

**INDEPENDENT AUDITORS' REPORT****To the Members of EDCL Seppa Marjingla Hydro Electric Private Limited****Report on the Financial Statements**

We have audited the accompanying financial statements of **EDCL Seppa Marjingla Hydro Electric Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of Companies (Accounts) Rules, 2014 ("the Rules"). 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 controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

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

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





We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, its losses and its cash flows for the year ended on that date.

### Emphasis of Matter

We draw attention to Note No. 8(a) of the financial statements regarding Rs. 27,44,76,233/- as on 31<sup>st</sup> March, 2016 (Rs. 27,97,15,042/- as on 31<sup>st</sup> March, 2015) being carried forward as Capital Work in Progress in respect of hydel power project under implementation by the Company. Adjustments with respect to this being determinable on ascertainment of status of the project, resultant impact in this respect as such is presently not ascertainable.

Our opinion is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

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, and according to the information and explanations given to us and also on the basis of such checks as we considered appropriate, we give in the "Annexure - A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Rules.
- e) On the basis of the written representations received from the directors as on March 31, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure - B".



- 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 as at the year end which would impact its financial position.
  - ii. The Company does not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses;
  - iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: Kolkata  
Date: 24<sup>th</sup> May, 2016



For Lodha & Co.  
Chartered Accountants  
Firm's ICAI Registration No.:301051E

*R.P. Singh*  
R.P. Singh  
Partner  
Membership No.: 052438



**EDCL Seppa Marjingla Hydro Electric Private Limited**  
**"Annexure - A" referred to in our report of even date**

- i) The Company has no fixed assets and accordingly, the provisions of clause 3(i) of the Order are not applicable to the Company.
- ii) The Company has no inventory and accordingly, the provisions of clause 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 and unsecured, to any company, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of Clause 3 (iii) of the Order are not applicable to the Company.
- iv) According to the information and explanations given to us, the Company has not given any loan or guarantee or provided any security in connection with loan during the year. Accordingly, the provision of Clause 3(iv) of the Order is not applicable to the Company.
- v) The Company has not accepted any deposits from the public and accordingly, the provisions of Section 73 to 76 or any other relevant provisions of the Act are not applicable.
- vi) Since the Company has not commenced its operations, the requirement for maintenance of cost records as prescribed by the Central Government under section 148(1) of the Act, is not applicable to the Company.
- vii) (a) According to the information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues of Service Tax, Tax Deducted at Source and Professional Tax. There are no undisputed amounts payable in respect of aforesaid dues for a period of more than six months from the date they become payable. Other statutory dues like Provident Fund, Employee's State Insurance, Sales Tax, Income Tax, Customs Duty, Excise Duty, Value Added Tax, Cess, etc. are not applicable to the Company during the year.  
 (b) According to the information and explanations given to us and read with para (a) above there are no dues that have not been deposited with the appropriate authority on account of any disputes.
- viii) The Company has no amounts due to financial institutions, bank, government or debenture holders during the year. Accordingly, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix) In our opinion and according to the information and explanations given to us, term loans have been utilised for the purposes for which they were raised. The Company has not raised any amount by way of public offer.
- x) During the course of our examinations of the books of accounts carried out in accordance with the generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the Company, nor have we been informed of any such case by the management.



- xi) According to the information and explanations given to us, no managerial remuneration has been paid or provided during the year and accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and accordingly, the provision of Clause 3(xii) of the Order is not applicable to the Company.
- xiii) According to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and accordingly, the provision of Clause 3(xiv) of the Order is not applicable to the Company.
- xv) According to the information and explanations given to us and based on our examination of the records, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with the directors and accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the provision of Clause 3(xvi) of the Order is not applicable to the Company.

