

BHAVNAGAR ENERGY COMPANY LIMITED

Notes Forming Part of Financial Statements For the year ended on 31st March, 2016

Note No.11 CAPITAL WORK IN PROGRESS

	Amount (₹ in Lakhs) As At 31st March, 2016	Amount (₹ in Lakhs) As At 31st March, 2015
CWIP - Building	549.31	463.30
CWIP - Plant & Machinery	2,75,157.75	2,60,221.08
CWIP - General Civil Work	45,499.19	42,105.61
CWIP - Expenditure Pending For Allocation		
CWIP - Borrowing cost	91,785.79	60,247.84
CWIP - Preoperative Expenses and Consultancy fees, etc	2,804.38	2,491.74
CWIP - Incidental Expenses	10,896.40	5,359.06
Total	4,26,692.82	3,70,888.63

Notes No.12 INTANGIBLE ASSET UNDER DEVELOPMENT

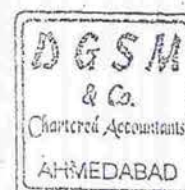
	Amount (₹ in Lakhs) As At 31st March, 2016	Amount (₹ in Lakhs) As At 31st March, 2015
Right of Use of Land for Onshore pipe line of Sea Water & Sweet Water	38.24	38.23
Total	38.24	38.23

Notes No.13 LONG TERM LOANS & ADVANCES

	Amount (₹ in Lakhs) As At 31st March, 2016	Amount (₹ in Lakhs) As At 31st March, 2015
Capital Advance		
Secured, considered good	5,725.77	6,809.35
Unsecured, considered good	1,261.50	541.81
Security Deposit, (Unsecured, considered good)	926.24	958.20
Advance Income tax	12.01	42.69
Advance F&T		0.10
Prepaid expenses	4.59	2.88
Total	7,930.11	8,355.03

Notes No.14 OTHER NON -CURRENT ASSETS

	Amount (₹ in Lakhs) As At 31st March, 2016	Amount (₹ in Lakhs) As At 31st March, 2015
Group Gratuity Fund	23.28	15.80
Total	23.28	15.80



BHAVNAGAR ENERGY COMPANY LIMITED

Notes Forming Part of Financial Statements For the year ended on 31st March, 2016

Notes No.- 15 INVENTORY

	Amount (₹ in Lakhs) As At 31st March, 2016	Amount (₹ in Lakhs) As At 31st March, 2015
Stock of Light Diesel Oil	134.72	25.06
Stock of FO	83.60	-
Stock of Diesel & Gas	0.48	-
Total	219.00	25.06

Notes No.- 16 CASH & BANK BALANCE

	Amount (₹ in Lakhs) As At 31st March, 2016	Amount (₹ in Lakhs) As At 31st March, 2015
A. Cash & Cash Equivalents		
Balances with Schedule Banks	359.67	821.84
Cash on Hand	0.22	0.41
Fixed Deposit with Banks*	1.17	2.17
B. Other Balances		
Bank deposit with more than 12 month maturity	0.22	0.22
Total	361.28	824.64

* out of which 1,17,159 is Held as lien by bank against issuance of bank guarantee

Notes No. -17 SHORT TERM LOAN & ADVANCES

	Amount (₹ in Lakhs) As At 31st March, 2016	Amount (₹ in Lakhs) As At 31st March, 2015
Advances recoverable in cash or kind Unsecured, considered good	8.44	10.60
Prepaid expenses	6.47	5.56
Total	14.91	16.16

Notes No.- 18 OTHER CURRENT ASSETS

	Amount (₹ in Lakhs) As At 31st March, 2016	Amount (₹ in Lakhs) As At 31st March, 2015
Interest Accrued but not Due on Fixed Deposit	0.19	0.08
Other Receivables (Rent)	1.41	1.52
Total	1.60	1.60



BHAVNAGAR ENERGY COMPANY LIMITED

Notes Forming Part of Financial Statements For the year ended on 31st March, 2016

Note 19 Employee benefits expense

Particulars	For the year ended 31st March, 2016	For the year ended 31 March, 2015
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Salaries and wages	457.88	374.72
Contributions to provident and other funds	19.21	17.14
Staff welfare expenses	5.55	5.26
Sub Total	482.64	397.12
less: Transferred to CWIP - Incidental Expenses	472.40	387.39
Balance shown in Statement of Profit and Loss	10.24	9.73

Note 20 Finance costs

Particulars	For the year ended 31st March, 2016	For the year ended 31 March, 2015
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
(a) Borrowing Cost - Opening Balance	60,247.84	34,467.94
Add: Borrowing cost during the Year	31,537.95	25,779.90
Sub Total	91,785.79	60,247.84
less: Transferred to CWIP - Borrowing Costs	91,785.79	60,247.84
Balance shown in Statement of Profit and Loss	-	-

Note 21 Depreciation and amortisation expense

Particulars	For the year ended 31st March, 2016	For the year ended 31 March, 2015
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Depreciation and amortisation expense	119.57	323.55
less: Transferred to CWIP - Incidental Expenses	115.65	318.21
Balance shown in Statement of Profit and Loss	3.92	5.34



BHAVNAGAR ENERGY COMPANY LIMITED

Notes Forming Part of Financial Statements For the year ended on 31st March, 2016

Note 22 Other expenses

Particulars	For the year ended 31st March, 2016 Amount (₹ in Lakhs)	For the year ended 31 March, 2015 Amount (₹ in Lakhs)
Corporate Social Responsibility Expenses	-	0.09
Electricity Exp. (Site office)	1,958.20	452.40
General & Administration charges	114.69	104.02
LDO Consumption	1,517.86	-
FO Consumption	262.30	-
Diesel Consumption	0.67	-
Insurance Exp.	3.85	2.77
Legal & Professional Fees	60.11	13.89
Payment to Auditors	2.08	1.54
Plantation	10.49	8.89
Repairs & Maintenance Plant	0.67	-
Repairs & Maintenance Building	8.69	24.79
Repairs & Maintenance Others	60.87	14.97
Rent	19.33	19.23
Rates & Taxes	2.17	4.33
Security Charges (Project Site)	205.65	256.91
Share Capital Issue Expenses	6.78	14.93
Sitting Fees & Director Exps.	4.90	1.53
Travelling & Conveyance	61.60	54.55
Travelling Expenses (Director)	0.85	1.46
Water Expenses	115.59	76.44
Donation Exp	121.50	70.00
Excess/Short Prv. II	(0.48)	-
Loss on sale of Asset	0.01	-
Sub Total	4,638.38	1,122.73
Less: Transferred to CWIP - Incidental Expenses	4,495.44	1,035.40
Balance shown in Statement of Profit and Loss	142.94	87.33



Note No. 23 Notes on Financial statements

1) Capital Commitment

Particulars	As At 31 st March, 2016 Rs. in Lakhs.	As At 31 st March, 2015 Rs. in Lakhs.
Estimated Amount of Contracts (Net of Advances) remaining to be executed on Capital Account and provided for.	41,841.13	41,821.15

- 2) During the year, the Company has acquired right of use and occupation of 100 square meter open land for the purpose of sewerage stand pipes and allied construction thereto for sweet water from Mr. K. N. Bhai Bhikhabhai Bagad (the Owner) for 25 years from 25th February, 2016 to 24th February, 2041 for total cumulative occupation charges of Rs. 2,50,000/-. In absence of applicability of Accounting Standard Rules 2006 and AS 19 which is not applicable for use of land, the total cumulative occupation charges is shown as advance occupation charges and proportionate amount related to current financial year is charged and transferred to CWIP for further capitalization on Commercial Operation Date.

3) Contingent Liability not provided for:

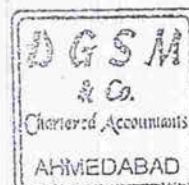
- i. The Company has entered into a Purchase Power Agreement (PPA) with Gujarat Urja Vikas Nigam Ltd. (GUVNL) for sale of power. As per the agreement, scheduled Commercial Operation Date (COD) for Unit I and Unit II was 18.02.2013 and 18.05.2013 respectively and liquidated damages (LD) can be levied, in case of delay in achievement of COD, as per the terms of agreement.

The Company has informed GUVNL as well as Government of Gujarat about delay in COD and requested to extend the date of COD and to condone the delay in a view that the delay is due to reasons beyond the control of Management of the Company and it should be treated as Force Majeure. As the actual period of delay in project execution would be known only after achieving COD and in view of the fact that GUVNL has not raised any claim towards LD till date of signing of Balance Sheet, the amount of LD, if at all imposed, would be ascertained only after Commercial Operation Date.

- ii. Shapoorji Pallonji & Co. Ltd. (SPCL) has charged service tax @ 10.30% on their invoice till 1st July, 2012 towards General, Civil & Piling works, which in terms of legal opinion obtained by the company, service tax is chargeable only @ 4.12%. The differential amount is Rs.869.91 Lakhs which company has not acknowledged as debt.

- iii. Shapoorji Pallonji & Co. Ltd. (SPCL) has raised extra claim towards work escalation of Rs. 4728 lacs, service tax of Rs. 966 lacs and other extra work of Rs.5236 lacs resulting total claim amounts to Rs. 10830 lacs which is beyond the contract terms and hence, not acknowledged as debt by the Company.

- iv. The Company has acquired land of 22112 sq. meters for approach road to site from private owners of land. The Company had initially paid Rs 11.04 Lakhs @ Rs.29 per sq. meter plus other expenses to all the land owners. In F.Y.2013-14, the company paid Rs. 9.52 Lakhs @ Rs.246 per sq. meter plus other expenses for 3838 sq. meters of land. During the year, the company has paid Rs. 26.86 Lakhs @ Rs.246 per sq. meter for 10,922 sq. meters of land. However, owners of 7352 sq. meters of land have not agreed to accept the consideration @ Rs.275/- (Rs. 29 + Rs. 246) per sq. meter and have raised their additional claim @ Rs. 721 per sq. meter (Rs.750 - Rs.29). The estimated differential amount is Rs.53.01 Lakhs.



- v. The co. has acquired additional land of 24484.00 sq.meters. As per Dy. Collector, Bhavnagar order No. special L.A.O. Case no. 3/2009, Rs. 10.51 lakhs @27/sq. meter along with salesiam charges and rate difference is payable. However, land owners have refused to accept the amount and claimed Rs. 85.69 lakhs @ 350/- sq. meter which the company has not acknowledge the debt.
- vi. The Company has entrusted the work of laying 610 mm dia /700 mm dia MS pipe line for sweet water from Nagdhanimba Patiya to BECL power plant, Village Padva in Bhavnagar district to GWIL as a deposit work. The company has to pay compensation to farmers towards damage of Trees and damage of fencing, earthen bund, etc. The estimated remaining amount payable towards the compensation for Trees and for damage of fencing, earthen bund, etc. is Rs. 2.33 lacs.
- vii. As per the contract with BHEL for manufacture, supply, erection and commission of Boiler, Turbine and Generator, the contract price is subject to variation in terms of material and labour. However, in case the project is delayed for the reasons attributable to supplier, the price variation during extended period shall be absorbed by the supplier. As the project is delayed beyond the completion schedule as mentioned in the contract, the claim of BHEL towards price variation after 18.05.13 (COD for Unit II) amounting to Rs.1177.66 Lakhs has not been accepted by the Company.
- viii. The Company has entrusted the work of Sea Water Intake, Outfall and Circulating Water System to M/s MARG Ltd. vide Letter of Award dated 20th July 2011. As per the schedule, the work was to be completed within 22 months from the date of Letter of Award. i.e by 20th May, 2013. However, M/s MARG Ltd couldn't complete the work due to severe cash crunch faced by them and local resistance of nearby villagers for laying down of pipelines. Since M/s MARG Ltd. could not execute the work within time-schedule, the Company had asked M/s MARG Ltd. to stop the work. Being aggrieved M/s MARG Ltd. filed petition in the High Court of Gujarat on a plea that reason for delay was due to local resistance and non-availability of ROC and further prayed for allowing them to continue the work assigned. Honorable High Court of Gujarat directed M/s MARG Ltd. to take course of Arbitration to settle the issues. Arbitration Tribunal was appointed jointly by both parties and have placed their claims before the Tribunal. M/s. Marg has claimed Rs. 31078.42 lacs towards price escalation, financing and administrative cost, etc. The claim of M/s Marg Ltd. has been denied and not accepted by the Company in their submission dated 29.02.16 to the Tribunal and hence not acknowledged as debt. Further, BECL has claimed Rs. 91192.69 lacs under arbitration towards interest cost and loss of profit due to delay in completion of work, alternative arrangement of sweet water in place of sea water, financing and administrative cost, etc. The proceedings of Arbitration Tribunal have commenced and going on.
- 4) The company, in order to commission the project, has opted to divide the project in 9 (Nine) different packages and contracts were given to various contractors with the clause of Liquidated Damage to be recovered in case of delay by contractors in completion of work. The company, as decided in the meeting of Board of Directors dated 21/03/2013, in order to avoid delay in commissioning the project, payment should be made in a manner that company should be in position to recover the amount of Liquidated Damages. Pending the decision on levy of Liquidated Damages from Contractors, no action / accounting entry has been done for recovery of Liquidated Damages. The amount is not quantifiable at this stage.
- 5) Based on information available with the Company, there are no suppliers who are registered as Micro, Small or Medium enterprises under "The Micro, Small & Medium enterprises development Act 2006" as on 31st March, 2016.



6) Financial Derivatives:

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to payment to be made to the contractors for import of capital goods. The use of foreign currency forward contract is governed by the company's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the Company's Risk Management Policy.

7) Employee Benefits

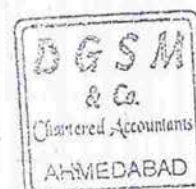
The liability on account of gratuity and leave encashment is accounted as per AS 15 (revised) dealing with employee benefits.

The Company operates a defined benefit plan (the Gratuity Plan) covering eligible employees, which provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and tenure of employment.

Status of gratuity plan and leave encashment as required under AS 15 (revised):

(Rs. in Lakhs)

Particulars	As at 31 st March, 2016		As at 31 st March, 2015	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
1. Reconciliation of opening and closing balance of the present value of the defined benefit obligation				
Obligation at the beginning of the year	19.76	6.55	14.59	4.57
Current service cost	5.33	3.43	Nil	2.31
Interest Cost	1.58	0.52	0.79	0.28
Benefits paid	Nil	(0.69)	Nil	(0.35)
Net Actuarial loss / (gain) Recognised	(5.36)	0.26	4.38	(0.26)
Obligation at the end of the year	21.31	10.07	19.76	6.55
2. Reconciliation of opening and closing balance of the fair value of plan assets:				
Fair value of Plan Assets as at the Beginning of the year	15.68	Nil	14.59	Nil
Contributions	7.48	Nil	0.22	Nil
Actuarial gain / (loss) on plan assets	1.48	Nil	0.87	Nil
Fair Value Plan assets at the end of the Year	24.64	Nil	15.68	Nil
3. Reconciliation of the Present value of defined benefit obligation and Fair value of plan assets				
Present Value of Defined Benefit Obligations at the end of the year	19.76	10.07	19.76	6.55
Fair Value Plan assets at the end of the Year	15.68	Nil	15.68	Nil
Net Asset / (Liability) recognized-in	4.08	(10.07)	(4.08)	(6.55)



Consortium Banks to defer COD and repayment schedule. Accordingly Consortium banks have approved revision in repayment date from 30.09.2015 to 31.12.2016

14) Additional information (To the extent applicable)

As at 31st March, 2016

a. Payment to Auditors-

(Amount Rs. in Lakhs)

Particulars	2015-16	2014-15
Statutory Audit Fees	2.06	1.54
Other Certification work	0.11	1.01
Reimbursement Of expenses	-	0.18

b. Value of Import on C.I.F. Basis in respect of Capital Goods

(Amount Rs. in Lakhs)

Particulars	2015-16	2014-15
Capital Goods	-	225.21

- c. As the company has not started any manufacturing or trading activity, the information as required under Section 129 of schedule III to the Companies Act, 2013 in respect of quantity CIF value of imports, expenditure in foreign currency etc. is not given.

15) No provision for Wealth tax is made in absence of Wealth Tax liability computed as per Wealth Tax Act

16) Figures have been rounded off to the nearest Lakh.

17) Previous year figures have been regrouped / reclassified wherever necessary to correspond with current year's classification / disclosure.

As per our report of even date attached

For and on behalf of Board of Directors

D G S M & Co.
Chartered Accountants

Devesh Shah
Partner
Membership No. 036830



P.K.Taneja
Chairman

S.K. PAUL
Managing Director

Jinal Shah
Dy. General Manager (F&A)
& CFO

Bhoornika Sharma
Company Secretary

Place : Ahmedabad
Date : July 12, 2016

Place : Gandhinagar
Date : July 12, 2016

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BHAVNAGAR ENERGY COMPANY LIMITED
3RD FLOOR, BLOCK NO. 8, UDYOG BHAVAN, SECTOR – 11, GANDHINAGAR -
382011PHONE NOS: 079-232-41391 FAX NO: (079) 23245506
Email: info@beci.in Website: www.beci.in,
CIN – U40102GJ2007SGC051396

ATTENDANCE SLIP

Name of the Shareholder:-		
Folio No.	DP ID /Client ID:-	No. of Shares.
For Physical Holding	For Demat holding	

I / We hereby record my / our presence at the 8th Annual General Meeting held on Wednesday, 09.12.2015 at 01:00 p.m. at the Registered Office of the Company at 3rd Floor, Block No.:8, Udyog Bhavan, Sector – 11, Gandhinagar – 382 011, Gujarat, as Shareholder / Proxy.

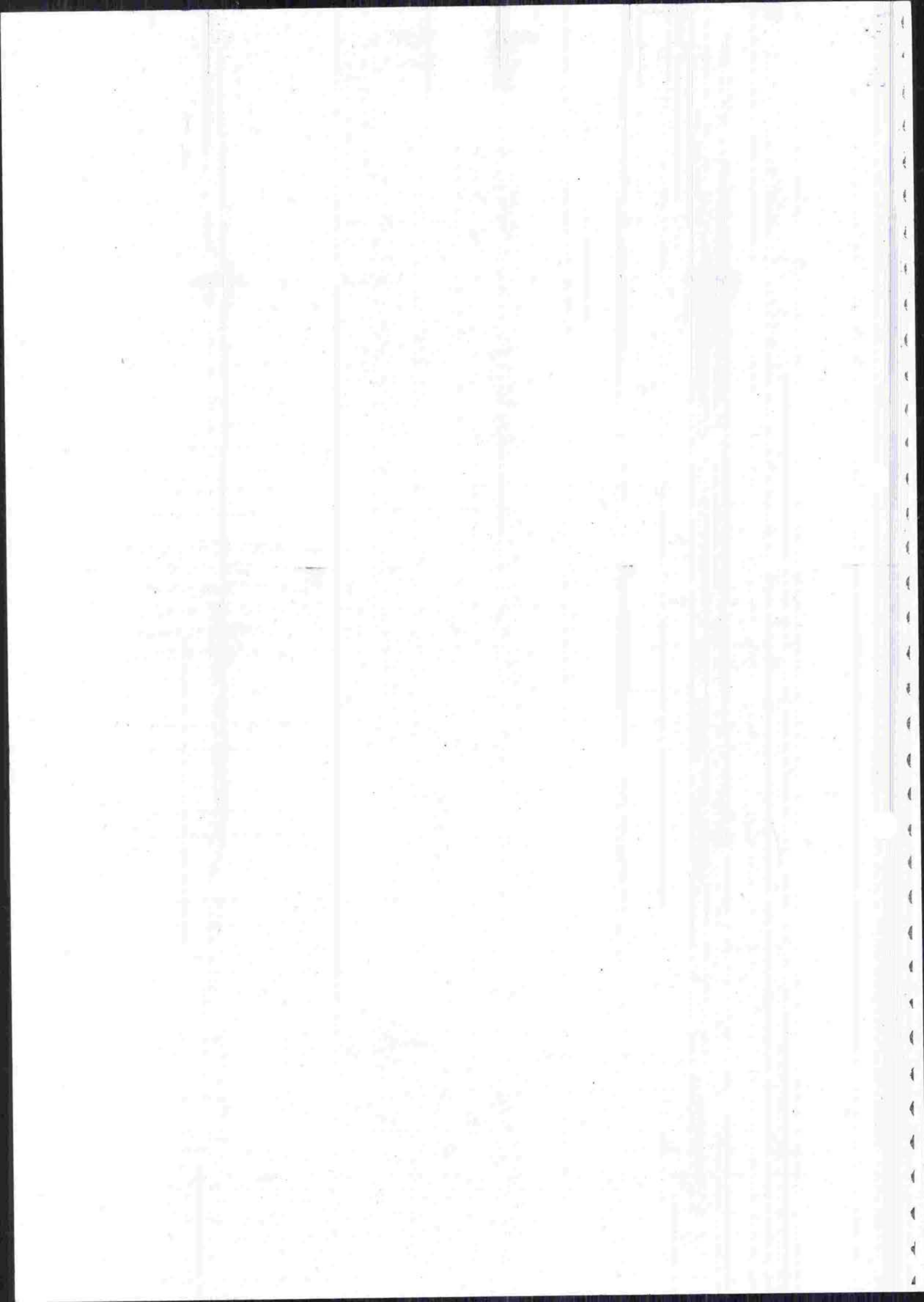
Name of Proxy (Block Letters).

Signature of the Shareholders/

Proxy.

Notes:

1. Shareholder / Proxy holder wishing to attend the meeting must bring duly signed attendance slip to the meeting and hand over the same at the entrance.
 2. Shareholder / Proxy holder desiring to attend the meeting should carry his copy of the Annual Report for reference at the meeting.
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FORM NO. MGT - 11
PROXY FORM

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

CIN - U40102GJ2007SGC051396

Name of the Company: BHAVNAGAR ENERGY COMPANY LIMITED
Registered Office: 3rd Floor, Block No.:8, Udyog Bhavan, Sector - 11,
Gandhinagar - 382 011, Gujarat

Name(s) of Shareholder(s)	
Registered Address	
Email ID:	
Folio No. / DP ID / Client ID.	

I / We, being the Member(s) holding _____ equity shares of the above named Company, hereby appoint the following as my / our proxy to attend and vote (on a poll) for me/us and on my /our behalf at the 8th Annual General Meeting to be held on Wednesday, 09.12.2015 at 01:00 p.m. at the Registered Office of the Company at 3rd Floor, Block No.:8, Udyog Bhavan, Sector - 11, Gandhinagar - 382 011, Gujarat and at any adjournment thereof in respect of such resolutions as are indicated below:

1. Name: _____ Address : _____
E-mail ID: _____ Signature: _____
Or failing him
2. Name: _____ Address : _____
E-mail ID: _____ Signature: _____
Or failing him
3. Name: _____ Address : _____
E-mail ID: _____ Signature: _____

Item No.	Description of Resolution	Optional*	
		For	Against
	Ordinary Business		
1	Adoption of Annual Accounts for the financial year 2014-15.		
2	Re-appointment of Shri S. P. Desai (DIN-05344270) who retires by rotation and being eligible, offers himself for re-appointment.		
3	Re-appointment of Shri J. P. Gupta, IAS (DIN-		

	01952821), who retires by rotation and being eligible, offers himself for re-appointment.		
4	Re-appointment of Shri I. P. Gautam, IAS (Retd.) (DIN- 00260908), who retires by rotation and being eligible, offers himself for re-appointment.		
5	To fix remuneration to be payable to M/s. DGS & Co., Chartered Accountants, Ahmedabad, (Registration no WR0602) the Statutory Auditors appointed by Comptroller and Auditor General of India.		
	Special Business		
6	Appointment of Shri D. J. Pandian, IAS (Retd.) (DIN - 00015443) as a director of the Company.		
7	Appointment of Shri Sudip Kumar Nanda, IAS (DIN - 00016876) as a director of the Company.		
8	Appointment of Shri Sanjeev Kumar, IAS (DIN - 03800855) as a director of the Company.		

Signed this _____ day of _____, 2015.

Signature of Shareholder(s)



Signature of Proxy holder(s)

Notes:

1. This form of proxy in order to be effective should be duly completed and submitted at the registered office of the Company, not less than forty eight (48) hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 9th Annual General Meeting.
3. It is optional to put 'X' in the appropriate column against the Resolutions included in the box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he / she deems appropriate.
4. Please complete all details including details of member(s) in above box before submission.
5. A person can act as Proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than ten per cent of the total Share Capital of the Company. A Member holding more than ten per cent of the total Share Capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder.



FY 2016-17

Independent Auditor's Report

To
The Members of
BHAVNAGAR ENERGY COMPANY LIMITED

Report on the Indian Accounting Standards (Ind AS) Financial Statements

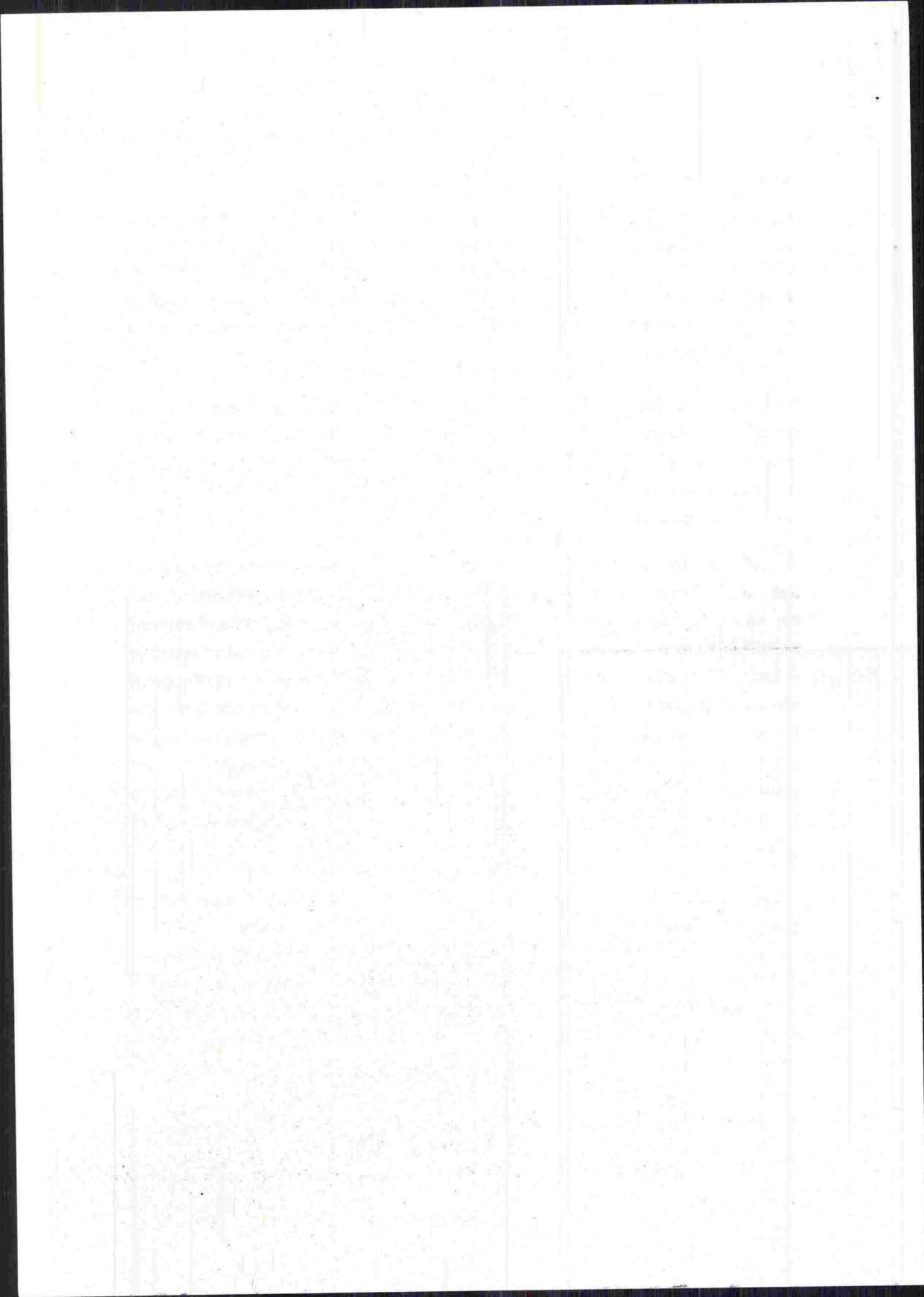
We have audited the accompanying Ind AS financial statements of Bhavnagar Energy Company Limited ("the Company") which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement for the year then ended, the Statement of changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information, (hereinafter referred to as "Ind AS financial statements")

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income and cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.





Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the



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accounting principles generally accepted in India including Ind AS, of the financial position of the Company as at March 31, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matters

1. We draw attention to the Note No. 40 to the financial statements relating to non fulfillment of condition of the letter of Ministry of Environment and forest, government of India dt. 10th February 2010 as regards to an amount of Rs. 8.40 Crores required to be earmarked as one time capital cost of Corporate Social Responsibility Programme and subsequently a recurring expenditure of Rs. 1.70 Crores per annum till the operation of the Plant for Corporate Social Responsibility activities.
2. We draw to attention to Note No. 38 in respect of Liquidated Damages, according to the letter of GOG Energy and Petrochemicals Department dt. 03.01.2017, company needs to recover Liquidated Damages from the different vendors who have delayed in execution of work, however, till date of Audit Report no Liquidated Damages have been recovered.
3. We draw attention to Note No. 44 in the financial statements in respect of accumulated losses of the company of Rs. 48,066.28 Lakh and the financial statements being prepared on-going concern basis our opinion is not modified in this respect.
4. We draw to attention to Note No. 45 in the financial statements in respect of Tariff Petition filed with GERC in respect of approval of Tariff and for same subsequent submission of documents as per requirement of GERC are filled on 10.08.2016 and final verdict from GERC is awaited.
5. We draw to attention to Note No. 34(vii) to the financial statements, the company has entered into Power Purchase Agreement with Gujarat Urja Vikas Nigam Limited(GUVNL), as per agreement in case of delay in scheduled Commercial Operation Date, Liquidated Damages can be levied. Further,



GUVNL had levied Liquidated Damages to the company but through Energy Petrochemical Department vide letter dt. 14/02/2018 directed GUVNL to defer levy of Liquidated Damages till March 2020 for the company. Hence, The company has shown this Liquidated Damages under Contingent Liabilities of Rs. 16750 Lakh..

