M Mistry				change				
4	The Tata Power Company Limited and Mr. Sanjay Dube	1	0%		No change	-	-	1	0%
5	The Tata Power Company Limited and Mr. Deepak Mahendra	1	0%	31 <sup>st</sup> Octo ber, 2017	Super annuatio n of Mr. Deepak Mahend ra	(1)	0%	-	-
6	The Tata Power Company Limited and Mr. Sanjeev Mehra	1	0%		No change	-	-	1	0%
7	The Tata Power Company Limited and Mr. Ramesh Subramanyam	1	0%		No change	-	-	1	0%
8	The Tata Power Company Limited and Mr. Jeraz E Mahernosh	-	-	31 <sup>st</sup> Octo ber, 2017	Transfer	1	0%	1	0%
9	The Tata Power Company Limited and Mr. Pramod Singh	-	-	31 <sup>st</sup> Octo ber, 2017	Transfer	1	0%	1	0%

**TATA POWER TRADING CO. LTD.**

(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
Not Applicable					

(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. Sanjeev Mehra jointly held with The Tata Power Company Limited	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	178.86	-	-	178.86
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.27	-	-	0.27

**TATA POWER TRADING CO. LTD.**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Total (i+ii+iii)</b>	<b>179.13</b>	<b>-</b>	<b>-</b>	<b>179.13</b>
<b>Change in Indebtedness during the financial year</b>				
- Addition	1254.81	190	-	1444.81
- Reduction	(1375.9)	(190)	-	(1565.9)
<b>Net Change</b>	<b>(121.09)</b>	<b>0</b>	<b>-</b>	<b>(121.09)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	57.79	-	-	57.79
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.25	-	-	0.25
<b>Total (i+ii+iii)</b>	<b>58.04</b>			<b>58.04</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	168.13
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission - as % of profit - others, specify...(performance based)	-
5.	Others, Retirement Benefits	As per policy
	<b>Total (A)</b>	168.13
	Ceiling as per the Act	240.00

**TATA POWER TRADING CO. LTD.**
**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	
I.	Independent Directors				
	Mr. Seethapathy Chander	4.40	Nil	Nil	4.40
	Mr. N N Misra	4.40	Nil	Nil	4.40
	<b>Total (A)</b>	<b>8.80</b>	<b>Nil</b>	<b>Nil</b>	<b>8.80</b>
II.	Other Non-Executive Directors				
	Mr. S Ramakrishnan	4.90	Nil	Nil	4.90
	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	3.30	Nil	Nil	3.30
	<b>Total (B)</b>	<b>8.20</b>	<b>Nil</b>	<b>Nil</b>	<b>8.20</b>
	<b>Total Managerial Remuneration</b>	<b>17.00</b>	<b>Nil</b>	<b>Nil</b>	<b>17.00</b>

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. Amey Naik (CFO & CS)
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	44.93
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	-

**TATA POWER TRADING CO. LTD.**

Sl. no.	Particulars of Remuneration	Mr. Amey Naik (CFO & CS)
	- as % of profit - others, specify...(performance based)	
5.	Others, Retirement Benefits	As per policy
	<b>Total</b>	<b>44.93</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 Board of Directors,

Sd/-

**S Ramakrishnan**  
**Chairperson**  
(DIN: 00005090)

Mumbai, 25<sup>th</sup> April, 2018

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Tata Power Trading Company Limited

### **Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of Tata Power Trading Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.



### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Other Matter**

The Ind AS financial statements of the Company for the year ended March 31, 2017, included in these Ind AS financial statements, have been audited by the predecessor auditor who expressed an opinion on those statements on May 5, 2017.

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

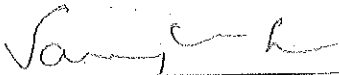
1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.



**S.R. BATLIBOI & CO. LLP**  
Chartered Accountants

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

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



per Sanjeev Kumar Singhal  
Partner

Membership Number: 095377

Place of Signature:

Date: April 25, 2018



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

Chartered Accountants

Annexure I referred to in paragraph I under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Tata Power Trading Company Limited ('the Company')

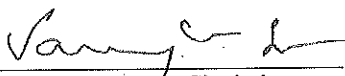
- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.  
  
c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- ii. The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, provisions of section 186 of the Companies Act 2013 in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company. In our opinion and according to the information and explanations given to us, there are no loans given in respect of which provisions of section 185 of the Companies Act 2013 are applicable and hence not commented upon.
- v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi. To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.
- vii. (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.  
  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.  
  
(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- viii. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans. The Company did not have loans or borrowings in respect of financial institutions or government or dues to debenture holders during the year.
- ix. In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by term loans for the purposes for which they were raised. Further, according to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments.



**S.R. BATLIBOI & CO. LLP**  
Chartered Accountants

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

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

  
per Sanjeev Kumar Singhal  
Partner  
Membership Number: 095377  
Place of Signature:  
Date: April 25, 2018



**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE  
FINANCIAL STATEMENTS OF TATA POWER TRADING COMPANY LIMITED**

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

We have audited the internal financial controls over financial reporting of Tata Power Trading Company Limited ("the Company") as of March 31, 2018 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements 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 over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements**

A company's internal financial control over financial reporting with reference to these financial statements 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 with reference to these financial statements 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.



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

Chartered Accountants

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, 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 with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

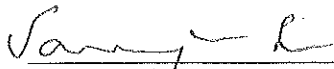
### **Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Sanjeev Kumar Singhal

Partner

Membership Number: 095377

Place of Signature:

Date: April 25, 2018



**Tata Power Trading Company Limited**  
Balance sheet as at 31st March, 2018

	Notes	As at 31st March, 2018 ₹ Lakhs	As at 31st March, 2017 ₹ Lakhs
<b>ASSETS</b>			
<b>Non-current Assets</b>			
(a) Property, plant and equipment	4	5,091.99	2,839.48
(b) Capital Work-in-Progress		-	2,591.39
(c) Intangible Assets	5	209.37	307.41
(d) Financial Assets			
(i) Investments	6	-	387.00
(e) Non-current Tax Assets (Net)	9	219.22	92.20
(f) Other Non-current Assets	10	8.40	230.55
<b>Total Non-current Assets</b>		<b>5,528.98</b>	<b>6,448.03</b>
<b>Current Assets</b>			
(a) Financial Assets			
(i) Trade Receivables	7	14,749.32	43,703.13
(ii) Unbilled Revenue		19,523.71	11,344.15
(iii) Cash and cash Equivalents	11	4.93	810.56
(iv) Bank Balances other than (iii) above	11	91.36	-
(v) Other financial assets	8	17,977.58	1,514.17
(b) Other Current Assets	10	10.38	149.39
<b>Total Current Assets</b>		<b>52,357.28</b>	<b>62,521.40</b>
<b>TOTAL ASSETS</b>		<b>57,886.26</b>	<b>68,969.43</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	12	1,600.00	1,600.00
(b) Other Equity	13	14,039.89	14,192.66
<b>Total Equity</b>		<b>15,639.89</b>	<b>15,792.66</b>
<b>LIABILITIES</b>			
<b>Non-current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	14	3,143.56	3,403.98
(b) Provisions	16	246.00	225.21
(c) Deferred Tax Liabilities (Net)	17	923.01	511.44
<b>Total Non-current Liabilities</b>		<b>4,312.57</b>	<b>4,140.63</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	19	2,375.05	14,233.37
(ii) Trade Payables	20	23,141.31	32,599.43
(iii) Other Financial Liabilities	15	875.61	1,664.29
(b) Provisions	16	1,213.55	8.56
(c) Current Tax Liabilities (Net)		87.06	-
(d) Other Current Liabilities	18	10,241.22	530.49
<b>Total Current Liabilities</b>		<b>37,933.80</b>	<b>49,036.14</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>57,886.26</b>	<b>68,969.43</b>

The accompanying notes are an integral part of the financial statements

As per our report of even date  
For S.R. Batliboi & Co. LLP  
Chartered Accountants  
Firm Registration No: 301003E / E300005

*Sanjeev Kumar Singhal*  
per Sanjeev Kumar Singhal  
Partner  
Membership No. 95377



Place: New Delhi  
Date: 25th April, 2018

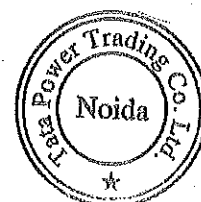
For and on behalf of the Board of Directors

*S. Ramakrishnan*  
S. Ramakrishnan  
Chairman

*Sanjeev Mehra*  
Sanjeev Mehra  
Managing Director

*Anney Naik*  
Anney Naik  
Chief Financial Officer & Company Secretary

Place: Noida  
Date: 25th April, 2018




**Tata Power Trading Company Limited**  
Statement of profit and loss for the year ended 31st March, 2018

	Notes	For Year ended 31st March, 2018	For Year ended 31st March, 2017
		₹ Lakhs	₹ Lakhs
I Revenue from Operations	21	3,69,141.91	4,60,508.51
II Other Income	22	51.96	147.28
III Total Income		3,69,193.87	4,60,655.79
IV Expenses			
(a) Cost of Power Purchased (refer note 28)		3,68,143.46	4,62,330.80
Less: Cash discount earned		6,090.13	6,846.67
		3,62,053.33	4,55,484.13
(b) Compensation Expense (Net)		373.23	(62.82)
(c) Employee Benefits Expense	23	1,100.99	919.52
(d) Finance Costs	24	1,013.05	1,803.56
(e) Depreciation and Amortisation Expenses	4 & 5	456.86	312.65
(f) Other Expenses	25	1,769.38	1,282.66
Total Expenses		3,66,766.84	4,59,739.70
V Profit Before Tax		2,427.03	916.09
VI Tax Expense			
Current Tax	26	601.50	224.94
Tax for earlier years	26	(66.66)	16.05
Deferred Tax	26	393.02	156.77
		927.86	397.76
VII Profit for the period		1,499.17	518.33
VIII Other Comprehensive Income			
A Add/(Less):			
(i) Items that will not be reclassified to profit and loss			
(a) Remeasurement of the Defined Benefit Plans		53.58	(7.48)
(b) Tax expense		(18.54)	2.59
Total Other Comprehensive Income		35.04	(4.89)
IX Total Comprehensive Income for the period (VII+ VIII)		1,534.21	513.44
X Earnings Per Equity Share (Face Value ₹ 10/- Per Share)			
Basic (₹)	27	9.37	3.24
Diluted (₹)	27	9.37	3.24