Place: Kolkata  
Date: 24<sup>th</sup> May, 2016



For Lodha & Co.  
Chartered Accountants  
Firm's ICAI Registration No.:301051E

*R.P. Singh*

R.P. Singh  
Partner  
Membership No: 052438



**EDCL Seppa Marjingla Hydro Electric Private Limited**  
**"Annexure - B" referred to in our report of even date**

**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 **EDCL Seppa Marjingla Hydro Electric Private Limited** ("the Company") as at March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Act.

**Auditors' Responsibility**

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

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

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



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

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

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

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

## **Opinion**

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

Place: Kolkata  
Date: 24<sup>th</sup> May, 2016



For Lodha & Co.  
Chartered Accountants  
Firm's ICAI Registration No.:301051E

*R.P. Singh*  
R.P. Singh  
Partner  
Membership No.: 052438



**EDCL SEPPA MARJINGLA HYDRO ELECTRIC PRIVATE LIMITED**  
**Statement of Profit and Loss for the year ended 31st March, 2016**

Particulars	Note No.	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
<b>REVENUE :</b>			
Revenue from operations	11	-	-
Other Income		-	-
<b>Total Revenue</b>		-	-
<b>EXPENSES :</b>			
Employee Benefit Expenses	12	4,02,320	3,90,336
Finance Cost	13	-	94,38,800
Other Expenses	14	17,95,307	66,82,865
		21,97,627	1,65,12,001
Less : Expenditure transferred to Capital Work-in-Progress		20,30,482	1,61,08,448
<b>Total Expenses</b>		<b>1,67,145</b>	<b>4,03,554</b>
<b>Profit/(Loss) before tax for the year</b>		<b>(1,67,145)</b>	<b>(4,03,554)</b>
<b>Tax Expense:</b>			
- Current tax		-	-
- Deferred tax		-	-
		-	-
<b>Profit/(Loss) after tax for the year</b>		<b>(1,67,145)</b>	<b>(4,03,554)</b>
Earnings per equity share of ₹ 10 each, fully paid up	17		
- Basic & Diluted		(0.59)	(4.24)
Significant Accounting Policies	1		
The accompanying notes (1-20) form an integral part of financial statements.			

As per our Report of even date  
For **Lodha & Co.**  
Chartered Accountants  
Firm's ICAI Registration No. 301051E

*R.P. Singh*  
**R P Singh**  
Partner  
M No. 052438



For and on behalf of the Board of Directors

*A.K. Choudhary*  
*Tanuj Choudhary*

Place : Kolkata  
Dated : 24th May, 2016



**EDCL SEPPA MARJINGLA HYDRO ELECTRIC PRIVATE LIMITED**  
**Balance Sheet as at 31st March, 2016**

Particulars	Note No.	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholders' Funds</b>			
Share Capital	2	8,55,00,000	8,55,00,000
Reserves and Surplus	3	18,05,28,778	18,06,95,924
		26,60,28,778	26,61,95,924
<b>Non Current Liabilities</b>			
Long Term Borrowings	4	76,00,000	2,12,511
<b>Current Liabilities</b>			
Short Term Borrowings	5	-	12,00,000
Trade Payables	6	-	-
- Dues to Micro and Small Enterprises		10,55,317	25,02,178
- Dues to Others		3,900	1,04,35,631
Other Current Liabilities	7	10,59,217	1,41,37,809
<b>Total</b>		<b>27,46,87,995</b>	<b>28,05,46,244</b>
<b><u>ASSETS</u></b>			
<b>Non Current Assets</b>			
Fixed Assets	8		
- Capital Work-in-progress		27,44,76,233	27,97,15,042
<b>Current Assets</b>			
Cash and Cash Equivalents	9	2,11,762	8,26,202
Short Term Loans and Advances	10	-	5,000
		2,11,762	8,31,202
<b>Total</b>		<b>27,46,87,995</b>	<b>28,05,46,244</b>
Significant Accounting Policies	1		
The accompanying notes (1-20) form an integral part of financial statements.			

