

**INDEPENDENT AUDITORS' REPORT****To the Members of EDCL Tawang Lower Tsachu Hydro Electric Private Limited****Report on the Financial Statements**

We have audited the accompanying financial statements of **EDCL Tawang Lower Tsachu 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. 9(a) of the financial statements regarding Rs. 14,17,64,867/- as on 31<sup>st</sup> March, 2016 (Rs. 13,88,52,884/- 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: 30<sup>th</sup> May, 2016



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

A handwritten signature in blue ink, appearing to read "H.K. Verma".

H.K.Verma  
Partner  
Membership No.: 055104

**EDCL Tawang Lower Tsachu 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: 30<sup>th</sup> May, 2016



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

*H.K. Verma*

H.K.Verma  
Partner  
Membership No: 055104

**EDCL Tawang Lower Tsachu 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 Tawang Lower Tsachu 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: 30<sup>th</sup> May, 2016



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

A handwritten signature in blue ink, appearing to read "H.K. Verma".

H.K. Verma  
Partner  
Membership No.: 055104

**EDCL TAWANG LOWER TSACHU 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        | 9,90,00,000               | 9,90,00,000               |
| Reserves and Surplus  | 3        | 3,46,75,069               | 3,48,66,945               |
|   |          | 13,36,75,069              | 13,38,66,945              |
| <b>Non Current Liabilities</b>  |          |                           |                           |
| Long Term Borrowings  | 4        | 64,00,000                 | 1,38,573                  |
| Long Term Provisions  | 5        | 79,000                    | 1,12,000                  |
|   |          | 64,79,000                 | 2,50,573                  |
| <b>Current Liabilities</b>  |          |                           |                           |
| Trade Payables  | 6        | -                         | -                         |
| - Dues to Micro and Small Enterprises                                       |          | -                         | -                         |
| - Dues to Others  |          | 16,19,674                 | 15,52,772                 |
| Other Current Liabilities   | 7        | 87,815                    | 43,25,675                 |
| Short Term Provisions   | 8        | 2,000                     | -                         |
|   |          | 17,09,489                 | 58,78,447                 |
| <b>Total</b>  |          | <b>14,18,63,558</b>       | <b>13,99,95,965</b>       |
| <b><u>ASSETS</u></b>  |          |                           |                           |
| <b>Non Current Assets</b>   |          |                           |                           |
| Fixed Assets  | 9        |                           |                           |
| - Capital Work-in-progress  |          | 14,17,64,867              | 13,88,52,884              |
| <b>Current Assets</b>   |          |                           |                           |
| Cash and Cash Equivalents   | 10       | 98,691                    | 10,94,081                 |
| Short Term Loans and Advances   | 11       | -                         | 49,000                    |
|   |          | 98,691                    | 11,43,081                 |
| <b>Total</b>  |          | <b>14,18,63,558</b>       | <b>13,99,95,965</b>       |
| Significant Accounting Policies   | 1        |                           |                           |
| The accompanying notes(1-21) 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

*H K Verma*

H K Verma  
Partner  
M No. 055104



For and on behalf of the Board of Directors

*A K Chowdhary*

*Keerthi*

Place : Kolkata  
Dated : 30th May, 2016



**EDCL TAWANG LOWER TSACHU 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  |          | -                              | -                              |
| Other Income   | 12       | -                              | -                              |
| <b>Total Revenue</b>   |          | -                              | -                              |
| <b>EXPENSES :</b>  |          |                                |                                |
| Employee Benefit Expenses  | 13       | 13,86,222                      | 9,44,698                       |
| Finance Cost   | 14       | -                              | 91,46,412                      |
| Other Expenses   | 15       | 27,09,906                      | 57,74,828                      |
|  |          | 40,96,128                      | 1,58,65,938                    |
| Less : Expenditure transferred to capital Work-in-Progress                   |          | 39,04,252                      | 1,53,77,506                    |
| <b>Total Expenses</b>  |          | <b>1,91,876</b>                | <b>4,88,432</b>                |
| <b>Profit/(Loss) before tax</b>  |          | <b>(1,91,876)</b>              | <b>(4,88,432)</b>              |
| <b>Tax Expense:</b>  |          |                                |                                |
| - Current tax  |          | -                              | -                              |
| - Deferred tax   |          | -                              | -                              |
|  |          | -                              | -                              |
| <b>Profit/(Loss) after tax for the year</b>                                  |          | <b>(1,91,876)</b>              | <b>(4,88,432)</b>              |
| Earnings per equity share of ₹ 10 each, fully paid up :                      | 18       |                                |                                |
| - Basic & Diluted  |          | (0.46)                         | (16.08)                        |
| Significant Accounting Policies  | 1        |                                |                                |
| The accompanying notes (1-21) 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