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss including other comprehensive income and the Cash Flow Statement and statement of changes in equity dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act;
 - e. On the Basis Of written representations received from the directors as on March 31, 2017 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 has disclosed the impact of pending litigations on its financial position in its financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosure in Note No. 11.10 to these financial statements as to the holding of Specified Bank Notes from November 8, 2016 to December 31, 2016 as well as dealings in Specified Bank Notes from the period November 8, 2016 to December, 31 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the management.

3. As required by Section 143(5) of the Act, 2013 we are enclosing herewith compliances to directions / sub directions as part of Audit Report in "Annexure C" enclosed herewith.

For, Sandip Desai & Co.
Chartered Accountants

Firm's Registration No.: 111812W

Devang Mysorewala

Devang Mysorewala

Partner

Membership No : 116809



Place: *Gandhinagar*
Date: *23rd March, 2018*

"Annexure A" to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2017:

- 1) (a) In our opinion, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (Property, Plant & Equipment);

(b) The Fixed Assets have been physically verified by the management at reasonable intervals, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the program, a portion of the fixed assets (Property, Plant & Equipment) has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed. The items of Initial / Mandatory Capital stores and spares are to be handed over by the contractors to the company at the time of hand over of the plant and hence, the same being in the custody of the contractor, the question of physical verification by the management doesn't arise.

(c) The title deeds of immovable properties are held in the name of the company.
- 2) As explained to us, the management has conducted the physical verification of inventory at reasonable intervals, and as explained to us, the discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- 3) In our opinion and according to the information given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.



- 4) In our opinion and according to the information and explanations given to us, no loan or guarantee or security is given as per the provisions of section 185 and 186 of the Companies Act, 2013. Accordingly, the provisions of clause 4 of the Order is not applicable to the Company and hence, not commented upon.
- 5) In our opinion and according to information and explanation given to us, the Company has not accepted any deposits during the year from the public with in the meaning of provisions of Sections 73 to 76 of the Companies Act, 2013 and the rules framed there under and therefore, reporting under clause (v) of the Order is not applicable to the Company.
- 6) As explained and informed to us, the maintenance of Cost Records has been not applicable to the Company under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities except while making payment to workers appointed at site as casual labour, where various labour laws are not applicable. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2017 for a period of more than six months from the date on when they become payable.
- b) According to the information and explanation given to us, there are no disputed dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute, except following dues.



Nature of Statute	Nature of Dues	Amount (Rs. In Lakhs)	Period to which the amount relates	forum where the dispute is pending
Income Tax Act, 1961	Interest on TDS	3.06	A.Y. 2014-15	Commissioner of Income Tax of Appeals, Ahmedabad

- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions except as per listed below table. The loans have been taken from various public sector banks. Further, the company has not issued any debentures during the year.

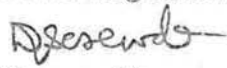
Month	Interest Amount (In Lakh)	Due Date	Paid Date	Delay in Days
January 2017	2981.30	31/01/2017	01/05/2017	89
February 2017	2728.22	28/02/2017	31/05/2017	91
March 2017	2963.54	31/03/2017	29/06/2017	89

- 9) During the year the company has not raised any money by way of initial public offer or further public offer (including debt instrument). The company has raised by way of term loans and has applied the money for the purpose for which they were raised. The surplus fund lying unutilized in absence of any immediate due towards the project expenses is invested in liquid deposits with Gujarat State Financial Services Ltd. by the Company as matter of prudence policy.
- 10) According to the information and explanation given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.
- 11) In our opinion and according to the information and explanation given to us, the company has paid/provided for managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Companies Act 2013.



- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) In our opinion and according to the information and explanation given to us and based on our examination of the records of the company, all transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- 14) According to the information and explanation given to us, the company has issued 7,03,70,000 shares of Rs. 10/- each fully paid by private placement and have complied with provision of section 42 of the Companies Act, 2013 and according to information and explanation given to us, the amount raised by the company has been used for the purpose for which the funds were raised.
- 15) In our opinion and according to the information and explanation given to us, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For, Sandip Desai & Co.
Chartered Accountants
Firm's Registration No: 111812W


Devang Mysorewala
Partner
Membership No: 116809



Place: Gandhinagar
Date: 23rd March, 2018

"Annexure B" to the Independent Auditor's Report

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 Bhavnagar Energy Company Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

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 Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable



assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the 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, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India"].

For, Sandip Desai & Co.,
Chartered Accountants
Firm's Registration No:111812W

Devang Mysorewala

Devang Mysorewala
Partner
Membership No:116809



Place: Gandhinagar
Date: 23rd March, 2018

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Annexure 1 to Auditor's Report

A) Directions under Section 143(5) of Companies Act, 2013 Applicable for the year 2016-17

Sr.No.	Questionnaire	Response/Remedial Measures
1	Whether the Company has clear title/ lease deeds for freehold and leasehold respectively? If not please state the area of Freehold and leasehold land for which title / lease deeds are not available?	Yes, company has clear title for freehold / lease hold land.
2	Whether there are any cases of waiver/ write off of debts/ loans/ interest etc. If yes, the reasons there for and the amount involved.	There are no cases of waiver/write off debts / loans / interests etc. during the year. However, there has been delay in Interest payment of Bank Term Loan. Please refer "Annexure : 1"
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift/ grant(s) from the Govt. or other authorities?	There are no any inventories lying with third parties. No assets have been received as gift from Government or other authorities during the year.

B) Sector specific sub directions under Section 143(5) of the Companies Act, 2013 applicable for the year 2016-17

Sr.No.	Questionnaire	Response/Remedial Measures
1	In the cases of Thermal Power Projects, compliance of the various Pollution Control Acts and the impact thereof including utilization and disposal of ash and the policy of the company in this regard, may be checked and commented upon.	As informed to us by the Technical Department, during execution of Project, details about various measures related to Pollution Control are being ensured in lines with Environment Clearance granted for this project.
2	Has the company entered into revenue sharing agreements with private parties for extraction of coal at pitheads and it adequately protects the financial interest of the company?	No
3	Does the company have a proper system for reconciliation of quantity/ quality of coal ordered and received and whether grade of coal/ moisture and demurrage etc., are properly recorded in the books of accounts?	The Company has system for reconciliation of quantity, quality and grade and also recording system is in force.



4	How much share of free power was due to the State Government and whether the same was calculated as per the agreed terms and depicted in the accounts as per accepted accounting norms?	The power is sold to Government controlled entity and the same is calculated as per terms agreed in PPA (Power Purchase Agreement).
5	In the case of Hydroelectric Projects the water discharge is as per policy / guidelines issued by the State Government to maintain biodiversity. For not maintaining it penalty paid/payable may be reported.	As stated by the management, the said point is not applicable.

For, Sandip Desai & Co.,
Chartered Accountants
Firm's Registration No:111812W

Devang Mysorewala

Devang Mysorewala
Partner
Membership No:116809



Place: Gandhinagar
Date: 23rd March, 2018

"Annexure 1"

Table showing delay in days for payment of Interest of Bank Term Loan.

Month	Interest Amount (Rs. In Lakh)	Due Date	Paid Date	Delay in Days
January 2017	2981.30	31/01/2017	01/05/2017	89
February 2017	2728.22	28/02/2017	31/05/2017	91
March 2017	2963.54	31/03/2017	29/06/2017	89



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Bhavnagar Energy Company Limited
Balance Sheet as at March 31, 2017

		(Rupees in Lakhs)		
Particulars		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
ASSETS				
I. Non-current assets				
(a) Property, plant and equipment	5	4,28,649.62	3,534.75	3,617.41
(b) Capital work-in-progress	5	28,972.31	4,26,450.12	3,70,888.63
(c) Intangible assets	6	34.94	61.98	70.48
(d) Intangible assets under development	6	75.28	38.23	38.23
(e) Financial assets	7			
(i) Security deposits		257.31	926.34	958.20
(ii) Other financial assets		0.22	1.39	1.39
(f) Other non-current assets	8	2,497.77	6,995.08	7,354.04
(g) Non-current tax assets (net)	9	23.47	12.01	42.80
Total Non-current Assets		4,60,510.92	4,38,019.91	3,82,971.19
II. Current assets				
(a) Inventories	10	2,370.13	219.00	25.06
(b) Financial assets	7			
(i) Trade receivables		3.26	-	-
(ii) Cash and cash equivalents		320.40	359.89	822.25
(iii) Bank balance other than (ii) above		1.34	-	1.00
(iv) Other financial assets		2.45	1.60	1.59
(c) Other current assets	11	345.65	14.91	16.16
Total Current Assets		3,043.23	595.40	866.06
Total Assets		4,63,554.15	4,38,615.31	3,83,837.24
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	12	84,600.39	77,563.39	70,779.39
(b) Other equity	13	(32,218.09)	(898.81)	(462.41)
		52,382.30	76,664.58	70,316.98
LIABILITIES				
I. Non-current liabilities				
(a) Financial liabilities	14			
(i) Borrowings		3,44,421.79	2,99,223.35	2,71,301.19
(b) Long term provisions	15	10.00	9.24	9.99
(c) Government grants	18	86.48	112.48	130.00
Total Non-Current liabilities		3,44,518.27	2,99,345.06	2,71,441.18
II. Current liabilities				
(a) Financial liabilities	14			
(i) Borrowings		1,883.23	23,100.00	2,500.00
(ii) Trade payables		2,169.98	225.15	413.64
(ii) Other financial liabilities		62,441.04	39,015.08	38,974.88
(b) Other current liabilities	16	127.49	247.07	190.03
(c) Short-term provisions	17	0.84	0.84	0.53
(d) Government grants	18	26.00	17.52	-
Total Current liabilities		66,653.58	62,605.66	42,079.08
Total Equity and Liabilities		4,63,554.15	4,38,615.31	3,83,837.24

Summary of Notes & Significant Accounting Policies

1 to 51

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

As per our report of even date
 For Sandip Desai & Co.
 Chartered Accountants
 ICAI Firm's Registration No. 111812W

Sandip Desai
 Devang Mysorewala
 Partner

Membership No. 116809
 Place : Gandhinagar

Date : 23rd March, 2018



Shahmeena Husain
 Shahmeena Husain
 Director
 DIN: 03584560

S N Didmishe
 S N Didmishe
 General Manager (F&A) & CFO

Place : Gandhinagar
 Date : 22nd March, 2018

P K Taneja
 P K Taneja
 Chairman
 DIN: 00010589





1. The first part of the paper is devoted to a general survey of the subject.

2. The second part is devoted to a detailed examination of the various aspects of the problem.

3. The third part is devoted to a discussion of the various methods which have been proposed for the solution of the problem.

4. The fourth part is devoted to a discussion of the various results which have been obtained by the various methods.

5. The fifth part is devoted to a discussion of the various applications of the results to the various branches of the science.



Bhavnagar Energy Company Limited

Statement of profit and loss for the year ended March 31, 2017

		(Rupees in Lakhs)	
Particulars	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Income			
Revenue from operations	19	2,378.39	-
Other income	21	105.22	-
Total Revenue (I)		2,483.61	-
Expenses			
Cost of raw materials consumed	21	5,614.35	-
Employee benefits expense	22	311.40	111.24
Other Expenses	24	3,004.71	288.52
Total expenses (II)		8,930.97	399.77
Earnings before interest, tax, depreciation and amortization (EBITDA) (III=I-II)		(5,847.36)	(399.77)
Depreciation and amortisation expense	5 & 6	8,641.71	3.92
Finance costs	23	16,864.42	18.24
Interest income	20	(37.22)	-
Loss before tax (V=III-IV)		(31,316.28)	(421.92)
Tax expenses	25		
Current tax		-	20.06
Deferred tax		-	-
Total tax expense (VI)		-	20.06
Loss for the year (VII=V-VI)		(31,316.28)	(441.99)
Other Comprehensive Income			
A. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains / (losses) on defined benefit		(3.00)	5.59
Income tax effect		-	-
Total other Comprehensive Income for the year, net of tax (VI)		(3.00)	5.59
Total Comprehensive Income for the year, net of tax (VII=V+VI)		(31,319.28)	(436.40)
Earnings per share			
Basic	35	(3.73)	(0.06)
Diluted		(3.73)	(0.06)
Summary of Notes & Significant Accounting Policies	1 to 51		

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

As per our report of even date

For Sandip Desai & Co.

Chartered Accountants

ICAI Firm's Registration No. 111812W

Devang Mysorewala

Devang Mysorewala

Partner

Membership No.116809

Place : Gandhinagar

Date : 23rd March, 2018



Shahmeena Husain

Shahmeena Husain

Director

DIN: 03584560

S N Didmishe

S N Didmishe

General Manager (F&A) & CFO

Place : Gandhinagar

Date : 22nd March, 2018

P K Taneja

P K Taneja

Chairman

DIN:00010589



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Bhavnagar Energy Company Limited
Statement of Cash Flows for the year ended March 31, 2017

(Rupees in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Cash Flow from Operating Activities		
1. Profit/(loss) before tax		
Loss before tax	(31,315.26)	(421.92)
2. Adjustment for :		
Depreciation and amortisation expense	3,641.77	3.92
Finance cost	4,251.42	18.24
Interest income	(37.22)	-
Government grant income	(17.52)	-
Operating profit/(loss) before working capital changes (1+2)	(5,364.89)	(399.77)
3. Adjustments for working capital changes:		
Decrease / (Increase) in Trade and other receivables	(3.26)	-
Decrease / (Increase) in security deposits	569.03	31.86
Decrease / (Increase) in Other financial assets	0.33	(0.01)
Decrease / (Increase) in Other current assets	(133.30)	(1.72)
Decrease / (Increase) in Inventories	(2,151.13)	(193.94)
(Decrease) / Increase in Trade and other payables	1,944.53	(188.49)
(Decrease) / Increase in Other financial liabilities	9,400.95	40.20
(Decrease) / Increase in Government grant	(17.52)	(0.00)
(Decrease) / Increase in Other current liabilities	(119.58)	57.04
(Decrease) / Increase in Provisions	3.76	(6.04)
Cash used in operations	3,519.24	(660.87)
Extraordinary item		
4. Direct taxes paid (Net of Advance Tax, TDS and Provision for Tax) (Refer Note No.9)	(11.45)	10.72
Net Cash generated from/(used in) Operating Activities [A]	3,517.79	(650.15)
Cash Flow from Investing Activities		
Purchase of PPE / Transfer of CWIP to PPE	(17,397.32)	(23,942.08)
Changes in capital advance	4,497.12	363.99
Interest received	37.22	276.04
Net Cash Generated from/(used in) Investing Activities [B]	(12,862.98)	(23,302.06)
Cash Flow From Financing Activities		
Proceeds from long term borrowings (Net)	59,223.45	27,922.16
Proceeds from short term borrowings (Net)	(21,211.77)	20,600.00
Finance cost	(5,744.57)	(31,813.99)
Proceeds from issue of Equity share capital	7,937.60	6,784.00
Net Cash Generated from/(used in) Financing Activities [C]	9,304.31	23,492.17
Net Increase/(Decrease) in cash & cash equivalents [A+B+C]	(40.89)	(460.03)
Cash & Cash equivalents at the beginning of the year	359.89	823.25
Cash & Cash equivalents at the end of the year	319.00	363.21
	321.74	359.89
Notes:		
A) Components of cash & cash equivalents		
Cash on hand	1.52	0.22
Balances with banks		
- In Current accounts	318.58	359.67
- In Fixed deposit accounts	1.34	-
	321.74	359.89
Cash & cash equivalents as per Note 7b	321.74	359.89

The above cashflow statement has been prepared under the 'indirect method' as set out in the Indian Accounting Standard - 7 "Statement of Cash Flows".

The previous year's figures have been regrouped wherever necessary.

As per our report of even date
For Sandip Desai & Co.
Chartered Accountants
ICAI Firm's Registration No. 111S12W

Devang Mysorewala

Devang Mysorewala
Partner

Membership No.116809

Place : Gandhinagar

Date : 23rd March, 2018



Shahmeena Hussain
Director
DIN: 03584560

P K Taneja
Chairman
DIN:00010589

S N Didani
S N Didani
General Manager (F&A) & CFO

Place : Gandhinagar

Date : 22nd March, 2018



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST MARCH, 2017**

1. Corporate Information

Bhavnagar Energy Company Limited ("BECL" or "the Company") is a public limited company domiciled and incorporated in India having its registered office at Block no. 8, 3rd Floor, Udyog Bhavan, Sector 11, Gandhinagar - 382011, (CIN: U40102GJ2007SGC051396).

The company is engaged in generation of power from Lignite. The principal place of business is located at village Padva, District Bhavnagar, Gujarat.

2. Application of new Indian Accounting Standard

All the Indian Accounting Standards issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorized, have been considered in preparing this Financial Statement. There is no other Indian Accounting Standard that has been issued as of that date but was not mandatorily effective.

3. Significant Accounting Policies

i) Statement of Compliance

In accordance with the notification dated 16th February, 2015 issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) with effect from 01st April, 2016.

The Financial Statements have been prepared in accordance with Ind AS prescribed under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) except in so far as the said provisions are inconsistent with the provision of the Electricity Act, 2003. These are the Company's first Ind AS financial Statements. The date of transition to Ind AS is 1st April, 2015.

Previous period figures in the Financial Statements have been restated in compliance to Ind AS.

Up to the year ended 31st March, 2016, the Company had prepared the financial statements under the historical cost convention on accrual basis in accordance with the Generally Accepted Accounting Principles (Previous GAAP) applicable in India and the applicable Accounting Standards as prescribed under the provisions of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, except in so far as the said provisions were inconsistent with the provisions of the Electricity Act, 2003.

In accordance with Ind AS 101 "First Time adoption of Indian Accounting Standards", the Company has presented a reconciliation of Shareholder's equity under Previous GAAP to Shareholders' equity under Ind AS as at 31st March, 2016 and 1st April, 2015 and the Net Profit as per Previous GAAP and Total Comprehensive Income under Ind AS for the year ended on 31st March, 2016.



ii) **Basis of Preparation**

The Financial Statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below.

As the operating cycle cannot be identified in normal course due to the special nature of industry, the same has been assumed to have duration of 12 months. Accordingly, all assets and liabilities have been classified as Current or Non-Current as per the Company's operating cycle and other criteria set out in Ind AS-1 'Presentation of Financial Statements' and schedule III to the Companies Act, 2013.

The Financial Statements are presented in Indian Rupees and all values are rounded off to the nearest two decimal Lakhs except otherwise stated.

Fair Value Measurement

Fair value is the price that would be received on sell of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follow,

Level 1 Inputs are at quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within Level 1 for the asset or liability.

Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modification to observable related market data or company's assumptions about pricing by market participants.

iii) **Foreign Exchange Transactions**

The Company's financial statements are presented in Indian Rupees, which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company's functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement of such transactions and on translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rate are recognised in Statement of Profit and Loss in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.



iv) **Property, Plant & Equipment**

Property, Plant & Equipment ("PPE") comprises of Tangible assets and Capital Work in Progress. PPE are stated at cost, net of tax / duty credit availed, if any, after reducing accumulated depreciation until the date of the Balance Sheet. The cost attributable to bring the asset into the location and condition necessary for it to be Capable of operating in the manner intended by the management and decommissioning costs. Direct cost are capitalised until the asset is ready for use and includes borrowing cost capitalised in accordance with the Company's accounting Policy.

Work under erection / installation / execution are shown as Capital Work in Progress.

Initial capital spares which can be used only in connection with an item of tangible assets whose use is not of regular nature are capitalised as part of respective plant assets.

The estimated useful lives, residual values and depreciation methods are reviewed on an annual basis and if necessary, changes in estimates are accounted for prospectively.

As per the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 useful life of Lignite based power plant is 25 years.

De-recognition

An item of PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the PPE. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sale proceeds and the carrying amount of the PPE and is recognised in the Statement of Profit and Loss.

Transition to Ind-AS

On transition to IND AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

v) **Depreciation**

Upto 31st March, 2016, Depreciation on all Fixed Assets was provided on straight line method as per the provisions and in the manner prescribed in Schedule II of the Companies Act, 2013. In view of declaration of Commercial Operation Dates during the current financial year, the Company has revised its Accounting Policy of charging depreciation in the Books of Accounts w.e.f. 01.04.2016 as per rates and methodology notified by the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulation, 2016.

Depreciation of Property, Plant & Equipment commences when the assets are ready for their intended use. Depreciation on all fixed assets (except those listed below) is provided on straight line method as per rates and methodology notified by the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016..



Capital spares are depreciated over the useful life of such spares but not exceeding the remaining useful life of related tangible assets.

Depreciation on addition/deletion to PPE during the year is provided for on pro-rata basis with reference to the date of addition/deletion except Mobile Phones & Low value item not exceeding Rs. 5,000/- which are fully depreciated at the time of addition. Depreciation on subsequent expenditure on PPE arising on account of capital improvement or other factors is provided prospectively over the remaining useful life.

The estimated useful lives, residual values and depreciation methods are reviewed on an annual basis and if necessary, changes in estimates are accounted for prospectively.

As per Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 useful life of Lignite based power plant is 25 Years.

vi) **Impairment of Assets**

The company reviews at each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit & Loss. If at the reporting period, there is an indication that there is change in the previously assessed impairment loss, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

vii) **Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the statement of Profit and Loss in the period in which expenditure is incurred.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Amortisation

Amortisation of Computer Software is provided on straight line method as per rates and methodology notified by the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulation, 2016.



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Transition to Ind AS

On transition to IND AS, the group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

viii) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards incidental to the ownership of an asset to the Company. All other leases are classified as operating lease.

Transition to Ind AS

For arrangements entered into prior to April 01, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition, i.e., April 1, 2015.

ix) Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

x) Inventories

Inventories are valued at lower of costs and net realisable value. Costs of Raw material - Fuel, Stores, Spares and Others are valued at weighted average cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

XI) Revenue Recognition

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

Revenue from sale of power is accounted as per Power Purchase Agreement ("PPA") executed with M/s. Gujarat Urja Vikas Nigam Limited.

Interest Income is recognized on accrual basis except when realization of such income is uncertain.

Revenue from sale of service is recognized as per terms and conditions of the contract.

Other Income is recognised on accrual basis except when realization of such income is uncertain.



Deviation Settlement Mechanism (DSM) charges receivable / payable is accounted as & when notified by State Load Dispatch Centre (SLDC)

Recoveries / Deductions made from suppliers / contractors shall be recognized as income or credited to cost of assets at the time of final settlement. Till such time they are shown under liabilities.

xii) Financial Instruments – Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and measurement of financial assets

All financial assets, are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets.

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into

a) Financial assets at amortised cost

Financial asset is measured at amortised cost if:

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

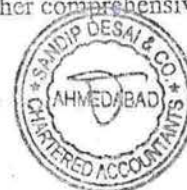
This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

b) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at fair value through other comprehensive income if:

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

Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI)



- c) **Financial assets at fair value through profit or loss (FVTPL)**
FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

After initial measurement, such financial assets are subsequently measured at fair value with all changes recognised in Statement of profit and loss.

De-recognition of Financial Assets

A financial asset is derecognised when:

- the contractual rights to the cash flows from the financial asset expire, or
- The Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of Financial Assets

In accordance with Ind-AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 18, if they do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L).



This amount is reflected in a separate line under the head "Other expenses" in the P&L

Financial Liabilities

Initial recognition and measurement of Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the issue of the financial liabilities.

The Company's financial liabilities include trade and other payables, loans and borrowings and retention money payable.

Subsequent measurement of Financial Liabilities

The measurement of financial liabilities depends on their classification, as described below:

• Loans and Borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition of Financial Liabilities

A financial liability (or a part of a financial liability) is derecognised from its balance sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

xiii) Cash and Cash Equivalent

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

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



xiv) **Government Grants**

Government grants, including non-monetary grants at fair value are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Specifically, Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets and non-monetary grants are recognized and disclosed as Deferred Income as non-current liability in the balance sheet and transferred to the Statement of profit and loss on systematic and rational basis over the useful lives of the related assets.

xv) **Taxes**

Tax expense comprises of current income tax and deferred tax.

Current income tax

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

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

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

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

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



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

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

xvi)

Employee Benefits

Short term employee benefits

All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, exgratia, performance pay etc. and the same are recognised in the period in which the employee renders the related service.

Post-Employment Benefits

a) Defined Contribution Plans

The Company's approved provident fund and family pension fund scheme are defined contribution plans. The Company has no obligation, other than the contribution paid/payable under such schemes. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

b) Defined benefit plan

The employee's gratuity fund scheme is Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on the net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods.

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

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

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



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

c) Other long term employment benefits

The employee's long term compensated absences are Company's defined benefit plans. The present value of the obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation, to recognise the obligation on the net basis.

d) Termination Benefits

Termination benefits such as compensation under voluntary retirement scheme are recognised in the year in which termination benefits become payable.

xvii) Earnings Per Share

Basic EPS is calculated by dividing the profit / loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

xviii) Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

Contingent Liabilities

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



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financial statements. Contingent liabilities are reviewed at each balance sheet date

Contingent Assets

Contingent assets are not recognized but disclosed in the financial statements when an inflow of economic benefits is probable.

4. Significant Accounting Judgment, estimates and assumptions.

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Company's accounting policies as stated in note no. 3 above, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

a) Property plant & Equipment

i) Service Concession agreements

The Company has assessed applicability of Appendix A of Ind AS - 11 "Service Concession Arrangements" with respect to its power generation plants. In assessing the applicability, the Company have exercised judgment in relation to the provisions of the Electricity Act, 2003, terms of its Power Purchase Agreement, etc. Based on such assessment, it has concluded that Appendix A of Ind AS 11 is not applicable to the Company.

ii) Arrangement contain a lease

The Company has assessed applicability of Appendix C of Ind AS - 17 "Lease" with respect to its power purchase agreement (PPA) for its power generation plants. In assessing the applicability, the Company have exercised judgment in relation to the provisions of the Electricity Act, 2003, terms of its Power Purchase Agreement, etc. Based on such assessment, it has concluded that Appendix C of Ind AS 17 is applicable. Further, the management, based on above factors, has assessed that the above PPA doesn't meet the criteria of finance lease and hence, considered as operating lease.

iii) Impairment of property plant and equipment

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount of property plant and equipment is the higher of its fair value less costs of disposal and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on anticipated PLF, power tariff, fuel availability at economical rates, economic and regulatory environment, discount rates and other factors. Currently, the Company is in the process of getting power tariff fixed by regulatory authority, GERC and it expects to realise the value in use of PPE. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact the carrying value of assets.



iv) **Depreciation rates, depreciation method and residual value of property, plant and equipment**

In terms of Part B of Schedule II of the Companies Act, 2013, the Company has followed the depreciation rates, depreciation method and residual value of the items of property, plant and equipment as notified by the GERC in accordance with the Electricity Act, 2003 with respect to the assets falling under regulated business.

b) **Deferred tax assets**

Deferred tax assets are not recognised for unused tax credits as the management, based upon the likely timing and the level of future taxable profits together with future tax planning strategies is not uncertain of realisation sufficient profits in future to utilise the deferred tax assets. It is probable that taxable profit will be available against which the losses can be utilised.

c) **Defined Benefit Plans**

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



Note 5 : Property, Plant and Equipment

(Rupees in Lakhs.)

Particulars	Freehold Land	Buildings	Plant & Machinery	Furniture & Fixtures	Vehicles	Office Equipments	Electrical Installation	Computers	Total	CWIP
Gross Carrying Value										
Deemed cost as at April 1, 2015	2,282.13	562.15	406.03	23.65	15.72	35.36	273.81	18.55	3,617.41	3,70,888.63
Additions	-	-	0.93	27.00	-	-	-	0.40	28.33	55,318.79
Deductions/Adjustment	-	-	-	-	-	0.03	-	-	0.03	242.70
Borrowing Cost Capitalised	-	-	-	-	-	-	-	-	-	-
Transfer / Capitalised from CWIP	-	-	-	-	-	-	-	-	-	-
As at March 31, 2016	2,282.13	562.15	406.96	50.65	15.72	35.33	273.81	18.95	3,645.71	4,26,450.12
Additions	-	-	0.47	30.22	-	0.44	-	5.35	36.49	36,215.23
Deductions/Adjustment	-	-	-	-	-	-	-	-	-	-
Borrowing Cost Capitalised	-	413.53	1,03,074.77	-	-	-	-	-	1,03,488.29	-
Transfer / Capitalised from CWIP	-	1,774.49	3,25,400.20	-	-	30.05	-	-	3,30,204.75	4,33,693.04
As at March 31, 2017	2,282.13	2,750.17	4,31,882.40	80.88	15.72	65.82	273.81	24.30	4,37,375.25	28,972.31
Depreciation/amortisation	-	-	-	-	-	-	-	-	-	-
As at April 1, 2015	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	30.58	14.30	4.98	2.35	10.67	35.51	12.58	110.96	-
Deductions/(Adjustment)	-	-	-	-	-	-	-	-	-	-
As at March 31, 2016	-	30.58	14.30	4.98	2.35	10.67	35.51	12.58	110.96	-
Depreciation for the year	-	82.06	2,498.29	3.99	1.65	2.45	19.23	1.00	2,614.67	-
Deductions/(Adjustment)	-	-	-	-	-	-	-	-	-	-
As at March 31, 2017	-	118.64	8,512.59	8.96	4.00	13.12	54.74	13.58	8,725.63	-
Net Carrying Value										
As at April 1, 2015	2,282.13	562.15	406.03	23.65	15.72	35.36	273.81	18.55	3,617.41	-
As at March 31, 2016	2,282.13	531.57	392.66	45.67	13.38	24.66	238.30	6.37	3,534.75	-
As at March 31, 2017	2,282.13	2,631.53	4,23,369.82	71.92	11.72	52.70	219.07	10.72	4,28,649.62	-

Notes :

1. The Company has elected to continue with the carrying value of its other Property, Plant and Equipment ("PPE") recognised as of April 1, 2015 (Transition date) measured as per the previous GAAP and used that carrying value as its deemed cost as on the transition date.