As per our Report of even date  
For **Lodha & Co.**  
Chartered Accountants  
Firm's ICAI Registration No. 301051E

*R. P. Singh*  
R. P. Singh  
Partner  
M No. 052438



For and on behalf of the Board of Directors

*A. K. Chowdhury*  
*Turner Unluwivedi*

Place : Kolkata  
Dated : 24th May, 2016

**EDCL SEPPA MARJINGLA HYDRO ELECTRIC PRIVATE LIMITED**  
**Notes to the Financial Statements for the year ended 31st March, 2016**

**NOTE 1**

**SIGNIFICANT ACCOUNTING POLICIES**

**A) Basis of preparation of financial statements**

The accounts have been prepared under the historical cost convention and in accordance with the provisions of the Companies Act, 2013 and accounting standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

**B) Use of Estimates**

The preparation of financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities as at the Balance Sheet date and the reported amounts of income and expenses during the year. Difference between the actual results and the estimates are recognized in the year in which the results become known/ materialize.

**C) Borrowing Cost**

Borrowing cost incurred in relation to the acquisition, construction of qualifying asset are capitalised as part of cost of such assets.

**D) Expenditure during construction period**

Expenditure related to and incurred during implementation of capital project is included under Capital Work-in-progress and the same is allocated to the respective Fixed Assets on completion of its construction / erection. Interest on borrowing costs related to qualifying asset is worked out on the basis of actual utilization of funds out of project specific loans and / or other borrowings to the extent identifiable with the qualifying asset and are capitalized with the cost of qualifying assets.

**E) Employee Benefits**

Employees benefits are accrued in the year/period services are rendered by the employees. There are no long term employee benefits.

**F) Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not provided for and are disclosed by way of notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

**G) Lease**

Lease rental payments for operating leases are recognised as an expense on straight- line basis over the lease term and paid / provided for as per terms of the agreement on an accrual basis.





**EDCL SEPPA MARJINGLA HYDRO ELECTRIC PRIVATE LIMITED**

PARTICULARS	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
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**NOTE 2**

**SHARE CAPITAL**

**Authorised**

47,50,000 (47,50,000) Equity shares of ₹ 10/- each	475,00,000	475,00,000
400,000 (400,000) 0.01% (10%) Cumulative Redeemable Preference Shares of ₹ 100/- each	400,00,000	400,00,000
	<b>875,00,000</b>	<b>875,00,000</b>

**Issued, Subscribed & Paid-up**

45,50,000 (45,50,000) Equity shares of ₹ 10/- each fully paid up	455,00,000	455,00,000
	<b>455,00,000</b>	<b>455,00,000</b>
400,000 (400,000) 0.01% (10%) Cumulative Redeemable Preference Shares of ₹ 100/- each fully paid up (Redeemable within 20 years of allotment i.e, 31.03.2012)	400,00,000	400,00,000
	<b>400,00,000</b>	<b>400,00,000</b>
<b>Total:</b>	<b>855,00,000</b>	<b>855,00,000</b>

**Reconciliation of outstanding number of Equity shares**

Opening Balance	45,50,000	9,50,000
Add : Issued during the year	-	36,00,000
Closing Balance	<b>45,50,000</b>	<b>45,50,000</b>

**Reconciliation of outstanding number of Preference shares**

Opening Balance	4,00,000	4,00,000
Closing Balance	<b>4,00,000</b>	<b>4,00,000</b>

**Shareholders holding more than 5% share :-**

a) Equity shares

- Energy Development Company Limited (Ultimate Holding Company)	400,000 (8.79 %)*	400,000 (8.79 %)
- Arunachal Hydro Power Limited (Holding Company)	41,50,000 (91.21%)*	41,50,000 (91.21%)

b) Preference Shares

- Startrack Vinimay Private Limited	200,000 (50%)*	200,000 (50%)
- Sarvottam Caps Private Limited	200,000 (50%)*	200,000 (50%)

\* Pursuant to an agreement, Energy Development Company Limited has sold 4,00,000 equity shares to Arunachal Hydro Power Limited, Startrack Vinimay Pvt Ltd has sold 2,00,000 preference shares to Energy Development Company Limited and Sarvottam Caps Pvt Ltd has sold 2,00,000 preference shares to Energy Development Company Limited. However, these instruments are yet to be lodged for transfer and accordingly, these have been shown in the name of existing share holders.