The accompanying notes are an integral part of the financial statements

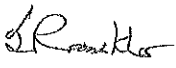
As per our report of even date  
For S.R.Batlilbhai & Co. LLP  
Chartered Accountants  
Firm Registration No: 301003E / E300005

  
per Sanjeev Kumar Singhal  
Partner  
Membership No. 95377

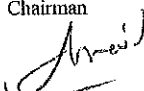


Place: New Delhi  
Date: 25th April, 2018

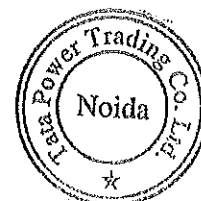
For and on behalf of the Board of Directors

  
S. Ramakrishnan  
Chairman

  
Sanjeev Mehra  
Managing Director

  
Anil Nayak  
Chief Financial Officer & Company Secretary

Place: Noida  
Date: 25th April, 2018




**Tata Power Trading Company Limited**  
Statement of cash flows for the period ended 31st March, 2018

	Year Ended 31st March, 2018 ₹ Lakhs	Year Ended 31st March, 2017 ₹ Lakhs
<b>A. Cash flow from operating activities</b>		
Profit before tax	2,427.03	916.09
Depreciation and amortisation expense of property, plant & equipment	456.86	312.65
Interest income	(3.30)	(17.40)
Gain arising on financial assets designated as at FVTPL	-	(21.75)
Decrease in fair valuation of investment	387.00	-
Finance cost	1,013.05	1,803.56
Loss/(gain) on disposal of property, plant and equipment	0.97	(0.01)
Gain on sale of current investments	(48.66)	(108.13)
Amortization of leasehold land	0.40	0.40
Liability no longer required written back	(411.35)	(1.98)
Provision for doubtful debts and advances (Net)	(130.38)	(33.25)
	3,691.62	2,850.18
Decrease in trade receivables	34,042.72	18,487.24
Decrease/(increase) in other current assets	139.01	(125.53)
(Increase)/decrease in other current financial assets	(24,691.34)	5,203.85
Decrease in trade payables	(9,046.77)	(14,540.86)
Increase/(decrease) on other current liabilities	9,710.73	(175.22)
Decrease in other current financial liabilities	(189.23)	(136.95)
Increase in provisions	73.81	25.95
	10,038.93	8,738.48
Cash generated from operations	13,730.55	11,588.66
Income taxes paid	(574.79)	(276.04)
Net cash flow from operating activities	13,155.76	11,312.62
<b>B. Cash flow from investing activities</b>		
Payments for property, plant and equipment	(410.43)	(318.77)
Proceeds from disposal of property, plant and equipment	2.02	1.10
Inter company deposits given	(12,000.00)	-
Inter company deposits received	12,000.00	-
Purchase of current investments	(85,650.00)	(1,91,095.00)
Proceeds from sale of current investments	85,698.66	1,91,201.39
Interest income received on fixed deposits	-	17.40
Net cash flow used in investing activities	(359.75)	(193.88)
<b>C. Cash flow from financing activities</b>		
Proceeds from borrowings	1,44,481.37	1,68,784.42
Repayment of borrowings	(1,58,919.37)	(1,66,981.40)
Finance costs paid	(1,015.32)	(1,796.72)
Dividends paid	(400.00)	(480.00)
Dividend distribution tax paid	(81.43)	(97.72)
Finance income received	1.78	-
Net cash flow used in financing activities	(15,932.97)	(571.42)
Net (decrease)/increase in cash and cash equivalents	(3,136.96)	10,547.32
Cash and cash equivalents as at 1st April, 2017	766.84	(9,780.48)
Cash and cash equivalents as at 31st March, 2018 (Refer note 10)	(2,370.12)	766.84

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

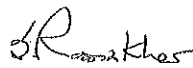
As per our report of even date  
For S.R.Batliloi & Co. LLP  
Firm Registration No: 301003B / E300005  
Chartered Accountants

  
Sanjeev Kumar Singh  
Partner  
Membership No. 95377



Place: New Delhi  
Date: 25th April, 2018

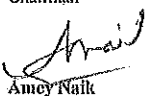
For and on behalf of the Board of Directors



S. Ramakrishnan  
Chairman

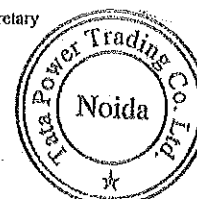


Sanjeev Mehra  
Managing Director

  
Anil

Anil  
Chief Financial Officer & Company Secretary

Place: Noida  
Date: 25th April, 2018



**Tata Power Trading Company Limited**  
Statement of changes in equity for the period ended 31st March, 2018.

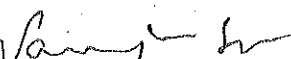
A. Equity Share Capital					
	₹ Lakhs				
	No. of Shares	Amount			
Balance as at 1st April, 2016	1,60,00,000	1,600			
Issue of Equity Shares during the period	-	-			
Balance as at 31st March, 2017	1,60,00,000	1,600			
Issue of Equity Shares during the year	-	-			
Balance as at 31st March, 2018	1,60,00,000	1,600			

B. Other Equity					
₹ Lakhs					
Description	Reserves and Surplus				Total
	General Reserve	Securities Premium Reserve	Retained Earnings	Deemed capital contribution from holding company	
Balance as at 1st April, 2016	1,355.00	2,089.50	10,804.14	-	14,248.64
Add: Issue of financial Guarantee by holding company	-	-	-	8.30	8.30
Profit for the year	-	-	518.33	-	518.33
Other Comprehensive Income/(Expense) for the year (Net of Tax)	-	-	(4.89)	-	(4.89)
Total Comprehensive Income	-	-	513.44	8.30	521.74
Dividend paid (including tax on dividend)	-	-	577.72	-	577.72
Balance as at 31st March, 2017	1,355.00	2,089.50	10,739.86	8.30	14,192.66
Balance as at 1st April, 2017	1,355.00	2,089.50	10,739.86	8.30	14,192.66
Profit for the year	-	-	1,499.17	-	1,499.17
Other Comprehensive Income/(Expense) for the year (Net of Tax)	-	-	35.04	-	35.04
Total Comprehensive Income	-	-	1,534.21	-	1,534.21
Dividend paid (including tax on dividend)	-	-	1,400.00	-	1,400.00
Tax on Dividend	-	-	286.98	-	286.98
Balance as at 31st March, 2018	1,355.00	2,089.50	10,587.09	8.30	14,039.89

The accompanying notes are an integral part of the financial statements


As per our report of even date  
For S.R.Batliloi & Co. LLP  
Chartered Accountants  
Firm Registration No: 301003E / E300005

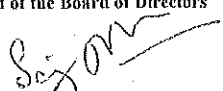
  
per Sanjeev Kumar Singh  
Partner  
Membership No. 95377

Place: New Delhi  
Date: 25th April, 2018



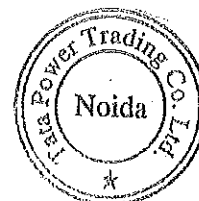
For and on behalf of the Board of Directors

  
S. Ramakrishnan  
Chairman

  
Sanjeev Mehra  
Managing Director

  
Anurag Naik  
Chief Financial Officer & Company Secretary

Place: Noida  
Date: 25th April, 2018



**Tata Power Trading Company Limited**  
**Notes of the financial statements**

**1. General information:**

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

The financial statements were authorized for issue in accordance with a resolution of the Directors on April 25, 2018.

**2. Significant accounting policies:**

**a) Statement of compliance**

The Financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) read with section 133 of the Companies Act, 2013.

**b) Basis of preparation and presentation:**

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

**c) Use of estimates**

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

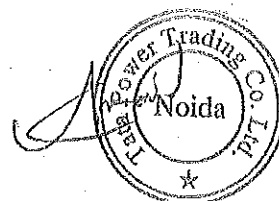
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

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

**d) Revenue recognition**

Revenue is recognized when the amount of revenue can be reliably measured, it is probable that the economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below. Revenue is measured at the fair value of the consideration received or receivable.

- i. Revenue from sale of power is accounted for based on rates agreed with the customers.
- 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, load management etc. is recognised as determined under the terms of respective agreements.
- iv. Delayed payment charges for power supply on grounds of prudence are recognised when recovery is virtually certain.
- v. Compensation recoverable from customers/suppliers for default in purchase/sale of power is accrued as determined under the terms of respective agreements and acknowledged by customers/suppliers.



**Tata Power Trading Company Limited**  
**Notes of the financial statements**

- vi. Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).
- vii. Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**e) Leasing**

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

**The Company as lessor**

Leases in which the company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rentals are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**The Company as lessee**

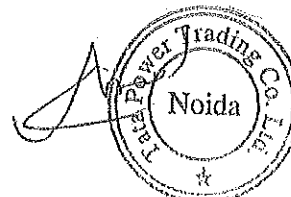
A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the company's general policy on the borrowing costs (See note 2.1.g). Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

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

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



**Tata Power Trading Company Limited**  
**Notes of the financial statements**

**f) Foreign currencies**

The functional currency of the Company is Indian rupee (Rs.). These Financial Statements are presented in Indian rupees.

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit/loss for the period in which the transaction is settled.

**g) Borrowing costs**

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

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

**h) Employee benefits**

**i) Retirement benefit costs and termination benefits**

**a) Defined contribution plans**

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

**b) Defined benefits plans**

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

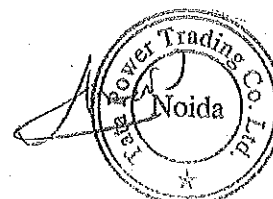
- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs
- Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:
  - Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
  - Net interest expense or income.