*H K Verma*

H K Verma  
Partner  
M No. 055104



Place : Kolkata  
Dated : 30th May, 2016

For and on behalf of the Board of Directors

*A.K Chowdhury*

*Seoli*

**EDCL TAWANG LOWER TSACHU 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 services are rendered by the employees. Long term employee benefits under defined benefit scheme such as contribution to gratuity, leave etc. are determined at close of the year at present value of the amount payable using actuarial valuation techniques. Actuarial gains and losses are recognised in the year when they arise.

**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 TAWANG LOWER TSACHU HYDRO ELECTRIC PRIVATE LIMITED**

| Particulars | As at<br>31st March 2016 (₹) | As at<br>31st March 2015 (₹) |
|-------------|------------------------------|------------------------------|
|-------------|------------------------------|------------------------------|

**NOTE 2**

**SHARE CAPITAL**

**Authorised**

|   |                    |                    |
|---|--------------------|--------------------|
| 60,00,000 (6,000,000) Equity shares of ₹ 10/- each                                    | 600,00,000         | 600,00,000         |
| 400,000 (400,000) 0.01% (10%) Cumulative Redeemable Preference Shares of ₹ 100/- each | 400,00,000         | 400,00,000         |
|   | <b>1000,00,000</b> | <b>1000,00,000</b> |

**Issued, Subscribed & Paid-up**

|  |            |            |
|--|------------|------------|
| 59,00,000 (59,00,000) Equity shares of ₹ 10/- each fully paid up | 590,00,000 | 590,00,000 |
|  | 590,00,000 | 590,00,000 |

|   |            |            |
|---|------------|------------|
| 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 |
|   | 400,00,000 | 400,00,000 |

|              |                   |                   |
|--------------|-------------------|-------------------|
| <b>Total</b> | <b>990,00,000</b> | <b>990,00,000</b> |
|--------------|-------------------|-------------------|

**Reconciliation of outstanding number of Equity shares**

|                              |                  |                  |
|------------------------------|------------------|------------------|
| Opening Balance              | 59,00,000        | 25,000           |
| Add : Issued during the year | -                | 58,75,000        |
| Closing Balance              | <b>59,00,000</b> | <b>59,00,000</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% shares :-**

|   |                     |                    |
|---|---------------------|--------------------|
| a) Equity Shares :  |                     |                    |
| - Energy Development Company Limited (Ultimate Holding Company) | 25,000 (0.42%)*     | 25,000 (0.42%)     |
| - Arunachal Hydro Power Limited (Holding Company)               | 58,75,000 (99.58%)* | 58,75,000 (99.58%) |
| b) Preference Shares :  |                     |                    |
| - Arunachal Hydro Power Limited (Holding Company)               | 400,000 (100%)      | 400,000 (100%)     |

\* Pursuant to an agreement, Energy Development Company Limited has sold 25,000 equity shares to Arunachal Hydro Power Limited. However, this instrument is yet to be lodged for transfer and accordingly, this have been shown in the name of existing share holders.