**Rights, preferences and restrictions attaching to each classes of shares including restriction on the distribution of dividend and the repayment of capital :**

a) The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity is entitled to one vote per share. The dividend, if any proposed by the Board of Directors of the Company is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts in proportion to the number of equity shares held by them.

b) During the year, the rate of dividend in respect of the above preference shares has been revised from 10% to 0.01% with effect from 18th November, 2015 as per resolution passed by the company.

From such date, these redeemable preference shares would carry 0.01% fixed dividend on cumulative basis on outstanding unredeemed portion of the amount. In the event of liquidation of the Company before redemption of the said preference shares, the holders of these shares will have priority over equity shares in the payment of dividend and repayment of capital. The dividend, if any proposed by the Board of Directors of the Company is subject to the approval of the shareholders in the ensuing Annual General Meeting.



**EDCL SEPPA MARJINGLA HYDRO ELECTRIC PRIVATE LIMITED**

<b>PARTICULARS</b>	<b>As at 31st March 2016 (₹)</b>	<b>As at 31st March 2015 (₹)</b>
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**NOTE 3****RESERVES AND SURPLUS****Securities Premium Account**

Opening Balance	18,16,00,000	3,76,00,000
Add : Received on shares issued during the year	-	14,40,00,000
Closing Balance	<b>18,16,00,000</b>	<b>18,16,00,000</b>

**Surplus/(Deficit) in Statement of Profit & Loss**

Opening Balance	(9,04,077)	(5,00,523)
Add : Profit/(Loss) for the year transferred from Statement of Profit & Loss	(1,67,145)	(4,03,554)
Closing Balance	<b>(10,71,222)</b>	<b>(9,04,077)</b>
<b>Total:</b>	<b>18,05,28,778</b>	<b>18,06,95,924</b>

**NOTE 4****LONG TERM BORROWINGS****(Unsecured)****Loans from Related Parties**

Loan from Ultimate Holding Company (Refer Note 15)	-	2,12,511
Loan from Holding Company (Refer Note 15)	76,00,000	-
	<b>76,00,000</b>	<b>2,12,511</b>

**Terms of Repayment**

These loans are repayable in the financial year 2017-18.

**NOTE 5****SHORT TERM BORROWINGS****(Unsecured)****(Repayable on Demand)****Loans from Related Parties**

Loan from Fellow Subsidiaries (Refer Note 15)	-	12,00,000
	<b>-</b>	<b>12,00,000</b>

**NOTE 6****TRADE PAYABLES****For services**

- Dues to Micro and Small Enterprises	-	-
- Dues to Others	10,55,317	25,02,178
	<b>10,55,317</b>	<b>25,02,178</b>

a) The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act) and hence disclosure relating to amounts unpaid as at the year end together with interest paid/payable under the Act has not been given.





**EDCL SEPPA MARJINGLA HYDRO ELECTRIC PRIVATE LIMITED**

PARTICULARS	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
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**NOTE 7**

**OTHER CURRENT LIABILITIES**

Interest Accrued and due on borrowings

- Ultimate Holding Company (Refer Note 15)
- Other Related parties (\*)

-	28,44,059
-	72,69,289
-	1,01,13,348
3,900	3,22,283
<b>3,900</b>	<b>1,04,35,631</b>

Statutory Payables

(\*) Private company in which director is a director.