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

**ii) Short-term and other long-term employee benefits**

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

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



**Tata Power Trading Company Limited**  
**Notes of the financial statements**

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

**i) Taxation**

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

**i) Current tax**

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

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**ii) Deferred tax**

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

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

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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



**Tata Power Trading Company Limited**  
**Notes of the financial statements**

**j) Property, plant and equipment**

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

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

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

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

Plant and Equipment - Wind Mill: 25 years (Initial 10 years at 6% based on GERC, thereafter 2%)

Plant and Equipment - Solar Plant: 15 years

Motor Vehicles: 5 years

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

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

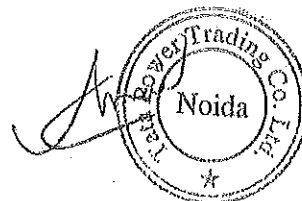
**k) Intangible assets:**

**i) Intangible assets acquired separately**

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

**ii) Derecognition of intangible assets**

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



**Tata Power Trading Company Limited**  
**Notes of the financial statements**

**iii) Useful lives of intangible assets**

Estimated useful lives of the intangible assets are as follows:

Software license: 5 years

**l) Impairment of tangible and intangible assets other than goodwill**

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

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

In assessing value in use, the estimated future Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share Prices for publicly traded companies or other available fair value indicators.

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

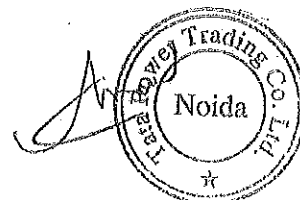
Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous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

**m) Provisions**

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

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

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.



**Tata Power Trading Company Limited**  
**Notes of the financial statements**

Onerous contracts

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

**n) Financial instruments**

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

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

**o) Financial assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**i) Classification of financial assets**

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

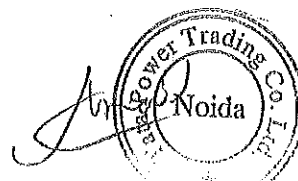
- The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments in fair value through Profit or loss category are measured at fair value with all changes recognised in Profit and loss

**ii) Effective interest method**

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

Income is recognised on an effective interest basis for financial assets other than those financial assets classified as at fair value through profit or loss. Interest income is recognised in the Statement of profit and Loss and is included in the "Other income" line item.



**Tata Power Trading Company Limited**  
**Notes of the financial statements**

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

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

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

**iv) Impairment of financial assets**

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

**v) Derecognition of financial assets**

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of Profit and Loss.

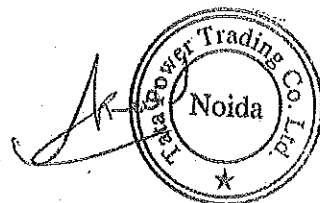
**p) Financial liabilities and equity instruments**

**i) Classification as debt or equity**

Debt and equity instruments issued by Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**ii) Equity instruments**

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



**Tata Power Trading Company Limited**  
**Notes of the financial statements**

**iii) Financial liabilities**

Financial Liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

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

Financial Guarantee contract

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

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

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

Derecognition of financial liabilities

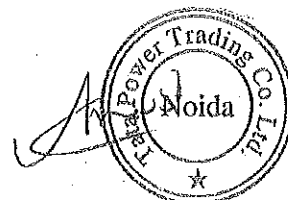
The Company derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit or Loss.

**q) Cash and cash equivalents**

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

**r) Cash Flow Statement**

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



**Tata Power Trading Company Limited**  
**Notes of the financial statements**

**s) Earnings per equity share**

**i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- o The profit attributable to owners of the group
- o By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus element in equity shares issued during the year and excluding treasury shares.

**i) Diluted earnings per share**

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- a. The after income tax effect of interest and other financing costs associated with dilutive potential equity shares; and
- b. The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**t) Operating cycle**

Considering the nature of business activities, the operating cycle has been assumed to have duration of 12 months. Accordingly, all assets and liabilities have been classified as current or noncurrent as per the Group's operating cycle and other criteria set out in Ind AS 1 'Presentation of Financial Statements' and Schedule III to the Companies Act, 2013.

**u) Contingent liabilities**

Contingent liabilities are disclosed in the financial statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

**Standards issued but not yet effective**

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

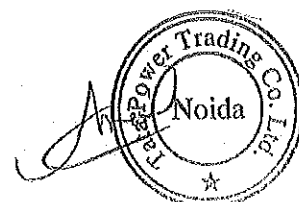
In March 2018, the Ministry of Corporate Affairs had notified Ind AS 115 (Revenue from Contracts with Customers) which would be applicable for accounting periods beginning on or after 1 April 2018. This Standard establishes the principles that an entity shall apply to report useful information to users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

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

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

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

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



**Tata Power Trading Company Limited**  
**Notes of the financial statements**

**c) Transfers of Investment Property — Amendments to Ind AS 40**

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after 1 April 2018. The Company will apply amendments when they become effective. However, since there are no investment properties, the Company does not expect any effect on its financial statements.

**d) Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration**

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- (i) The beginning of the reporting period in which the entity first applies the Appendix, or
- (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after 1 April 2018. However, since the Company's current practice is in line with the Interpretation, the Company does not expect any effect on its financial statements.

**e) Critical accounting judgement & estimates**

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

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



**Tata Power Trading Company Limited**  
**Notes of the financial statements**

The areas involving critical estimates are:

**i. Estimation of defined benefit obligation- Note 2(l)**

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables.

**ii. Fair Value of Investment**

During the year company has evaluated the fair value of its investment in Tata Ceramics Limited based on fair valuation conducted by an independent expert (Also refer note 6 and note 3 l)

**iii. Estimation of Onerous Contract**

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

**iv. Useful life of property , plant and equipment**

As described in note 2 above, the company reviews the estimated useful lives of property plant and equipment at end of each annual reporting period.



**Tata Power Trading Company Limited**  
Notes to the financial statements

**4. Property, Plant and Equipment**

₹ Lakhs

	Plant and Equipment	Furniture and Fixtures	Office Equipment	Motor Vehicles	Total
<b>Cost</b>					
Balance as at 1st April, 2017	3,271.82	2.91	23.33	15.27	3,313.33
Additions	2,603.22	0.47	-	10.64	2,614.33
Disposals	15.45	0.08	15.50	-	31.03
Balance as at 31st March, 2018	5,859.59	3.30	7.83	25.91	5,896.63
<b>Accumulated depreciation</b>					
Balance as at 1st April, 2017	439.93	1.10	19.07	13.75	473.85
Depreciation Expense	354.54	0.30	0.80	3.19	358.83
Disposal of Assets	13.26	0.05	14.73	-	28.04
Balance as at 31st March, 2018	781.21	1.35	5.14	16.94	804.64
<b>Net carrying amount</b>					
As at 31st March, 2018	5,078.38	1.95	2.69	8.97	5,091.99
As at 31st March, 2017	2,831.89	1.81	4.26	1.52	2,839.48

₹ Lakhs

	Plant and Equipment	Furniture and Fixtures	Office Equipment	Motor Vehicles	Total
<b>Cost</b>					
Balance as at 1st April, 2016	3,262.20	2.91	25.34	15.27	3,305.72
Additions	13.08	-	1.62	-	14.70
Disposals	3.46	-	3.63	-	7.09
Balance as at 31st March, 2017	3,271.82	2.91	23.33	15.27	3,313.33
<b>Accumulated depreciation</b>					
Balance as at 1st April, 2016	237.20	0.77	21.36	13.75	273.08
Depreciation Expense	205.28	0.33	0.86	-	206.47
Disposal of Assets	2.55	-	3.15	-	5.70
Balance as at 31st March, 2017	439.93	1.10	19.07	13.75	473.85
<b>Net carrying amount</b>					
As at 31st March, 2017	2,831.89	1.81	4.26	1.52	2,839.48
As at 31st March, 2016	3,025.00	2.14	3.98	1.52	3,032.64

Plant and equipment with a carrying amount of Rs. 5062.27 lakhs (as at 31st March, 2017 - Rs. 2,817.16 lakhs) have been pledged to secure borrowings of the Company (see note 14).



**Tata Power Trading Company Limited**  
Notes to the financial statements

**5. Other intangible assets**

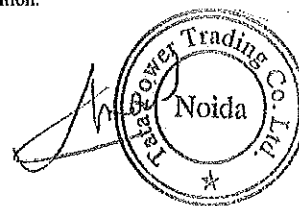
₹ Lakhs

	Computer software	Total
Cost		
Balance as at 1st April, 2017	735.50	735.50
Additions	-	-
Disposal	-	-
Balance as at 31st March, 2018	735.50	735.50
Accumulated amortisation and impairment		
Balance as at 1st April, 2017	428.09	428.09
Amortisation expense	98.04	98.04
Disposal	-	-
Balance as at 31st March, 2018	526.13	526.13
Net Block		
As at 31st March, 2018	209.37	209.37
As at 31st March, 2017	307.41	307.41

₹ Lakhs

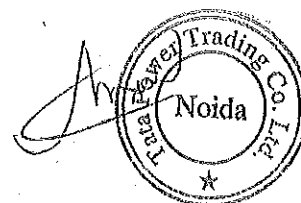
	Computer software	Total
Cost		
Balance as at 1st April, 2016	735.50	735.50
Balance as at 31st March, 2017	735.50	735.50
Accumulated amortisation and impairment		
Balance as at 1st April, 2016	321.91	321.91
Amortisation expense	106.18	106.18
Balance as at 31st March, 2017	428.09	428.09
Net Block		
As at 31st March, 2017	307.41	307.41
As at 31st March, 2016	413.59	413.59