2. Break up of Borrowing cost and Incidental Charges capitalised

Particulars	Borrowing Cost Upto 31st March, 2016	Borrowing Cost Capitalised during FY 2016-17	Incidental Exp. Upto 31st March, 2016	Incidental Exp. Capitalised during FY 2016-17	Borrowing Cost transferred to Fixed Assets During FY 2016-17	Incidental Exp. transferred to Fixed Asset During FY 2016-17	Borrowing Cost carrying in "CWIP" as on 31st March, 2017	Incidental Exp carrying in "CWIP" as on 31st March, 2017
Building & Plant and Equipment (related to Power Project Assets)	91,785.79	19,040.01	14,955.74	4,229.91	1,03,488.29	17,869.85	7,337.50	1,315.80

3. CWIP as on 31st March, 2017 of Rs. 28,972.31 Lakhs includes Borrowing Cost of Rs. 7,337.50 Lakhs and Incidental Exp of Rs. 1,315.80 Lakhs

4. Above land cost includes, land development expenditure of Rs. 349.70 Lakhs

5. In accordance with Ind AS 36 on "impairment of Assets", the company has carried out an exercise at every year end for identifying the assets that may have been impaired. Refer note no. 4. (a) (iii) for further details



Bhavnagar Energy Company Limited
Notes to the Financial Statements

Note 6 : Other Intangible Assets

	(Rupees in Lakhs.)		
	Fixed Assets	Software	Intangible under development
Gross Carrying Value			
Deemed cost as at April 1, 2015		70.48	38.23
Additions			
Deductions			
As at March 31, 2016		70.48	38.23
Additions			37.05
Deductions			
As at March 31, 2017		70.48	75.28
Amortisation and Impairment			
As at April 1, 2015			
Amortisation for The Year		8.51	
Deductions			
As at March 31, 2016		8.51	
Amortisation for The Year		27.04	
Deductions			
As at March 31, 2017		35.55	
Net Carrying Value			
As at March 31, 2017		34.94	75.28
As at March 31, 2016		61.98	38.23
As at April 1, 2015		70.48	38.23

Notes :

1. The company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets. The details are in note 31
2. In accordance with Ind AS 36 on "impairment of Assets", the company has carried out an exercise at every year end for identifying the assets that may have been impaired. Refer note no. 4 (a) (iii) for further details



Bhavnagar Energy Company Limited
Notes to the Financial Statements

Note 7 : Financial assets

(i) Financial assets at amortised cost

Note 7a : Trade receivables

	(Rupees in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Particulars			
Unsecured, considered good	3.26	-	-
Total	3.26	-	-

Trade receivable balance as at 31st March, 2017 Rs. 3.19/- Lakhs (as at 31st March, 2016 of Rs. Nil; as at 01st April, 2015 of Rs. Nil) is due from Gujarat Urja Vikas Nigam Limited, the Company's largest Customer. There are no other customers who represents more than 5% of the total balance of trade receivable.

Note 7b : Cash and Bank Balances

	(Rupees in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Particulars			
Cash and cash equivalents			
Balance with Bank			
Current accounts and debit balance in cash credit accounts	318.88	359.67	821.84
Cash on hand	1.52	0.22	0.41
Total cash and cash equivalents	320.40	359.89	822.25
Other bank balances	1.54	-	1.00
Total	321.74	359.89	823.25

Note 7c : Other financial assets

	(Rupees in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Particulars			
Non-Current			
Security Deposits (unsecured, unless otherwise stated)	257.31	926.34	958.20
Deposit with original maturity of more than twelve (12) months	0.22	0.22	0.22
Other non-current financial assets	-	1.17	1.17
	257.53	927.74	959.59
Current			
Interest accrued on fixed deposits	0.07	0.19	0.03
Other Receivables	2.37	1.41	1.52
	2.45	1.60	1.59
Total other financial assets	259.98	929.34	961.18
Total Non-current financial assets	257.53	927.74	959.59
Total Current financial assets	2.45	1.60	1.59
Total financial assets	260.00	929.34	961.18



Bhavnagar Energy Company Limited
Notes to the Financial Statements
Note 8 : Other non-current assets

Particulars	(Rupees in Lakhs)		
	As at March 31, 2017	at March 31, 2016	As at April 1, 2015
Capital Advance	2,430.03	6,987.17	7,351.16
Gravity fund	0.52	3.33	-
Others	7.14	4.59	2.88
Total	2,437.77	6,995.08	7,354.04

Note 9 : Non-current tax assets (net)

Particulars	(Rupees in Lakhs)		
	As at March 31, 2017	at March 31, 2016	As at April 1, 2015
Advance Tax (Net of provision for Tax, TDS)	23.47	12.01	42.80
Total	23.47	12.01	42.80

Note 10 : Inventories

Particulars	(Rupees in Lakhs)		
	As at March 31, 2017	at March 31, 2016	As at April 1, 2015
Fuel, spares and others	2,370.13	219.00	25.06
Total	2,370.13	219.00	25.06

Particulars	As at March 31, 2017 at March 31, 2016 As at April 1, 2015		
Stock of Light Diesel Oil	207.64	134.72	25.06
Stock of FO	154.50	83.80	-
Stock of Spares	-	-	-
Stock of Diesel & Gas	0.66	0.48	-
Stock of Lignite	1,871.33	-	-
Stock of Limestone	91.41	-	-
Stock of Chemical	7.02	-	-
Stock of Bed Refractories	37.57	-	-
Total	2,370.13	219.00	25.06

Note 11 : Other current assets

Particulars	(Rupees in Lakhs)		
	As at March 31, 2017	at March 31, 2016	As at April 1, 2015
Prepaid Expense	349.15	6.47	5.56
Advance recoverable in cash or kind	5.51	8.44	10.60
Total	345.65	14.91	16.16



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1964-1965

1966-1967

1968-1969

1970-1971

Bhavnagar Energy Company Limited
Notes to the Financial Statements

Note 12 : Share capital

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares (in Lakhs)	Amount	No. of shares (in Lakhs)	Amount	No. of shares (in Lakhs)	Amount
Authorised share capital						
Equity shares of Rs.10 each	8,500	85,000.00	8,500	85,000.00	8,500	85,000.00
	8,500	85,000	8,500	85,000	8,500	85,000
Issued, subscribed and fully paid up						
Equity shares of Rs.10 each	8,460	84,600.39	7,756.34	77,563.39	7,077.94	70,779.39
Total	8,460	84,600.39	7,756.34	77,563.39	7,077.94	70,779.39

12.1. Reconciliation of shares outstanding (excluding share capital suspense account) at the beginning and at the end of the Reporting year

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares (in Lakhs)	Amount	No. of shares (in Lakhs)	Amount	No. of shares (in Lakhs)	Amount
At the beginning of the year	7,756	77,563.39	7,077.94	70,779.39	7,077.94	70,779.39
Issued if any during the year	704	7,037.00	678.40	6,784.00	-	-
Outstanding at the end of the year	8,460	84,600.39	7,756.34	77,563.39	7,077.94	70,779.39

12.2. Terms/Rights attached to the equity shares

The company has only one class of Equity Shares having a par value of Rs.10/- per share. Each shareholder is eligible for one vote per share held.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

12.3. Number of Shares held by each shareholder holding more than 5% Shares in the company

Name of the Shareholder	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of shares (in Lakhs)	% of shareholding	No. of shares (in Lakhs)	% of shareholding	No. of shares (in Lakhs)	% of shareholding
Equity Shares of Rs.10/- each fully paid						
Gujarat Industries Power Company Ltd.	2,060.80	24.4%	2,060.80	26.6%	1,810.80	25.6%
Gujarat Mineral Development Corporation Ltd.	1,976.50	23.4%	1,976.50	25.5%	1,726.50	24.4%
Gujarat State Investments Ltd.	1,984.34	23.5%	1,435.84	18.5%	1,435.84	20.3%
Gujarat Power Corporation Ltd.	761.40	9.0%	720.00	9.3%	630.00	8.9%
Gujarat Alkalies & Chemicals Ltd.	592.20	7.0%	560.00	7.2%	471.60	6.7%
Gujarat State Fertilizers & Chemicals Ltd.	592.20	7.0%	510.60	6.6%	510.60	7.2%
Gujarat Narmada Valley Fertilizers Co. Ltd.	492.60	5.8%	492.60	6.4%	492.60	7.0%



Bhavnagar Energy Company Limited
Statement of changes in Equity for the year ended March 31, 2017

(Rupees in Lakhs)

Balance as at April 1, 2015	70,779.39	(462.41)	70,316.98
Loss for the year	-	(441.99)	(441.99)
Other comprehensive income for the year	-	5.59	5.59
Total Comprehensive income for the year	-	(436.40)	(436.40)
Issue of shares	6,784.00	-	6,784.00
Balance as at March 31, 2016	77,563.39	(898.81)	76,664.58
Balance as at April 1, 2016	77,563.39	(898.81)	76,664.58
Loss for the year	-	(31,316.28)	(31,316.28)
Other comprehensive income for the year	-	(3.00)	(3.00)
Total Comprehensive income for the year	-	(31,319.28)	(31,319.28)
Issue of shares	7,037.00	-	7,037.00
Balance as at March 31, 2017	84,600.39	(32,218.09)	52,382.30



Bhavnagar Energy Company Limited
Notes to the Financial Statements

Note 13 : Other Equity

		(Rupees in Lakhs)
Balance	Surplus/(deficit) in the statement of profit and loss	Total
As at April 1, 2015	(462.41)	(462.41)
Add: Loss for the year	(441.99)	(441.99)
Add: OCI for the year	5.59	5.59
Balance available for appropriation	(898.81)	(898.81)
Less : Appropriations		
Transferred to general reserve	-	-
Dividend	-	-
Tax on dividend	-	-
As at March 31, 2016	(898.81)	(898.81)
As at April 1, 2016	(898.81)	(898.81)
Add: Loss for the year	(31,316.28)	(31,316.28)
Add: OCI for the year	(3.00)	(3.00)
Balance available for appropriation	(32,218.09)	(32,218.09)
Less : Appropriations		
Transferred to general reserve	-	-
Dividend	-	-
Tax on dividend	-	-
As at March 31, 2017	(32,218.09)	(32,218.09)



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Bhavnagar Energy Company Limited
Notes to the Financial Statements

Note 14 : Financial liabilities
(i) Financial liabilities at amortised cost

Note 14a : Borrowings

	As at March 31, 2017	As at March 31, 2016	(Rupees in Lakhs) As at April 1, 2015
Particulars			
Long term borrowings			
Secured			
Term Loans from Banks			
Rupee Loans	3,15,821.79	2,99,223.35	2,71,301.19
Unsecured			
From financial institution			
Gujarat State Financial Services Ltd	28,600.00		
	3,44,421.79	2,99,223.35	2,71,301.19
Current maturities (Refer note 14c)			
Secured			
Term Loans from Banks			
Rupee Loans	14,625.00		
	3,58,416.79	2,99,223.35	2,71,301.19
Total long term borrowings			
Short term borrowings			
Secured			
From Bank			
Working Capital Cash Credit (security details pending from client)	1,883.23		
Unsecured			
From financial institution			
Gujarat State Financial Services Ltd		23,100.00	2,500.00
	1,883.23	23,100.00	2,500.00
Total interest bearing borrowings	3,60,335.03	3,22,323.35	2,73,801.19
Aggregate secured borrowings	3,31,735.03	3,22,323.35	2,73,801.19
Aggregate unsecured borrowings	28,600.00	23,100.00	2,500.00

For explanations on the Company's Interest risk, foreign currency risk and liquidity risk management processes, refer to Note 27

14a(i) Term Loan & Working Capital (Cash Credit) from Banks are secured by way of mortgage as under :

- Immovable properties admeasuring approximately 171 Hectares of land situated at Village Padva, District Bhavnagar in the State of Gujarat;
- All the other immovable properties and assets of the Company, both present and future;
- All the movable (whether tangible or intangible) properties and assets of the Company (including but not limited to moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures and vehicles), both present and future;
- All the Company's tangible and intangible assets, all the book debts, operating cash flows, receivables, all other current assets, commissions, revenues of the Company both present and future;
- All the Accounts and all other bank accounts of the Company including in each case, all monies lying credited/deposited into such accounts;

14a (ii) Terms of Repayment (Term Loan - I)

Term Loan Sanction Amount	:- Rs 299,400.00 Lakhs
Repayment Period	:- 45 Equal Quarterly Installment
Repayment Start Date	:- 31/12/2017
Rate of interest	:- SBI BR Plus 130 BP (Presently 10.60% P.A.)

14a(iii) Terms of Repayment (Term Loan - II)

Term Loan Sanction Amount	:- Rs 30,600.00 Lakhs
Repayment Period	:- 45 Quarterly Installment
Repayment Start Date	:- 31/12/2017
Rate of interest	:- SBI BR Plus 130 BP (Presently 10.60% P.A.)

14 (a) (iv) Default in payment of Interest on borrowings:

Particulars / Month	Amount	Due Date	Paid date	Delay in days
Jan-17	2,981.30	31-01-2017	01-05-2017	89
Feb-17	2,728.22	28-02-2017	31-05-2017	91
Mar-17	2,963.54	31-03-2017	29-06-2017	89

As the Company has achieved COD of its Unit-II on 27th March, 2017 and Unit-I was still under stabilisation as on 31st March, 2017, at the stage of initial operation year of the Company, the Company did not have sufficient generation of revenue to discharge monthly interest liability, however, the company has subsequently paid in the month of May-2017 & June-2017.



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The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry must be supported by proper documentation, such as receipts or invoices. This ensures transparency and allows for easy verification of the data. The second part of the document outlines the procedures for handling discrepancies. It states that any difference between the recorded amounts and the actual amounts must be investigated immediately. The third part of the document provides a detailed explanation of the accounting cycle, which consists of eight steps: identifying the accounting cycle, analyzing the transactions, journalizing the transactions, posting the transactions, preparing a trial balance, adjusting the accounts, preparing financial statements, and closing the accounts.

The fourth part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry must be supported by proper documentation, such as receipts or invoices. This ensures transparency and allows for easy verification of the data. The fifth part of the document outlines the procedures for handling discrepancies. It states that any difference between the recorded amounts and the actual amounts must be investigated immediately. The sixth part of the document provides a detailed explanation of the accounting cycle, which consists of eight steps: identifying the accounting cycle, analyzing the transactions, journalizing the transactions, posting the transactions, preparing a trial balance, adjusting the accounts, preparing financial statements, and closing the accounts.

The seventh part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry must be supported by proper documentation, such as receipts or invoices. This ensures transparency and allows for easy verification of the data. The eighth part of the document outlines the procedures for handling discrepancies. It states that any difference between the recorded amounts and the actual amounts must be investigated immediately. The ninth part of the document provides a detailed explanation of the accounting cycle, which consists of eight steps: identifying the accounting cycle, analyzing the transactions, journalizing the transactions, posting the transactions, preparing a trial balance, adjusting the accounts, preparing financial statements, and closing the accounts.

The tenth part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry must be supported by proper documentation, such as receipts or invoices. This ensures transparency and allows for easy verification of the data. The eleventh part of the document outlines the procedures for handling discrepancies. It states that any difference between the recorded amounts and the actual amounts must be investigated immediately. The twelfth part of the document provides a detailed explanation of the accounting cycle, which consists of eight steps: identifying the accounting cycle, analyzing the transactions, journalizing the transactions, posting the transactions, preparing a trial balance, adjusting the accounts, preparing financial statements, and closing the accounts.

Bhavnagar Energy Company Limited
Notes to the Financial Statements
Note 14b : Trade and Other payables

Particulars	(Rupees in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Trade and Other payables	2,169.98	225.15	413.64
Total	2,169.98	225.15	413.64

For explanations on the Company's Foreign currency risk and liquidity risk management processes, refer to Note 27

Note 14c : Other financial liabilities

Particulars	(Rupees in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Current maturities of long-term borrowings (Refer Note 14a)	14,023.00	-	-
Interest accrued but not due on term loan	3,062.80	1,155.98	443.00
Interest accrued due but not paid (Refer Note 14a(iv))	6,435.68	-	-
Retention payable	24,439.18	26,548.17	26,433.67
Payable for capital goods	14,478.38	11,301.03	12,093.72
Other payables	-	9.81	4.50
Total	62,441.04	39,015.98	38,974.89
Total Non-current	3,44,421.72	2,99,223.35	2,71,301.19
Total Current	66,499.25	62,340.23	41,888.52
Total financial liabilities at amortised cost	4,10,921.04	3,61,563.58	3,13,189.71

For explanations on the Company's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 27

Note 15 : Long term provisions

Particulars	(Rupees in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for Gratuity (Refer Note 30)	-	-	3.96
Provision for Leave encashment	10.00	9.24	6.03
Total	10.00	9.24	9.99



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Bhavnagar Energy Company Limited
Notes to the Financial Statements

Note 16 : Other current liabilities

Particulars	(Rupees in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Statutory dues payable	105.51	181.87	190.03
Earnest money deposit	21.98	65.20	-
Total	127.49	247.07	190.03

Note 17 : Short-term provisions

Particulars	(Rupees in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for Leave encashment	0.84	0.84	0.53
Total	0.84	0.84	0.53

Note 18 : Government grant

Particulars	(Rupees in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred Income	112.48	130.00	-
Non-current	86.48	112.48	130.00
Current	26.00	17.52	-
Total	112.48	130.00	130.00

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants as at March 31.

Movement of Government grant

Particulars	(Rupees in Lakhs)	
	2016-17	2015-16
As at April 01	130.00	130.00
Received during the year	-	-
Released to statement of profit and loss	(17.52)	-
As at March 31	112.48	130.00



Bhavnagar Energy Company Limited
Notes to the Financial Statements

Note 19 : Revenue from operations

(Rupees in Lakhs)		
Particulars	2016-17	2015-16
Sale of Electrical Energy	2,378.39	-
Total	2,378.39	-

Note 20 : Other income

(Rupees in Lakhs)		
Particulars	2016-17	2015-16
Professional Income	63.96	-
Interest income	37.22	-
Government grant income (Refer note 18)	17.52	-
Exchange gain/loss (net)	17.85	-
Others	5.88	-
Total	142.43	-

Note 21 : Cost of materials consumed

(Rupees in Lakhs)		
Particulars	2016-17	2015-16
Inventory at the beginning of the year	219.00	25.06
Add : Purchases	7,165.98	2,074.77
	7,384.98	2,099.83
Less : Inventory at the end of the year	-2,370.13	-219.00
Consumption	5,014.85	1,880.83
Less : Transferred to CWIP (Incidental Exp)	-	-1,880.83
Total Consumption of the year	5,014.85	-

Cost of materials consumed

(Rupees in Lakhs)		
Particulars	2016-17	2015-16
LIGNITE Consumption	1,853.55	-
LIMESTONE Consumption	3.15	-
LDO Consumption	1,541.36	1,617.86
FO Consumption	1,303.57	262.30
Refractory Consumption	67.82	-
Diesel Consumption	4.02	0.67
Transportation (Lignite, LDO, FO etc.)	241.38	-
less: Transferred to CWIP - Incidental Expenses	-	-1,880.83
Total	5,014.85	-



Bhavnagar Energy Company Limited
Notes to the Financial Statements

Note 22 : Employee benefits expense

(Rupees in Lakhs)

Particulars	2016-17	2015-16
Salaries, Wages and Bonus	271.17	87.27
Contribution to Provident and Other Fund	27.01	17.66
Gratuity Expense	5.89	5.65
Staff welfare expenses	7.33	0.66
Total	311.40	111.24

Note 23 : Finance costs

(Rupees in Lakhs)

Particulars	2016-17	2015-16
Interest Expense	35,549.78	31,537.95
Other Borrowing Cost	167.67	18.24
Less: Transfer to Capital Work in progress	(18,353.02)	(31,537.95)
Total	16,864.42	18.24

Note 24 : Other expenses

(Rupees in Lakhs)

Particulars	2016-17	2015-16
Electricity Exp.	1,688.80	5.73
Fuel consumption	1.76	-
Chemical Consumption	25.26	-
Commissioning Support - KEPCO	22.23	-
Other (Project Related Expense)	59.20	-
Water Expenses	234.46	1.21
Manpower Source Exp	-	24.33
UI Charges	289.46	-
General & Administration charges	133.48	18.32
Insurance Exp.	30.60	5.22
Legal & Professional Fees	57.49	30.14
Repairs & Maintenance Plant	0.12	0.67
Repairs & Maintenance Building	14.96	8.69
Repairs & Maintenance Others	48.74	8.19
Rent	19.23	23.01
Rates & Taxes	4.96	2.17
Payment to Auditors	2.30	2.08
Security Charges (Project Site)	191.20	-
Share Capital Issue Expenses	7.04	6.78
Sitting Fees & Director Exps.	6.27	5.05
Travelling & Conveyance	71.85	-
Donation Exp	79.25	121.50
Loss on sale of Asset	-	0.01
Communication expenses	-	12.42
Misc Expenses	16.08	12.99
Total	3,004.71	288.52



Bhavnagar Energy Company Limited
Notes to the Financial Statements

Note 25 : Income tax

The major component of income tax expense for the year ended March 31, 2017 and year ended March 31, 2016 are :

	(Rupees in lacs)	
Particulars	2016-17	2015-16
Statement of Profit and Loss		
Current tax		
Current income tax		20.06
Deferred tax		
Relating to origination and reversal or temporary difference	-	-
Income tax expense reported in the statement of profit and loss	-	20.06

OCI section

Particulars	2016-17	2015-16
Statement to Other comprehensive income (OCI)		
Deferred tax related to items recognised in OCI during the year		
Net loss/(gain) on actuarial gains and losses	-	-
Deferred tax charged to OCI	-	-

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31, 2017 and March 31, 2016.

Particulars	2016-17	2015-16
Accounting Loss before tax	(31,315.28)	(421.92)
Tax @ 30.90% (March 31, 2016: 30.90%)	(9,677.66)	(130.37)
Adjustment		
Expenses not allowed for tax purposes		(37.54)
Non-recognition of deferred tax asset on account of uncertain realisation	(9,677.66)	(112.89)
At the effective income tax rate of 30.90% (March 31, 2016 : 30.90%)	-	20.06

Reconciliation of Deferred Tax Liability (net)

Particulars	Balance Sheet			Statement of Profit and Loss	
	March 31, 2017	March 31, 2016	April 1, 2015	2016-17	2015-16
Depreciation	(4,842.41)	-	-	(4,842)	-
Expenses allowed over future period	112.89	-	-	113	-
Business Loss	18,235.27	-	-	18,235	-
Deferred tax expense/(income)				13,506	-
Net deferred tax assets	13,505.76	-	-		
Reflected in the balance sheet as follows					
Deferred tax assets	-	-	-		
Deferred tax liabilities	-	-	-		
Deferred tax liabilities (net)	-	-	-		

Reconciliation of deferred tax liabilities, net

Opening balance as of April 1
Tax income/(expense) during the period recognised in profit or loss
Tax income/(expense) during the period recognised in OCI
Closing balance as at March 31

	March 31, 2017	March 31, 2016
Opening balance as of April 1	-	-
Tax income/(expense) during the period recognised in profit or loss	-	-
Tax income/(expense) during the period recognised in OCI	-	-
Closing balance as at March 31	-	-

During the year the company have carried forward losses aggregating Rs.59013.82/- Lakhs under Income Tax Act, 1961, which will be available to be carried forward to set off against taxable income only upto next 8 years. In current financial year which is also a first year of commercial operation of the company, the company has incurred a huge loss of Rs.31,319.28/- Lakhs. Further, as per management assumption that, it is not probable that the carried forward loss will be available for set off against taxable income in near future and the company is also entitled to 100% profit deduction under 801A of the Income Tax Act, 1961. Hence, Deferred Tax Asset/Liabilities has been not recognized in current financial year.



1 Particulars of related parties and nature of relationships

Name of Related Parties	Name of Relationship
Gujarat Power Corporation Limited	Company having significant influence / Equity Contributor
Gujarat State Investments Limited	Company having significant influence / Equity Contributor
Gujarat Mineral Development Corporation Limited	Company having significant influence / Equity Contributor
Gujarat Industries Power Company Limited	Key Shareholder / Equity Contributor
Gujarat Narmada Valley Fertilizers Limited	Key Shareholder / Equity Contributor
Gujarat Alkalies and Chemicals Limited	Key Shareholder / Equity Contributor
Gujarat State Fertilizers and Chemicals Limited	Key Shareholder
Vikas BECL initiative for Rural Development	Other - Directors are trustees
Key Management Personnel	
Shri Prem Kumar Taneja IAS (Retd.)	Chairman from 19.04.2016 onwards
Shri D J Pandian, IAS (Retd.)	Chairman from 14.08.2015 to 31.03.2016
Shri S G Mankad, IAS (Retd.)	Chairman upto 13.08.2015
Smt. Shahneena Syedafzal Husain, IAS	Director from 01.09.2017 onwards
Shri S K Paul	Managing Director from 26.04.2016 onwards
Shri S K Negi	Managing Director from 21.03.2016 to 26.04.2016
Shri Gurdeep Singh	Managing Director upto 03.03.2016
Shri Indrajeet Prasad Gautam IAS (Retd.)	Director from 26.07.2007 onwards
Shri Prakash Shah, IAS (Retd.)	Non-Executive Independent Director from 31.03.2015
Ms. Arti Kanwar, IAS	Director from 25.11.2016 onwards
Shri Arunkumar Mohanbhai Solanki, IAS	Director from 12.07.2016 onwards
Dr. Hasmukhbhai Baldevbhai Patel	Director from 29.09.2014 onwards
Ms. Meena Kantilal Bhatt	Non-Executive Independent Director from 31.03.2015 onwards
Shri Nagendra Kumar Singh	Director from 08.06.2016 onwards
Shri Vishvesh Dineshchandra Nanavaty	Director from 19.04.2016 onwards
Shri S K Nanda, IAS	Director upto 19.04.2016
Shri P K Gera, IAS	Director from 09.12.2015 to 25.02.2016
Shri Arvind Agarwal, IAS	Director upto 12.07.2016
Shri Sanjeev Kumar, IAS	Director
Shri J P Gupta, IAS	Director
Shri A L Thakor	Director upto 09.12.2015
Shri S P Desai	Director upto 08.06.2016
Shri R A Shah	Director upto 27.01.2016
Shri Vikram Mathur	Director from 04.02.2016 to
Shri Kshemank Merchant	CFO from 23.01.2017 onwards (KMP)
Shri Jinal Shah	CFO till 22.01.2017 (KMP)
Smt Bhoomika Sharma	Company Secretary (KMP) from 25.02.2015 onwards



b The following transactions were carried out with the related parties in ordinary course of business during the year

(Rupees in Lakhs)

Sr. No.	Nature of Transactions	2016-17			2015-16		
		Associates	KMP	Others	Associates	KMP	Others
1	Issue of Share Capital	7,037.00			6,784.00		
	Gujarat State Investments Ltd.	5,485.00					
	Gujarat Power Corporation Ltd.	414.00			900.00		
	Gujarat Alkalies & Chemicals Ltd.	322.00			884.00		
	Gujarat State Fertilizers & Chemicals Ltd.	816.00					
	Gujarat Industries Power Company Ltd.	-			2,500.00		
	Gujarat Mineral Development Corporation Ltd.	-			2,500.00		
2	Remuneration to Key Management Personnel		64.74			37.56	
	Short-term employee benefits		63.30			36.64	
	Shri S G Mankad, IAS (Retd.)		-			0.71	
	Shri D J Pandian, IAS (Retd.)		-			13.02	
	Shri Jinal Shah		15.69			14.29	
	Smt Bhoomika Sharma		3.83			2.49	
	Shri Gurdeep Singh		-			6.13	
	Shri Kshemank Merchant		6.56			-	
	Shri S K Paul		37.22			-	
	Post employment benefits		1.44			0.92	
	Shri Jinal Shah		0.89			0.81	
	Smt Bhoomika Sharma		0.17			0.11	
	Shri Kshemank Merchant		0.38			-	
3	Director Sitting Fees & Incidental Expenditure		3.44			2.44	
	Director Sitting Fees paid to Directors		3.44			2.44	
3	Donation			79.25			121.50
	Donation paid to Vikas BECL initiative for Rural Development			79.25			121.50
4	Technical Assistance				8.59		
	Gujarat Industries Power Company Limited				8.59		
5	Purchase of Lignite	3872.52					
	Gujarat Mineral Development Corporation Ltd.	3872.52					
6	Purchase of Chemicals	6.91					
	Gujarat Alkalies & Chemicals Ltd.	6.91					





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Bhavnagar Energy Company Limited
Notes to the Financial Statements

(Rs. In Lakhs)

C	Balance (Payable) :	31st March, 2017	31st March, 2016
	Gujarat Mineral Development Corporation Ltd.	3,166.75	-
	Gujarat Alkalies & Chemicals Ltd.	5.74	-
	Gujarat Power Corporation Ltd.	315.01	745.29

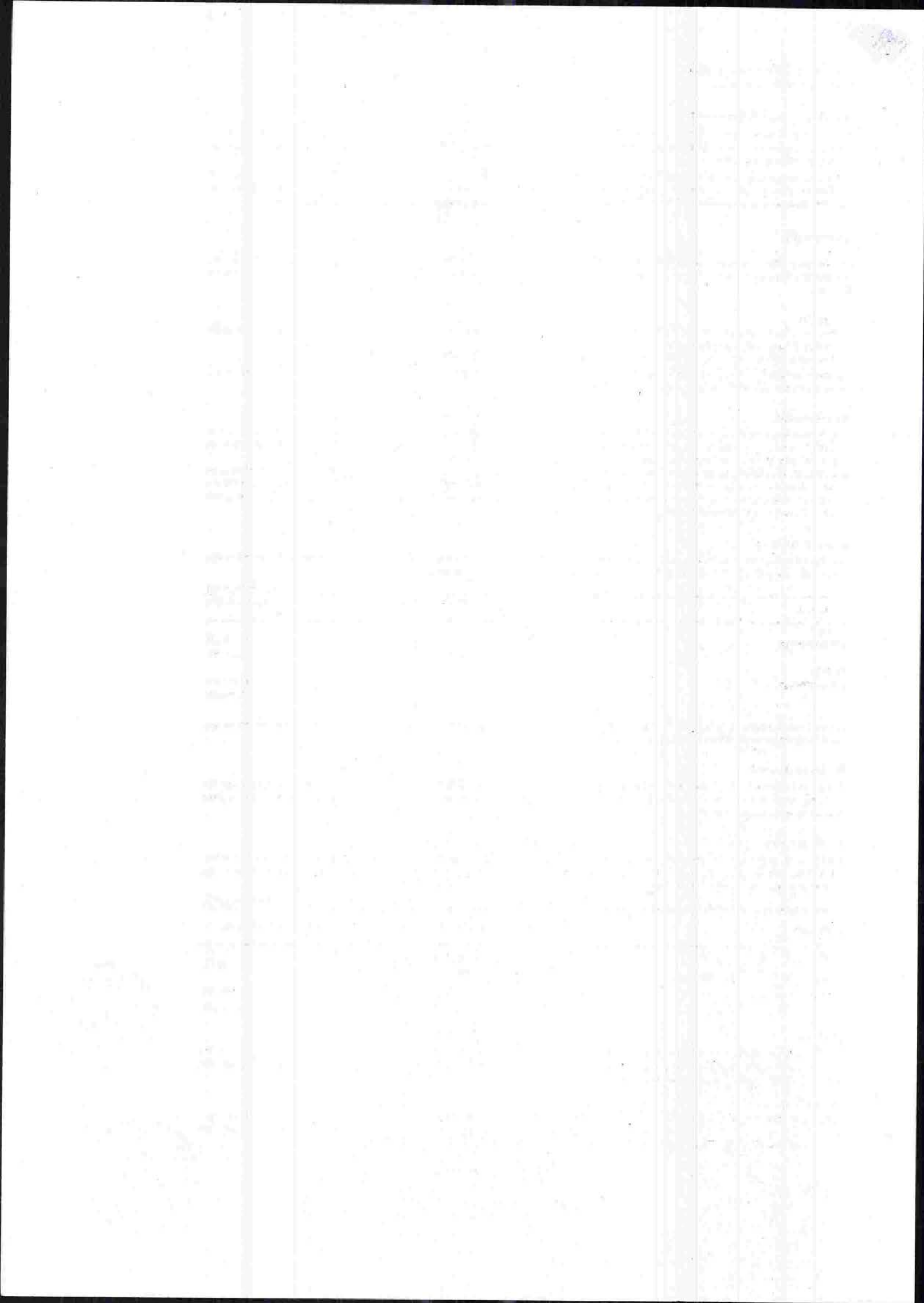
2 Commitments with related parties

The company has not provided any commitment to the related party as at March 31, 2017

3 Terms and conditions of transactions with related parties

Transaction entered into with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding Balances, at the year end are unsecured and interest free and settlement occurs in cash





Note 27 : Financial risk management

The Company's principal financial liabilities comprise of loans and borrowings, trade payables and other financial liabilities. The loans and borrowings are primarily taken for working capital management purposes. The Company's principal financial assets include cash and cash equivalents, trade receivables and other financial assets.