**NOTE 8**

**CAPITAL WORK-IN-PROGRESS**

Capital Work-in-Progress

27,44,76,233	27,97,15,042
<b>27,44,76,233</b>	<b>27,97,15,042</b>

a) The Company on completion of pre-feasibility report has been granted permission for setting up of 60 MW Hydel power plant by the Government of Arunachal Pradesh. Project survey, geological investigation and formulation of Detailed Project Report (DPR) and other allied works are under progress. Pending approval of DPR and determination of viability thereof, administrative and other expenses including finance cost incurred are being carried forward as pre operative expenses under Capital Work In Progress. Adjustments in this respect or allocation thereof to the project cost etc. will be carried out on determination of implementation status of the project.

b) Capital Work- in -Progress includes pre-operative expenditure incurred during implementation of project as given below :

<b>Balance brought forward</b>	<b>27,96,79,643</b>	<b>26,35,71,195</b>
<b>Add : Transfer from Statement of Profit and Loss</b>		
Salary & Wages	4,02,320	3,90,336
Rent	18,414	6,04,859
Rates & Taxes	1,45,857	4,79,823
Legal & Professional Charges	10,04,806	45,87,294
Travelling & Conveyance Expenses	2,05,571	3,28,065
Interest On Unsecured Loans (*)	-	94,22,497
Other Borrowing Cost	-	16,303
Miscellaneous Expenses	2,53,514	2,79,271
<b>Total</b>	<b>28,17,10,125</b>	<b>27,96,79,643</b>
Less : Liability no longer required written back	72,69,289	-
<b>Balance carried forward</b>	<b>27,44,40,836</b>	<b>27,96,79,643</b>

(\*) Includes ₹ Nil / - ( Previous year ₹ 31,60,066/-) on loans from Ultimate holding company (Refer Note 15)

**NOTE 9**

**CASH AND CASH EQUIVALENTS**

Balance with Banks

- on Current Accounts

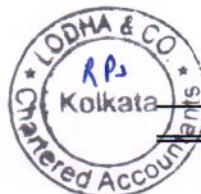
2,11,762	8,26,202
<b>2,11,762</b>	<b>8,26,202</b>

**NOTE 10**

**SHORT TERM LOANS AND ADVANCES**

(Unsecured, considered good )

Advance



-	5,000
<b>-</b>	<b>5,000</b>

**EDCL SEPPA MARJINGLA HYDRO ELECTRIC PRIVATE LIMITED**

PARTICULARS	Year ended	Year ended
	31st March 2016 (₹)	31st March 2015 (₹)

**NOTE 11**

**OTHER INCOME**

Liability no longer required written back  
Less : Transferred to Capital Work-in-Progress

72,69,289

72,69,289

-

-

-

**NOTE 12**

**EMPLOYEE BENEFIT EXPENSES**

Salary & Wages

4,02,320

4,02,320

3,90,336

3,90,336

**NOTE 13**

**FINANCE COST**

Interest Expenses

- Ultimate Holding Company (Refer Note 15)
- Others

-

-

-

-

-

31,60,066

62,62,431

94,22,497

16,303

94,38,800

Other Borrowing Costs

**NOTE 14**

**OTHER EXPENSES**

Payment to Auditors:

- As Audit Fees (excluding service tax)

20,000

2,33,601

18,414

10,48,206

2,05,571

61,776

2,07,739

20,000

7,83,127

6,04,859

46,47,544

3,28,065

1,10,294

1,88,977

17,95,307

66,82,865

(a) Payment in Foreign Currency (in ₹) :

- Professional Charges
- Travelling Expenses

5,54,806

38,330

-

98,338

(\*) Includes Net Loss from Foreign Exchange Transactions ₹ Nil /- (Previous Year : ₹ 11,921 /-)