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



**Tata Power Trading Company Limited**  
**Notes to the financial statements**

<b>6. Non-current Investments</b>				
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
	Numbers	Numbers	₹ Lakhs	₹ Lakhs
<b>Investments carried at fair value</b>				
<b>Unquoted Investments (all fully paid)</b>				
a) Investments in Preference instruments at FVTPL-Tata ceramics Limited	3,00,000	3,00,000	387.00	387.00
Less: Fair value changes			(387.00)	-
			-	387.00
b) Investments in equity instruments at FVTPL-Power Exchange India Limited	25,00,000	25,00,000	250.00	250.00
Less: Fair value changes			(250.00)	(250.00)
			-	-
			-	-
<b>Total Aggregate Unquoted Investments</b>			-	387.00
i) 3,00,000 7.25% of Redeemable Cumulative Convertible Preference Shares of ₹ 100 each fully paid up in Tata Ceramics Limited ii) 25,00,000 equity share of ₹ 10 each fully paid up in Power Exchange India Limited				
<b>7. Trade Receivables</b>				
			As at 31st March, 2018	As at 31st March, 2017
			₹ Lakhs	₹ Lakhs
<b>Current Trade Receivables</b>				
Considered good (refer note 28)			14,749.32	48,703.13
Considered doubtful			597.11	686.02
			15,346.43	49,389.15
Less: Allowance for Doubtful Trade Receivables			(597.11)	(686.02)
<b>Total</b>			<b>14,749.32</b>	<b>48,703.13</b>
The credit period on sale of power is upto 60 days. Thereafter, interest is charged at 15% to 18% per annum on the outstanding balance.  The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as per the provision matrix computed as per historical experience and expected credit loss.				
<b>Age of receivables</b>			₹ Lakhs	
			As at 31st March, 2018	As at 31st March, 2017
Within the credit period			7,085.97	21,034.60
1-30 days past due			4,819.56	2,946.78
31-60 days past due			243.32	4,321.67
61-90 days past due			72.28	2,500.52
More than 90 days past due			3,125.30	18,585.58
<b>Total</b>			<b>15,346.43</b>	<b>49,389.15</b>



Tata Power Trading Company Limited  
Notes to the financial statements

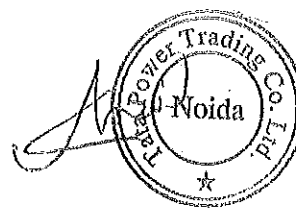
Movement in the expected credit loss allowance	As at 31st March, 2018	As at 31st March, 2017
	₹ Lakhs	₹ Lakhs
Balance at the beginning of the year	686.02	771.78
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	(88.91)	(85.76)
Balance at the end of the year	597.11	686.02

8. Other Financial Assets		
	As at 31st March, 2018	As at 31st March, 2017
	₹ Lakhs	₹ Lakhs
Current		
(i) Security Deposits		
Unsecured, considered good	723.56	1,026.45
Security Deposits		
Unsecured, considered doubtful	5.00	5.00
Security Deposits	(5.00)	(5.00)
Less: Provision	723.56	1,026.45
Receivable on sale of property plant and equipment		0.53
Interest accrued on fixed deposit	1.52	
	1.52	0.53
Unsecured, considered good		
Advances (refer note 28)	17,252.50	487.19
Unsecured, considered doubtful		
Advances	59.46	100.93
Less: Provision for doubtful advances	(59.46)	(100.93)
	17,252.50	487.19
	17,977.58	1,514.17

9. Non-current tax Assets		
	As at 31st March, 2018	As at 31st March, 2017
	₹ Lakhs	₹ Lakhs
Non-current tax assets		
Advance Income-tax (Net of provision)	219.22	92.20
	219.22	92.20



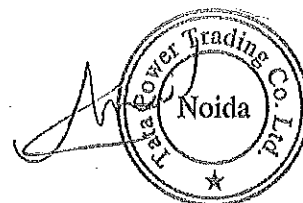
**Tata Power Trading Company Limited**  
Notes to the financial statements

**10. Other Assets**

	As at 31st March, 2018	As at 31st March, 2017
	₹ Lakhs	₹ Lakhs
<b>Non-current</b>		
(i) Capital Advances Unsecured, considered good		221.75
(ii) Unamortised Premium for Leasehold Land Unsecured, considered good	8.40	8.80
	8.40	230.55
<b>Current</b>		
(i) Balances with Government Authorities Unsecured, considered good Advances -indirect tax input credit receivable	2.40	3.24
(ii) Unamortised Premium for Leasehold Land Unsecured, considered good	0.40	0.40
(iii) Other Loans and Advances Unsecured, considered good Prepaid Expenses	7.58	145.75
	10.38	149.39

**11. Cash and Cash Equivalents**

	As at 31st March, 2018	As at 31st March, 2017
	₹ Lakhs	₹ Lakhs
(i) Balances with Banks: In Current Accounts	4.93	810.56
Cash and Cash Equivalents as per Balance Sheet	4.93	810.56
Bank Overdraft (Refer Note No. 19)	(2,375.05)	(43.72)
Cash and Cash Equivalents as per Statement of Cash Flows	(2,370.12)	766.84
(ii) Balances with Banks other than (i) above In Deposit Accounts (with original maturity between 3 to 12 months)	91.36	-
	91.36	-



**Tata Power Trading Company Limited**  
Notes to the financial statements

**12. Equity - Share Capital**

	As at 31st March, 2018		As at 31st March, 2017	
	Number	₹ Lakhs	Number	₹ Lakhs
<b>Authorised</b>				
Equity Shares of ₹ 10/- each	2,00,00,000	2,000	2,00,00,000	2,000
Preference Shares of ₹ 10/- each	1,80,00,000	1,800	1,80,00,000	1,800
		3,800		3,800
<b>Issued and subscribed capital comprises:</b>				
Fully paid equity shares of Rs 10 each	1,60,00,000	1,600	1,60,00,000	1,600
<b>Total Issued, Subscribed and fully Paid-up Share Capital</b>		1,600		1,600

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

	As at 31st March, 2018		As at 31st March, 2017	
	Number	₹ Lakhs	Number	₹ Lakhs
Equity Shares				
At the beginning of the year	1,60,00,000	1,600	1,60,00,000	1,600
Issued during the year	-	-	-	-
Outstanding at the end of the year	1,60,00,000	1,600	1,60,00,000	1,600

(ii) Terms/rights attached to Equity Shares

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

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

	As at 31st March, 2018		As at 31st March, 2017	
	Number	% Holding	Number	% Holding
Equity Shares of ₹ 10/- each fully paid	1,60,00,000	100%	1,60,00,000.00	100%
The Tata Power Company Limited, Holding Company				

**13. Other Equity**

	As at 31st March, 2018	As at 31st March, 2017
	₹ Lakhs	₹ Lakhs
<b>General Reserve</b>		
Balance at the end of the period	1,355.00	1,355.00
<b>Securities Premium Account</b>		
Balance at the end of the period	2,089.50	2,089.50
<b>Retained Earnings</b>		
Balance at the beginning of the period	10,739.86	10,804.14
Add: Other Comprehensive Income/(Expense) arising from Remeasurement of Defined Benefit Obligation (Net of Tax)	35.04	(4.89)
Add: Profit for the period	1,499.17	518.33
Less: Payment of dividend on equity share ₹ 2.5 per share (Previous year ₹ 3 per share)	400.00	480.00
Less: Payment of interim dividend on equity share 10 per share (Previous year NIL per share)	1,000.00	-
Less: Tax on Dividend	286.98	97.72
Closing Balance	10,587.09	10,739.86
<b>Deemed capital contribution from Holding company</b>		
Balance at the end of the period	8.30	8.30
<b>Total of Other Equity</b>	14,039.89	14,192.66

**Note:**

- The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.
- In respect of the year ended 31st March, 2018, the directors via circular resolution no. CR-BM/4/20118 dated 30th March, 2018 have declared the interim dividend of Rs. 6.25 per share on 31st March, 2018 to be paid on fully paid equity shares. The dividend was finally paid on 4th April 2018.



**Tata Power Trading Company Limited**  
Notes to the financial statements

**14. Non-current Borrowings**

	As at 31st March, 2018		31st March, 2017	
	Non-current	Current	Non-current	Current
	₹ Lakhs	₹ Lakhs	₹ Lakhs	
(i) Secured - At Amortised Cost				
Term Loans from Banks				
Kotak Mahindra Bank	3,143.56	260.43	3,403.98	248.36
Total	3,143.56	260.43	3,403.98	248.36

(ii) Terms of repayment of outstanding balance of term loans are stated below:

As at 31st March, 2018	Amount outstanding Rs. in Laes	Repayment terms for outstanding balance	Rate of interest
Kotak Mahindra Bank	490.00	28 equal quarterly installments from 30th June, 2018 to 31st March, 2025	6 months MCLR + 10 basis points i.e. 8.55% as at 31st March, 2018
Kotak Mahindra Bank	1,460.04	37 quarterly installments from 30th June, 2018 to 30th June, 2027	6 months MCLR + 10 basis points i.e. 8.55% as at 31st March, 2018
Kotak Mahindra Bank	1,453.95	41 quarterly installments from 16th April, 2018 to 16th April, 2028	6 months MCLR + 10 basis points i.e. 8.55% as at 31st March, 2018
Total	3,403.99		
As at 31 March, 2017	Amount outstanding Rs. in Laes	Repayment terms for outstanding balance	Rate of interest
Kotak Mahindra Bank	560.00	32 equal quarterly installments from 30th June, 2017 to 31st March, 2025	6 months MCLR + 10 basis points i.e. 8.60% as at 31st March, 2017
Kotak Mahindra Bank	1,592.34	41 quarterly installments from 30th June, 2017 to 30th June, 2027	6 months MCLR + 10 basis points i.e. 8.60% as at 31st March, 2017
Kotak Mahindra Bank	1,500.00	44 quarterly installments from 16th July, 2017 to 16th April, 2028	6 months MCLR + 10 basis points i.e. 8.60% as at 31st March, 2017
Total	3,652.34		

**Security Terms**

- (iii) Exclusive charge over the moveable fixed assets of the project (ie., Wind & solar projects) and exclusive charge on project receivables.
- (iv) Balance outstanding as at 31st March, 2018 is Rs. 3,403.99 lakhs (31st March, 2017 - Rs. 3,652.34 lakhs) of which Rs. 260.43 lakhs (31st March, 2017 - Rs. 248.36 lakhs) pertains to current maturities of long term borrowings (see note 14).
- (v) The Company has not defaulted on repayment of loan and interest payment thereon during the current and previous year.