While ensuring liquidity is sufficient to meet Company's operational requirements, the Company's Project & Finance Committee also monitors and manages key financial risk relating to the operations of the Company by analysing exposures by degree and magnitude of risks. These risk include regulatory risk, fuel availability and affordability risk, market risk (including foreign currency risk and price risk), credit risk and liquidity risk.

1. Regulatory risk

The Company's operations are subject to regulatory interventions, introduction of new laws and regulations including changes in competitive framework. The rapidly changing regulatory landscape poses a risk to the Company. The Company has applied for approval of tariff by CERC, which is yet to be approved.

2. Market Risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. The major component of market risk is Interest rates risk.

The sensitivity analyses in the following sections relate to the position as at 31 March 2017 and 31 March 2016.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2017 and 31 March 2016.

Interest rate risk

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

The Company has initiated, the process of Financial Restructuring as per the Guidelines of RBI and appointed M/s. SBI Capital Markets Limited as its Financial Advisors. According to restructuring plan, the existing interest rate i.e. 10.60% p.a. will be reduced to 8.50% p.a. and also tenor of the repayment will be extended from 11 years to 20.75 years. Further, the Interest expenses is pass through under the Power Purchase Agreement executed with M/s. Gujarat Urja Vikas Nigam Limited.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on loans and borrowings. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase/decrease in basis points	(Rupees in Lakhs)
		Increase/(decrease) in profit before tax
2016-17		
INR borrowings	+50	(1,649.83)
	-50	1,649.93
2015-16		
INR borrowings	+50	(1,496.92)
	-50	1,496.92

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities, i.e. when revenue or expense is denominated in a foreign currency.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in EUR and USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Change in EUR rate	Effect on profit before tax	Change in USD rate	(Rupees in Lakhs)
				Effect on profit before tax
2016-17				
	5%	-333.08	5%	(92.81)
	-5%	333.08	-5%	92.81
2015-16				
	5%	-303.28	5%	(77.54)
	-5%	303.28	-5%	77.54

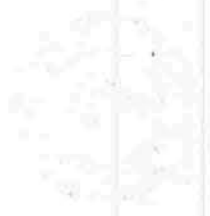
3. Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and foreign exchange transactions.

Trade receivables

Customer credit risk is managed by the Company's internal policies, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an credit rating scorecard and credit limits are defined in accordance with this assessment. Presently, the Company sales power to single customer only. Trade receivables are non-interest bearing and are generally on 30 days to 60 days credit term.





4. Liquidity Risk

The Company monitors its risk of shortage of funds through using a liquidity planning tool that encompasses an analysis of projected cash inflow and outflow.

The Company's objective is to maintain a balance between continuity of funding and flexibility largely through cash-flow generation from its operating activities and the use of bank loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding.

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

	(Rupees in Lakhs)				
Particulars	On demand	Upto 1 year	1 to 5 years	> 5 years	Total
As at year ended					
31-Mar-17					
Borrowings (including current maturities of long-term borrowings)	1,888.23	14,025.00	1,41,890.80	2,02,530.99	3,60,335.03
Trade & other payables	-	2,169.98	-	-	2,169.98
Other financial liabilities	-	48,416.04	-	-	48,416.04
31-Mar-16					
Borrowings (including current maturities of long-term borrowings)	-	23,100.00	93,146.00	2,06,077.35	3,22,323.35
Trade & other payables	-	225.15	-	-	225.15
Other financial liabilities	-	39,015.08	-	-	39,015.08
01-Apr-15					
Borrowings (including current maturities of long-term borrowings)	-	2,500.00	66,535.00	2,04,768.10	2,73,803.10
Trade & other payables	-	413.64	-	-	413.64
Other financial liabilities	-	38,974.83	-	-	38,974.83



Note 28 : Fair values

1 Carrying value and fair value

Given below is the comparison by class of the carrying value and fair value of the Company's financial instruments.

(Rupees in Lakhs)

Particulars	Carrying value			Fair value		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial assets						
(i) Security deposits	257.31	926.34	958.20	257.31	926.34	958.20
(ii) Other financial assets	0.22	1.39	1.39	0.22	1.39	1.39
Financial Liabilities						
(i) Borrowings	3,60,335.03	3,22,323.35	2,73,801.19	3,60,335.03	3,22,323.35	2,73,801.19

** The management assessed that cash and cash equivalents, trade receivables, other financial assets, trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.



Note 29 : Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder's value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

Particulars	(Rupees in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Interest-bearing loans and borrowings (Note 14a)	3,60,335	3,22,323	2,73,801
Trade and other payables (Note 14b)	2,170	225	414
Less: cash and short-term deposits (Note 7b)	(322)	(360)	(823)
Net debt	3,62,183	3,22,189	2,73,392
Equity share capital (Note 12)	84,600	77,563	70,779
Other equity (Note 13)	(32,218)	(899)	(462)
Total capital	52,382	76,665	70,317
Capital and net debt	4,14,566	3,98,853	3,43,709
Gearing ratio (%)	87%	81%	80%

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

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2017, March 31, 2016 and April 1, 2015.



Note 30 : Disclosure pursuant to Employee benefits

A. Defined contribution plans:

Amount of Rs. 23.99/- Lakhs March 31, 2017, is recognised as expenses and included in Note No. 22 "Employee benefit expense"

(Rupees in Lakhs)

Particulars	2016-17	2015-16
Provident Fund	15.92	9.62
Contributory Pension Scheme	8.06	6.48
	23.99	16.10

The Company is depositing Provident Fund contributions of its employee along with Company's contribution in the Employees Provident Fund Organisation, India.

B. Defined benefit plans:

The Company has following post employment benefits which are in the nature of defined benefit plans:

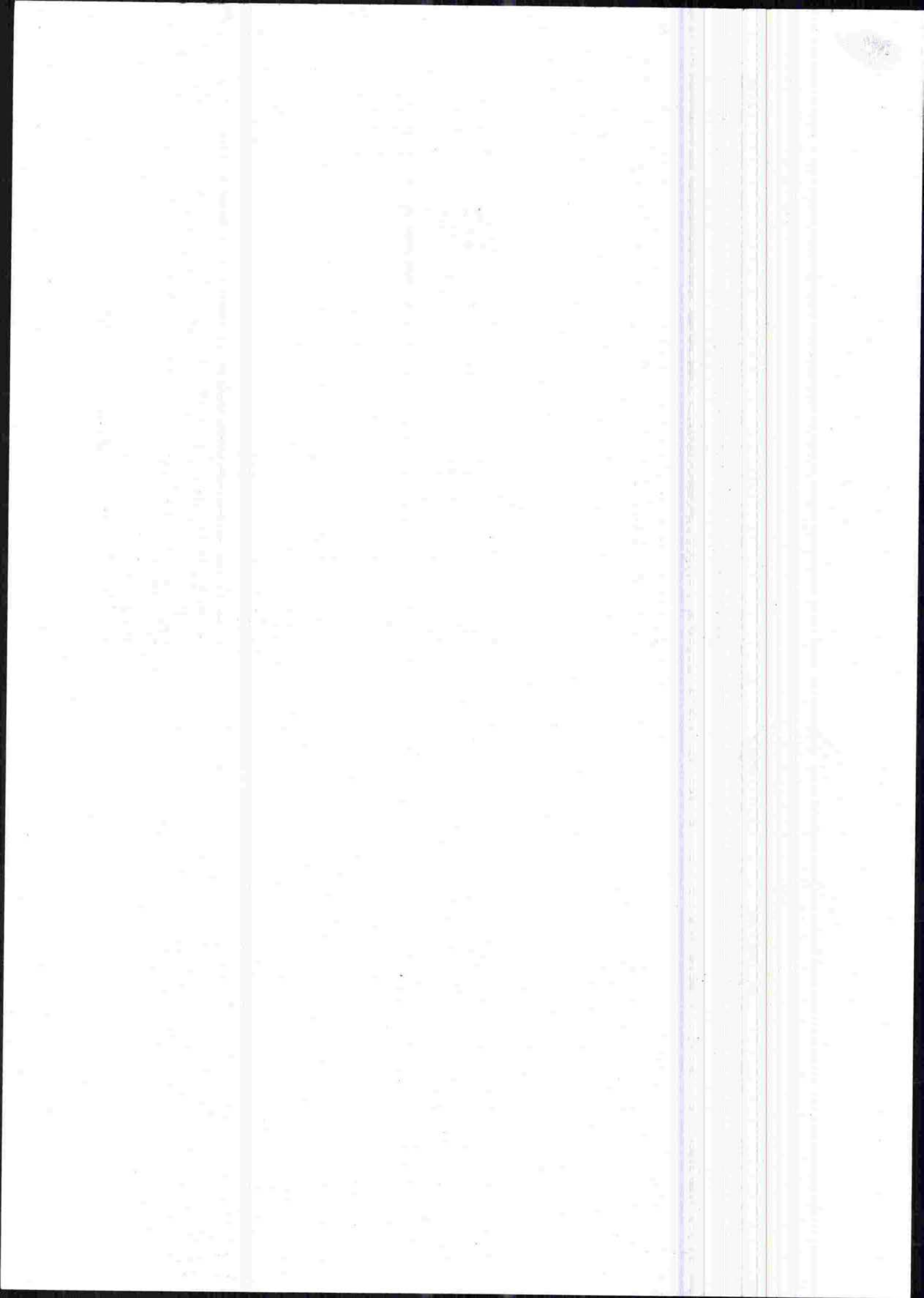
(a) Gratuity

The Company operates gratuity plan wherein every employee is entitled to the benefit as per scheme of the Company, for each completed year of service. The same is payable on retirement or termination whichever is earlier. The benefit vests only after five years of continuous service.

(Rupees in Lakhs)											
March 31, 2017 : Changes in defined benefit obligation and plan assets											
April 1, 2016	Gratuity cost charged to statement of profit and loss				Benefit paid	Remeasurement gains/(losses) in other comprehensive income					March 31, 2017
	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 22)			Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer
Gratuity					1.13			(2.64)	(0.08)	(2.72)	-
Defined benefit obligation	(21.31)	(6.16)	(1.76)	(7.92)	(1.13)	(0.28)				(0.28)	6.15
Fair value of plan assets	24.64		2.03	2.03		(0.28)	-	-2.64	(0.08)	(3.00)	6.15
Benefit asset / (liability)	3.34	(6.16)	0.27	(5.89)	-	(0.28)	-	(2.64)	(0.08)	(3.00)	6.15
Total benefit asset / (liability)	3.34	(6.16)	0.27	(5.89)	-	(0.28)	-	(2.64)	(0.08)	(3.00)	6.15

(Rupees in Lakhs)											
March 31, 2016 : Changes in defined benefit obligation and plan assets											
April 1, 2015	Cost charged to statement of profit and loss				Benefit paid	Remeasurement gains/(losses) in other comprehensive income					March 31, 2016
	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 22)			Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer
Gratuity								0.64	4.71	5.36	-
Defined benefit obligation	(19.76)	(5.32)	(1.58)	(6.90)		0.23				0.23	7.48
Fair value of plan assets	15.68		1.25	1.25		0.23	-	0.64	4.71	5.59	7.48
Benefit asset / (liability)	(4.08)	(5.32)	(0.33)	(5.65)	-	0.23	-	0.64	4.71	5.59	7.48
Total benefit asset / (liability)	(4.08)	(5.32)	(0.33)	(5.65)	-	0.23	-	0.64	4.71	5.59	7.48





Navnagar Energy Company Limited
Notes to the Financial Statements

The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:

Particulars	Year ended March 31, 2017 (%) of total plan assets	Year ended March 31, 2016 (%) of total plan assets
Insurance funds	100%	100%
(%) of total plan assets	100%	100%

The principal assumptions used in determining above defined benefit obligations for the Company's plans are shown below:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Discount rate	7.57%	8.25%
Future salary increase	7.09%	7.00%
Expected rate of return on plan assets	7.57%	8.25%
Attrition rate	2.00%	2.00%
Mortality rate during employment	Indian assumed lives Mortality (2006-09)	Indian assumed lives Mortality (2006-08)
Mortality rate after employment	N.A.	N.A.

A quantitative sensitivity analysis for significant assumption is as shown below:

Particulars	Sensitivity level	(Increase) / decrease in defined benefit obligation (Impact)
Gratuity		
Discount rate	1% increase	-3.77
	1% decrease	4.58
Salary increase	1% increase	4.58
	1% decrease	-3.82
Employee turnover	1% increase	0.01
	1% decrease	-0.01

The following are the expected future benefit payments for the defined benefit plan:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Gratuity		
Within the next 12 months (next annual reporting period)	0.56	0.37
Between 2 and 5 years	3	4
Beyond 5 years	13.89	11.93
Total expected payments	17.81	16.36

Weighted average duration of defined plan obligation (based on discounted cash flows)

Particulars	Year ended March 31, 2017 Years	Year ended March 31, 2016 Years
Gratuity	15	14

The following are the expected contributions to planned assets for the next year:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Gratuity	6.20	2.84

C. Other Long term employee benefit plans

Leave encashment
Amount of Rs. 2,11 Lakhs (March 31, 2016: Rs. 0.42 Lakhs) is recognised as expenses and included in Note No. 22 "Employee benefit expense"



1. The first part of the paper is devoted to a general discussion of the problem.

2. In the second part, we consider the case of a single particle.

3. The third part is devoted to the case of a system of particles.

4. In the fourth part, we consider the case of a continuous medium.

5. The fifth part is devoted to the case of a system of continuous media.

6. In the sixth part, we consider the case of a system of particles and continuous media.

7. The seventh part is devoted to the case of a system of particles and continuous media.

8. In the eighth part, we consider the case of a system of particles and continuous media.

9. The ninth part is devoted to the case of a system of particles and continuous media.

10. In the tenth part, we consider the case of a system of particles and continuous media.

11. The eleventh part is devoted to the case of a system of particles and continuous media.

12. In the twelfth part, we consider the case of a system of particles and continuous media.

13. The thirteenth part is devoted to the case of a system of particles and continuous media.

14. In the fourteenth part, we consider the case of a system of particles and continuous media.

15. The fifteenth part is devoted to the case of a system of particles and continuous media.

Note 31 : First- time adoption of Ind AS

These financial statements, for the year ended March 31, 2017, are the first annual Ind AS financial statements, the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the previously published Indian GAAP financial statements as at and for the year ended March 31, 2016.

Exemptions from retrospective application

Ind AS 101 "First-time Adoption of Indian Accounting Standards" allows first-time adopter certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

1 Deemed cost

Ind AS 101 permits a first time adopter to elect to measure an item of property, plant and equipment including capital work in progress at the transition to Ind AS at its carrying value and use that carrying value as its deemed cost at that date. This exemption can also be used for intangible assets covered by Ind AS 38.

Accordingly, the Company has elected to measure all of its property, plant and equipment & intangible assets including capital work in progress at previous GAAP carrying value on the date of transition to Ind AS and used those carrying value as deemed cost of Property, plant and equipment & Intangible assets.

2 Embedded Lease

Para D9 of Ind AS 101 states 'A first-time adopter may apply paragraphs 6-9 of the Appendix C of Ind AS 17 Determining whether an Arrangement at the date of transition to Ind ASs contains a lease on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.'

The Company has assessed on the date of transition i.e April 01, 2015 for the contract where in the entire power generated through the station after consumption is supplied to GUVNL is an embedded lease arrangement and is considered as an arrangement containing a lease.

3 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS:



Bhavnagar Energy Company Limited
Reconciliation of Equity as at April 1, 2015 (date of transition to Ind AS)

(Rupees in Lakhs)

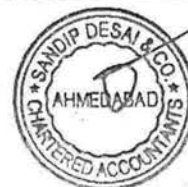
Particulars	Notes	Indian GAAP	Adjustments		Ind AS
			Reclassification	Re-measurement	
ASSETS					
I. Non-current assets					
(a) Property, plant and equipment		3,617.41	-	-	3,617.41
(b) Capital work-in-progress	31.(i)	3,70,888.63	-	-	3,70,888.63
(c) Other Intangible assets		70.48	-	-	70.48
(d) Intangible assets under development		38.23	-	-	38.23
(e) Non-current financial assets					
(i) Security deposits	31.(iii)	-	958.00	-	958.00
(ii) Other financial assets	31.(iii)	-	1.39	-	1.39
Loans and advances	31.(iii)	8,352.16	(8,352.16)	-	-
(f) Other non-current assets	31.(iii)	16.02	7,338.02	-	7,354.04
(g) Non-current tax assets (net)	31.(iii)	-	42.80	-	42.80
		<u>3,82,982.93</u>	<u>(11.95)</u>	<u>-</u>	<u>3,82,970.99</u>
II. Current assets					
(a) Inventories		25.06	-	-	25.06
(b) Financial assets					
(i) Cash and cash Equivalents	31.(iii)	824.42	(2.17)	-	822.25
(ii) Other Bank Balance	31.(iii)	-	1.00	-	1.00
(iii) Loans and Advances	31.(iii)	19.04	(19.04)	-	-
(iv) Others current financial assets	31.(iii)	-	1.59	-	1.59
(c) Other current assets	31.(iii)	1.59	14.57	-	16.16
		<u>870.11</u>	<u>(4.05)</u>	<u>-</u>	<u>866.06</u>
Total Assets		<u>3,83,853.04</u>	<u>(16.00)</u>	<u>-</u>	<u>3,83,837.04</u>
EQUITY AND LIABILITIES					
Equity					
(a) Equity share capital		70,779.39	-	-	70,779.39
(b) Other equity	31.(i & iii)	(641.41)	-	179.00	(462.41)
		<u>70,137.98</u>	<u>-</u>	<u>179.00</u>	<u>70,316.98</u>
LIABILITIES					
I. Non-current liabilities					
(a) Non-current financial liabilities					
(i) Borrowings	31.(iii)	2,71,480.19	-	(179.00)	2,71,301.19
(ii) Other financial liabilities	31.(iii)	26,433.67	(26,433.67)	-	-
(b) Net Employee Defined Benefits	31.(iii)	25.79	(15.80)	-	9.99
(d) Government grants	31.(iii)	-	130.00	-	130.00
		<u>2,97,939.65</u>	<u>(26,319.47)</u>	<u>(179.00)</u>	<u>2,71,441.18</u>
II. Current liabilities					
(a) Financial liabilities					
(i) Borrowings		2,500.00	-	-	2,500.00
(ii) Trade and other payables	31.(iii)	-	413.64	-	413.64
(iii) Other current financial liabilities	31.(iii)	-	38,974.88	-	38,974.88
(b) Other current liabilities	31.(iii)	13,274.63	(13,084.60)	-	190.03
(c) Provisions	31.(iii)	0.78	(0.25)	-	0.53
		<u>15,775.41</u>	<u>26,303.67</u>	<u>-</u>	<u>42,079.08</u>
Total Equity and Liabilities		<u>3,83,853.04</u>	<u>(15.80)</u>	<u>-</u>	<u>3,83,837.24</u>



Bhavnagar Energy Company Limited
Reconciliation of equity as at March 31, 2016

(Rupees in Lakhs)

Particulars	Notes	Indian GAAP	Adjustments		Ind AS
			Reclassification	Remeasurement	
ASSETS					
I. Non-current assets					
(a) Property, plant and equipment		3,534.75	-	-	3,534.75
(b) Capital work-in-progress	31.(i)	4,26,692.82	-	(242.71)	4,26,450.12
(c) Other Intangible assets		61.98	-	-	61.98
(d) Intangible assets under development		38.23	-	-	38.23
Loans and Advances	31.(iii)	7,930.11	(7,930.11)	-	-
(e) Non-current financial assets					
(i) Security deposits	31.(iii)	-	926.34	-	926.34
(ii) Other financial assets	31.(iii)	-	1.39	-	1.39
(f) Other non-current assets	31.(iii)	23.28	6,971.81	-	6,995.08
(g) Other non-current tax assets (net)	31.(iii)	-	12.01	-	12.01
		4,38,281.16	(18.56)	(242.71)	4,38,019.91
II. Current assets					
(a) Inventories		219.00	-	-	219.00
(b) Financial assets					
(i) Cash and cash Equivalents	31.(iii)	361.28	(1.39)	-	359.89
(ii) Loans and Advances	31.(iii)	14.91	(14.91)	-	-
(iii) Other financial assets	31.(iii)	-	1.60	-	1.60
(c) Other current assets	31.(iii)	1.60	13.31	-	14.91
		596.79	(1.39)	-	595.40
Total Assets		4,38,877.95	(19.95)	(242.71)	4,38,615.31
EQUITY AND LIABILITIES					
Equity					
(a) Equity share capital		77,563.39	-	-	77,563.39
(b) Other equity	31. (i & iii)	(818.57)	1.37	(81.61)	(898.81)
		76,744.82	1.37	(81.61)	76,664.58
LIABILITIES					
I. Non-current liabilities					
(a) Financial liabilities					
(i) Borrowings	31.(iii)	2,99,384.45	-	-161.10	2,99,223.35
(ii) Other financial liabilities	31.(iii)	26,548.17	-26,548.17	-	-
(b) Net Employee Defined Benefits	31.(iii)	30.56	(21.32)	-	9.24
(c) Government grants	31.(iii)	-	112.48	-	112.48
		3,25,963.17	-26,457.01	-161.10	2,99,345.06
II. Current liabilities					
(a) Financial liabilities					
(i) Borrowings	31.(iii)	23,100.00	-	-	23,100.00
(ii) Trade and other payables	31.(iii)	-	225.15	-	225.15
(ii) Other financial liabilities	31.(iii)	-	39,015.08	-	39,015.08
(b) Other current liabilities	31.(iii)	13,067.60	(12,820.53)	-	247.07
(c) Provisions	31.(iii)	2.37	(1.53)	-	0.84
(d) Government grants	31.(iii)	-	17.52	-	17.52
		36,169.97	26,435.69	-	62,605.66
Total Equity and Liabilities		4,38,877.96	(19.95)	(242.71)	4,38,615.31





Bhavnagar Energy Company Limited
Reconciliation of Total Comprehensive Income for the year ended March 31, 2016

(Rupees in Lakhs)

Particulars	Notes	Indian GAAP	Adjustments		Indian
			Reclassification	Re-measurement	
Income					
Other income		-	-	-	-
Total Revenue (I)		-	-	-	-
Expenses					
Cost of raw materials consumed		-	-	-	-
Employee benefits expense	31.(i)	10.24	-1.49	102.49	111.24
Finance costs	31. (iii)	-	-	18.24	18.24
Depreciation and amortisation expense		3.92	-	-	3.92
Other Expenses	31.(i)	142.94	-	145.58	288.52
Total expenses (II)		157.10	-1.49	266.31	421.92
Loss before tax (III= I-II)		(157.10)	1.49	(266.31)	(421.92)
Tax expense					
Current tax		20.06	-	-	20.06
Deferred tax		-	-	-	-
Total tax expense (IV)		20.06	-	-	20.06
Loss for the year (V= III-IV)		(177.16)	1.49	(266.31)	(441.99)
Other Comprehensive Income					
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods:					
Re-measurement gains / (losses) on defined benefit plans	31.(ii)	-	-	5.59	5.59
Income tax effect		-	-	-	-
		-	-	5.59	5.59
Total Other Comprehensive Income for the year, net of tax (VI)		-	-	5.59	5.59
Total Comprehensive Income for the year, net of tax (VII=V+VI)		(177.16)	1.49	(260.72)	(436.40)



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1. The first part of the report is a general introduction to the subject of the study. It discusses the importance of the research and the objectives of the study. It also provides a brief overview of the methodology used in the study.

2. The second part of the report is a detailed description of the data collected during the study. It includes a table of the data and a discussion of the results. The data shows that there is a significant correlation between the variables studied.

3. The third part of the report is a discussion of the results of the study. It compares the results with the expectations of the study and discusses the implications of the findings. It also provides some suggestions for further research.

4. The fourth part of the report is a conclusion. It summarizes the main findings of the study and provides a final statement on the importance of the research.

Notes to the reconciliation of equity as at April 1, 2015 and March 31, 2016 and total comprehensive income for the year ended March 31, 2016

i. Decapitalisation of expenses

Under previous GAAP, the company has capitalised preliminary expenses, loan processing charges and other general administrative expenses related to H.O. The same has been reversed as these are not eligible for capitalisation under Ind AS.

ii. Re-measurement gain / loss on defined benefit plan

Under Ind AS, re-measurement i.e. actuarial gain loss and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these re-measurement were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended on March 31, 2016 increased by Rs. 5.59 Lakhs. There is no impact on the total equity as at March 31, 2016.

iii. Classification & Presentation

Classification of Financial Assets and Financial Liabilities:

The Company has assessed the classification of financial assets and liabilities under Ind AS 32/Ind AS 109 on the basis of the facts and circumstances at the transition date. Borrowings (part of Financial Liabilities) - Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability measured at amortised cost and charged to Statement of Profit and Loss using the Effective Interest Rate (EIR) method.

Recognition of government grant as deferred income

The government grant related to fixed assets was netted off with the cost respective PPE under previous GAAP. Under Ind AS, PPE has been recognised at gross cost and government grant has been recognised as deferred income.

iv. Statement of cash flows

The impact of transition from previous GAAP to Ind AS on the statement of cash flows is due to various reclassification adjustments recorded under Ind AS in Balance sheet and Statement of profit and loss and difference in the definition of cash and cash equivalents under these two GAAPs.