**EDCL SEPPA MARJINGLA HYDRO ELECTRIC PRIVATE LIMITED**

**NOTE 15**

**RELATED PARTY DISCLOSURES PURSUANT TO ACCOUNTING STANDARDS - 18**

<b>Relationship</b>	<b>Name of the Party</b>
<b>a) Ultimate Holding Company</b>	Energy Development Company Limited
<b>b) Holding Company</b>	Arunachal Hydro Power Limited
<b>c) Fellow Subsidiaries [ through (a) or (b) ]</b>	Eastern Ramganga Valley Hydel Projects Company Private Limited
	Sarju Valley Hydel Projects Company Private Limited
	EDCL Power Projects Limited
	Ayyappa Hydro Power Limited
	EDCL Arunachal Hydro Projects Private Limited
	EDCL Seppa Beyong Hydro Electric Private Limited
	EDCL Seppa Dunkho Hydro Electric Private Limited
	EDCL Seppa Jung Power Private Limited
	EDCL Seppa Kawa Power Private Limited
	EDCL Seppa Lada Hydro Electric Private Limited
	EDCL Seppa Nire Hydro Electric Private Limited
	EDCL Seppa Pachuk Power Private Limited
	EDCL Seppa Riag Power Private Limited
	EDCL Tawang Lower Tsachu Hydro Electric Private Limited
	EDCL Tawang Power Private Limited
	EDCL Tawang Upper Tsachu Hydro Electric Private Limited
<b>d) Individuals having significant influence directly or indirectly ( Promoter and their relatives )</b>	Amar Singh
	Pankaja Kumari Singh
<b>e) Enterprises over which individuals mentioned in (d) above exercises significant influence</b>	Startrack Vinimay Private Limited



**EDCL SEPPA MARJINGLA HYDRO ELECTRIC PRIVATE LIMITED**

**The aggregate amount of transactions with the related parties as mentioned in (a) above is as below :**

Particulars	2015-16 (₹)	2014-15 (₹)
<b>Transactions during the year:</b>		
i ) Unsecured Loan received	87,00,000	2,32,50,000
ii ) Unsecured Loan repaid	89,12,511	4,35,00,000
iii ) Interest Expenses	-	31,60,066
iv ) Expenses incurred by the party on behalf of the company	10,42,883	6,50,585
v) Expenses Reimbursed to the party	10,42,883	6,50,585
<b>Balances as at the year end :</b>		
i) Unsecured Loans	-	2,12,511
ii )Interest accrued and due (Payable)	-	28,44,059

**The aggregate amount of transactions with the related parties as mentioned in (b) above is as below :**

Particulars	2015-16 (₹)	2014-15 (₹)
<b>Transactions during the year</b>		
i) Unsecured Loan Received	76,00,000	-
ii ) Expenses incurred by the party on behalf of the company	2,33,256	-
iii) Expenses Reimbursed to the party	2,33,256	-
iv) Proceeds from issue of Equity Shares		
- Face Value of Equity Shares issued	-	3,60,00,000
- Premium on Equity shares issued	-	14,40,00,000
<b>Balances as at the year end :</b>		
i) Unsecured Loans	76,00,000	-

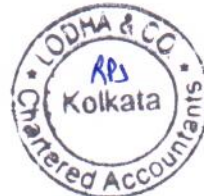




**EDCL SEPPA MARJINGLA HYDRO ELECTRIC PRIVATE LIMITED**

**The aggregate amount of transactions with the related parties as mentioned in (c) above is as below :**

Particulars	2015-16 (₹)	2014-15 (₹)
<b>Transactions during the year:</b>		
i) Unsecured Loan Received		
- EDCL Seppa Riag Power Private Limited	-	12,00,000
ii ) Unsecured Loan repaid		
- EDCL Seppa Riag Power Private Limited	12,00,000	-
iii ) Expenses incurred by the party on behalf of the company		
- Eastern Ramganga Valley Hydel Projects Private Limited	24,706	-
- Sarju Valley Hydel Projects Company Private Limited	5,106	-
- EDCL Power Projects Limited	36,97,130	-
- Ayyappa Hydro Power Limited	61,800	-
- EDCL Arunachal Hydro Projects Private Limited	4,906	-
- EDCL Seppa Beyong Hydro Electric Private Limited	1,906	-
- EDCL Seppa Dunkho Hydro Electric Private Limited	1,906	-
- EDCL Seppa Jung Power Private Limited	1,906	-
- EDCL Seppa Kawa Power Private Limited	1,906	-
EDCL Seppa Lada Hydro Electric Private Limited	1,906	-
- EDCL Seppa Nire Hydro Electric Private Limited	7,906	-
- EDCL Seppa Pachuk Power Private Limited	21,206	-
- EDCL Seppa Riag Power Private Limited	1,906	-
EDCL Tawang Lower Tsachu Hydro Electric Private Limited	2,606	-
- EDCL Tawang Power Private Limited	4,106	-
- EDCL Tawang Upper Tsachu Hydro Electric Private Limited	1,906	-