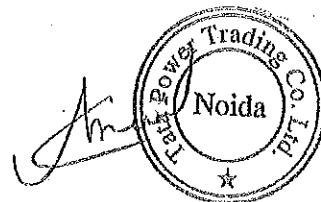
**Tata Power Trading Company Limited**  
Notes to the financial statements

**15. Other Financial Liabilities**

	As at 31st March, 2018	As at 31st March, 2017
	₹ Lakhs	₹ Lakhs
<b>Current</b>		
(a) Current Maturities of Long-term Debt (Refer note 14)	260.43	248.36
(b) Interest accrued but not due on Borrowings	25.09	27.36
(c) Other Payables		
Payables towards Purchase of Fixed Assets	44.19	653.44
Security Deposits from Customers	540.53	680.31
Security Deposits from Others	5.37	54.82
<b>Total</b>	<b>875.61</b>	<b>1,664.29</b>

**16. Provisions**

	As at 31st March, 2018	As at 31st March, 2017
	₹ Lakhs	₹ Lakhs
<b>Non-current</b>		
<b>Provision for Employee Benefits</b>		
Compensated Absences	89.46	100.28
Gratuity	110.19	115.68
Post Employment Medical Benefit	6.00	-
Ex-Gratia and retirement gift	18.21	1.75
Hospitalisation in Service and long service award	22.14	7.50
<b>Total Non-current Provisions</b>	<b>246.00</b>	<b>225.21</b>
<b>Current</b>		
<b>Provision for Employee Benefits</b>		
Compensated Absences	3.46	4.99
Gratuity	1.82	3.57
Ex-Gratia and retirement gift	1.27	-
Hospitalisation in Service and long service award	1.45	-
<b>Other Provisions</b>		
Interim dividend	1,000.00	-
Interim dividend Tax	205.55	-
<b>Total Current Provisions</b>	<b>1,213.55</b>	<b>8.56</b>



**Tata Power Trading Company Limited**  
Notes to the financial statements

**17. Deferred Tax Liabilities (Net)**

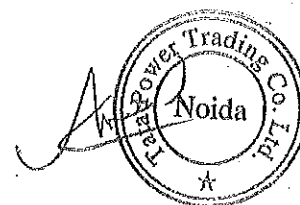
		As at 31st March, 2018	As at 31st March, 2017
		₹ Lakhs	₹ Lakhs
Deferred Tax Assets		536.01	540.38
Deferred Tax Liabilities		(1,459.02)	(1,051.82)
<b>Total - Net Deferred Tax Liabilities</b>		<b>(923.01)</b>	<b>(511.44)</b>

FY 17-18	Opening Balance	Recognised in Profit or loss	Recognised in other comprehensive Income	Closing balance
Deferred tax assets in relation to				
Allowance for Doubtful Debts, Deposits and Advances	274.08	(42.93)		231.15
Provision for Employee Benefits and Others	43.72	30.29	(18.54)	55.47
MAT Credit entitlement	222.58	26.81		249.39
	540.38	14.17	(18.54)	536.01
Deferred tax liabilities in relation to				
Property, Plant and Equipment	1,051.82	407.20		1,459.02
	1,051.82	407.20		1,459.02
<b>Net Deferred Tax Liability</b>	<b>511.44</b>	<b>393.03</b>	<b>18.54</b>	<b>923.01</b>

FY 16-17	Opening Balance	Recognised in Profit or loss	Recognised in other comprehensive Income	Closing balance
Deferred Tax Assets in relation to				
Allowance for Doubtful Debts, Deposits and Advances	285.59	(11.51)		274.08
Provision for Employee Benefits and Others	28.15	12.98	2.59	43.72
MAT Credit entitlement	447.52	(224.94)		222.58
	761.26	(223.47)	2.59	540.38
Deferred Tax Liabilities in relation to				
Property, Plant and Equipment	1,082.35	(30.53)		1,051.82
	1,082.35	(30.53)		1,051.82
<b>Deferred Tax Liability</b>	<b>321.09</b>	<b>192.94</b>	<b>(2.59)</b>	<b>511.44</b>



**Tata Power Trading Company Limited**  
Notes to the financial statements

**18. Other Current Liabilities**

	As at 31st March, 2018	As at 31st March, 2017
	₹ Lakhs	₹ Lakhs
Current		
Statutory Liabilities	134.75	90.43
Advance payments received from Customers (refer note 28)	10,105.28	436.47
Other Liabilities	1.19	3.59
	<b>10,241.22</b>	<b>530.49</b>

**19. Current Borrowings**

	As at 31st March, 2018	As at 31st March, 2017
	₹ Lakhs	₹ Lakhs
Secured - At Amortised Cost		
From Banks		
Bank Overdraft (refer note 1 and 2 below)	2,375.05	43.72
Short-term Loans (refer note 1 and 2 below)	-	14,189.65
	<b>2,375.05</b>	<b>14,233.37</b>
	<b>2,375.05</b>	<b>14,233.37</b>

**Security**

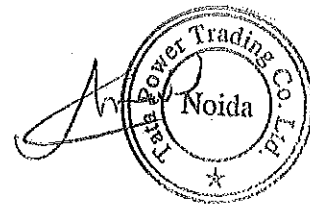
1. Secured by a first charge by way of hypothecation of the Company's moveable including book-debts, bills, outstanding monies, receivables, both present and future ranking pari-passu with other participating banks except project receivables.
2. The weighted average effective interest rate on the bank loans is 7.34% per annum (as at 31 March, 2017: 8.52% per annum)

**20. Trade payables**

	As at 31st March, 2018	As at 31st March, 2017
	₹ Lakhs	₹ Lakhs
Trade payables (see note below)		
- Total outstanding dues of creditors other than micro enterprises & small enterprises (refer note 28)	23,141.31	32,599.43
- Total outstanding dues of micro enterprises & small enterprises	-	-
	<b>23,141.31</b>	<b>32,599.43</b>

**Note:**

- i. The average credit period is upto 30 days for the company.
- ii. Based on information available with the company, the balance due to micro, small enterprises as defined under the micro, small & medium enterprises development (MSMED) Act, 2006 is Rs Nil (31st March 2017 : Rs Nil) and no interest has been paid or is payable during the year under the terms of the MSMED Act 2006. The information provided by the company has been relied upon by the auditors.



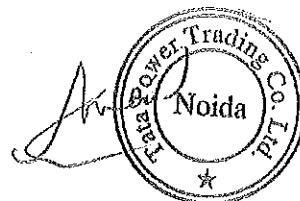
**Tata Power Trading Company Limited**  
Notes to the financial statements

**21. Revenue from Operations**

	For Year ended 31st March, 2018	For Year ended 31st March, 2017
	₹ Lakhs	₹ Lakhs
(a) Revenue from Power Supply (refer note 28)	3,71,391.69	4,64,150.05
(Less): Cash Discount	(3,286.66)	(3,979.06)
	3,68,105.03	4,60,170.99
(b) Other Operating Revenue		
(i) Income in respect of Services Rendered	52.64	80.29
(ii) Liabilities no longer required written back	411.35	1.98
(iii) Miscellaneous income	17.25	4.14
(iv) Delayed Payment Charges recovered	16.01	109.10
(v) Provision for Doubtful Debts and Advances (Net)	130.38	33.25
(vi) Other income	409.25	108.76
	1,036.88	337.52
<b>Total Revenue from Operations</b>	<b>3,69,141.91</b>	<b>4,60,508.51</b>

**22. Other Income**

	For Year ended 31st March, 2018	For Year ended 31st March, 2017
	₹ Lakhs	₹ Lakhs
(a) Dividend Income		
Dividend from preference shares	-	21.75
	-	21.75
(b) Gain on Investments		
Gain on Current Investment measured at FVTPL-Mutual Funds	48.66	108.13
	48.66	108.13
(c) Other Non-operating Income		
Interest Income from fixed deposits	1.52	17.40
Other interest	1.78	-
	3.30	17.40
<b>Total Other Income</b>	<b>51.96</b>	<b>147.28</b>



**Tata Power Trading Company Limited**  
Notes to the financial statements

**23. Employee Benefits Expense**

	For Year ended 31st March, 2018	For Year ended 31st March, 2017
	₹ Lakhs	₹ Lakhs
Salaries and Wages	856.90	736.12
Contribution to Provident Fund	35.69	30.82
Gratuity Expense (refer note 32)	29.03	24.12
Staff Welfare Expenses	179.37	128.46
	<b>1,100.99</b>	<b>919.52</b>

**24. Finance Costs**

	For Year ended 31st March, 2018	For Year ended 31st March, 2017
	₹ Lakhs	₹ Lakhs
(a) Interest Expenses:		
Borrowings		
Interest on Borrowings from Related Parties	1.30	-
Interest on Loans - Banks & Financial Institutions	826.40	1,501.35
Others		
Interest on Bank Overdraft	82.35	185.67
	<b>910.05</b>	<b>1,687.02</b>
Bank charges	103.00	116.54
	<b>103.00</b>	<b>116.54</b>
	<b>1,013.05</b>	<b>1,803.56</b>