**Rights, Preference and restriction attaching duly to each classes of shares including restrictions on the distribution of dividend and repayments 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 TAWANG LOWER TSACHU HYDRO ELECTRIC PRIVATE LIMITED**

| Particulars   | As at<br>31st March 2016 (₹) | As at<br>31st March 2015 (₹) |
|---|------------------------------|------------------------------|
| <b>NOTE 3</b>   |                              |                              |
| <b><u>RESERVES AND SURPLUS</u></b>  |                              |                              |
| <b>Securities Premium Account</b>   |                              |                              |
| Opening Balance   | 3,58,50,000                  | 6,00,000                     |
| Add : Received on shares issued during the year                                 | -                            | 3,52,50,000                  |
| Closing Balance   | <b>3,58,50,000</b>           | <b>3,58,50,000</b>           |
| <b>Surplus/(Deficit) in Statement of Profit &amp; Loss</b>                      |                              |                              |
| Opening Balance   | (9,83,055)                   | (4,94,623)                   |
| Add : Profit/(Loss) for the year transferred from<br>Statement of Profit & Loss | (1,91,876)                   | (4,88,432)                   |
| Closing Balance   | <b>(11,74,931)</b>           | <b>(9,83,055)</b>            |
| <b>Total:</b>   | <b>3,46,75,069</b>           | <b>3,48,66,945</b>           |

**NOTE 4**

**LONG TERM BORROWINGS**

**(Unsecured)**

**Loans from Related Parties**

Loan from Ultimate Holding Company (Refer Note 16)

Loan from Holding Company (Refer Note 16)

|                  |                 |
|------------------|-----------------|
| -                | 1,38,573        |
| 64,00,000        | -               |
| <b>64,00,000</b> | <b>1,38,573</b> |

**Terms of Repayment**

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

**NOTE 5**

**LONG TERM PROVISIONS**

**Provision for Employee benefits**

Provision for Leave Encashment

Provision for Gratuity

|               |                 |
|---------------|-----------------|
| 62,000        | 69,000          |
| 17,000        | 43,000          |
| <b>79,000</b> | <b>1,12,000</b> |

**NOTE 6**

**TRADE PAYABLES**

For services

- Dues to Micro and Small Enterprises

- Dues to Others (\*)

|                  |                  |
|------------------|------------------|
| 16,19,674        | 15,52,772        |
| <b>16,19,674</b> | <b>15,52,772</b> |

(\*) Includes ₹ NIL /- (Previous year ₹ 24,000/-) payable to Ultimate holding company (Refer Note 16)

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 TAWANG LOWER TSACHU HYDRO ELECTRIC PRIVATE LIMITED**

| Particulars | As at<br>31st March 2016 (₹) | As at<br>31st March 2015 (₹) |
|-------------|------------------------------|------------------------------|
|-------------|------------------------------|------------------------------|

**NOTE 7**

**OTHER CURRENT LIABILITIES**

Interest Accrued and due on borrowings

- Ultimate Holding Company (Refer Note 16)
- Others Related Parties (\*)

|               |                  |
|---------------|------------------|
| -             | 29,86,209        |
| -             | 9,92,269         |
| -             | 39,78,478        |
| 87,815        | 3,47,197         |
| <b>87,815</b> | <b>43,25,675</b> |

Statutory Payables

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

**NOTE 8**

**SHORT TERM PROVISIONS**

Provision for Employee benefits

Provision for Leave Encashment

|              |          |
|--------------|----------|
| 2,000        | -        |
| <b>2,000</b> | <b>-</b> |

**NOTE 9**

**CAPITAL WORK-IN-PROGRESS**

Capital Work-in-Progress

|                     |                     |
|---------------------|---------------------|
| 14,17,64,867        | 13,88,52,884        |
| <b>14,17,64,867</b> | <b>13,88,52,884</b> |