Note 32 : Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of Cash Flows' and Ind AS 102, 'Share-based Payments'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of Cash Flows' and IFRS 2, 'Share-based Payment', respectively. The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7

The amendment to Ind AS 7 required the entities to provide disclosures that enables users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company has evaluated the disclosure requirements of the amendment and the effect on the financial statements is not expected to be material.

Amendment to Ind AS 102

As the Company does not have such nature of transaction, this amendment does not have any effect on the financial statements of the Company.



Bhavnagar Energy Company Limited
Notes to the Financial Statements

Particulars	(Rupees in Lakhs)	
	As at March 31, 2017	As at March 31, 2016
Capital Commitments		
Estimated amount of contracts (Net of Advances) remaining to be accounted on Capital Amount and not provided for:	30,491.09	41,841.13
	30,491.09	41,841.13

Note 34 : Contingent liabilities not provided for
Claims against the Company not acknowledged as debts

- (i) In accordance with the Contract Agreement for Construction of Piling and General Civil works (the "Contract") for 2 x 250 MW Lignite Based Thermal Power Project, at Padva, Bhavnagar District, M/s. Shapoorji Pallonji & Company Pvt. Ltd. ("SPCL") served notice of Arbitration on the company for settlement of dispute arises out of contract agreement towards Delay Damages, Payment of Variations, Certification Errors, Reimbursement of taxes and cesses & Interest Cost etc for Rs. 29,217.79 Lakhs. (Previous year Rs.10,830 Lakhs and as at April 01, 2015 Rs. 869.91 Lakhs).

Further, SPCL has charged service tax @ 10.30% on their invoice till 1st July, 2012 towards General, Civil & Piling works, which in terms of legal opinion obtained by the company, service tax is chargeable only @ 4.12%. The differential amount is Rs. 869.91 Lakhs (Previous year Rs. 869.91 Lakhs and as at April 01, 2015 Rs.869.91 Lakhs) which company has not acknowledged as debt.

In Accordance with Article 7 of the Contract Agreement, the Claimant (SPCL) vide its Notice of Arbitration dated 02.01.2017 nominated arbitrator to resolve the dispute. The respondent ("the Company" or "BECL") vide its letter dated 13.02.2017 nominated company's arbitrator to resolve the disputes.

Further, BECL had submitted its statement of defence dated 14.08.2017 to the applicant along with counter claim of approximately Rs. 135,576.85 Lakhs. The company has not acknowledged claim submitted by M/s. SPCL as debt, as final out come of arbitration proceeding is yet not come.

- (ii) The Company has entrusted the work of Sea Water Intake, Outfall and Circulating Water System to M/s MARG Ltd. vide Letter of Award dated 20th July 2011.

Subsequently, as M/s. Marg could not complete the work within scheduled time period, the matter went for arbitration. Details of arbitration was provided in the Annual Report FY 2015-16 whereby the company had not accepted claim of M/s. Marg for Rs. 31,073 Lakhs towards price escalation, financing and administrative cost and hence the same amount was considered as contingent liability. As per latest arbitral proceeding, M/s. Marg has revised the claim amount for Rs. 31,988.00 Lakhs which also the company has not acknowledged as debt on the contrary the company has claimed Rs. 91,192.69 Lakhs under arbitration towards interest cost and loss of profit due to delay in completion of work, alternative arrangement of sweet water in place of sea water, financing and administrative cost, etc. The proceedings of Arbitration Tribunal is going on.

- (iii) The Company has acquired land of 22112 sq. meters for approach road to site from private owners of land. The Company had initially paid Rs. 11.64 Lakhs @ Rs.29 per sq. meter plus other expenses to all the land owners. In F.Y.2013-14, the company paid Rs. 9.52 Lakhs @ Rs.246 per sq. meter plus other expenses for 3838 sq. meters of land. During the FY 2015-16, the company has paid Rs. 26.86 Lakhs @ Rs.246 per sq. meter for 10,922 sq. meters of land. However, owners of 7352 sq. meters of land have not agreed to accept the consideration @ Rs.275/- (Rs.29 + Rs.246) per sq. meter and have raised their additional claim @ Rs.721 per sq. meter (Rs.750-Rs.29). The estimated differential amount is Rs.53.01 Lakhs. (Previous year Rs.52.01 Lakhs and as at April 01, 2015 Nil) has not acknowledged as debt by the Company.

- (iv) The Company has acquired additional land of 24484.00 sq. meters. As per Dy. Collector, Bhavnagar order No. special L.A.O. Case no. 3/2009/Rs. 10.51 Lakhs @27/sq. meter along with solicitor charges and rate difference is payable. However, land owners have refused to accept the amount and claimed Rs. 85.69 Lakhs (Previous year Rs.85.69 Lakhs and as at April 01, 2015 Nil) @ 350/- sq. meter which the company has not acknowledge the debt.

- (v) The Company has entrusted the work of laying 610 mm dia /700 mm dia MS pipe line for sweet water from NagdhanimbePatiya to BECL power plant, Village Padva in Bhavnagar district to GWIL as a deposit work. The company has to pay compensation to farmers towards damage of Trees and damage of fencing, earthen bund, etc. The estimated remaining amount payable towards the compensation for Trees and for damage of fencing, earthen bund, etc. is Rs. 2.33 Lakhs (Previous year Rs.2.33 Lakhs and as at April 01, 2015 2.33 Lakhs).

- (vi) M/s. EMCO Limited has submitted extra claim towards of Rs. 198.09 Lakhs (Previous year and as at April 01, 2015 Nil) which is not acknowledged as debt during the FY 2016-17.

- (vii) i. The Company has entered into a Purchase Power Agreement (PPA) with Gujarat Urja Vikas Nigam Ltd. (GUVNL) for sale of power. As per the agreement, scheduled Commercial Operation Date (COD) for Unit I and Unit II was 18.02.2013 and 18.05.2013 respectively and liquidated damages (LD) can be levied, in case of delay in achievement of COD, as per the terms of agreement.

The Company has informed GUVNL as well as Government of Gujarat about delay in COD and requested to extend the date of COD and to condone the delay in view that the delay is due to reasons beyond the control of Management of the Company and it should be treated as Force Majeure. The Government of Gujarat, through Energy and Petrochemical Department vide its letter dated 14th February, 2018 has directed M/s. GUVNL to defer the levy of Liquidated Damages of Rs. 167.50/- Crores till March, 2020. Accordingly the GUVNL also has considered the deferment in its Board Meeting held on 23rd February, 2018.

Meanwhile, BECL has also requested for waiver of the LD charges of Rs. 167.50/- Crores to M/s. GUVNL vide letter dated 15th February, 2018 for which confirmation from GUVNL is awaited.

The Company has not acknowledged as debt of Rs. 16750.00 Lakhs (Previous year and as at April 01, 2015 Rs. 16750.00 Lakhs)

Note 35 : Earnings Per Share (EPS)

Particulars	As at March 31,	
	2017	2016
Net Profit as per Statement of Profit and Loss	Rs in Lakhs	(31,316.28)
Equity Shares outstanding at the beginning of the year	Nos.	77,56,33,900
Equity Shares issued during the year		7,03,70,600
Equity Shares outstanding at the end of the year		84,60,03,900
Weighted Average Number of Equity Shares in calculating Basic EPS	Nos.	83,98,40,285
Weighted Average Number of Equity Shares in calculating Diluted EPS	Nos.	83,98,40,285
Basic Earning Per Share	Rs.	(3.73)
Diluted Earning Per Share	Rs.	(3.73)
Nominal Value of Shares	Rs.	10.00



Bhavnagar Energy Company Limited
Notes to the Financial Statements

Note 36 : Segment reporting

The Company's operations fall under single segment namely "Power Generation", taking into account the different risks and returns, the organization structure and the internal reporting systems hence no separate disclosure of Operating Segment is required to be made as required under Ind AS - 108 "Operating Segment".

Note 37 : During the FY 2015-16, the Company has acquired right of use and occupation of 105 square meter open land for the purpose of surge stand pipes and allied construction thereto for sweet water from Mr Karsanbhai Bhikhabhai Bagad (the Owner) for 25 years from 15th February, 2016 to 14th February, 2041 for total cumulative occupation charges of Rs. 2,50,000/-. For use of land, the total cumulative occupation charges is shown as advance occupation charges and proportionate amount of Rs. 10,000/- related to current financial year is charged to Profit & Loss Account.

Note 38 : The company, in order to commission the project, has opted to divide the project in 9 (Nine) different packages and contracts were given to various contractors with the clause of Liquidated Damages to be recovered in case of delay by contractors in completion of work. The company, as decided in the meeting of Board of Directors dated 21/03/2013, in order to avoid delay in commissioning the project, payment should be made in a manner that company should be in position to recover the amount of Liquidated Damages.

Further, as per letter received from Government of Gujarat, Energy and Petrochemicals Department dt.3rd January, 2017, decision has been given in the meeting that, BECL needs to recover the Liquidated Damages (LD) from the different vendors who have delayed in execution work. However, due to pending the final settlement of the Contracts, no action / accounting entry has been done for recovery of Liquidated Damages. The amount is not quantifiable at this stage.

Note 39 : Based on information available with the Company, there are no suppliers who are registered as Micro, Small or Medium enterprises under "The Micro, Small & Medium enterprises development Act 2006" as on 31st March, 2017.

Note 40 : As per the condition no. (xxx) laid down by Ministry of Environment & Forest vide letter no. J-13011/39/2008-IA.II(T) dated 10.02.2010, Rs.540.00 Lakhs as one time capital cost for Corporate Social Responsibility program and subsequently, a recurring expenditure of Rs.170.00 Lakhs per annum till operation of the plant for Corporate Social Responsibility activities is yet to be earmarked.

For the purpose of Corporate Social Responsibility activity, the Company has created a trust in the name of Vikas BECL Initiative for Rural Development and given a donation of Rs.79.25 Lakhs during the current period towards Corporate Social Responsibility program.

Note 41 : The existing term loan of the Company is Rs.2,99,400/- Lakhs (Term Loan -I) & Rs 30,600 Lakhs (Term Loan -II), are payable in 45 quarterly installments. As per previous sanctioned, the repayment date was to start from 30.09.2015. However, due to delay in project schedule, company has requested to make revision in payment date. Hence, consortium banks have approved revision in repayment date from 30.09.2015 to 31.12.2016. Further, in view of delay in project schedule, the Company has requested all Consortium Banks to defer the repayment schedule, accordingly Consortium banks have approved revision in repayment date from 31.12.2016 to 31.12.2017 vide letter ref PFSBU/Ten-08/2016-17/2039 dated 27.10.2016.

Note 42 : Additional information (to the extent applicable)

a. Payment to Auditor	(Rupees in Lakhs)	
	2016-17	2015-16
Particulars		
Statutory Audit Fees	2.30	2.06
Other Certification Work	0.12	0.11

b. Value of Import on C.I.F Basis in respect of Capital Goods

Particulars	(Rupees in Lakhs)	
	2016-17	2015-16
Capital Goods	948.11	-

Note 43 : Depreciation on Fixed Asset - except free hold land, capital spares and computer software was hitherto being provided on straight line method at the rates specified under Schedule II of the Companies Act 2013. Company has revised its Accounting Policy of charging Depreciation in the books of account w.e.f 01.04.2016. Accordingly depreciation for the FY. 2016-17 has been arrived on straight line basis at rates and methodology notified in Gujarat Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2016. Consequent to this change, depreciation for the year is lower by 16.22/- Lakhs on excluding assets capitalised during the year.

Up to FY 2015-16, Depreciation was charged as per Companies Act, 2013 However due to change in Accounting Policy, if depreciation was charged as per rates and methodology provided in GERC (MYT) Regulations, 2016, Depreciation would have been charged lower by Rs. 271.54/- Lakhs.

Note 44 : During the current year, Company has successfully commissioned its 2 X 250 MW power project, and declared Commercial Operation Date ("COD") of its Unit-I and Unit-II on 16th May, 2016 and 27th March, 2017 respectively. In view of declaration of COD, the Company has capitalised its major power project asset during the current financial year.

As FY 2016-17 is initial year of operation of the company, the Company has incurred loss of Rs. 31,318.28/- Lakhs. The loss for the year mainly consists of Borrowing Cost of Rs 16,864.42/- Lakhs, and depreciation of Rs. 8,641.71 Lakhs. During the FY 2016-17, LD Charges of Rs. 16750.00 Lakhs levied by M/s. GUVNL has been considered as Contingent Liability. (Please refer Note 34 (vii)).

Further, the Company expects improvement in generation of power from next Financial Year and financial restructuring of debt is under process. Having regards to improvement in operational performance and Financial Supports from Promoters and Lenders; the Company's financial statements have been prepared on the basis that Company is a going concern and that no adjustments are required to be made in the carrying value of assets and liabilities.



Bhavnagar Energy Company Limited
Notes to the Financial Statements

Note 45 : In accordance with the statutory requirements under S. 61 & 62 of the Electricity Act, 2003, the Company during the F.Y 2015-16, BECL had filed the Petition for Approval of Tariff to GERC on 09.01.2016. Subsequently, as per GERC direction, BECL has submitted supporting documents on 22.02.2016 and filed the response on written objections received in response to Public Notice in March-2016.

In reply, GUVNL has filed the reply to GERC on 17.03.2016. GERC had heard the matter and given the order on 07.07.2016 directing GUVNL to submit the tariff calculation and BECL to submit the rejoinder. Accordingly, GUVNL submitted the reply to GERC on 01.08.2016 and BECL filed rejoinder on 10.08.2016. The final verdict from GERC is awaited till date of reporting.

Note 46 : The Company has been implementing 2 X 250 MW Power Project. The company in order to commission the project has opted to divide the projects in 9 (Nine) different packages. The generating capacity of both the Units of the company is same and based on Boiler Turbine Generator ("BTG") which is 250 MW each. Other auxiliaries are common for both the Units.

The Company has given common work order for BTG and Other auxiliaries for both the units. As generating capacity of both the Units of the Company is same, the 50% base has been taken for capitalization of the project assets. Accordingly 50% Cost of Boiler Turbine Generator (BTG) and other related auxiliaries (except Balance of Plant package and Sea Water Intake System) has been capitalized as on 16th May, 2016 (declaration of COD of first Unit) and 50% Cost of BTG and other Auxiliaries (except Balance of Plant package and Sea Water Intake System) as on 27th March, 2017 (declaration of COD of second Unit) and the same has been approved in Audit & Risk Management Committee meeting dt : 19.12.2017.

Note 47 : The company has sent Balance Confirmation to major contractors, vendor and service providers to confirm accounts as on 31st March, 2017. The parties who have submitted accounts confirmations are reconciled with books of accounts and others who have not submitted the accounts confirmation are subject to confirmation and reconciliation.

Note 48 : Figures have been rounded off to the nearest Lakhs.

Note 49 : Previous year figures have been regrouped / reclassified wherever necessary to correspond with current year's classification / disclosure.

Note 50 : Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination notes as defined in MCA notification G.S.R. 398 (3) dated March 31, 2017 on the details of Specified Bank Notes (SBNs) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per notification is given below:

For Cash Maintained at Gandhinagar Office

Particulars	SBNs	Other denomination notes	Total
Closing cash balance as on November 8, 2016	11,000	2,368	13,368
(+) Permitted Receipts	-	2,00,372	2,00,372
(-) Permitted Payments	-	1,68,131	1,68,131
(-) Amount deposited in Banks	11,000	-	11,000
Closing cash balance as on December 30, 2016	-	34,559	34,559

*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016.

For Cash Maintained at Bhavnagar Site Office

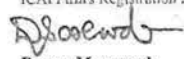
Particulars	SBNs	Other denomination notes	Total
Closing cash balance as on November 8, 2016	11,000	64,591	75,591
(-) Permitted Payments	-	2,50,060	2,50,060
(-) Amount deposited in Banks	11,000	-	11,000
Closing cash balance as on December 30, 2016	-	91,552	91,552

*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016.

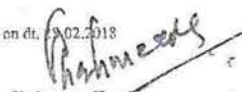
Note 51: Approval of Financial Statements

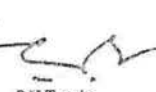
The Financial statements were approved for issue by the Board of Directors on dt. 22.02.2018

As per our report of even date
For Sandip Desai & Co.
Chartered Accountants
ICAI Firm's Registration No. 11187


Devang Mysorewala
Partner
Membership No. 116809
Place : Gandhinagar
Date : 23rd March, 2018




Shahmeena Hussain
Director
DIN: 0003584560


P.K. Taneja
Chairman
DIN: 0000010589


S.N. Didmishe
General Manager (F&A) & CFO

Place : Gandhinagar
Date : 22nd March, 2018



F.Y. 2017-18

Independent Auditor's Report

To
The members of
BHAVNAGAR ENERGY COMPANY LIMITED

Report on the Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying Ind AS financial statements of Bhavnagar Energy Company Limited ("the Company") which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement for the year then ended, the Statement of changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information, hereinafter referred to as "Ind AS financial statements".

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income and cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

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

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



Opinion

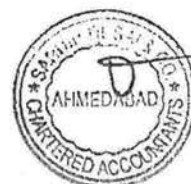
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in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

Emphasis of Matters

1. We draw attention to the Note No. 38 to the financial statements relating to non-fulfillment of condition of the letter of Ministry of Environment and forest, government of India dt. 10th February 2010 as regards to an amount of Rs. 840 lakhs as required to be earmarked as one time capital cost of Corporate Social Responsibility Programme against to which the Company has expended Rs. 296.75 lakhs till 31st March, 2018.

Further as per the conditions a recurring expenditure of Rs. 170 lakhs per annum to be spent, till the operation of the Plant for Corporate Social Responsibility activities. During the year, out of the above mentioned Rs. 170 lakhs, Rs. 23 Lakhs have been incurred & balance Rs. 147 lakhs remains unspent as at 31st March, 2018. The said balance provision shall be carried forward to the next FY.

2. We draw to attention to Note No. 36 in respect of Liquidated Damages, according to the letter of GOG Energy and Petrochemicals Department dt. 03.01.2017, company needs to recover Liquidated Damages from the different vendors who have delayed in execution of work, however, till date of Audit Report no Liquidated Damages have been recovered.
3. We draw attention to Note No. 41 in the financial statements in respect of current year loss of Rs. 61730.81 lakhs and accumulated losses of the company of Rs. 93943.82 Lakh and the financial statements being prepared on going concern basis. Our opinion is not modified in this respect. The accumulated loss is mainly due to Depreciation and Borrowing Cost.



4. We draw to attention to Note No. 42 in the financial statements in respect of Tariff Petition filled with GERC in respect of approval of Tariff and for the same subsequent submission of documents as per requirement of GERC are filled on 10.08.2016 and final verdict from GERC is awaited. In the meantime the Company has taken actions by taking up the matter with M/s GUVNL as per directives of the Board.

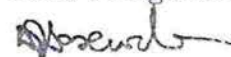
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of accounts 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 including other comprehensive income and the Cash Flow Statement and statement of changes in equity dealt with by this Report are in agreement with the books of accounts;
 - d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.
 - e. On the Basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.



- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report 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:
- The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - The disclosure regarding details of specified bank notes held and transacted during 8th November 2016 to 30th December 2016 has not been made since the requirement does not pertain to financial year ended 31st March 2018.
3. As required by Section 143(5) of the Act, 2013 we are enclosing herewith compliances to directions / sub directions as part of Audit Report in "Annexure C" enclosed herewith.

For, Sandip Desai & Co.
Chartered Accountants
Firm's Registration No.: 111812W



Devang Mysorewala
Partner
Membership No :116809



Place : Ahmedabad
Date : 19th July'2018

"Annexure A" to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2018:

- 1) (a) In our opinion, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (Property, Plant & Equipment);

(b) The Fixed Assets have been physically verified by the management at reasonable intervals, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the program, the fixed assets (Property, Plant & Equipment) has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed. The items of Initial / Mandatory Capital stores and spares are to be handed over by the contractors to the company at the time of hand over of the plant and hence, the same being in the custody of the contractor, the question of physical verification by the management doesn't arise.

(c) The title deeds of immovable properties are held in the name of the company.
- 2) As explained to us, the management with pre auditor has conducted the physical verification of inventory at reasonable intervals, and as explained to us, the discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- 3) In our opinion and according to the information given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability



partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.

- 4) In our opinion and according to the information and explanations given to us, no loan or guarantee or security is given as per the provisions of section 185 and 186 of the Companies Act, 2013. Accordingly, the provisions of clause 4 of the Order is not applicable to the Company and hence, not commented upon.
- 5) In our opinion and according to information and explanation given to us, the Company has not accepted any deposits during the year from the public within the meaning of provisions of Sections 73 to 76 of the Companies Act, 2013 and the rules framed there under and therefore, reporting under clause (v) of the Order is not applicable to the Company.
- 6) As explained and informed to us, the maintenance of Cost Records has been not applicable to the Company under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Goods and Service Tax, Cess and any other statutory dues with the appropriate authorities except while making payment to workers appointed at site as casual labour, where various labour laws are not applicable. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2018 for a period of more than six months from the date on when they become payable.



- b) According to the information and explanation given to us, there are no disputed dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, Goods and Service Tax outstanding on account of any dispute, except following dues.

Nature of Statue	Nature of Dues	Amount (Rs. In Lakhs)	Period to which the amount relates	forum where the dispute is pending
Income Tax Act, 1961	Interest on TDS	3.06	A.Y. 2014-15	Income Tax Appellate Tribunal, Ahmedabad

- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions except as per listed below table. The loans have been taken from various public sector banks. Further, the company has not issued any debentures during the year.

Month	Interest Amount (In Lakh)	Due Date	Paid Date	Delay in Days
January 2018	2483.60	01/02/2018	30/04/2018	87
February 2018	2389.78	01/03/2018	29/05/2018	88
March 2018	2950.13	01/04/2018	29/06/2018	88

Month	Principal Amount (In Lakh)	Due Date	Paid Date	Delay in Days
Quarter 4 of FY 2017-18	7313.00	31/03/2018	29/06/2018	89

- 9) During the year the company has not raised any money by way of initial public offer or further public offer (including debt instrument). The company has raised



1. The first part of the paper is devoted to a general discussion of the problem of the existence of solutions of the system of equations

2. The second part of the paper is devoted to a detailed study of the case of the system of equations

3. The third part of the paper is devoted to a study of the case of the system of equations

4. The fourth part of the paper is devoted to a study of the case of the system of equations

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8. The eighth part of the paper is devoted to a study of the case of the system of equations

by way of term loans and has applied the money for the purpose for which they were raised. The surplus fund lying unutilized in absence of any immediate due towards the project expenses is invested in liquid deposits with Gujarat State Financial Services Ltd. by the Company as matter of prudence policy.

- 10) According to the information and explanation given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.
- 11) In our opinion and according to the information and explanation given to us, the company has paid/provided for managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Companies Act 2013.
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) In our opinion and according to the information and explanation given to us and based on our examination of the records of the company, all transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- 14) According to the information and explanation given to us, the company has issued 18,40,00,000 shares of Rs. 10/- each fully paid by private placement to promoters and have complied with provision of section 42 of the Companies Act, 2013 and according to information and explanation given to us, the amount raised by the company has been used for the purpose for which the funds were raised.
- 15) In our opinion and according to the information and explanation given to us, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.



- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For, Sandip Desai & Co.
Chartered Accountants
Firm's Registration No: 111812W

Devang Mysorewala

Devang Mysorewala
Partner
Membership No: 116809



Place : Ahmedabad
Date : 19th July'2018

"Annexure B" to the Independent Auditor's Report

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 Bhavnagar Energy Company Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

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 Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial



Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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



authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

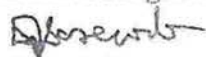
Opinion

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

For, Sandip Desai & Co.

Chartered Accountants

Firm's Registration No:111812W



Devang Mysorewala

Partner

Membership No:116809



Place: Ahmedabad

Date: 19th July'2018

Annexure C to the Auditor's Report

A) Directions under Section 143(5) of Companies Act, 2013 Applicable for the year 2017-18

Sr. No.	Questionnaire	Response/Remedial Measures
1	Whether the Company has clear title/ lease deeds for freehold and leasehold respectively? If not please state the area of Freehold and leasehold land for which title / lease deeds are not available?	Yes, company has clear title for freehold / lease hold land.
2	Whether there are any cases of waiver/ write off of debts/ loans/ interest etc. If yes, the reasons there for and the amount involved.	There are no cases of waiver/write off debts / loans / interests etc. during the year
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift/ grant(s) from the Govt. or other authorities?	There are no any inventories lying with third parties. No assets have been received as gift from Government or other authorities during the year.

B) Sector specific sub directions under Section 143(5) of the Companies Act, 2013 applicable for the year 2017-18

Sr.No.	Questionnaire	Response/Remedial Measures
1	In the cases of Thermal Power Projects, compliance of the various Pollution Control Acts and the impact thereof including utilization and disposal of ash and the policy of the company in this regard, may be checked and commented upon.	As informed to us by the Technical Department, during execution of Project, details about various measures related to Pollution Control are being ensured in lines with Environment Clearance granted for this project.
2	Has the company entered into revenue sharing agreements with private parties for extraction of coal at pitheads and it adequately protects the financial interest of the company?	No
3	Does the company have a proper system for reconciliation of quantity/ quality of coal ordered and received and whether grade of coal/ moisture	The Company has system for reconciliation of quantity, quality and grade of Lignite and also recording system is in force.



	and demurrage etc., are properly recorded in the books of accounts?	
4	How much share of free power was due to the State Government and whether the same was calculated as per the agreed terms and depicted in the accounts as per accepted accounting norms?	The electricity generated is sold to M/s. GUVNL as per terms of PPA. (Power Purchase Agreement).
5	In the case of Hydroelectric Projects the water discharge is as per policy / guidelines issued by the State Government to maintain biodiversity. For not maintaining it penalty paid/payable may be reported.	As stated by the management, the said point is not applicable.

For, Sandip Desai & Co.,
Chartered Accountants
Firm's Registration No:111812W

Devang Mysorewala

Devang Mysorewala
Partner
Membership No:116809



Place: Ahmedabad
Date: 19th July'2018

Bhavnagar Energy Company Limited
CIN : U40102GJ2007SGC051396
Balance Sheet as at March 31, 2018

Balance Sheet as at March 31, 2018		(Rupees in Lakhs.)	
Particulars	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	5	4,11,166.14	4,28,649.62
(b) Capital work-in-progress	5	29,158.02	28,972.31
(c) Intangible assets	6	10.05	34.94
(d) Intangible assets under development	6	75.28	75.28
(e) Financial assets	7		
(i) Security deposits		786.54	257.31
(ii) Other financial assets		0.22	0.22
(f) Other non-current assets	8	4,113.24	2,497.77
(g) Non-current tax assets (net)	9	26.09	23.47
Total Non-current Assets		4,45,335.58	4,60,510.92
II. Current assets			
(a) Inventories	10	2,584.79	2,570.13
(b) Financial assets	7		
(i) Trade receivables		7.25	3.26
(ii) Cash and cash equivalents		9,206.68	320.40
(iii) Bank balance other than (ii) above		1,183.53	1.34
(iv) Other financial assets		5.07	2.45
(c) Other current assets	11	278.37	345.65
Total Current Assets		13,265.69	3,043.23
Total Assets		4,58,601.27	4,63,554.15
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	12	1,03,000.39	84,600.39
(b) Other equity	13	(93,943.82)	(32,218.09)
		9,056.57	52,382.30
Government Grant	14	86.48	112.48
LIABILITIES			
I. Non-current liabilities			
(a) Financial liabilities	15		
(i) Borrowings		3,18,560.31	3,41,421.79
(b) Long term provisions	16	7.86	10.00
Total Non-Current liabilities		3,18,568.07	3,44,431.79
II. Current liabilities			
(a) Financial liabilities	15		
(i) Borrowings		10,331.08	1,888.23
(ii) Trade payables		11,974.53	2,169.98
(iii) Other financial liabilities		1,08,297.93	62,441.04
(b) Other current liabilities	17	138.93	127.49
(c) Short-term provisions	18	147.67	0.84
Total Current liabilities		1,30,890.15	66,627.58
Total Equity and Liabilities		4,58,601.27	4,63,554.15

Summary of Notes & Significant Accounting Policies

1 to 46

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

As per our report of even date
For Sandip Desai & Co.
 Chartered Accountants
 ICAI Firm's Registration No. 111512W

Devang Mysorewala
 Partner
 Membership No. 116809
 Place : Gandhinagar
 Date : 19th July, 2018



For and on behalf of Board of Directors

Shahmeena Husain
 Director
 DIN: 03584560

P K Taneja
 Chairman
 DIN: 00010589

S N Didmishe
 General Manager (F&A) & CFO
 Place : Gandhinagar
 Date : 13th July, 2018



Bhavnagar Energy Company Limited

CIN : U40102GJ2007SGC051396

Statement of profit and loss for the year ended March 31, 2018

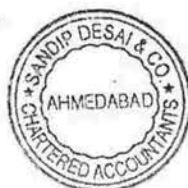
(Rupees in Lakhs.)