**25. Other Expenses**

	For Year ended 31st March, 2018	For Year ended 31st March, 2017
	₹ Lakhs	₹ Lakhs
Rental of Land, Buildings, Plant and Equipment, etc.	133.46	123.47
Insurance	1.75	4.90
Other Operation Expenses	139.96	179.05
Travelling and Conveyance Expenses	55.63	72.88
Consultants' Fees	270.95	264.71
Auditors' Remuneration	22.19	31.43
Cost of Services Procured	297.72	253.99
Bad Debts	17.39	-
Brand Equity Expenses	152.69	58.47
Amortisation of Advance Towards Leasehold Land	0.40	0.40
Decrease in fair valuation of investment	387.00	-
Legal Charges	49.44	45.83
Corporate Social Responsibility Expenses	55.05	78.37
Loss on Disposal of Property, Plant and Equipment (Net)	0.97	(0.01)
Miscellaneous Expenses	184.78	169.17
<b>Total</b>	<b>1,769.38</b>	<b>1,282.66</b>
<b>Note:</b>		
Payment to Statutory Auditors comprise (inclusive of GST)*		
- For Audit	13.48	19.55
- For Taxation matters	4.48	2.04
- For Other services	1.47	7.64
- For Reimbursement of expenses	2.76	2.20
<b>Total</b>	<b>22.19</b>	<b>31.43</b>

\* Above auditor's remuneration also includes predecessor auditor fees of INR 5.85 Lacs paid for limited review, other services and out of pocket expenses



Tata Power Trading Company Limited  
Notes to the financial statements

**26. Income taxes recognised in profit and loss**

	For Year ended 31st March, 2018	For Year ended 31st March, 2017
	₹ Lakhs	₹ Lakhs
Current tax		
In respect of the current year	601.50	224.94
In respect of the previous years	(66.66)	16.05
	534.84	240.99
Deferred tax		
In respect of the current year	419.83	(31.99)
MAT credit utilised	(26.81)	188.76
Total Deferred tax expense	393.02	156.77
<b>Total income tax expense</b>	<b>927.86</b>	<b>397.76</b>

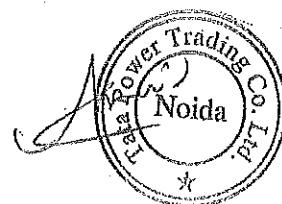
26.1 The income tax expense for the year can be reconciled to the accounting profit as follows:

	For Year ended 31st March, 2018	For Year ended 31st March, 2017
	₹ Lakhs	₹ Lakhs
Profit before tax	2,427.03	916.09
Income tax expense calculated at 34.608% (2016-17: 34.608%)	839.95	317.04
Effect of income that is exempt from taxation	-	(7.53)
Effect of expenses that are not deductible in determining taxable profit	162.27	40.87
Effect related to adjustment for previous years	(66.66)	47.38
Effect of items not reclassified to profit & loss account	(18.54)	-
Effect of change in tax rate	10.84	-
	927.86	397.76

The tax rate used for the years 2017-2018 and 2016-17 reconciliations above is the corporate tax rate of 34.608% payable by corporate entities in India on taxable profits under the Indian income tax law.

**26.2 Income tax recognised in other comprehensive income**

Deferred tax	For Year ended 31st March, 2018	For Year ended 31st March, 2017
	₹ Lakhs	₹ Lakhs
Arising on income and expenses recognised in other comprehensive income		
Remeasurements of defined benefit obligation	(18.54)	2.59
<b>Total income tax recognised in other comprehensive income</b>	<b>(18.54)</b>	<b>2.59</b>
Bifurcation of the income tax recognised in other comprehensive income into:		
- Item that will not be reclassified to profit or loss	(18.54)	2.59
- Item that may be reclassified to profit or loss	-	-



**Tata Power Trading Company Limited**  
**Notes to the financial statements**

**27. Earnings per share**

	For Year ended 31st March, 2018	For Year ended 31st March, 2017
Basic and Diluted earnings per share	9.37	3.24
<b>Basic/ Diluted earnings per share</b> The earnings and weighted average number of equity shares used in the calculation of basic/ diluted earnings per share are as follows:		
	For Year ended 31st March, 2018 ₹ Lakhs	For Year ended 31st March, 2017 ₹ Lakhs
Profit for the year attributable to owners of the company	1,499.17	518.33
Earnings used in the calculation of basic/ diluted earnings per share (Rs. in Lacs)	1,499.17	518.33
	For Year ended 31st March, 2018	For Year ended 31st March, 2017
Weighted average number of equity shares for the purposes of basic/ diluted earnings per share.	1,60,00,000	1,60,00,000
Note: There are no potential equity shares which are anti-dilutive.		

**28. Revision of MPL tariff based on CERC order**

The Company has long term contract for purchase of 600 MW of power from Maithon Power Limited (MPL), which has been in turn sold to Tata Power Delhi Distribution Company Limited (TPDDL) and to West Bengal State Electricity Distribution Company Limited (WBSEDCL). MPL bills the Company on the basis of tariff as determined by Central Electricity Regulatory Commission (CERC). The tariff charged by the Company to TPDDL and WBSEDCL is based on CERC determined tariff for MPL.

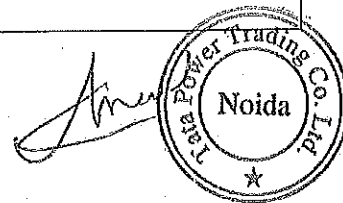
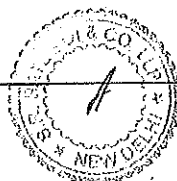
On 27th December 2017, CERC has issued Order with respect to MPL for trueing up for the period from FY12 to FY14 and tariff determination for the period from FY 15 to FY19. Based on the CERC Order, MPL has issued a credit note of Rs. 38,653.52 lakhs to the Company and the Company has in turn issued credit notes totaling to Rs. 38,653.52 lakhs on TPDDL and WBSEDCL. On account of these credit notes, Company has reduced Revenue from Power Supply as well as Cost of Power Purchased in the current year by Rs. 38,653.52 lakhs. Correspondingly company has reduced receivable from TPDDL and WBSEDCL and payable to MPL by Rs.38,653.52 lakhs.

**29. Segment information**

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

**30. Related party disclosures**

(a)	<b>Name of related parties and description of relationship:</b>  <b>Controlling entity (CE):</b>  The Tata Power Company Limited (TPCL) (Holding Company)  <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 Limited (TPSS) (iv) Tata Power Renewal Energy Limited (TPREL) (v) Costal Gujarat Power Limited (CGPL) (vi) Welspun Renewable Energy Limited (WREL) (vii) Welspun Solar Kannada Private Limited (WSKPL) (viii) Vagarai Windfarms Limited (VWPL)  <b>Key Management Personnel (KMP)</b>  (i) Sanjeev Mehra, Managing Director (ii) Anney Naik, Chief Financial Officer and Company Secretary
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**(b) Transaction / balances outstanding with related parties**[illegible]

**Notes:**

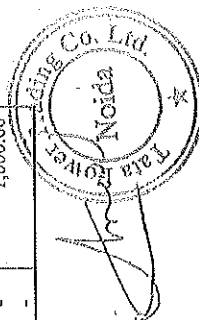
1. Figures in italics stated in serial no. (b) pertain to nine months ended 31st March, 2017.

1. Figures in italics stated in serial no. (b) pertain to nine month ended 31st March, 2017.



Tata Power Trading Company Limited  
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(b) Transaction / balances outstanding with related parties	₹ Lakhs									
	CE		Fellow subsidiaries							Total
	TPCL	TPDDL	MPL	TPSS	TPREL	VWFL	WREL	WSKPL	Sub-total	
(ii) Balance outstanding										
Trade receivables	34.84	319.25	13,677.86	18.52	0.36	3.25	0.35	0.04	14,019.63	14,054.47
As at 31.03.2018	26.47	7,841.17	-	-	-	-	-	-	7,841.17	7,867.64
As at 31.03.2017	-	-	-	-	-	-	-	-	-	-
Receivable on sale of property, plant and equipment (PPE)	0.23	-	-	-	0.30	-	-	-	0.30	0.53
As at 31.03.2018	-	-	-	-	-	-	-	-	-	-
As at 31.03.2017	-	-	-	-	-	-	-	-	-	-
Capital advances	-	-	-	221.75	-	-	-	-	221.75	221.75
As at 31.03.2018	-	-	-	-	-	-	-	-	-	-
As at 31.03.2017	-	-	-	-	-	-	-	-	-	-
Payable on purchase of property, plant and equipment (PPE)	-	-	0.11	524.37	-	-	-	-	524.48	524.48
As at 31.03.2018	-	-	-	-	-	-	-	-	-	-
As at 31.03.2017	-	-	-	-	-	-	-	-	-	-
Security Deposit payable	-	-	-	-	-	-	1.56	0.27	1.83	1.83
As at 31.03.2018	-	-	-	-	-	-	-	-	-	-
As at 31.03.2017	-	-	-	-	-	-	-	-	-	-
Trade payables	1,811.03	9,713.39	172.28	27.16	-	-	-	-	9,912.83	11,723.86
As at 31.03.2018	1,394.00	-	5,303.19	-	-	-	-	-	5,303.19	6,697.19
As at 31.03.2017	-	-	-	-	-	-	-	-	-	-
Dividend Payable	1,000.00	-	-	-	-	-	-	-	-	1,000.00
As at 31.03.2018	-	-	-	-	-	-	-	-	-	-
As at 31.03.2017	-	-	-	-	-	-	-	-	-	-



**Tata Power Trading Company Limited**  
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**31. Categories of financial instrument**

31.1 Set out below, is a comparison by class of the carrying amount and fair value of the financial instruments:

	Carrying value		Fair Value	
	31st March	31st March	31st March	31st March
	2018	2017	2018	2017
	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
<b>Financial assets</b>				
Cash and Cash Equivalents	4.93	810.56	4.93	810.56
Other Balances with banks	91.36	-	91.36	-
Trade Receivables	14,749.32	48,703.13	14,749.32	48,703.13
Unbilled Revenues	19,523.71	11,344.15	19,523.71	11,344.15
Designated as at FVTPL - Investment in unquoted equity and preference shares	-	387.00	-	387.00
Other financial assets	17,977.58	1,514.17	17,977.58	1,514.17
<b>Total</b>	<b>52,346.90</b>	<b>62,759.01</b>	<b>52,346.90</b>	<b>62,759.01</b>
<b>Financial liabilities</b>				
Trade Payables	23,141.31	32,599.43	23,141.31	32,599.43
Floating rate borrowings*	3,429.08	3,679.70	3,429.08	3,679.70
Other financial liabilities	590.09	1,388.57	590.09	1,388.57
	<b>27,160.48</b>	<b>37,667.70</b>	<b>27,160.48</b>	<b>37,667.70</b>

\* Includes current maturities of long term debts and interest accrued but not due on borrowing.