a) The Company on completion of pre-feasibility report has been granted permission for setting up of 77 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>13,88,52,884</b> | <b>12,34,75,378</b> |
| <b>Add : Transfer from Statement of Profit and Loss</b> |                     |                     |
| Salary & Wages  | 13,86,222           | 9,44,698            |
| Rent  | 1,20,000            | 7,74,049            |
| Rates & Taxes   | 1,34,786            | 4,79,049            |
| Legal & Professional Charges                            | 17,32,339           | 32,87,883           |
| Travelling & Conveyance Expenses                        | 3,91,725            | 5,70,453            |
| Interest On Unsecured Loans (*)                         | -                   | 91,32,826           |
| Other Borrowing Cost                                    | -                   | 13,586              |
| Miscellaneous Expenses                                  | 1,39,180            | 1,74,962            |
| <b>Total</b>  | <b>14,27,57,136</b> | <b>13,88,52,884</b> |
| Less : Liability no longer required written back        | 9,92,269            | -                   |
| <b>Balance carried forward</b>                          | <b>14,17,64,867</b> | <b>13,88,52,884</b> |

(\*) Includes ₹ NIL/- (Previous year ₹ 3,318,010/-) on loans from Ultimate holding company (Refer Note 16)

**NOTE 10**

**CASH AND CASH EQUIVALENTS**

Balance with Banks

- on Current Accounts

|               |                  |
|---------------|------------------|
| 98,691        | 10,94,081        |
| <b>98,691</b> | <b>10,94,081</b> |

**NOTE 11**

**SHORT TERM LOANS AND ADVANCES**

(Unsecured, considered good)

Advance (\*)

|          |               |
|----------|---------------|
| -        | 49,000        |
| <b>-</b> | <b>49,000</b> |

(\*) Includes ₹ NIL/- (Previous year ₹ 49,000 /-) recoverable from Ultimate holding company (Refer Note 16)



**EDCL TAWANG LOWER TSACHU HYDRO ELECTRIC PRIVATE LIMITED**

| Particulars | As at               | As at               |
|-------------|---------------------|---------------------|
|             | 31st March 2016 (₹) | 31st March 2015 (₹) |

**NOTE 12**

**OTHER INCOME**

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

|          |   |
|----------|---|
| 9,92,269 | - |
| 9,92,269 | - |
| -        | - |

**NOTE 13**

**EMPLOYEE BENEFIT EXPENSES**

Salary & Allowance  
Contribution to Provident and Other Fund  
Staff Welfare

|                  |                 |
|------------------|-----------------|
| 13,10,554        | 8,66,379        |
| 46,787           | 69,784          |
| 28,881           | 8,535           |
| <b>13,86,222</b> | <b>9,44,698</b> |

**Employees Benefits:**

The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006 (AS-15), are given below:

**(i) Defined Benefit Scheme**

The employee's gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for Leave Encashment is recognized in the same manner as gratuity.