Particulars	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Income			
Revenue from operations	19	22,786.72	2,378.39
Other income	20	126.69	142.43
Total Revenue (I)		22,913.41	2,520.82
Expenses			
Cost of raw materials consumed	21	13,157.77	5,014.85
Employee benefits expense	22	521.99	311.40
Other Expenses	24	10,873.07	3,004.71
Total expenses (II)		24,552.83	8,330.97
Earnings before interest, tax, depreciation and amortization (EBITDA) (III=I-II)		(1,639.42)	(5,810.15)
Depreciation and amortisation expense	5 & 6	20,710.89	8,641.71
Finance costs	23	39,380.50	16,864.42
Depreciation, Amortisation and Finance Costs (IV)		60,091.38	25,506.13
Loss before tax (V=III-IV)		(61,730.81)	(31,316.28)
Tax expenses	25		
Current tax		-	-
Deferred tax		-	-
Total tax expense (VI)		-	-
Loss for the year (VII=V-VI)		(61,730.81)	(31,316.28)
Other Comprehensive Income			
A. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains / (losses) on defined benefit		5.08	(3.00)
Income tax effect		-	-
Total other Comprehensive Income for the year, net of tax (VIII)		5.08	(3.00)
Total Comprehensive Income for the year, net of tax (IX=VII+VIII)		(61,725.73)	(31,319.28)
Earnings per share			
Basic	33	(7.33)	(3.73)
Diluted		(7.33)	(3.73)
Summary of Notes & Significant Accounting Policies	1 to 46		

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

As per our report of even date
For Sandip Desai & Co.
Chartered Accountants
ICAI Firm's Registration No. 111812W

Devang Mysorewala
Devang Mysorewala
Partner
Membership No. 116809
Place : Gandhinagar
Date : 19th July, 2018



For and on behalf of Board of Directors

Shahmeena Husain
Shahmeena Husain
Director
DIN: 03584560

P K Taneja
P K Taneja
Chairman
DIN:00010589

N Didmishe
N Didmishe
General Manager (F&A) & CFO
Place : Gandhinagar
Date : 13th July, 2018



Bhavnagar Energy Company Limited
CIN : U40102GJ2007SGC061395
Statement of Cash Flow for the year ended March 31, 2018

	(Rupees in Lakhs)	
Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash Flow from Operating Activities		
1. Profit/(loss) before tax		
Loss before tax	(51,730.51)	(31,316.28)
2. Adjustment for:		
Depreciation and amortisation expense	20,710.80	3,641.71
Finance cost	39,380.59	16,894.42
Interest income	(78.61)	(37.22)
Profit on Sale of PPE	(0.19)	
Government Grant income	(26.09)	(17.52)
Operating profit/(loss) before working capital changes (1+2)	(1,742.72)	(5,864.89)
3. Adjustments for working capital changes:		
Decrease / (Increase) in Trade and other receivables	(3.95)	(3.26)
Decrease / (Increase) in security deposits	(529.21)	689.03
Decrease / (Increase) in Other financial assets	(2.52)	0.33
Decrease / (Increase) in Other current assets	73.12	(333.56)
Decrease / (Increase) in Inventories	(214.57)	(2,151.13)
(Decrease) / Increase in Trade and other payables	9,804.55	1,944.83
(Decrease) / Increase in Other financial liabilities	3,642.80	1,058.45
(Decrease) / increase in Government grants		
(Decrease) / Increase in Other current liabilities	11.44	(119.59)
(Decrease) / Increase in Provisions	144.70	0.76
Cash used in operations	11,153.91	(4,799.01)
Extraordinary items		
4. Direct taxes paid (Net of Advance Tax, TDS and Provision for Tax) (Refer Note No.9)	(2.55)	(11.15)
Net Cash generated from/(used in) Operating Activities [A]	11,181.29	(3,216.46)
Cash Flow from Investing Activities		
Purchase of PPE / Transfer of CWIP to PPE	(3,268.24)	(17,435.79)
Sale of PPE	0.03	
Changes in capital advance	(1,616.24)	4,497.12
Interest received	76.61	17.23
Other Bank Balance	(1,102.13)	(1.34)
Net Cash Generated from/(used in) Investing Activities [B]	(6,109.57)	(12,902.75)
Cash Flow from Financing Activities		
Proceeds from long term borrowings (Net)	17,779.07	59,223.44
Proceeds from short term borrowings (Net)	8,442.34	(21,211.77)
Finance cost	(10,807.05)	(27,374.94)
Proceeds from issue of Equity share capital	18,400.00	7,037.00
Net Cash Generated from/(used in) Financing Activities [C]	3,814.36	17,673.73
Net Increase/(Decrease) in cash & cash equivalents [A+B+C]	8,886.08	(39.49)
Cash & Cash equivalents at the beginning of the year	320.40	359.89
Cash & Cash equivalents at the end of the year	9,206.68	320.40
	9,206.65	320.40
Notes:		
A) Components of cash & cash equivalents		
Cash on hand	0.27	1.52
Balances with banks		
- In Current accounts	70.17	315.85
- In Fixed deposit accounts	9,125.25	
	9,206.68	320.40
Cash & cash equivalents as per Note 7b	9,206.65	320.40

The above cashflow statement has been prepared under the 'indirect method' as set out in the Indian Accounting Standard - 7 'Statement of Cash Flows'.

The previous year's figures have been regrouped wherever necessary.

As per our report of even date
For Sandip Desai & Co.
Chartered Accountants
ICAI Firm's Registration No. 111812W

Devang Mysorewala
Devang Mysorewala
Partner
Membership No 116809
Place : Gandhinagar
Date : 19th July, 2018



For and on behalf of Board of Directors

Shalmeena Hussain
Shalmeena Hussain
Director
DIN: 03584560

P K Taneja
P K Taneja
Chairman
DIN: 00010589

S N Didmish
S N Didmish
General Manager (F&A) & CFO
Place : Gandhinagar
Date : 13th July, 2018



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Bhavnagar Energy Company Limited

CIN : U40102GJ2007SGC051396

Statement of changes in Equity for the year ended March 31, 2018**(i) Equity Share Capital**

(Rupees in Lakhs)

Particulars	Amount
Balance as at April 1, 2016	77,563.39
Addition (Reduction)	7,037.00
Balance as at March 31, 2017	84,600.39
Balance as at April 1, 2017	84,600.39
Addition (Reduction)	18,400.00
Balance as at March 31, 2018	1,03,000.39

(ii) Other Equity

(Rupees in Lakhs)

Particulars	Amount
Balance as at April 1, 2016	(898.81)
Loss for the year	(31,316.28)
Other comprehensive income for the year	(3.00)
Balance as at March 31, 2017	(32,218.09)
Balance as at April 1, 2017	(32,218.09)
Loss for the year	(61,730.81)
Other comprehensive income for the year	5.08
Balance as at March 31, 2018	(93,943.82)

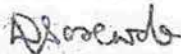
The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Sandip Desai & Co.

Chartered Accountants

ICAI Firm's Registration No. 111812W


Devang Mysorewala

Partner


Membership No. 116809

Place : Gandhinagar

Date : 19th July, 2018



For and on behalf of Board of Directors


Shehmeen Hussain

Director

DIN: 03584560


S N Didmishe

General Manager (F&A) & CFO

Place : Gandhinagar

Date : 13th July, 2018

P K Tanka

Chairman

DIN: 00010589



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST MARCH, 2018

1. Corporate Information

Bhavnagar Energy Company Limited ("BECL" or "the Company") is a public limited company domiciled and incorporated in India having its registered office at Block no. 8, 3rd Floor, Udyog Bhavan, Sector 11, Gandhinagar - 382011, (CIN: U40102GJ2007SGC051396).

The company is engaged in generation of power from Lignite. The principal place of business is located at village Padva, District Bhavnagar, Gujarat.

2. Application of new Indian Accounting Standard

All the Indian Accounting Standards issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorized have been considered in preparing these financial statements.

Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On 28th March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from 1st April 2018. This amendment has no effect on the financial statements of the Company.

Ind AS 115 - Revenue from Contract with Customers: On 28th March 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers effective from 01st April 2018. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The effect on the Financial statements on adoption of Ind AS 115 is being evaluated by the Company.

3. Significant Accounting Policies

i) Basis of Preparation

The Financial Statements have been prepared in accordance with Ind AS prescribed under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) except in so far as the said provisions are inconsistent with the provision of the Electricity Act, 2003.

The Financial Statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below.

Effective April 1, 2016, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read



with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

As the operating cycle cannot be identified in normal course due to the special nature of industry, the same has been assumed to have duration of 12 months. Accordingly, all assets and liabilities have been classified as Current or Non-Current as per the Company's operating cycle and other criteria set out in Ind AS-1, 'Presentation of Financial Statements' and schedule III to the Companies Act, 2013.

The Financial Statements are presented in Indian Rupees and all values are rounded off to the nearest two decimal Lakhs except otherwise stated.

Fair Value Measurement

Fair value is the price that would be received on sell of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follow,

Level 1 Inputs are at quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within Level 1 for the asset or liability.

Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modification to observable related market data or company's assumptions about pricing by market participants.

ii) Foreign Exchange Transactions

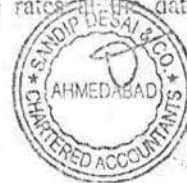
The Company's financial statements are presented in Indian Rupees, which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company's functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement of such transactions and on translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rate are recognised in Statement of Profit and Loss in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.



iii) **Property, Plant & Equipment**

Property, Plant & Equipment ("PPE") comprises of Tangible assets and Capital Work in Progress. PPE are stated at cost, net of tax / duty credit availed, if any, after reducing accumulated depreciation until the date of the Balance Sheet. The cost attributable to bring the asset into the location and condition necessary for it to be Capable of operating in the manner intended by the management and decommissioning costs. Direct cost are capitalised until the asset is ready for use and includes borrowing cost capitalised in accordance with the Company's accounting Policy.

Work under erection / installation / execution are shown as Capital Work in Progress.

Initial capital spares which can be used only in connection with an item of tangible assets whose use is not of regular nature are capitalised as part of respective plant assets.

The estimated useful lives, residual values and depreciation methods are reviewed on an annual basis and if necessary, changes in estimates are accounted for prospectively.

As per the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 useful life of Lignite based power plant is 25 years.

De-recognition

An item of PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the PPE. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sale proceeds and the carrying amount of the PPE and is recognised in the Statement of Profit and Loss.

iv) **Depreciation**

Depreciation of Property, Plant & Equipment commences when the assets are ready for their intended use. Depreciation on all fixed assets is provided on straight line method as per rates and methodology notified by the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016.

The depreciation rates of property, plant and equipment are as follows:

Asset Description	Percentage
Buildings	3.34%
Hydraulic Works	5.28%
Other Civil Works	3.34%
Plant & Machinery	5.28%
Lines & Cable Network	5.28%
Vehicles	9.50%
Furniture & Fixtures	6.33%
Office Equipment	6.33%
IT Equipment	15.00%
Software	30.00%



Capital spares are depreciated over the useful life of such spares but not exceeding the remaining useful life of related tangible asset.

Depreciation on addition/deletion to PPE during the year is provided for on pro-rata basis with reference to the date of addition/deletion except depreciation on subsequent expenditure on PPE arising on account of capital improvement or other factors is provided prospectively over the remaining useful life.

The estimated useful lives, residual values and depreciation methods are reviewed on an annual basis and if necessary, changes in estimates are accounted for prospectively.

As per Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 useful life of Lignite based power plant is 25 Years.

v) **Impairment of Assets**

The company reviews at each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit & Loss. If at the reporting period, there is an indication that there is change in the previously assessed impairment loss, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

vi) **Intangible Assets**

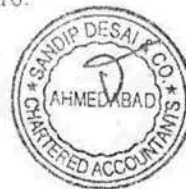
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the statement of Profit and Loss in the period in which expenditure is incurred.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Amortisation

Amortisation of Computer Software is provided on straight line method as per rates and methodology notified by the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulation, 2016.



vii) **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards incidental to the ownership of an asset to the Company. All other leases are classified as operating lease.

viii) **Borrowing Cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

ix) **Inventories**

Inventories are valued at lower of costs and net realisable value. Costs of Raw material - Fuel, Stores, Spares and Others are valued at weighted average cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

x) **Revenue Recognition**

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

Revenue from sale of power is accounted as per Power Purchase Agreement ("PPA") executed with M/s. Gujarat Urja Vikas Nigam Limited.

Interest Income is recognized on accrual basis except when realization of such income is uncertain.

Revenue from sale of service is recognized as per terms and conditions of the contract.

Other Income is recognised on accrual basis except when realization of such income is uncertain.

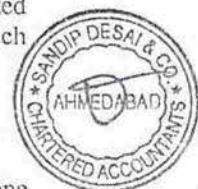
Deviation Settlement Mechanism (DSM) charges receivable / payable is accounted as & when notified by State Load Dispatch Centre (SLDC)

Recoveries / Deductions made from suppliers / contractors shall be recognized as income or credited to cost of assets at the time of final settlement. Till such time they are shown under liabilities.

xii) **Financial Instruments – Initial recognition and subsequent measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial Recognition and measurement of financial assets and financial liabilities



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

Financial Assets

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into

a) **Financial assets at amortised cost**

Financial asset is measured at amortised cost if:

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

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

b) **Financial assets at fair value through other comprehensive income (FVTOCI)**

A financial asset is measured at fair value through other comprehensive income if:

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

Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

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

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

After initial measurement, such financial assets are subsequently measured at fair value with all changes recognised in Statement of profit and loss.

De-recognition of Financial Assets

A financial asset is derecognised when:



- the contractual rights to the cash flows from the financial asset expire, or
- The Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of Financial Assets

In accordance with Ind-AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 18, if they do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected in a separate line under the head "Other expenses" in the P&L

Financial Liabilities

Subsequent measurement of Financial Liabilities

The measurement of financial liabilities depends on their classification, as described below:

• Loans and Borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.



Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition of Financial Liabilities

A financial liability (or a part of a financial liability) is derecognised from its balance sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

xiii) Cash and Cash Equivalent

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

xiv) Government Grants

Government grants, including non-monetary grants at fair value are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Specifically, Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets and non-monetary grants are recognized and disclosed as Deferred Income as non-current liability in the balance sheet and transferred to the Statement of profit and loss on systematic and rational basis over the useful lives of the related assets.

xv) Taxes

Tax expense comprises of current income tax and deferred tax.

Current income tax

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

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



Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

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

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

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

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

xvi) Employee Benefits

Short term employee benefits

All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, exgratia, performance pay etc. and the same are recognised in the period in which the employee renders the related service.

Post-Employment Benefits

a) Defined Contribution Plans

The Company's approved provident fund and family pension fund scheme are defined contribution plans. The Company has no obligation, other than the contribution paid/payable under such schemes. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.



b) Defined benefit plan

The employee's gratuity fund scheme is Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on the net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods.

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

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

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

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

c) Other long term employment benefits

The employee's long term compensated absences are Company's defined benefit plans. The present value of the obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation, to recognise the obligation on the net basis.

d) Termination Benefits

Termination benefits such as compensation under voluntary retirement scheme are recognised in the year in which termination benefits become payable.

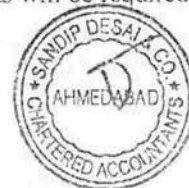
xvii) Earnings Per Share

Basic EPS is calculated by dividing the profit / loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

xviii) Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation



and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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

Contingent Liabilities

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

Contingent Assets

Contingent assets are not recognized but disclosed in the financial statements when an inflow of economic benefits is probable.

4. Significant Accounting Judgment, estimates and assumptions.

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Company's accounting policies as stated in note no. 3 above, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

a) Property plant & Equipment

i) Impairment of property plant and equipment

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount of property plant and equipment is the higher of its fair value less costs of disposal and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on anticipated PLF, power tariff, fuel availability at economical rates, economic and regulatory environment, discount rates and other factors. Currently, the Company is in the process of getting power tariff



fixed by regulatory authority, GERC and it expects to realise the value in use of PPE. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact the carrying value of assets.

ii) Depreciation rates, Depreciation method and residual value of property, plant and equipment

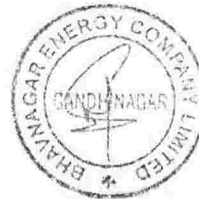
In terms of Part B of Schedule II of the Companies Act, 2013, the Company has followed the depreciation rates, depreciation method and residual value of the items of property, plant and equipment as notified by the GERC in accordance with the Electricity Act, 2003 with respect to the assets falling under regulated business.

b) Deferred tax assets

Deferred tax assets are not recognised for unused tax credits as the management, based upon the likely timing and the level of future taxable profits together with future tax planning strategies is not certain of realisation of sufficient profits in future to utilise the deferred tax assets. It is probable that taxable profit will be available against which the losses can be utilised.

c) Defined Benefit Plans

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



Note 5 : Property, Plant and Equipment

(Rupees in Lakhs.)

Particulars	Freehold Land	Buildings	Plant & Machinery	Furniture & Fixtures	Vehicles	Office Equipments	Electrical Installation	Computers	Total	CWIP
Gross Carrying Value										
As at March 31, 2016	2,282.13	562.15	406.96	50.65	15.72	35.33	273.81	18.95	3,645.71	4,26,450.12
Additions			0.47	30.23		0.44		5.35	36.49	36,215.23
Deductions/Adjustment										
Borrowing Cost Capitalised		413.53	1,03,074.77						1,03,488.29	
Transfer / Capitalised from CWIP		1,774.49	3,28,400.20			30.05			3,30,204.75	4,33,693.04
As at March 31, 2017	2,282.13	2,750.17	4,31,882.40	80.88	15.72	65.82	273.81	24.30	4,37,375.25	28,972.31
Additions			1,034.69	34.53		2.86		0.17	1,072.25	2,316.08
Deductions/Adjustment						(2.25)			(2.25)	
Borrowing Cost Capitalised		8.05	2,122.32						2,130.37	2,150.58
Transfer / Capitalised from CWIP										
As at March 31, 2018	2,282.13	2,758.23	4,35,039.41	115.42	15.72	66.42	273.81	24.48	4,40,580.13	29,158.02
Depreciation/amortisation										
As at March 31, 2016	-	30.58	14.30	4.98	2.35	10.67	35.51	12.58	110.96	
Depreciation for the year	-	88.06	8,498.29	3.99	1.65	2.45	19.23	1.00	8,614.67	
Deductions/(Adjustment)	-	-	-	-	-	-	-	-	-	
As at March 31, 2017	-	118.64	8,512.59	8.96	4.00	13.12	54.74	13.58	8,725.63	
Depreciation for the year	-	105.21	20,547.20	6.83	1.65	4.31	19.23	1.56	20,686.00	
Deductions/(Adjustment)	-	-	-	-	-	(2.14)	-	-	(2.14)	
As at March 31, 2018	-	223.86	29,059.79	15.79	5.66	15.29	73.97	15.14	29,413.77	
Net Carrying Value										
As at March 31, 2017	2,282.13	2,631.53	4,23,369.82	71.92	11.72	52.70	219.07	10.72	4,28,649.62	
As at March 31, 2018	2,282.13	2,534.37	4,05,979.62	99.62	10.07	51.13	199.85	9.34	4,11,166.14	

Notes :

1. Above land cost includes, land development expenditure of Rs. 249.70 Lakhs
2. In accordance with Ind AS 36 on "Impairment of Assets", the company has carried out an exercise at every year end for identifying the assets that may have been impaired. Refer note no. 4, (a) (i) for further details



Bhavnagar Energy Company Limited
Notes to the Financial Statements

Note 6 : Other Intangible Assets

	(Rupees in Lakhs.)		
Fixed Assets	Softwares	Intangible under development	Total
Gross Carrying Value			
As at March 31, 2016	70.48	38.23	108.72
Additions	-	37.05	37.05
Deductions	-	-	-
As at March 31, 2017	70.48	75.28	145.77
Additions	-	-	-
Deductions	-	-	-
As at March 31, 2018	70.48	75.28	145.77
Amortisation and Impairment			
As at March 31, 2016	8.51	-	8.51
Amortisation for The Year	27.04	-	27.04
Deductions	-	-	-
As at March 31, 2017	35.55	-	35.55
Amortisation for The Year	24.89	-	24.89
Deductions	-	-	-
As at March 31, 2018	60.43	-	60.43
Net Carrying Value			
As at March 31, 2018	10.05	75.28	85.33
As at March 31, 2017	34.94	75.28	110.22



Bhavnagar Energy Company Limited
Notes to the Financial Statements

Note 7 : Financial assets

(i) Financial assets at amortised cost

Note 7a : Trade receivables

(Rupees in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good	7.25	3.26
Total	7.25	3.26

Note 7b : Cash and Bank Balances

(Rupees in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents		
Balance with Bank		
Current accounts and debit balance in cash credit accounts	73.17	318.88
Cash on hand	0.27	1.52
Fixed Deposits with Bank (Maturity within 12 Months)	9,128.25	
Total cash and cash equivalents	9,206.68	320.40
* Other bank balances	1,183.53	1.34
Total Other Bank Balances	1,183.53	1.34
Total	10,390.21	321.74

* Other Bank Balance includes Rs. 1182.10 lakh deposited in separate Bank Account maintained with Dena Bank towards invocation of Bank Guarantee of M/s. Shapoorji Pallonji Company Pvt. Ltd, the said amount is not available for utilization as the arbitration proceeding is on going. Proceedings can be utilized only after final verdict of Arbitration.

Note 7c : Other financial assets

(Rupees in Lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Non-Current		
Security Deposits (unsecured, unless otherwise stated)	786.54	257.31
Deposit with original maturity of more than twelve (12) months	0.22	0.22
Other non-current financial assets		
	786.76	257.53
Current		
Interest accrued on fixed deposits	0.08	0.07
Other Receivables	3.68	2.37
Interest Receivable	1.31	
	5.07	2.45
Total other financial assets	791.83	259.98
Total Non-current financial assets	786.76	257.53
Total Current financial assets	10,402.53	327.45
Total financial assets	11,189.29	584.98



Bhavnagar Energy Company Limited

Notes to the Financial Statements

Note 8 : Other non-current assets

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Capital Advance	4,106.28	2,490.05
Gratuity fund	3.38	0.59
Others	3.58	7.14
Total	4,113.24	2,497.77

Note 9 : Non-current tax assets (net)

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Advance Tax (Net of provision for Tax, TDS)	26.09	23.47
Total	26.09	23.47

Note 10 : Inventories

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Fuel, spares and others	2,584.79	2,370.13
Total	2,584.79	2,370.13

Particulars	As at March 31, 2018	As at March 31, 2017
Stock of Light Diesel Oil	27.19	207.64
Stock of FO	108.42	154.50
Stock of Spares	3.06	-
Stock of Diesel & Gas	-	0.66
Stock of Lignite	2,410.78	1,871.33
Stock of Limestone	35.34	91.41
Stock of Chemical	-	7.02
Stock of Bed Refractories	-	37.57
Total	2,584.79	2,370.13

Note 11 : Other current assets

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Prepaid Expense	214.93	340.15
Advance recoverable in cash or kind	63.44	5.51
Total	278.37	345.65



Note 12 : Share capital

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares (in Lakhs)	Amount (in Lakhs)	No. of shares (in Lakhs)	Amount (in Lakhs)
Authorised share capital				
Equity shares of Rs.10 each	20,000	2,00,000	12,510	1,25,100.00
	20,000	2,00,000	12,510	1,25,100
Issued, subscribed and fully paid up				
Equity shares of Rs.10 each	10,300	1,03,000.39	8,460	84,600.39
Total	10,300	1,03,000.39	8,460	84,600.39

12.1. Reconciliation of shares outstanding (excluding share capital suspense account) at the beginning and at the end of the Reporting year

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares (in Lakhs)	Amount (in Lakhs)	No. of shares (in Lakhs)	Amount (in Lakhs)
At the beginning of the year	8460	84,600.39	7,756	77,563.39
Issued if any during the year	1840	18,400.00	704	7,037.00
Outstanding at the end of the year	10300	1,03,000.39	8,460	84,600.39

12.2. Terms/Rights attached to the equity shares

The company has only one class of Equity Shares having a par value of Rs.10/- per share. Each shareholder is eligible for one vote per share held.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

12.3. Number of Shares held by each shareholder holding more than 5% Shares in the company

Name of the Shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of shares (in Lakhs)	% of shareholding	No. of shares (in Lakhs)	% of shareholding
Equity Shares of Rs.10/- each fully paid				
Gujarat Industries Power Company Ltd.	2180.80	21.17%	2,060.80	24.4%
Gujarat Mineral Development Corporation Ltd.	2976.50	28.90%	1,976.50	23.4%
Gujarat State Investments Ltd.	2584.34	25.09%	1,984.34	23.5%
Gujarat Power Corporation Ltd.	761.40	7.39%	761.40	9.0%
Gujarat Alkalies & Chemicals Ltd.	712.20	6.91%	592.20	7.0%
Gujarat State Fertilizers & Chemicals Ltd.	592.20	5.75%	592.20	7.0%
Gujarat Narmada Valley Fertilizers Co. Ltd.	492.60	4.78%	492.60	5.8%



Bhavnagar Energy Company Limited
Notes to the Financial Statements

Note 13 : Other Equity

a. Other Equity consists of the following

(Rupees in Lakhs)

Particulars	As At 31st March, 2018	As At 31st March, 2017
Retained Earnings	(93,943.82)	(32,218.09)
	(93,943.82)	(32,218.09)

b. Particulars relating to other Equity

(Rupees in Lakhs)

Balance	Surplus/(deficit) in the statement of profit and loss	Total
As at April 1, 2016	(898.81)	(898.81)
Add: Loss for the year	(31,316.23)	(31,316.23)
Add: OCI for the year	(3.00)	(3.00)
Balance available for appropriation	(32,218.09)	(32,218.09)

Less : Appropriations

Transferred to general reserve

Dividend

Tax on dividend

As at March 31, 2017	(32,218.09)	(32,218.09)
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As at April 1, 2017	(32,218.09)	(32,218.09)
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Add: Loss for the year	(61,730.81)	(61,730.81)
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Add: OCI for the year	5.08	5.08
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Balance available for appropriation	(93,943.92)	(93,943.92)
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Less : Appropriations

Transferred to general reserve

Dividend

Tax on dividend

As at March 31, 2018	(93,943.82)	(93,943.82)
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Note 14 : Government grant

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Govt. Grant towards Cost of Capital Assets	86.48	112.48
Total	86.48	112.48

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants as at March 31.

Movement of Government grant

(Rupees in Lakhs)

Particulars	2017-18	2016-17
As at April 01	112.48	130.00
Received during the year	-	-
Released to statement of profit and loss	(26.00)	(17.52)
As at March 31	86.48	112.48



Note 15 : Financial liabilities

(i) Financial liabilities at amortised cost

Note 15a : Borrowings

	(Rupees in Lakhs)	
Particulars	As at March 31, 2018	As at March 31, 2017
Long term borrowings		
Secured		
Term Loans from Banks		
Rupce Loans	3,11,060.21	3,15,821.79
Unsecured		
From financial institution		
Gujarat State Financial Services Ltd	7,500.00	28,600.00
	<u>3,18,560.21</u>	<u>3,44,421.79</u>
Current maturities (Refer note 15c)		
Secured		
Term Loans from Banks		
Rupce Loans	36,565.66	14,025.00
Unsecured		
From financial institution		
Gujarat State Financial Services Ltd	21,100.00	-
Total long term borrowings	<u>3,76,225.87</u>	<u>3,58,446.79</u>
Short term borrowings		
Secured		
From Bank		
Working Capital Cash Credit	10,331.08	1,888.23
	<u>10,331.08</u>	<u>1,888.23</u>
Total interest bearing borrowings	<u>3,86,556.94</u>	<u>3,60,335.03</u>
Aggregate secured borrowings	<u>3,57,956.94</u>	<u>3,31,735.03</u>
Aggregate unsecured borrowings	<u>28,600.00</u>	<u>28,600.00</u>

For explanations on the Company's Interest risk, foreign currency risk and liquidity risk management processes, refer to Note 27

15a(i) Term Loan & Working Capital (Cash Credit) from Banks are secured by way of mortgage as under :

- Immovable properties admeasuring approximately 171 Hectares of land situated at Village Padva, District Bhavnagar in the State of Gujarat;
- All the other immovable properties and assets of the Company, both present and future;
- All the movable (whether tangible or intangible) properties and assets of the Company (including but not limited to moveable plant and machinery, and accessories, furniture, fixtures and vehicles), machinery spares, tools both present and future;
- All the Company's tangible and intangible assets, all the book debts, operating cash flows, receivables, all other current assets, commissions, revenues of the Company both present and future;
- All the Accounts and all other bank accounts of the Company including in each case, all monies lying credited/deposited into such accounts;

15a(ii) Terms of Repayment (Term Loan - I)

- Term Loan Sanction Amount :- Rs 299,400.00 Lakhs
- Repayment Period :- 45 Equal Quarterly Installment
- Repayment Start Date :- 31/12/2017
- Rate of interest :- SBI One year MCLR plus 55BP (Presently 8.50% p.a.)

15a(iii) Terms of Repayment (Term Loan - II)

- Term Loan Sanction Amount :- Rs 30,600.00 Lakhs
- Repayment Period :- 45 Quarterly Installment
- Repayment Start Date :- 31/12/2017
- Rate of interest :- SBI One year MCLR plus 55BP (Presently 8.50% p.a.)

15a(iv) Terms of Repayment (Term Loan - III)

- Term Loan Sanction Amount :- Rs 30,000.00 Lakhs
- Repayment Period :- 44 Quarterly Installment
- Repayment Start Date :- 31/03/2018
- Rate of interest :- SBI One year MCLR plus 55BP (Presently 8.50% p.a.)



Bhavnagar Energy Company Limited

Notes to the Financial Statements

15 (a) (v) Default in payment of Interest on Term Loan Borrowings from Banks:

Particulars / Month	Amount	Due Date	Paid date	Delay in days
Jan-18	2,423.50	01-03-2018	30-04-2018	37.00
Feb-18	2,359.78	01-03-2018	29-05-2018	38.00
Mar-18	2,250.13	01-04-2018	29-06-2018	88.00

15 (a) (vi) Default in payment of Principal Amount on Term Loan Borrowings from Banks

Particulars / Month	Amount	Due Date	Paid date	Delay in Days
Quarter -4 of FY 2017-18	7,313.00	31-03-2018	29-06-2018	89.00

As the Company has achieved COD of its Unit-II on 27th March, 2017 and Unit-I and Unit-II were still under stabilisation as on 31st March, 2018. At the stage of initial operation year of the Company, the Company did not have sufficient generation of revenue to discharge monthly interest liability, however the company has subsequently paid in the month of May-2018 & June-2018.