The management assessed that cash and cash equivalents, other balances with bank, trade receivables, unbilled revenues, trade payables, other financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values.

Considering the sustained losses in the companies in which the investment is held, fair value of the unquoted equity shares have been estimated using a Adjusted Net Asset Value Method. The valuation requires management to make certain assumptions about the model inputs, including realisable value of assets. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for those unquoted investments.

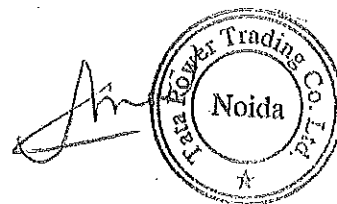
The significant unobservable input used in the fair value measurement categorized within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31st March 2018 and 31st March 2017 are as shown below:

Description of significant unobservable inputs to valuation:

	Valuation techniques		Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
FVTPL assets in unquoted equity shares of Power Exchange India Limited	Net Asset Method	Value	None	N.A	
FVTPL assets in unquoted preference shares of Tata Ceramics Limited	Adjusted Net Value Method	Asset Realisable Value of Finished Goods		25% of carrying value	If considered at 100%, the fair value will be negative

**Reconciliation of fair value measurement of unquoted shares classified as Fair value through profit and loss assets**

Particulars	₹ Lakhs	
	31st March 2018	31st March 2017
Opening balance	387.00	365.25
Decrease in fair value of investment at FVTPL	(387.00)	21.75
Closing balance	-	387.00



**Tata Power Trading Company Limited**  
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**31.2 Fair value hierarchy**

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

- Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. This includes mutual funds that have quoted price.  
Level 2 Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This includes and investment in redeemable non-cumulative preference shares and equity shares.  
Level 3 Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. This includes unquoted equity shares.

The following table summarizes financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required):

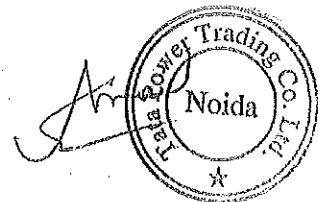
		Fair value hierarchy as at 31st March, 2018			
	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Asset measured at fair value</b>					
FVTPL financial investments					
Investment in equity shares of Power Exchange India Limited	27th April, 2017	-	-	-	-
Investment in preference shares of Tata Ceramics Limited	21st March, 2018	-	-	-	-
<b>Liabilities for which fair values are disclosed</b>					
Floating rate borrowings		-	3,403.99	-	3,403.99
<b>Total</b>		-	3,403.99	-	3,403.99
		Fair value hierarchy as at 31st March, 2017			
	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Asset measured at fair value</b>					
FVTPL financial investments					
Investment in equity shares of Power Exchange India Limited	27th April, 2017	-	-	-	-
Investment in preference shares of Tata Ceramics Limited	09th May, 2017	-	-	387.00	387.00
<b>Liabilities for which fair values are disclosed</b>					
Floating rate borrowings		-	3,652.34	-	3,652.34
<b>Total</b>		-	3,652.34	-	3,652.34

**31.3 Capital Management and Gearing Ratio**

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. From time to time, the Company reviews its policy related to dividend payment to shareholders, return capital to shareholders. The Company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 20% and 60%. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

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



**Tata Power Trading Company Limited**  
**Notes to the financial statements**

**Gearing ratio**

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

	31st March, 2018	31st March, 2017
Debt (i)	5,779.04	17,885.71
Less: Cash and Bank balances	96.29	810.56
Net debt	5,682.75	17,075.15
Total Capital (ii)	15,639.89	15,792.66
Capital and net debt	21,322.64	32,867.81
Net debt to Total Capital plus net debt ratio (%)	26.65	51.95

(i) Debt is defined as long-term borrowings (including current maturities) and short-term borrowings.

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

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

The Company has been monitoring Net debt to Total Capital plus net debt ratio during the year as against Net debt to equity ratio monitored in the previous year. However, there is no change in the overall objectives, policies or processes for managing capital during the years ended 31st March 2018 and 31st March 2017.

**31.4 Financial risk management objectives and policies**

The Company's principal financial liabilities, comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, cash and cash equivalents, other bank balances, unbilled receivables and other financial assets that derive directly from its operations. The Company also holds FVTPL investments.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a risk committee that reviews the financial risks and the appropriate financial risk governance framework for the Company. The Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of two types of risk: interest rate risk, price risk. Financial instruments affected by market risk include loans and borrowings.

The sensitivity analyses in the following sections relate to the position as at 31st March, 2018 and 31st March, 2017.

The sensitivity analyses have been prepared on the basis that the amount of net debt as at 31st March, 2018. The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets.

**Interest rate risk management**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

**Interest rate sensitivity:**

The sensitivity analysis below have been determined based on exposure to interest rates for term loans at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in case of term loans that have floating rates.

If the interest rates had been 50 basis points higher or lower and all the other variables were held constant, the effect on Interest expense for the respective financial years and consequent effect on Company's profit in that financial year would have been as below:

	₹ Lakhs			
	As of 31st March, 2018		As of 31st March, 2017	
	50 bps increase	50 bps decrease	50 bps increase	50 bps decrease
Interest expense on loan	18.18	(18.18)	18.26	(18.26)
Effect on profit before tax	(18.18)	18.18	(18.26)	18.26

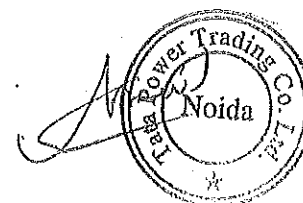
**Price Risk**

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

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

	As of 31st March, 2018	As of 31st March, 2017
Investment in equity Instrument	-	-
Investment in preference Instrument	-	387.00

For the year ended 31st March, 2018 and 31st March, 2017 every 0.50 percentage increase /decrease in the value of investments, will affect the Company's profit before Tax by Rs. Nil and Rs. 1.94 Lacs respectively



**Tata Power Trading Company Limited**  
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**Credit risk management**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables). Credit exposure is controlled by counter party limits for major counter parties that are reviewed and approved by the Management regularly. Ongoing credit evaluation is performed based on the financial condition of receivables and the collaterals are held as security in some of the cases. The Company generally deals with parties which has good credit rating/ worthiness given by external rating agencies or based on Company's internal assessment as listed below:

	31st March, 2018	31st March, 2017
Trade receivables	14,749.32	48,703.13
Other financial assets	17,977.58	1,514.17
<b>Total</b>	<b>32,726.90</b>	<b>50,217.30</b>

Refer note 7 for credit risk and other information in respect of trade receivables. Other receivables as stated above are due from the parties under normal course of the business and as such the Company believes exposure to credit risk to be minimal.

**Liquidity risk management**

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Up to 1 year	1 to 5 years	5+ years	Total	Carrying Amount
<b>31st March, 2018</b>					
Non-Derivatives					
Borrowings*	2,660.57	1,290.58	1,852.98	5,804.13	5,804.13
Interest on above borrowings	280.17	867.40	375.58	1,523.15	1,523.15
Trade Payables	23,141.31	-	-	23,141.31	23,141.31
Other Financial Liabilities	590.09	-	-	590.09	590.09
<b>Total Non-Derivative Liabilities</b>	<b>26,672.14</b>	<b>2,157.98</b>	<b>2,228.56</b>	<b>31,058.68</b>	<b>31,058.68</b>
<b>31st March, 2017</b>					
Non-Derivatives					
Borrowings*	14,509.09	1,188.62	2,215.37	17,913.08	17,913.08
Interest on above borrowings	304.70	978.95	553.11	1,836.76	1,836.76
Trade Payables	32,599.43	-	-	32,599.43	32,599.43
Other Financial Liabilities	1,388.57	-	-	1,388.57	1,388.57
<b>Total Non-Derivative Liabilities</b>	<b>48,801.79</b>	<b>2,167.57</b>	<b>2,768.48</b>	<b>53,737.84</b>	<b>53,737.84</b>

\* Includes current maturities of long term debts and interest accrued but not due on borrowing.

The Company has access to financing facilities as described in note below. The Company expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

**Financing facilities**

Secured Long term facility with various maturity dates through to 16th April, 2028.

Amount used  
Amount unused

Secured bank overdraft and other loan facilities

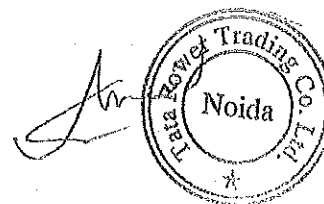
Amount used  
Amount unused

	31st March, 2018	31st March, 2017
Secured Long term facility	3,403.99	3,652.34
Secured bank overdraft and other loan facilities	300.00	342.00
	2,375.05	14,233.37
	30,680.95	18,766.63

**31.5 Excessive risk concentration**

Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Company's risk management policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio to manage business concentration credit risk. Identified concentrations of credit risks are controlled and managed accordingly.



**Tata Power Trading Company Limited**  
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**32. Employee benefit plan**

**32.1 Defined contribution plan**

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

The total expense recognised in the Statement of Profit and Loss is Rs. 35.69 Lakhs (for the year ended 31st March, 2017 Rs. 30.82 Lakhs) and represents contribution payable to the Employee Provident Fund. As at 31st March, 2018, contribution of Rs. 9.39 Lakhs (as at 31st March, 2017 Rs. 7.76 Lakhs) due in respect of FY 2017-18 (PY 2016-17) reporting period had not been paid to the plans. The amounts were paid subsequent to the end of the respective reporting periods.