| Particulars   | (₹ in lacs)       |                               |                   |                               |
|---|-------------------|-------------------------------|-------------------|-------------------------------|
|   | Gratuity (Funded) | Leave Encashment (Non-Funded) | Gratuity (Funded) | Leave Encashment (Non-Funded) |
| <b>Expenses Recognized in the Statement of Profit &amp; Loss</b>  | <b>2015-2016</b>  | <b>2015-2016</b>              | <b>2014-2015</b>  | <b>2014-2015</b>              |
| 1 Current Service Cost  | 0.22              | 0.47                          | 0.20              | 0.44                          |
| 2 Interest Cost   | 0.11              | 0.05                          | -                 | -                             |
| 3 Expected return on plan assets  | (0.12)            | -                             | -                 | -                             |
| 4 Actuarial Losses / (Gains)  | 0.26              | (0.57)                        | 0.47              | (0.24)                        |
| <b>Total Expenses</b>   | <b>0.47</b>       | <b>(0.05)</b>                 | <b>0.67</b>       | <b>0.20</b>                   |
| <b>Change in the obligation during the year</b>   |                   |                               |                   |                               |
| 1 <b>Present value of Defined Benefit Obligation at the beginning of the year</b>                                     | <b>1.38</b>       | <b>0.69</b>                   | <b>-</b>          | <b>-</b>                      |
| 2 Current Service Cost  | 0.22              | 0.47                          | 0.20              | 0.44                          |
| 3 Interest Cost   | 0.11              | 0.05                          | -                 | -                             |
| 4 Benefit Paid  | -                 | -                             | 0.71              | 0.49                          |
| 5 Acquisition Cost/(Credit)   | -                 | -                             | 0.47              | (0.24)                        |
| 6 Actuarial (Gains) / Losses  | (0.05)            | (0.57)                        | -                 | -                             |
| 7 <b>Present value of Defined Benefit Obligation at the end of the year</b>   | <b>1.66</b>       | <b>0.64</b>                   | <b>1.38</b>       | <b>0.69</b>                   |
| <b>Change in Assets during the year ended March 31, 2016</b>  |                   |                               |                   |                               |
| 1 <b>Plan Assets at the beginning of the year</b>   | <b>0.95</b>       | <b>-</b>                      | <b>0.95</b>       | <b>-</b>                      |
| 2 Acquisition Adjustments   | -                 | -                             | -                 | -                             |
| 3 Contribution by Employer  | -                 | -                             | -                 | -                             |
| 4 Expected return on plan assets  | 0.12              | -                             | -                 | -                             |
| 5 Actual Company Contribution   | 0.73              | -                             | -                 | -                             |
| 6 Benefit Paid  | -                 | -                             | -                 | -                             |
| 7 Actuarial Gains / (Losses)  | (0.31)            | -                             | 0.95              | -                             |
| <b>Plan Assets at the end of the year</b>   | <b>1.49</b>       | <b>-</b>                      | <b>0.95</b>       | <b>-</b>                      |
| <b>Reconciliation of Net Asset / (Liability) recognised in the Balance Sheet during the year ended March 31, 2016</b> |                   |                               |                   |                               |
| 1 <b>Net Asset / (Liability) at beginning of the year</b>   | <b>(0.43)</b>     | <b>(0.69)</b>                 | <b>-</b>          | <b>-</b>                      |
| 2 Acquisition   | -                 | -                             | 0.24              | (0.49)                        |
| 3 Employer Expenses   | (0.47)            | 0.05                          | (0.67)            | (0.20)                        |
| 4 Employer Contributions  | 0.73              | -                             | -                 | -                             |
| 5 <b>Net Asset / (Liability) at the end of the year</b>   | <b>(0.17)</b>     | <b>(0.64)</b>                 | <b>(0.43)</b>     | <b>(0.69)</b>                 |
| <b>Actuarial Assumptions</b>  |                   |                               |                   |                               |
| 1 Discount Rate   | 7.90%             | 7.90%                         | 7.90%             | 7.80%                         |
| 2 Expected Rate of Return on Plan Assets  | 9.00%             | Not Applicable                | 9.00%             | Not Applicable                |
| 3 Rate of Salary Increases  | 10.00%            | 10.00%                        | 10.00%            | 10.00%                        |

| Particulars   | (₹ in lacs) |           |
|---|-------------|-----------|
|   | 2015-2016   | 2014-2015 |
| Present value of defined benefit obligations          | (1.66)      | (1.38)    |
| Fair value of plan assets                             | 1.49        | 0.95      |
| Surplus/(Deficit)                                     | (0.17)      | (0.43)    |
| Experience adjustment on plan liabilities (loss)/gain | (0.11)      | (0.47)    |
| Experience adjustment on plan assets (loss)/gain      | (0.31)      | -         |
| Actuarial Gain / (Loss) due to change on assumption   | 0.16        | -         |

| Particulars                                      | Gratuity (Funded) |           |
|--|-------------------|-----------|
|  | 2015-2016         | 2014-2015 |
| Other assets including under scheme of insurance | 100%              | 100%      |
| Actual return on plan assets                     | (0.19)            | -         |

**Notes :**

(a) Assumptions related to future salary increases, attrition, interest rate for discount and overall expected rate of return on Assets have been considered based on relevant economic factors such as inflation, market growth and other factors applicable to the period over which the obligation is expected to be settled.

(b) Acquisition adjustment represents amount in respect of certain employees transferred into / transferred from the company without affecting the term of employment.

(c) The expected contribution to the fund by the company during the year 2016-17 is yet to be determined.