Note 15b : Trade and Other payables

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
* Trade and Other payables	11,274.53	2,169.96
Total	11,274.53	2,169.96

* Trade and Other Payable includes Rs. 3,823.59 Lakhs received as advance from M/s. Gujarat Urja Vikas Nigam Limited towards sale of Power.

For explanations on the Company's Foreign currency risk and liquidity risk management processes, refer to Note 27

Note 15c : Other financial liabilities

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Current maturities of long-term borrowings - Term Loan (Refer Note 14a)	36,565.66	14,025.00
Current maturities of long-term borrowings - GSFS Loan (Refer Note 14a)	21,100.00	
Interest accrued but not due on Term loan Bank & GSFS Loan	3,198.54	3,063.80
Interest accrued due but not paid (Refer Note 14a(iv))	4,875.38	6,435.63
* Retention payable	26,663.88	24,429.18
Payable for capital goods	15,896.48	14,478.38
Total	1,08,297.93	62,441.04
Total Non-current	3,18,560.21	3,44,421.79
Total Current	1,30,603.55	66,499.25
Total financial liabilities at amortised cost	4,49,163.75	4,10,921.04

For explanations on the Company's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 27

* Retention Payable includes Rs. 1182.10 lakhs towards invocation of Bank Guarantee of M/s. Shapoorji Pallonji & Co. Pvt. Ltd. the said amount is not available for utilisation as the arbitration processing is on going. Proceeding can be utilised only after final verdict of arbitration. (Refer Note No. 7b)

Note 16 : Long term provisions

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for Leave encashment	7.86	10.00
Total	7.86	10.00



Bhavnagar Energy Company Limited
Notes to the Financial Statements

Note 17 : Other current liabilities

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Statutory dues payable	129.28	105.51
Earnest money deposit	9.65	21.98
Total	138.93	127.49

Note 18 : Short-term provisions

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for Leave encashment	0.67	0.84
Provision for CSR as per Ministry of Environment & Forest	147.00	-
Total	147.67	0.84



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Bhavnagar Energy Company Limited
Notes to the Financial Statements

Note 19 : Revenue from operations

(Rupees in Lakhs)		
Particulars	2017-18	2016-17
Sale of Electrical Energy	22,786.72	2,378.39
Total	22,786.72	2,378.39

(i) Sales has been accounted as per tariff calculated on basis of Power Purchase Agreement with M/s. Gujarat Urja Vikas Nigam Limited.

(ii) Sales does not include auxiliary consumption of 88,650 Million Units

Note 20 : Other income

(Rupees in Lakhs)		
Particulars	2017-18	2016-17
Professional Income	12.58	63.96
Interest income	76.61	37.22
Government grant income (Refer note 18)	26.00	17.52
Exchange gain/loss (net)	-	17.85
Others	11.32	5.88
Profit on Sale of Asset	0.19	-
Total	126.69	142.43

Note 21 : Cost of materials consumed

(Rupees in Lakhs)		
Particulars	2017-18	2016-17
Inventory at the beginning of the year	2,370.13	219.00
Add : Purchases	13,372.43	7,165.98
	15,742.56	7,384.98
Less : Inventory at the end of the year	-2,584.79	-2,370.13
Consumption	13,157.77	5,014.85
Less : Transferred to CWIP (Incidental Exp)	-	-
Total Consumption of the year	13,157.77	5,014.85

Cost of materials consumed

(Rupees in Lakhs)		
Particulars	2017-18	2016-17
LIGNITE Consumption	10,488.98	1,853.55
LIMESTONE Consumption	56.07	3.15
LDO Consumption	1,094.67	1,541.36
FO Consumption	657.92	1,303.57
Refractory Consumption	37.57	67.82
Diesel Consumption	3.18	4.02
Transportation (Lignite, LDO, FO etc.)	819.38	241.38
Total	13,157.77	5,014.85



Bhavnagar Energy Company Limited
Notes to the Financial Statements

Note 22 : Employee benefits expense

(Rupees in Lakhs)

Particulars	2017-18	2016-17
Salaries, Wages and Bonus	486.39	271.17
Contribution to Provident and Other Fund	22.08	27.01
Gratuity Expense	6.75	5.89
Staff welfare expenses	6.77	7.33
Total	521.99	311.40

Note 23 : Finance costs

(Rupees in Lakhs)

Particulars	2017-18	2016-17
Interest Expense	38,954.27	35,549.78
Other Borrowing Cost	426.22	167.67
Less: Transfer to Capital Work in progress	-	(18,853.02)
Total	39,380.50	16,864.42

Note 24 : Other expenses

(Rupees in Lakhs)

Particulars	2017-18	2016-17
Electricity Exp.	2,533.74	1,688.80
Fuel consumption	2.19	1.76
Chemical Consumption	54.95	25.26
O&M Service from KEPCO	1,913.41	22.23
Other (Project Related Expense)	24.07	59.20
Water Expenses	1,264.78	234.46
UI Charges	672.94	289.46
General & Administration charges	517.37	133.48
Insurance Exp.	529.10	30.60
Legal & Professional Fees	277.70	57.49
Repairs & Maintenance Plant	128.54	0.12
Repairs & Maintenance Building	2.67	14.96
Repairs & Maintenance Others	95.85	48.74
Office Rent	19.23	19.23
Rent - Plant & Machinery	323.66	-
Rates & Taxes	4.77	4.96
Payment to Auditors	2.42	2.30
Security Charges (Project Site)	295.80	191.20
Share Capital Issue Expenses	13.40	7.04
Sitting Fees & Director Exps.	5.10	6.27
Travelling & Conveyance	66.57	71.85
Donation Exp.	-	79.25
Misc Expenses	430.89	16.08
GST on URD & RCM Purchase	1.12	-
Rebate on Prompt Payment GUVNL	440.26	-
Exchange gain/loss (net)	1,075.53	-
CSR as per Ministry of Environment & Forest	170.00	-
Total	10,873.07	3,004.71



Bhavnagar Energy Company Limited
Notes to the Financial Statements

Note 25 : Income Tax

The Company is in initial phase of operation and have been loss - making an / incurred loss during FY 2017-18 of Rs. 51,770.81 Lakhs aggregating accumulated losses of Rs. 93,943.82 Lakhs as per Accounts. As the aggregating losses may not be used to offset taxable profit earned by the Company in near future and the Company is entitled to 100% profit deduction under Section 80 IA of the Income Tax Act, 1961, so there are no other evidence of recoverability of Deferred Tax Asset in the near future.

Hence, Deferred Tax Asset / Liabilities has not been recognised in Current Financial Year.

Note 26 : Disclosure pursuant to Related Party Transactions

1 a Particulars of related parties and nature of relationships

Name of Related Parties	Name of Relationship
Gujarat Power Corporation Limited	Company having significant influence / Equity Contributor
Gujarat State Investments Limited	Company having significant influence / Equity Contributor
Gujarat Mineral Development Corporation Limited	Company having significant influence / Equity Contributor
Gujarat Industries Power Company Limited	Key Shareholder / Equity Contributor
Gujarat Narmada Valley Fertilizers Limited	Key Shareholder / Equity Contributor
Gujarat Alkalies and Chemicals Limited	Key Shareholder / Equity Contributor
Gujarat State Fertilizers and Chemicals Limited	Key Shareholder / Equity Contributor
Vikas BECL initiative for Rural Development	Other - Directors are trustees
Key Management Personnel	
Shri Prem Kumar Taneja IAS (Retd.)	Chairman from 19.04.2016 onwards
Smt. Shahmeena Syedafzal Husain, IAS	Director from 01.09.2017 onwards
Shri Dilip Vinodnary Parikh	Director from 28.02.2018 onwards
Shri S K Paul	Managing Director from 25.04.2016 onwards
Shri Indrajeet Prasad Gaurava IAS (Retd.)	Director from 26.07.2007 onwards
Shri Prakash Shah, IAS (Retd.)	Non-Executive Independent Director from 31.03.2015
Ms. Arti Kanwar, IAS	Director from 25.11.2016 to 02.05.2018
Shri Arunkumar Mohanbhai Sojanki, IAS	Director from 12.07.2016 onwards
Dr. Hasmukhbhai Baldevbhai Patel	Director from 29.09.2014 onwards
Shri Milind Torawane	Director from 25.07.2017
Ms. Meena Kantilal Bhatt	Non-Executive Independent Director from 31.03.2015 onwards
Shri Nagendra Kumar Singh	Director from 08.06.2016 onwards
Shri Vishvesh Dineshchandra Nanavaty	Director from 19.04.2016 onwards
Shri S K Nanda, IAS	Director Upto 19.04.2016
Shri Arvind Agarwal, IAS	Director Upto 12.07.2016
Shri Sanjeev Kumar, IAS	Director Upto 22.06.2017
Shri S P Desai	Director Upto 08.06.2016
Shri Kshemank Merchant	CFO from 23.01.2017 to 30.11.2017 (KMP)
Shri Jinal Shah	CFO till 22.01.2017 (KMP)
Shri Shriram Narhar Didmishe	CFO from 13.12.2017 onwards (KMP)
Smt Bhoomika Sharma	Company Secretary (KMP) from 25.02.2015 to 08.03.2017

b The following transactions were carried out with the related parties in ordinary course of business during the year

(Rupees in Lakhs)

Sr. No.	Nature of Transactions	2017-18			2016-17		
		Equity Contributor	KMP	Others	Equity Contributor	KMP	Others
1	Issue of Share Capital	18,400.00			7,037.00		
	Gujarat State Investments Ltd.	6,000.00			5,485.00		
	Gujarat Power Corporation Ltd.	-			414.00		
	Gujarat Alkalies & Chemicals Ltd.	1,200.00			722.00		
	Gujarat State Fertilizers & Chemicals Ltd.	-			816.00		
	Gujarat Industries Power Company Ltd.	1,200.00			-		
	Gujarat Mineral Development Corporation Ltd.	10,000.00			-		
2	Remuneration to Key Management Personnel		17.27			64.74	
	Short-term employee benefits		17.27			63.30	
	Shri Jinal Shah					15.69	
	Smt Bhoomika Sharma					3.83	
	Shri Kshemank Merchant					6.56	
	Shri S K Paul		14.53			37.22	
	Shri S N Didmishe		2.74			-	
	Post employment benefits					1.44	
	Shri Jinal Shah					0.89	
	Smt Bhoomika Sharma					0.17	
	Shri Kshemank Merchant					0.38	



(Rupees In Lakhs)

Sr. No.	Nature of Transactions	2017-18			2016-17		
		Equity Contributor	KMP	Others	Equity Contributor	KMP	Others
3	Director Sitting Fees & Incidental Expenditure	3.24				3.44	
	Director Sitting Fees paid to Directors	3.24				3.44	
4	Donation			23.00			79.25
	Donation paid to Vikas BECL initiative for Rural Development			23.00			79.25
5	Purchase of Chemicals	2.19			-		
	Gujarat State Fertilizers and Chemicals Limited	2.19			-		
6	Purchase of Lignite	11,028.43			3872.52		
	Gujarat Mineral Development Corporation Ltd.	11,028.43			3872.52		
7	Purchase of Chemicals	49.85			6.91		
	Gujarat Alkalies & Chemicals Ltd.	49.85			6.91		

c. Balance Payable as on 31.03.2018

Particulars	(Rs. In Lakhs)	
	31-03-2018	31-03-2017
Gujarat Mineral Development Corporation Ltd.	4,175.20	5,166.78
Gujarat Alkalies & Chemicals Ltd.	41.77	5.74
Gujarat Power Corporation Ltd.	315.01	315.01
Gujarat State Fertilizers and Chemicals Limited	0.19	-

2. Commitments with related parties

The company has not provided any commitment to the related party as at March 31, 2018

3. Terms and conditions of transactions with related parties

Transaction entered into with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances, at the year end are unsecured and interest free and settlement occurs in cash



Bhavuagar Energy Company Limited
Notes to the Financial Statements

Note 27 : Financial risk management

The Company's principal financial liabilities comprise of loans and borrowings, trade payables and other financial liabilities. The loans and borrowings are primarily taken for working capital management purposes. The Company's principal financial assets include cash and cash equivalents, trade receivables and other financial assets.

While ensuring liquidity is sufficient to meet Company's operational requirements, the Company's Project & Finance Committee also monitor and manages key financial risk relating to the operations of the Company by analysing exposures by degree and magnitude of risks. These risk include regulatory risk, fuel availability and affordability risk, market risk (including foreign currency risk and price risk), credit risk and liquidity risk.

1. Regulatory risk

The Company's operations are subject to regulatory interventions, introduction of new laws and regulations including changes in competitive framework. The rapidly changing regulatory landscape poses a risk to the Company. The Company has applied for approval of tariff by GERC, which is yet to be approved.

2. Market Risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. The major component of market risk is Interest rates risk.

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

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2018 and 31 March 2017.

Interest rate risk

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

The Company has initiated, the process of Financial Restructuring as per the Guidelines of RBI and appointed M/s. SBI Capital Markets Limited as its Financial Advisors. According to restructuring plan, the existing interest rate i.e. 10.60% p.a. will be reduced to 8.50% p.a. and also tenor of the repayment will be extended from 11 years to 20.75 years. Further, the Interest expenses is pass through under the Power Purchase Agreement executed with M/s. Gujarat Urja Vikas Nigam Limited.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on loans and borrowings. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	(Rupees in Lakhs)	
	Increase/decrease in basis	Increase/(decrease) in
2017-18		
INR borrowings	+50	(1,739.89)
	-50	1,739.89
2016-17		
INR borrowings	+50	(1,649.95)
	-50	1,649.95

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in EUR and USD exchange rates, with all other variables

Particulars	(Rupees in Lakhs)			
	Change in EUR rate	Effect on profit before tax	Change in USD rate	Effect on profit before tax
2017-18	5%	(339.05)	5%	(96.18)
	-5%	339.05	-5%	96.18
2016-17	5%	-333.08	5%	(92.81)
	-5%	333.08	-5%	92.81



3. Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and foreign exchange transactions.

Trade receivables

Customer credit risk is managed by the Company's internal policies, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an credit rating scorecard and credit limits are defined in accordance with this assessment. Presently, the Company sales power to single customer only which is a Government company. Trade receivables are non-interest bearing and are generally on 30 days to 60 days credit term.

4. Liquidity Risk

The Company monitors its risk of shortage of funds through using a liquidity planning tool that encompasses an analysis of projected cash inflow and outflow.

The Company's objective is to maintain a balance between continuity of funding and flexibility largely through cashflow generation from its operating activities and the use of bank loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding.

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

(Rupees in Lakhs)					
Particulars	On demand	Upto 1 year	1 to 5 years	> 5 years	Total
As at year ended					
31-Mar-18					
Borrowings (including current maturities of long-term)	10,331.08	57,665.66	1,23,272.64	1,95,287.57	3,86,556.94
Trade & other payables		11,974.53			
Other financial liabilities		50,632.27			
31-Mar-17					
Borrowings (including current maturities of long-term)	1,888.23	14,025.00	1,41,890.80	2,02,535.99	3,60,335.03
Trade & other payables	-	2,169.98	-	-	2,169.98
Other financial liabilities	-	48,416.04	-	-	48,416.04



Bhavnagar Energy Company Limited
Notes to the Financial Statements

Note 28 : Categories of Financial Instruments

Particulars	(Rupees in Lakhs)	
	As at March 31, 2018	As at March 31, 2017
Financial Assets		
Measured at amortised cost		
(a) Trade and other receivables	7.25	3.26
(b) Cash and cash equivalents	9,266.68	320.40
(c) Other Bank Balance	1,183.53	1.34
(d) Other financial assets	5.07	2.45
Financial Liabilities		
Measured at amortised cost		
(a) Borrowings	3,28,891.28	3,46,310.03
(b) Trade and other Payables	11,974.53	2,169.98
(c) Other financial liabilities	1,08,297.93	62,441.04



Bhavnagar Energy Company Limited
Notes to the Financial Statements

Note 29 : Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

Particulars	(Rupees in Lakhs)	
	As at March 31, 2018	As at March 31, 2017
Interest-bearing loans and borrowings (Note 15a)	3,86,556.94	3,60,335.03
Trade and other payables (Note 15b)	11,974.53	2,169.98
Less: cash and short-term deposits (Note 7b)	(10,390.21)	(321.74)
Net debt	3,88,141.26	3,62,183.27
Equity share capital (Note 12)	1,03,060.39	84,660.39
Other equity (Note 13)	(93,943.82)	(32,218.09)
Total capital	9,056.57	52,362.30
Capital and net debt	3,97,197.84	4,14,565.57
Gearing ratio (%)	98%	87%

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

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



A quantitative sensitivity analysis for significant assumption is as shown below:

Particulars	Sensitivity Level	(increase) / decrease in defined benefit obligation (Impact)	
		Year ended March 31, 2018	Year ended March 31, 2017
Discount rate	1% increase	-2.42	-3.77
	1% decrease	2.39	4.58
Salary increase	1% increase	2.85	4.56
	1% decrease	-2.46	-3.82
Employee turnover	1% increase	0.16	0.01
	1% decrease	-0.19	-0.01

The followings are the expected future benefit payments for the defined benefit plan :

(Rupees in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Gratuity		
Within the next 12 months (next annual reporting period)	0.57	0.56
Between 2 and 5 years	2.85	3.37
Beyond 5 years	15.28	13.89
Total expected payments	18.80	17.81

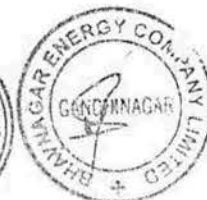
Weighted average duration of defined plan obligation (based on discounted cash flows)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Gratuity	13	15

The followings are the expected contributions to plan assets for the next year:

(Rupees in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Gratuity	0.92	6.20



Bhavnagar Energy Company Limited
Notes to the Financial Statements

Note 31 : Commitments

Particulars	(Rupees in Lakhs)	
	As at March 31, 2018	As at March 31, 2017
Capital Commitments		
Estimated amount of contracts (Net of Advances) remaining to be executed on Capital Amount and not provided for.	22,429.90	30,491.09
	22,429.90	30,491.09

Note 32 : Contingent liabilities not provided for

Claims against the Company not acknowledged as debts		(Rupees in Lakhs)	
Particulars		As at March 31, 2018	As at March 31, 2017
(i)	In accordance with the Contract Agreement for Construction of Piling and General Civil works (the "Contract") for 2 X 750 MW Lignite Based Thermal Power Project, at Pavva, Bhavnagar District, M/s. Shapoorji Pallonji & Company Pvt. Ltd. ("SPCL") served notice of Arbitration on the company for settlement of dispute arises out of contract agreement towards Delay Damages, Payment of Price Variations, Certification Errors, Reimbursement of taxes and cesses & Interest Cost etc.	29,217.79	29,217.79
	Further, SPCL has charged service tax @ 10.39% on their invoice till 1st July, 2012 towards General, Civil & Piling works, which in terms of legal opinion obtained by the company, service tax is chargeable only @ 4.12%. The differential amount is Rs. 869.91 which company has not acknowledged as debt.	869.91	869.91
	In Accordance with Article 7 of the Contract Agreement, the Claimant (SPCL) with its Notice of Arbitration dated 02.01.2017 nominated arbitrator to resolve the dispute. The respondent ("the Company" or "BECL") vide its letter dated 13.02.2017 nominated company's arbitrator to resolve the dispute.		
	Further, BECL had submitted its statement of defence dated 14.08.2017 to the applicant along with counter claim of approximately Rs. 185,576.85 Lakhs. The company has not acknowledged claim submitted by M/s. SPCL as debt, as final outcome of arbitration proceeding is yet not decided and remains status quo.		
	Total	30,087.70	30,087.70
(ii)	The Company has entrusted the work of Sea Water Intake, Outfall and Circulating Water System to M/s. MARG Ltd. vide Letter of Award dated 7th July 2011.	31,988.00	31,988.00
	Subsequently, as M/s. Marg could not complete the work within scheduled time period, the matter went for arbitration, whereby the company had not accepted claim of M/s. Marg for Rs. 31,988 Lakhs towards price escalation, financing and administrative cost and hence the same amount was considered as contingent liability. Out of total claim of Rs. 31,988 Lakhs, Rs. 29,638 Lakhs towards price escalation and other financing and administrative cost of Rs. 2,350.00 lakhs. The Company has submitted a counter claim of Rs. 91,192.69 Lakhs towards interest cost and loss of profit due to delay in completion of work.		
	The Company has received Preliminary Award dated 08th June, 2018 from Arbitration Tribunal. In preliminary award counter claim of BECL has been rejected, BECL is not accepting preliminary award. The Preliminary Award is not in favour of the Company, hence the Company is in process of filing appeal before appropriate Authority.		
	Total	31,988.00	31,988.00
(iii)	The Company has acquired land of 22112 sq. meters for approach road to site from private owners of land. The Company had initially paid Rs. 11.04 Lakhs @ Rs.29 per sq. meter plus other expenses to all the land owners. In F.Y.2013-14, the company paid Rs. 9.52 Lakhs @ Rs.246 per sq. meter plus other expenses for 3838 sq. meters of land. During the FY 2015-16, the company has paid Rs. 26.86 Lakhs @ Rs.246 per sq. meter for 10,922 sq. meters of land. However, owners of 7352 sq. meters of land have not agreed to accept the consideration @ Rs.275/- (Rs.29 + Rs.246) per sq. meter and have raised their additional claim @ Rs.721 per sq. meter (Rs.750-Rs.29). The estimated differential amount is Rs.53.01 Lakhs. (Previous year Rs.53.01 Lakhs and as at April 01, 2015 Nil) has not acknowledged as debt by the Company.	53.01	53.01
	Total	53.01	53.01
(iv)	The Company has acquired additional land of 24484.00 sq. meters. As per Dy. Collector, Bhavnagar order No. special L.A.O. Case no. 3/2009, Rs. 10.51 Lakhs @27/sq. meter along with solesiam charges and rate difference is payable. However, land owners have refused to accept the amount and claimed Rs. 85.69 Lakhs @ 350/- sq. meter which the company has not acknowledge the debt.	85.69	85.69
	Total	85.69	85.69



		(Rupees in Lakhs)	
Particulars		As at March 31, 2018	As at March 31, 2017
(v)	The Company has entrusted the work of laying 610 mm dia/700 mm dia PVS pipe line for sweet water from Nagdhanubhaijiya to BECL power plant, Village Paden in Bhavnagar district to GWHL as a deposit work. The company has to pay compensation to farmers towards damage of trees and damage of fencing, earthen bund, etc. The estimated remaining amount payable towards the compensation for trees and for damage of fencing, earthen bund, etc. is Rs. 2.33 Lakhs.	2.33	2.33
	Total	2.33	2.33
(vi)	M/s. EMCO Limited has submitted extra claim towards of Rs. 198.09 Lakhs which is not acknowledged as debt.	198.09	198.09
	Total	198.09	198.09
(vii)	The Company has entered into a Purchase Power Agreement (PPA) with Gujarat Ujja Vikas Nigam Ltd. (GUVNL) for sale of power. As per the agreement, scheduled Commercial Operation Date (COD) for Unit I and Unit II was 18.02.2013 and 18.05.2013 respectively and liquidated damages (LD) can be levied, in case of delay in achievement of COD, as per the terms of agreement. The Company has informed GUVNL as well as Government of Gujarat about delay in COD and requested to extend the date of COD and to condone the delay in a view that the delay is due to reasons beyond the control of Management of the Company and it should be treated as Force Majeure. Further, BECL has requested GUVNL through Energy and Petrochemical Department (the State Government) to waive the LD Charges of Rs. 16,750/- Lakhs, the State Government considered the request and directed GUVNL to waive the LD charges of Rs. 16,750/- Lakhs vide letter no. IPP-12-2006-2015-K dated 29th May, 2018.		16,750.00
	Total		16,750.00

Note 33 : Earnings Per Share (EPS)

Particulars	As at March 31, 2018	As at March 31, 2017
Net Profit as per Statement of Profit and Loss (Rs. in Lakhs)	(51,730.81)	(31,316.28)
Equity Shares outstanding at the beginning of the year (Nos.)	84,60,03,900	77,56,33,900
Equity Shares issued during the year (Nos.)	18,40,00,000	7,03,70,000
Equity Shares outstanding at the end of the year (Nos.)	1,03,00,03,900	84,60,03,900
Weighted Average Number of Equity Shares in calculating Basic EPS (Nos.)	84,23,60,833.00	83,98,40,285.00
Weighted Average Number of Equity Shares in calculating Diluted EPS (Nos.)	84,23,60,833.00	83,98,40,285.00
Basic Earning Per Share (Rs.)	(7.33)	(3.73)
Diluted Earning Per Share (Rs.)	(7.33)	(3.73)
Nominal Value of Shares (Rs.)	10.00	10.00

Note 34 : Segment reporting

- A. The Company's operations fall under single segment namely "Power Generation", taking into account the different risks and returns, the organization structure and the internal reporting systems.
- B. Company's revenue are derived from sale to a single customer being a Government Undertaking.
- C. Segment revenue from "Generation of Electricity" represents revenue generated from external customers which is fully attributable to the company's country of domicile i.e. India. All assets are located in the company's country of domicile.
- D. The company derives revenue from Sale of Power. The information about the revenues from the external customer about the product is disclosed in Note No. 19 of the financial statements.

Note 35 : During the FY 2015-18, the Company has acquired right of use and occupation of 150 square meter open land for the purpose of large sized pipes and allied construction thereto for sweet water from Mr. Kausanbhai Balkhabhai Bagad (the Owner) for 25 years from 25th February, 2016 to 24th February, 2041 for total cumulative occupation charges of Rs. 2,50,000/-. For use of land, the total cumulative occupation charges is shown as a finance occupation charges and proportionate amount of Rs. 10,000/- related to current financial year is charged to Statement of Profit & Loss.

Note 36 : The company, in order to commission the project, has opted to divide the project in 9 (Nine) different packages and contracts were given to various contractors with the clause of Liquidated Damage to be recovered in case of delay by contractors in completion of work. The company, as decided in the meeting of Board of Directors dated 21/03/2013, in order to avoid delay in commissioning the project, payment should be made in a manner that company should be in position to recover the amount of Liquidated Damages.

Further, as per letter received from Government of Gujarat, Energy and Petrochemicals Department dt.3rd January, 2017, decision has been given in the meeting that, BECL needs to recover the Liquidated Damages (LD) from the different vendors who have delayed in execution work. However, due to pending the final settlement of the Contracts, no action / accounting entry has been done for recovery of Liquidated Damages. The amount is not quantifiable at this stage.

Note 37 : Based on information available with the Company, there are no suppliers who are registered as Micro, Small or Medium enterprises under "The Micro, Small & Medium enterprises development Act 2006" as on 31st March, 2018.



Note 38: As per the condition no. (xxv) laid down by Ministry of Environment & Forest vide letter no. 3-(3011/39/2003-IA.IIT) dated 10.02.2010, Rs.840.00 Lakhs as one time capital cost for Corporate Social Responsibility program against which the Company has expended Rs. 296.73 Lakhs till 31.03.2018. Further as per the condition the Company needs to incur Rs. 170.00 Lakhs as CSR as recurring expenditure till the operation of the Plant, the Company has expended Rs.23.00 Lakhs during the current period and provided for incurring expenditure of Balance Amount of Rs. 147.00 Lakhs towards Corporate Social Responsibility program. For the purpose of Corporate Social Responsibility activity, the Company has created a trust in the name of Vikas BECL Initiative for Rural Development.

Note 39: The existing term loan of the Company is Rs.2,99,400/- Lakhs (Term Loan -I) & Rs.30,600 Lakhs (Term Loan -II) are payable in 45 quarterly installments. As per previous sanctioned, the repayment date was to start from 30.09.2015. However, due to delay in project schedule, company has requested to make revision in payment date. Hence, consortium banks have approved revision in repayment date from 30.09.2015 to 31.12.2016. Further, in view of delay in project schedule, the Company has requested all Consortium Banks to defer the repayment schedule, accordingly Consortium banks have approved revision in repayment date from 31.12.2016 to 31.12.2017 vide letter ref PFSBU/Ten-08/2016-17/2039 dated 27.10.2016. Term Loan - III of Rs. 30,000 Lakhs is payable in 44 quarterly installments from repayment start date 31.03.2018 as per letter vide ref PFSBU/Ten-08/2016-17/2039 dated 27.10.2016.

Note 40: Additional Information (to the extent applicable)

a. Payment to Auditor

Particulars	(Rupees in Lakhs)	
	2017-18	2016-17
Statutory Audit Fees		
Other Certification Work	2.42	2.30
Total	2.42	2.42

Note 41: During the Financial Year 2016-17, Company has successfully commissioned its 2 X 250 MW power project, and declared Commercial Operation Date ("COD") of its Unit-I and Unit-II on 16th May, 2016 and 27th March, 2017 respectively.

During the FY 2017-18 the operation of plant is under stabilisation phase, the Company has incurred loss of Rs. 61730.81 Lakhs. The loss for this year mainly consists of Borrowing cost of Rs. 39,330.50 Lakhs and Depreciation of Rs. 26,710.89 Lakhs.

Further, the Company expects improvement in generation of power from next financial year. Having regards to improvement in operational performance and financial supports from Promoters, Lenders and Government, the Company's financial statements have been prepared on the basis that Company is a going concern and that no adjustments are required to be made in the carrying value of assets and liabilities.

Note 42: In accordance with the statutory requirements under S. 61 & 62 of the Electricity Act, 2003, the Company during the FY 2015-16, BECL had filed the Petition for Approval of Tariff to GERC on 06.01.2016. Subsequently, as per GERC direction, BECL has submitted supporting documents on 22.02.2016 and filed the response on written objections received in response to Public Notice in March-2016.