**32.2 Defined benefit plan**

The Company operates the following unfunded defined benefit plans:

**Post Employment Medical Benefits**

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

**Ex-Gratia Death Benefit**

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

**Retirement Gift**

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

**Gratuity**

The Group has a defined benefit gratuity plan. The gratuity plan is primarily governed by the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of five years are eligible for gratuity. The level of benefits provided depends on the member's length of service and salary at the retirement date

**Risks associated with Plan Provisions**

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

**Investment risk:**

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

**Interest risk (discount rate risk):**

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

**Mortality risk:**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after the employment. Indian Assured Lives Mortality (2006-08) ultimate table has been used in respect of the above. A change in mortality rate will have a bearing on the plan's liability.

**Salary risk:**

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

**Demographic risk**

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligations is not straight forward and depends upon the combination of salary increase, discount rate and vesting criterion.

**Withdrawals**

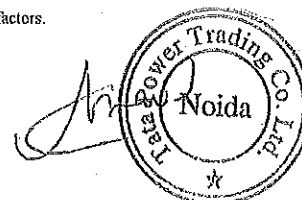
Actual Withdrawals providing higher or lower than assumed withdrawals and change of withdrawal rate at subsequent valuations can impact plan's liability.

Principal actuarial assumptions for all the unfunded defined benefits plans:

	As at 31-Mar-18	As at 31-Mar-17
Discount rate (p.a.)	7.70%	7.40%
Expected rate of salary increase (p.a.)	7.00%	8.00%

Note:

- The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.



**Tata Power Trading Company Limited**  
**Notes to the financial statements**

**Demographic assumptions:**

**Mortality table**

Withdrawal rate (p.a.) (age 21 to 44 years)  
Withdrawal rate (p.a.) (above 45 years of Age)

	As at 31-Mar-18	As at 31-Mar-17
Indian Assured Lives Mortality (2006-08)		
	2.50%	5.00%
	1.00%	5.00%

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

	As at 31-Mar-18	As at 31-Mar-17
Service Cost		
Current Service cost	22.89	17.23
Past Service cost	42.00	-
Net interest expense	10.29	7.36
Component of defined benefit costs recognised in profit or loss	75.18	24.59
Remeasurement on the net defined benefit liability :		
Actuarial (Gains)/losses arising from changes in demographic assumptions	25.16	-
Actuarial (Gains)/losses arising from changes in financial assumptions	(31.33)	9.48
Actuarial (Gains)/losses arising from experience adjustment	(47.41)	(2.74)
Components of defined benefit costs recognised in other comprehensive	(53.58)	6.74
Total	21.60	31.33

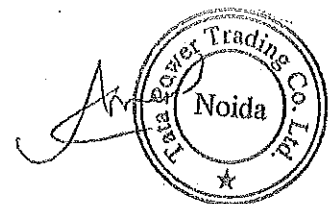
The current service cost and the net interest expense for the year are included in "Employee benefits expense" in the Statement of Profit and Loss.  
The remeasurement of the net defined liability is included in other comprehensive income

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

	As at 31-Mar-18	As at 31-Mar-17
Present value of funded defined benefit obligation	(137.49)	(121.00)
Fair value of plan assets		
Funded status (deficit)	(137.49)	(121.00)

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

	As at 31-Mar-18	As at 31-Mar-17
Opening defined benefit obligations	120.99	92.05
Service cost	64.89	17.23
Interest cost	10.29	7.36
Actuarial losses arising from changes in demographic assumptions	25.16	-
Actuarial (gains)/losses arising from changes in financial assumptions	(31.33)	9.48
Actuarial gains arising from experience adjustment	(47.41)	(2.74)
Benefits paid	(5.10)	(2.37)
Closing defined benefit obligation	137.49	121.01



**Tata Power Trading Company Limited**  
**Notes to the Financial statements**

**Sensitivity Analysis**

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

Particulars	As at 31-Mar-2018		As at 31-Mar-2017	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+0.5%) (% change compared to base due to sensitivity)	11.98 (8.71%)	(10.66) 7.75%	9.64 (7.96%)	(7.79) 6.43%
Growth Rate (-/+0.5%) (% change compared to base due to sensitivity)	(10.39) 7.55%	11.56 -8.41%	(7.80) 6.44%	9.46 (7.82%)
Mortality Rate (-/+1 year) (% change compared to base due to sensitivity)	(0.28) 0.20%	0.28 (0.20%)	0.01 (0.01%)	(0.01) 0.01%
Withdrawal Rate (-/+5%) (% change compared to base due to sensitivity)	5.68 (4.13%)	(22.37) 16.27%	0.04 (0.04%)	(0.04) 0.04%

The expected maturity analysis of defined benefit obligation by respective end of financial year's (valued on undiscounted basis) are as follows:

	(Rs. in Lakhs)	
	31-Mar-18	31-Mar-17
March 31st, 2019	3.21	3.82
March 31st, 2020	3.89	14.79
March 31st, 2021	22.34	3.89
March 31st, 2022	5.12	4.02
March 31st, 2023	6.11	25.04
March 31st, 2024 to March 31st, 2028	49.68	348.37
	90.35	399.93
	31-Mar-18	31-Mar-17
	8.1 years	13 years

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

**33 Contingent Liabilities**

The Company does not have any pending litigations which would impact its financial position.

**34 Capital Commitments**

As on reporting date there are no capital commitment.

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

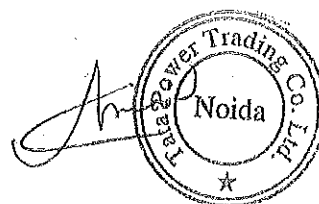
**36 Corporate Social Responsibility**

Gross amount required to be spent by the Company during the year ended 31st March, 2018: Rs. 54.81 Lakhs (Previous year Rs. 78.33 Lakhs)

Amount spent during the year ended 31st March, 2018: Rs. 55.05 Lakhs

	Rs in Lakhs		
	Paid	Yet to be paid	Total
i) Construction/acquisition of any assets	(-)	(-)	(-)
ii) On purposes other than (i) above	55.05 (78.37)	(-)	55.05 (78.37)
iii) Details of related party transaction			
- Contribution during the year ended 31st March, 2017	(-)	(-)	(-)
- Payable as at 31st March, 2018	(-)	(-)	(-)

\* Figure in brackets pertain to the previous year




Tata Power Trading Company Limited  
Notes to the financial statements

36 Approval of financial Statements

The Financial Statements for the year ended March 31, 2018 were approved by board of directors and authorised for issue on April 25, 2018


As per our report of even date  
For S.R.Batlhori & Co. LLP  
Chartered Accountants  
Firm Registration No: 301003E / E300005

  
per Sanjeev Kumar Singh  
Partner  
Membership No. 95377


Place: New Delhi  
Date: 25th April, 2018



For and on behalf of the Board of Directors



S. Ramakrishnan  
Chairman

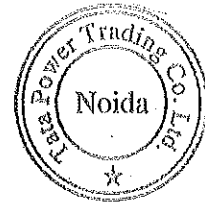


Anshu Naik  
Chief Financial Officer & Company Secretary



Sanjeev Mehra  
Managing Director

Place: Noida  
Date: 25th April, 2018





**PARIKH & ASSOCIATES**  
**COMPANY SECRETARIES**

Office :  
111, 11th Floor, Sai-Dwar CHS Ltd,  
Sab TV Lane, Opp Laxmi Industrial Estate  
Off Link Road, Above Shabari Restaurant,  
Andheri (W), Mumbai : 400 053  
Tel. : 26301232 / 26301233 / 26301240  
Email : cs@parikhassociates.com  
parikh.associates@rediffmail.com

**FORM No. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

(Pursuant to Section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,  
The Members,  
Tata Power Trading Company Limited

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 (hereinafter 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 our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company, the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2018 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 made available to us and maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (Not applicable during the Audit period)
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;



(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')

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable to the Company during the audit period)

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (Not applicable to the Company during the audit period)

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time; (Not applicable to the Company during the audit period)

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)

(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 to the Company during the audit period)

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the audit period)

(vi) Other laws applicable specifically to the Company namely:

a. The Electricity Act, 2003 and Central Electricity Regulatory Commission (Procedure, Terms and Conditions of grant of trading licence and related matters) Regulations, 2009

b. The Electricity Act, 2003 and The Central Electricity Regulatory Commission (Fixation of Trading Margin) Regulations, 2010

c. The Electricity Act, 2003 and The Central Electricity Regulatory Commission (Power Market) Regulations, 2010



d. The Electricity Act, 2003 and The Electricity Rules, 2005

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

Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

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 was 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.

Decisions at the Board Meetings were taken unanimously.

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 no events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

Place: Mumbai  
Date: 25.04.2018



For Parikh & Associates  
Company Secretaries

Signature:  
Sarvari Shah  
Partner

ACS No: 27572 CP No: 11717

*This Report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this report.*

**'Annexure A'**

To,  
The Members  
Tata Power Trading Company Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Mumbai  
Date: 25.04.2018



**For Parikh & Associates  
Company Secretaries**

Signature:  
Sarvari Shah  
Partner

ACS No: 27572 CP No: 11717

### 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 :	N/A

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 15<sup>th</sup> Annual General Meeting of the Company, to be held on Monday, the 13<sup>th</sup> of July, 2018 at 10:00 a.m. at the Conference Room of The Tata Power Company Limited, Fort House, 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:

Sl Resoluti on No.	Description of Resolutions	FOR	AGAINST
<b>Ordinary Business</b>			
1.	Consider and adopt Audited Financial Statements, Reports of Board of Directors and Auditors for the Financial Year ended on 31 <sup>st</sup> March, 2018.		
2.	Declaration of dividend on Equity Shares for FY 2017-18.		
<b>Special Business</b>			
3.	Not to fill the vacancy created on the Board of Directors in place of Mr. S Ramakrishnan, a director liable to retire by rotation who does not seek reappointment		
4.	Appointment of Mr. Praveer Sinha as Director		
5.	Appointment of Mr. Ajay Kapoor as Director		

Signed this..... day of.....2018

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.**