**EDCL TAWANG LOWER TSACHU HYDRO ELECTRIC PRIVATE LIMITED**

| Particulars                                | As at<br>31st March 2016 (₹) | As at<br>31st March 2015 (₹) |
|--|------------------------------|------------------------------|
| <b>NOTE 14</b>                             |                              |                              |
| <b>FINANCE COST</b>                        |                              |                              |
| Interest Expenses                          |                              |                              |
| - Ultimate Holding Company (Refer Note 16) | -                            | 33,18,010                    |
| - Others                                   | -                            | 58,14,816                    |
|  | -                            | 91,32,826                    |
| Other Borrowing Cost                       | -                            | 13,586                       |
|  | -                            | <b>91,46,412</b>             |

**NOTE 15**

**OTHER EXPENSES**

|   |                  |                  |
|---|------------------|------------------|
| Payment to Auditors:                    |                  |                  |
| - As Audit Fees (excluding service tax) | 20,000           | 20,000           |
| Rates & Taxes                           | 2,41,962         | 8,69,981         |
| Professional Charges                    | 17,76,039        | 33,47,383        |
| rent ( Refer Note 17)                   | 1,20,000         | 7,74,049         |
| Travelling Expenses                     | 3,91,725         | 5,70,453         |
| Telephone,Fax,Postal etc.               | 50,108           | 86,938           |
| Miscellaneous Expenses (*)              | 1,10,072         | 1,06,024         |
|   | <b>27,09,906</b> | <b>57,74,828</b> |

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

|                        |          |        |
|------------------------|----------|--------|
| - Professional Charges | 4,62,339 | -      |
| - Travelling Expenses  | 31,942   | 81,948 |

(\*) Includes Net Loss from Foreign Exchange Transactions ₹ NIL/- (Previous Year : ₹ 9,934 /-)



**EDCL TAWANG LOWER TSACHU HYDRO ELECTRIC PRIVATE LIMITED**

**NOTE 16**

**RELATED PARTY DISCLOSURES PURSUANT TO ACCOUNTING STANDARD - 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) Individuals having significant influence directly or indirectly ( Promoter and their relatives )</b> | Amar Singh                         |
|  | Pankaja Kumari Singh               |
| <b>d) Enterprises over which individuals mentioned in (c) above exercises significant influence</b>        | Startrack Vinimay Private Limited  |

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

| <b>Particulars</b>  | <b>2015-16 (₹)</b> | <b>2014-15 (₹)</b> |
|---|--------------------|--------------------|
| <b>Transactions during the year:</b>  |                    |                    |
| i ) Unsecured Loan received   | 61,50,000          | 2,08,00,000        |
| ii ) Unsecured Loan repaid  | 62,88,573          | 3,65,00,000        |
| iii ) Interest Expenses   | -                  | 33,18,010          |
| iv) Net Provision (Liability - Assets) for Employee Retirement Benefits transferred (to) / from the party : |                    |                    |
| - Gratuity  | -                  | (24,000)           |
| - Leave Encashment  | -                  | 49,000             |
| v) Expenses incurred by the party on behalf of the company  | 13,26,880          | 9,03,690           |
| vi ) Expenses Reimbursed to the party   | 13,26,880          | 9,03,690           |
| <b>Balances as at the year end :</b>  |                    |                    |
| i) Unsecured Loans  | -                  | 1,38,573           |
| ii) Interest accrued and due (Payable)  | -                  | 29,86,209          |
| iii) Advance  | -                  | 49,000             |
| iv) Trade Payable   | -                  | 24,000             |





**EDCL TAWANG LOWER TSACHU HYDRO ELECTRIC PRIVATE LIMITED**

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                | 64,00,000   | -           |
| ii) Proceeds from issue of Equity Shares : |             |             |
| - Face Value of Equity Shares issued       | -           | 5,87,50,000 |
| - Premium on Equity shares issued          | -           | 3,52,50,000 |
| <b>Balances as at the year end :</b>       |             |             |
| i) Unsecured Loans                         | 64,00,000   | -           |