**EDCL SEPPA MARJINGLA HYDRO ELECTRIC PRIVATE LIMITED**

iv) Expenses Reimbursed to the party		
- Eastern Ramganga Valley Hydel Projects Private Limited	24,706	-
- Sarju Valley Hydel Projects Company Private Limited	5,106	-
- EDCL Power Projects Limited	36,97,130	-
- Ayyappa Hydro Power Limited	61,800	-
- EDCL Arunachal Hydro Projects Private Limited	4,906	-
- EDCL Seppa Beyong Hydro Electric Private Limited	1,906	-
- EDCL Seppa Dunkho Hydro Electric Private Limited	1,906	-
- EDCL Seppa Jung Power Private Limited	1,906	-
- EDCL Seppa Kawa Power Private Limited	1,906	-
EDCL Seppa Lada Hydro Electric Private Limited	1,906	-
- EDCL Seppa Nire Hydro Electric Private Limited	7,906	-
- EDCL Seppa Pachuk Power Private Limited	21,206	-
- EDCL Seppa Riag Power Private Limited	1,906	-
EDCL Tawang Lower Tsachu Hydro Electric Private Limited	2,606	-
- EDCL Tawang Power Private Limited	4,106	-
- EDCL Tawang Upper Tsachu Hydro Electric Private Limited	1,906	-
<b>Balances as at the year end :</b>		
i) Unsecured Loans	-	12,00,000

**The aggregate amount of transactions with the related parties as mentioned in (e) above is as below :**

Particulars	2015-16 (₹)	2014-15 (₹)
<b>Transactions during the year:</b>		
i ) Unsecured Loan received	-	8,38,50,000
ii ) Unsecured Loan repaid	-	16,03,50,000
iii ) Interest payable written back	72,69,289	-
<b>Balances as at the year end :</b>		
i ) Interest accrued and due (Payable)	-	72,69,289



**Notes :**

i) In respect of above parties, there is no provision for doubtful debts as on 31st March, 2016 and no amount has been written off or written back during the year in respect of debts due from/to them except to the extent disclosed above.

ii) The above Related Party information is as identified by the Management and relied upon by the auditors.



**EDCL SEPPA MARJINGLA HYDRO ELECTRIC PRIVATE LIMITED**

**NOTE 16**

**OPERATING LEASES :**

The company had taken a premise under cancellable operating leases. The lease arrangement has been terminated during the year based upon mutual agreement of both the parties. Rental expenses towards cancellable operating lease charged to statement of profit and loss amounts to ₹ NIL/- (Previous year ₹ 6,00,000/-). The aggregate lease rentals are included as "Rent" in Note 14 of the financial statement.

**NOTE 17**

**EARNING PER SHARE (EPS) :**

Particulars	2015-16 (₹)	2014-15 (₹)
<b>Basic and Diluted Earnings per share has been computed as under:</b>		
Profit/(Loss) after tax for the year	(1,67,145)	(4,03,554)
Less : Preference Dividend on 0.01% (10%) Cumulative Redeemable Preference Shares	25,26,066	40,00,000
Profit/(Loss) for the year attributable to the equity shareholders	(26,93,210)	(44,03,554)
Weighted Average Number of Equity Shares issued (Nos.)	45,50,000	10,38,822
Basic and Diluted Earnings per Share (Face Value ₹ 10/- per share, fully paid up)	(0.59)	(4.24)

**NOTE 18**

**SEGMENT REPORTING**

The company is engaged primarily in the business setting up of power plant for " generation of electricity " and all other activities are incidental thereto in India. Accordingly, the separate primary and secondary segment reporting disclosure as envisaged in Accounting Standards (AS -17) on segment Reporting is not applicable to the company.