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

| Particulars                           | 2015-16(₹) | 2014-15 (₹) |
|---------------------------------------|------------|-------------|
| <b>Transactions during the year:</b>  |            |             |
| i ) Unsecured Loan received           | -          | 10,00,000   |
| ii ) Unsecured Loan repaid            | -          | 1,45,00,000 |
| iii ) Interest payable written back   | 9,92,269   | -           |
| <b>Balances as at the year end :</b>  |            |             |
| i) Interest accrued and due (Payable) | -          | 9,92,269    |

**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 TAWANG LOWER TSACHU HYDRO ELECTRIC PRIVATE LIMITED**

**NOTE 17**  
**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 15 of the financial statement.

**NOTE 18**  
**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  | (1,91,876)  | (4,88,432)  |
| 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                | (27,17,941) | (44,88,432) |
| Weighted Average Number of Equity Shares issued (Nos.)                            | 59,00,000   | 2,79,110    |
| Basic and Diluted Earnings per Share (Face Value ₹ 10/- per share, fully paid up) | (0.46)      | (16.08)     |

**NOTE 19**  
**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 20**  
**CONTINGENT LIABILITY**

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



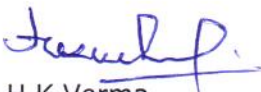
**EDCL TAWANG LOWER TSACHU HYDRO ELECTRIC PRIVATE LIMITED**

**NOTE 21**  
**COMPARATIVES**

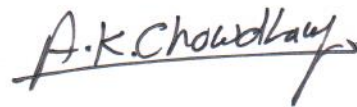
Previous year's figures have been re-grouped/rearranged wherever considered necessary .

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

  
H K Verma  
Partner  
M No. 055104







Place : Kolkata  
Dated : 30th May, 2016

**EDCL TAWANG LOWER TSACHU 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   |             | (1,91,876)         |               | (4,88,432)           |
| <b>Operating Profit before Working Capital Changes</b>                      |             |                    |               |                      |
| <b>Adjustments for :</b>  |             |                    |               |                      |
| (Increase)/Decrease in Trade and Other Receivables                          | 49,000      |                    | 51,000        |                      |
| Increase/(Decrease) in Trade and Other payables                             | (32,09,689) | (31,60,689)        | (11,07,882)   | (10,56,882)          |
| <b>Net Cash Flow from Operating Activities</b>                              |             | <b>(33,52,565)</b> |               | <b>(15,45,314)</b>   |
| <b>B) Cash Flow from Investing Activities</b>                               |             |                    |               |                      |
| (Increase)/Decrease in Capital Work in Progress                             | (39,04,252) | (39,04,252)        | (1,53,77,505) | (1,53,77,505)        |
| <b>Net Cash Flow from Investing Activities</b>                              |             | <b>(39,04,252)</b> |               | <b>(1,53,77,505)</b> |
| <b>C) Cash Flow from Financing Activities</b>                               |             |                    |               |                      |
| Proceeds from Issue of Equity Shares  | -           |                    | 9,40,00,000   |                      |
| Proceeds from / (Repayment) of Borrowings                                   | 62,61,427   | 62,61,427          | (7,62,00,000) | 1,78,00,000          |
| <b>Net Cash flow from Financing Activities</b>                              |             | <b>62,61,427</b>   |               | <b>1,78,00,000</b>   |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>                 |             | <b>(9,95,390)</b>  |               | <b>8,77,181</b>      |
| <b>Cash and Cash equivalents at the beginning of the year</b>               |             | <b>10,94,081</b>   |               | <b>2,16,900</b>      |
| <b>Cash and Cash equivalents at the end of the year (Refer Note 10)</b>     |             | <b>98,691</b>      |               | <b>10,94,081</b>     |
| Significant Accounting Policies   | 1           |                    |               |                      |
| The accompanying notes(1-21) 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

*H K Verma*

H K Verma  
Partner  
M No. 055104



For and on behalf of the Board of Directors

*A. K. Chowdhury*

*Seolli*

Place : Kolkata  
Dated : 30th May, 2016