**NOTE 19**

**CONTINGENT LIABILITY**

Particulars	31st March, 2016 (₹)	31st March, 2015 (₹)
Arrears of dividend on Cumulative Redeemable Preference shares (excluding Dividend Distribution Tax)	1,45,26,066	1,20,00,000



**EDCL SEPPA MARJINGLA HYDRO ELECTRIC PRIVATE LIMITED**

**NOTE 20**  
**COMPARATIVES**

Previous year's figures have been re-grouped/rearranged wherever considered necessary .

As per our Report of even date  
For **Lodha & Co.**  
Chartered Accountants  
Firm's ICAI Registration No. 301051E

For and on behalf of the Board of Directors

*R. P. Singh*  
R P Singh  
Partner  
M No. 052438



*A. K. Chowdhary*

*Tarun Chattervedi*

Place : Kolkata  
Dated : 24th May, 2016



**EDCL SEPPA MARJINGLA HYDRO ELECTRIC PRIVATE LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

PARTICULARS	31.03.2016		31.03.2015	
	AMOUNT(₹)	AMOUNT(₹)	AMOUNT(₹)	AMOUNT(₹)
<b>A) Cash Flow From Operating Activities:</b>				
Profit/ (Loss) before tax		(1,67,145)		(4,03,554)
<b>Operating Profit before Working Capital Changes</b>		(1,67,145)		(4,03,554)
<b>Adjustments for :</b>				
(Increase)/Decrease in Trade and Other Receivables	5,000		1,46,000	
Increase/(Decrease) in Trade and Other payables	(46,09,304)	(46,04,304)	(16,28,887)	(14,82,887)
<b>Net Cash Flow from Operating Activities</b>		<b>(47,71,449)</b>		<b>(18,86,441)</b>
<b>B) Cash Flow from Investing Activities</b>				
(Increase)/Decrease in Capital Work in Progress	(20,30,480)	(20,30,480)	(1,61,08,448)	(1,61,08,448)
<b>Net Cash Flow from Investing Activities</b>		<b>(20,30,480)</b>		<b>(1,61,08,448)</b>
<b>C) Cash Flow from Financing Activities</b>				
Proceeds from Issue of Equity Shares	-		18,00,00,000	
Proceeds from / (Repayment) of Borrowings	61,87,489	61,87,489	(16,16,50,000)	1,83,50,000
<b>Net Cash flow from Financing Activities</b>		<b>61,87,489</b>		<b>1,83,50,000</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>(6,14,440)</b>		<b>3,55,111</b>
<b>Cash and Cash equivalents at the beginning of the year</b>		<b>8,26,202</b>		<b>4,71,091</b>
<b>Cash and Cash equivalents at the end of the year (Refer Note 9)</b>		<b>2,11,762</b>		<b>8,26,202</b>
Significant Accounting Policies	1			
The accompanying notes(1-20) form an integral part of financial statements.				

**Notes :-**

- 1) Cash Flow Statement is prepared by the indirect method as set out in Accounting Standard - 3 on Cash Flow Statement
- 2) Previous year's figures have been re-grouped/rearranged wherever considered necessary.

As per our Report of even date  
For **Lodha & Co.**  
Chartered Accountants  
Firm's ICAI Registration No. 301051E

**R P Singh**  
Partner  
M No. 052438

Place : Kolkata  
Dated : 24th May, 2016



For and on behalf of the Board of Directors

*A. K. Chowdhury*

*Tarun Chakraverti*