In reply, GUVNL has filed the reply to GERC on 17.03.2016. GERC had heard the matter and given the order on 07.07.2016 directing GUVNL to submit the tariff calculation and BECL to submit the rejoinder. Accordingly, GUVNL submitted the reply to GERC on 01.08.2016 and BECL filed rejoinder on 10.08.2016. The final verdict from GERC is awaited till date of reporting. Subsequently the matter was discussed in 60th and 61st Board Meeting of the Company and the Board has directed to further discuss with M/s. GUVNL and to take appropriate actions.

Note 43: The company has sent Balance Confirmation to major contractors, vendor and service providers to confirm accounts as on 31st March, 2018. The parties who have submitted accounts confirmations are reconciled with books of accounts and others who have not submitted the accounts confirmation are subject to confirmation and reconciliation.

Note 44: Figures have been rounded off to the nearest Lakhs.

Note 45: Previous year figures have been reworded / reclassified wherever necessary to correspond with current year's classification / disclosure.

Note 46: Approval of Financial Statements

The Financial statements were approved for issue by the Board of Directors on dt. 13.07.2018

As per our report of even date
For Sandip Desai & Co.
Chartered Accountants
ICAI Firm's Registration No. 111812W

Devang Mysorewala
Partner
Membership No. 116809
Place : Gandhinagar
Date : 13th July, 2018



For and behalf of Board of Directors

Shahmeena Harsain
Director
DIN: 0003584560

P K Taneja

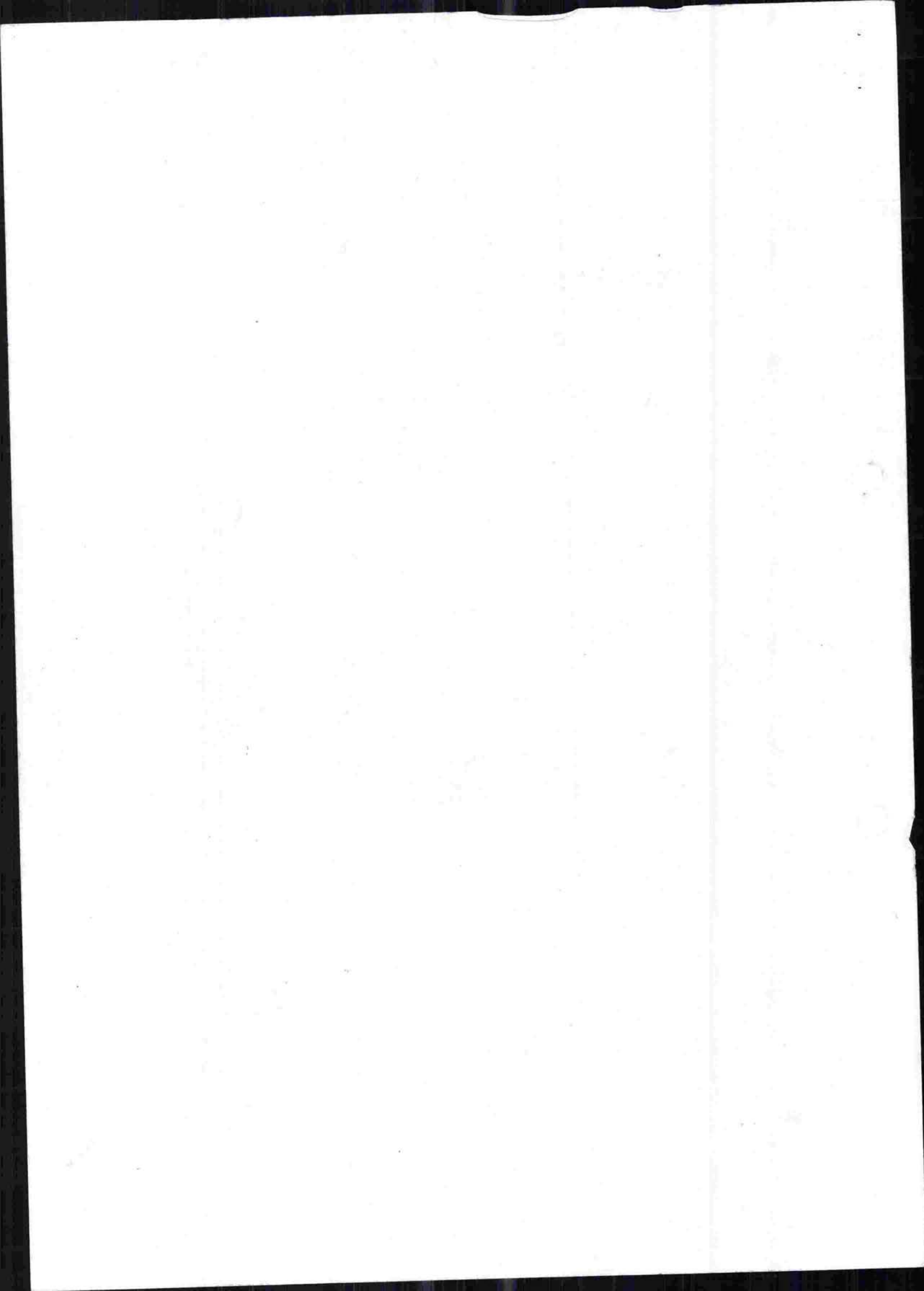
Chairman

DIN: 0000010589

S N Dalmishe
General Manager (E&A) & CFO

Place : Gandhinagar
Date : 13th July, 2018





Power Purchase Agreement

Between

Bhavnagar Energy Company Limited
(The Seller)

and

Gujarat Urja Vikas Nigam Limited
(The Procurer)

IN RESPECT OF

2 x 250 MW Lignite Based Thermal Power Project
AT & PO: Padva, Taluka: Ghogha, Dist:
Bhavnagar Pin: 364 050

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ગુજરાત ગુજરાત GUJARAT

અનુ... ૨૨૦૬... તારીખ... ૧૬-૧૧-૧૦
નામ... ગુજરાત ઉર્જા વિકાસ નિગમ લિમિટેડ
રે... વડોદરા
સ્થાન... વડોદરા

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સહાયક વીજળી નિગમ લિમિટેડ
વડોદરા

સબ પોસ્ટ માસ્ટર
મોડર્ન પોસ્ટ ઓફિસ

લા.નં. STAMP/NAKSHAN/263/06/11978

This Agreement is made on the 17th day of November 2010

Between

1. Bhavnagar Energy Company Limited ("BECL") having its registered office at 3rd Floor, Block no. 8, Udhog Bhavan Gandhinagar, 382011, hereinafter called "Seller" which expressions unless repugnant to the context and meaning hereof shall include its successors and assigns

And

2. Gujarat Urja Vikas Nigam Limited (GUVNL), having its registered office at Sardar Patel Vidyut Bhavan, Race Course, Vadodara, 390007 hereinafter called

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"Procurer" which expressions unless repugnant to the context and meaning hereof shall include its successors and assigns

(Each of the "Procurer", and "Seller" are individually referred to as "Party" and collectively to as the "Parties")

Whereas:

- A. The Procurer intends to procure generation capacity and purchase electricity in bulk.
- B. The Seller has offered the Lignite Based generation capacity in aggregate of 500 MW to be installed at Padva, Bhavnagar and sale and supply of electricity in bulk there from to the Procurer;
- C. The Seller being a State Government PSU, has been exempted from competitive bidding, as per the Government of India guidelines.
- D. The Seller intends to sell the Lignite Based generation capacity and supply of electricity in bulk to the Procurer to the extent of 500 MW capacity in aggregate to be installed at Padva, Bhavnagar on the terms and conditions contained in this Power Purchase Agreement (PPA) (the Agreement);
- E. Accordingly, the Parties have to sign this PPA setting out the terms and conditions of the sale of generation capacity and supply of electricity in bulk by the Seller to the Procurer.

Now therefore, in consideration of the premises and mutual agreements, covenants and conditions set forth herein, it is hereby agreed by and between the Parties as follows:



ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

The terms used in this Agreement, unless as defined below or repugnant to the context, shall have the same meaning as assigned to them by the Electricity Act, 2003 and the rules or regulations framed there under as amended or re-enacted from time to time:

"Act" or The Electricity Act 2003"	The Electricity Act 2003 or any further amendments made subsequent to the same;
"Additional Capitalisation"	shall have the meaning as described in Article 7.10.2.
Affected Party	Means, in respect of Force Majeure Events, procurer and/or seller whosoever is prevented from performing its obligations under this PPA.
"Agreed Form"	means, in relation to any document, the form of the said document most recently agreed to by the Parties and initialed by them for identification;
"Agreement" or "Power Purchase Agreement" or "PPA"	means this document including its Schedules containing the terms and conditions for purchase of power by Procurer;
"Appropriate Commission"	means the State Electricity Regulatory Commission, exercising the function to regulate sale of electricity by a generating company and the power purchase and procurement process of the Procurer under the Electricity Act, 2003;
"Applicable ABT order"	means, Intra State ABT order for Gujarat State;
"Availability Factor" or "Availability"	shall have the meaning ascribed thereto in Clause 4.3 of Schedule 4 of this Agreement;
"Available Capacity"	shall have the meaning ascribed thereto in Clause 4.4 of Schedule 4 of this Agreement;
"Bill Dispute Notice"	means the notice issued by a Party raising a dispute regarding a Monthly Bill or a Supplementary Bill issued by the other Party;
"Business Day"	means a day other than Sunday or a statutory holiday, on which the banks remain open for business in Vadodara ;



Calendar Year	Means the Georgian year beginning on the 1st Day of the month of January and ending on the 31st Day of the month of December
"Capacity Charge" or "Capacity Charges"	shall have meaning as specified in Schedule 5.1;
"Capacity Notice"	means a notice given pursuant to applicable Grid Code / Applicable ABT order
"Capital Cost"	shall be as described in GERC regulations as amended from time to time and as approved by GERC & Procurer.
"GERC Tariff Norms"	means the tariff fixation and other relevant regulations as announced by GERC from time to time;
"Change in Law"	has the meaning specified in Article 13.1.1;
"Check Meters" or "Check Meter"	shall have the meaning as specified in CEA (Installation and Operation of Meters) Regulation 2006 as amended and revised from time to time;
"Commercial Operation Date" or "COD"	means, in relation to a Unit or the Power Station, as the case may be, the date declared by the Seller after meeting the requirements of Article 6.3.
"Commissioning Tests" or "Commissioning Test"	means the Trial Run Test in accordance with Article 6.2.
"Construction Contractor"	means one or more main contractors, appointed by the Seller to design, engineer, construct and Commission the Project;
"Construction Period"	means the period from (and including) the date upon which the Construction Contractor is instructed or required to commence work under the Construction Contract up to (but not including) the Commercial Operations Date;
"Consultation Period"	means the period, commencing from the date of issue of a Seller Preliminary Termination Notice or a Procurer Preliminary Termination Notice, for consultation between the Parties to: <ul style="list-style-type: none"> (i) mitigate the consequence of the relevant event having regard to all the circumstances; and (ii) prevent termination of this Agreement;

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"Contracted Capacity"	Shall mean the rated name plate capacity of 500 MW for the Power Station as a whole or such lower rated capacity as may be determined in accordance with article 8.2 of this agreement.
"Contract Year"	means <ul style="list-style-type: none"> a) the first contract year of this Agreement shall be the period beginning on the date of this Agreement and ending on ensuing 31st March. Thereafter a contract year shall be each succeeding twelve (12) month period starting on 1st April and ending on 31st March of the next calendar year provided that; b) the Contract Year shall begin once again from the actual Commercial Operation Date of the first Unit and shall end on the ensuing 31st March. Thereafter a contract year shall be each succeeding twelve (12) month period starting on 1st April and ending on 31st March of the next calendar year and provided further that c) the last Contract Year of this Agreement shall end on the last day of the term of this Agreement;
"Control Centre" or "Nodal Agency" or "SLDC"	means the State Load Dispatch Centre located at Gotri, Vadodara or such other load control centre designated by the Appropriate Commission from time to time;
"Declared Capacity"	means the capability of the Unit or the Power Station, as the case may be, to deliver maximum electricity at Interconnection Point, in MW, declared by the Seller, in relation to any period of the day or whole of the day, duly taking into account the availability of fuel;
"Dispute"	means any dispute or difference of any kind between the Procurer and the Seller in connection with or arising out of this Agreement including any issue on the interpretation and scope of the terms of this Agreement;
"Due Date"	means the sixtieth (60 th) day after a Monthly Bill or a Supplementary Bill is received and duly acknowledged by Procurer (or, if such day is not a Business Day, the immediately succeeding day) by which date such bill is payable by Procurer;



"Electricity Laws"	means the Electricity Act, 2003 and the rules and regulations made there under from time to time along with amendments and replacements thereof in whole or in part and any other Law pertaining to electricity including regulations framed by the Appropriate Commission;
"Energy Output"	means the net electrical output of the Power Stations at the Interconnection Point, as expressed in kWh;
"Emergency"	means a condition or situation that, in the opinion of the Procurer or the agency tasked with operating and maintaining the Interconnection and Transmission Facilities or the transmission company, as the case may be, poses a significant threat to the Procurer's or the said agency's or transmission company's ability to maintain safe, adequate and continuous electrical service to its customers, or seriously endangers the security of persons, plant or equipment;
Equity	shall mean the aggregate of the following amounts (denominated in Rupees and any other currencies) expended for the Project pursuant to this Agreement and forms part of the approved Financing Agreements:
(a)	all such amounts which have been and remain paid up to the capital of Seller, and
(b)	all the amounts which have been paid up to the capital of Seller to the extent that they result from an adjustment to the Project Cost ; and
(c)	Realised Premium ; and
(d)	Preferential shares actually paid up; and
(e)	investment of internal resources created out of free reserves.
(f)	In any case Equity amount shall not exceed 30% of the total approved Capital Cost. Any amount of Equity in excess of 30% of the Capital Cost shall be treated as a deemed loan repayable within a period of 10 years from the CoD and interest on the same shall be payable at the weighted average rate of the outstanding term loans.
"Expiry Date"	means the 30th anniversary of the Commercial Operation Date of the last Unit of the Project;



Independent Engineer	means an independent consulting engineering firm or group that may be appointed jointly by the Procurer and the Seller to carry out the functions in accordance with Article 6, Article 8 and Article 12 herein. provided that separate Independent Engineer may be appointed for the purposes of Article 6, Article 8 and Article 12; provided further that separate Independent Engineer may be appointed for each financial year for the purposes of Article 8, and in such case, such Independent engineer shall be appointed at least ninety (90) days prior to the beginning of the financial year.
"Indian Governmental Instrumentality"	means the Government of India, Government of Gujarat and any ministry, department, board, agency or other authority of Government of India or Government of Gujarat;
"Initial Performance Retest Period"	shall have the meaning ascribed thereto in Clause 6.2.8 of Article 6 of this Agreement;
"Installed Capacity"	in relation to the BECL Power Station as a whole means 500 MW rated gross capacity, or such lower rated capacities as may be determined in accordance with Article 8.2 of this Agreement;
"Interconnection Facilities"	means the facilities on the Procurer's side of the Interconnection Point for receiving and metering Electrical Output in accordance with this Agreement and which shall include, without limitation, all other transmission and distribution lines and associated equipment, transformers and associated equipment, relay and switching equipment and protective devices, safety equipment and the metering system required for the Project;
"Interconnection Point" or "Interconnection Point"	means the points of delivery of Electrical Output to the Procurer and shall be at the outgoing bus bar / gantry of the Power Station for fulfilling the obligation of the Seller to deliver the scheduled electrical energy;
"Invoice"	means either a Monthly Invoice, a Supplementary Invoice or a Procurer Invoice;

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Independent Engineer	means an independent consulting engineering firm or group that may be appointed jointly by the Procurer and the Seller to carry out the functions in accordance with Article 6, Article 8 and Article 12 herein. provided that separate Independent Engineer may be appointed for the purposes of Article 6, Article 8 and Article 12; provided further that separate Independent Engineer may be appointed for each financial year for the purposes of Article 8, and in such case, such Independent engineer shall be appointed at least ninety (90) days prior to the beginning of the financial year.
"Indian Governmental Instrumentality"	means the Government of India, Government of Gujarat and any ministry, department, board, agency or other authority of Government of India or Government of Gujarat;
"Initial Performance Retest Period"	shall have the meaning ascribed thereto in Clause 6.2.8 of Article 6 of this Agreement;
"Installed Capacity"	in relation to the BECL Power Station as a whole means 500 MW rated gross capacity, or such lower rated capacities as may be determined in accordance with Article 8.2 of this Agreement;
"Interconnection Facilities"	means the facilities on the Procurer's side of the Interconnection Point for receiving and metering Electrical Output in accordance with this Agreement and which shall include, without limitation, all other transmission and distribution lines and associated equipment, transformers and associated equipment, relay and switching equipment and protective devices, safety equipment and the metering system required for the Project;
"Interconnection Point" or "Interconnection Point"	means the points of delivery of Electrical Output to the Procurer and shall be at the outgoing bus bar / gantry of the Power Station for fulfilling the obligation of the Seller to deliver the scheduled electrical energy;
"Invoice"	means either a Monthly Invoice, a Supplementary Invoice or a Procurer Invoice;

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"Law"	means, in relation to this Agreement, all laws and Electricity Laws in force in India and would include any statute, ordinance, regulation, notice, circular, code, rule or direction, or any interpretation of any of them by a Governmental Instrumentality and having force of law and also includes all applicable rules, regulations, orders, directions, notifications by a Governmental Instrumentality pursuant to or under any of them and shall include all rules, regulations, decisions directions and orders of the Appropriate Commission ;
"Lenders"	means the banks, other financial institutions, RBI registered non banking financial companies, mutual funds and agents or trustees of debenture / bond holders, including their successors and assignees, who have agreed as at Financial Close to provide the Seller with the debt financing described in the Capital Structure Schedule, and any successor banks or financial institutions to whom their interests under the Financing Agreements may be transferred or assigned: Provided that, such assignment or transfer shall not relieve the Seller of its obligations to the Procurer under this Agreement in any manner; and shall also not lead to an increase in the liability of the Procurers;
"Main Meters"	shall have the meaning as specified in CEA (Installation and Operation of Meters) Regulation 2006 as amended and revised from time to time.
"Maintenance Outage"	shall have the meaning ascribed there to in GRID CODE
Metering Date	Means the 00:00 hours of the first day of each calendar month and initial meter reading will be taken on the Date of Installation of Meters.
Monthly Bill:	Will have the meaning ascribed to it in Article 11.
"Metering System"	shall have the meaning ascribed thereto in Article 9 of this Agreement;
"Month"	means a calendar month;
"Normative Availability"	shall be 80% (However for the first three years from the date of commercial operation it shall be 75%).
"Normative Auxiliary Energy Consumption"	shall be 11%.

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"Normative Gross Station Heat Rate"	means the heat energy input to the Power Station in terms of Gross Calorific Value, to generate one (1) kWh Energy Output at the Generator Terminal; shall be 2623 Kcal/Kwh including moisture correction.
Notice	shall mean a notice relating to any eventuality as prescribed under this PPA and shall be understood to have a Notice relating to that particular event in context of which used.
"Operation Period"	in relation to the Power Station means the period from its Commissioned Date until the expiry or earlier termination of this Agreement in accordance with Article 2 of this Agreement;
"Operating Procedures"	shall have the meaning ascribed thereto in GRID CODE;
Outage(s)	shall mean the event(s) of non-Availability of the Power Stations.
"Party" and "Parties"	has the meaning specified in the recital to this Agreement;
"Performance Test"	means the test of a Unit's rated capacity and after commissioning of the Power Station, of the Power Station's rated capacity as a whole carried out in accordance with Clause 3.1 of Schedule 3 of this Agreement and relevant Test Code(s);
"Preliminary Termination Notice"	shall have the meaning ascribed thereto in Article 14 of this Agreement;
"Project"	means the ownership, design, financing, engineering, procurement, construction, operation, maintenance, repair, refurbishment, development and insurance of the Power Station undertaken by the Seller in accordance with the terms and conditions of this Agreement;
"Project Documents"	Means Contract with Construction Contractor; Fuel Supply Agreements, including the Fuel Transportation Agreement, if any and any other agreement designated as such from time to time by the Procurer or the Seller;

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"Prudent Practices"	Utility	means the practices, methods and standards that are generally accepted internationally from time to time by electric utilities for the purpose of ensuring the safe, efficient and economic design, construction, commissioning, operation and maintenance of power generation equipment of the type specified in this Agreement and which practices, methods and standards shall be adjusted as necessary, to take account of: a) operation and maintenance guidelines recommended by the manufacturers of the plant and equipment to be incorporated in the Power Station; b) the requirements of Indian law; and c) the physical conditions at the Site;
"Repeat Test"	Performance	shall have the meaning ascribed thereto in Article 8 and Schedule 3 of this Agreement and as per relevant Test Code(s);
"Revised Notice"	Capacity	means the revision in Capacity Notice, as per applicable Grid Code or Applicable ABT order
"Reference Rate"	Exchange	means in relation to any currency other than Rupees in which debt or Equity component of the capital cost may be financed in accordance with the Financing Agreements, the weighted average selling rate in Rupee for relevant currency at which Seller purchased / converted such currency for raising debt and / or Equity, as the case may be, on the date on which Seller raised the debt, or as the case may be, the Equity, to finance the Project.
"Rupees" or "Rs."		means the lawful currency of India;
"SBI BR"		means the prevailing Base rate per annum as fixed from time to time by the State Bank of India and in the absence of such rate, the average of the Base rates fixed by the Bank of India and the Bank of Baroda and failing that any other arrangement that substitutes such Base rate as mutually agreed to by the Parties;
"Scheduled CoD" or "Scheduled Commercial Operation Date"		means for the first unit 18 th February, 2013 and for the second unit 18 th May, 2013;

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"Scheduled Connection Date"	the Seller shall ensure the connection of all the transmission lines atleast 120 days before the Scheduled Synchronisation Date of the first unit;
"Scheduled Energy"	means the quantum of energy at the Interconnection Point as scheduled by the State Load Dispatch Centre;
"Scheduled Generation" (SG)	at any time or for any period or time block means schedule of generation in MW at Interconnection Point, given by the Control Center; in accordance with the Grid Code and this Agreement.
"Scheduled Outage"	shall have the meaning ascribed thereto in GRID CODE;
"Scheduled Synchronisation Date"	means the date which falls 120 days before the Scheduled CoD of the any Unit of the project;
"Settlement Period"	means the time block for issue of daily declaration, generation and drawal schedules as may be defined by GRID CODE [presently fifteen (15) minute block];
Site	means the site of the Generating Station at village Padva, 2 x 250 MW (500 MW) Power Station by BECL for the purpose of this Power station
"State Transmission Utility" or "STU"	means the Utility as defined in the Electricity Act 2003;
"Supplementary Invoice"	means an Invoice other than a Monthly Invoice raised by either Party in accordance with Article 11;
"Tariff Payment"	means the payments under Monthly Invoices as specified in Schedule 5 and the relevant Supplementary Invoices;
"Tariff"	means the tariff payable in accordance with Schedule 5;
"Technical Specifications"	means the technical requirements and parameters prescribed in relation to the Project, forming a part of the Construction Contract. Provided these shall always comply with the requirements of Schedule 2 of this Agreement;
"Tested Capacity"	in relation to a Commissioned Unit, or the Power Station as a whole (if the Power Station has been commissioned) means the results of the most recent Performance Test or Repeat Performance Test carried out in relation to the Power Station in accordance with Schedule 3 of this

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	Agreement;
"Termination Notice"	shall have the meaning ascribed thereto in Article 14 of this Agreement;
"Term of Agreement"	has the meaning specified in Article 2.1;
"Total Debt Amount"	<p>means the sum of the following amounts, expressed in Rupees (with all amounts denominated in currencies other than Rupees being converted to Rupees at the Reference Exchange Rate, the selling rate in Rupees for the Foreign Currency on the relevant day, as notified by the State Bank of India as its TT Rate at 12:00 noon on the date of notification of Force Majeure Event):</p> <ol style="list-style-type: none"> the principal amount of the debt incurred by the Seller (as per the terms of the Financing Agreements) to finance the Project according to the Capital Structure Schedule as approved by the Commission which remains outstanding on the date of notification of Force Majeure Event after taking account of any debt repayments which could have been made out of the Monthly Payments received by the Seller on or before the date of notification of Force Majeure Event as per the terms provided in the Financing Agreements ; and all accrued interest and financing fees payable under the Financing Agreements on the amounts referred to in Article (a) above since the Fixed Charge Payment immediately preceding the date of notification of Force Majeure Event or, if Fixed Charges have not yet fallen due to be paid, from the most recent date when interest and financing fees were capitalised, and if this Agreement is terminated during the Construction Period, any amounts owned to the Construction Contractor for work performed but not paid for under the Construction Contract (other than amounts falling due by reason of the Seller's default or this Agreement being terminated);
"Unit" or "Power Station"	means a block of Boiler, Steam Turbine, Generator along with associated auxiliaries in case of single such Unit and shall be called "Power Station" in case of all units taken together



"Unscheduled Interchange"	means as defined in relevant GERC Regulations;
"Energy Charge" or "Fuel Charge"	shall have meaning as specified in Schedule 5.;
"Week"	means a calendar week commencing from 00:00 hours of Monday, and ending at 24:00 hours of the following Sunday;
"Wheeling Charges" or "Transmission Charges"	are the charges paid by the Procurer to the STU or any other agency for the transfer of power from the Plant switchyard end to the Procurer's network
Zero Date	means 18 th February, 2010.

1.2 Interpretation

Save where the contrary is indicated, any reference in this Agreement to:

- 1.2.1 A "Recital", an "Article", a "Schedule", a "Paragraph" and a "Clause" shall be construed as a reference to a Recital, an Article, a Schedule, a Paragraph and a Clause respectively of this Agreement.
- 1.2.2 An "affiliate" of any person shall be construed as a reference to a subsidiary or holding company, or a subsidiary of a holding company, of such person
- 1.2.3 "this Agreement" shall be construed as including a reference to its Schedules and Annexes;
- 1.2.4 A "crore" means a reference to ten million (10,000,000) and a "lakh" means a reference to one tenth of a million (1,00,000);
- 1.2.5 An "encumbrance" shall be construed as a reference to a mortgage, charge, pledge, lien or other encumbrance securing any obligation of any person or any other type of preferential arrangement (including, without limitation, title transfer and retention arrangements) having a similar effect.
- 1.2.6 "indebtedness" shall be construed so as to include any obligation (whether incurred as principal or surety) for the payment or repayment of money, whether present or future, actual or contingent;
- 1.2.7 A "person" shall be construed as a reference to any person, firm, company, corporation, society, trust, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the above and a person shall be construed as including a reference to its successors, permitted transferees and permitted assigns in accordance with their respective interests.

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1.2.8 A "subsidiary" of a company or corporation shall be construed as a reference to any company or corporation:

- a) which is controlled, directly or indirectly, by the first-mentioned company or corporation; or
- b) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first-mentioned company or corporation; or
- c) which is a subsidiary of another subsidiary of the first-mentioned company or corporation and, for these purposes, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and / or to control the composition of its board of directors or equivalent body

1.2.9 The "winding-up", "dissolution", "insolvency", or "reorganization" of a company or corporation shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company or corporation is incorporated or any jurisdiction in which such company or corporation carries on business including the seeking of liquidation, winding-up, reorganization, dissolution, arrangement, protection or relief of debtors.

1.2.10 Words importing the singular shall include the plural and vice versa.

1.2.11 This Agreement itself or any other agreement or document shall be construed as a reference to this or to such other agreement or document as it may have been, or may from time to time be, amended, varied, novated, replaced or supplemented.

1.2.12 A Law shall be construed as a reference to such Law including its amendments or re-enactments from time to time.

1.2.13 A time of day shall, save as otherwise provided in any agreement or document be construed as a reference to Indian Standard Time.

1.2.14 Different parts of this Agreement are to be taken as mutually explanatory and supplementary to each other and if there is any inconsistency between or among the parts of this Agreement, they shall be interpreted in a harmonious manner so as to give effect to each part.

1.2.15 The table of contents and any headings or sub-headings in this Agreement have been inserted for ease of reference only and shall not affect the interpretation of this Agreement.

1.2.16 All interest payable under this Agreement shall accrue from day to day and be calculated on the basis of a year of three hundred and sixty five (365) days.



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ARTICLE 2

TERM OF AGREEMENT

2.1 Effective Date and Term of Agreement

This Agreement is effective from the date of its signing by both the parties.

The Agreement shall have a term from such effective date until the Expiry Date ("Term of Agreement"), when it shall automatically terminate, unless:

- a) terminated earlier, pursuant to Article 2.2, or
- b) extended, pursuant to Article 2.3.

2.2 Early Termination

This Agreement shall terminate before the Expiry Date:

- a) if either the Procurer or Seller exercises a right to terminate, pursuant to Article 14 or Article 3.3; or
- b) in such other circumstances as the Seller and Procurer may subsequently agree, in writing.

2.3 Extension of Term

2.3.1 Prior to at least Three hundred and Sixty Five (365) days before the Expiry Date, Procurer may give a written notice to the Seller that it wishes to extend this Agreement for an additional period to be specified by that Procurer.

2.3.2 If such written notice is delivered to the Seller by the Procurer, this Agreement can be extended to such date. Upon the receipt of such notice, the Parties shall meet and discuss an extension of this Agreement, which may be extended on such terms including the period of extension, tariff, capacity and operating characteristics as the Parties may mutually agree in writing. Such extension shall commence upon the end of the last day of the Term of Agreement.

2.3.3 On Expiry of any extension of the Term under Article 2.3.2, the provisions of this Agreement, including this Article 2.3 itself shall apply mutatis mutandis in relation to either Party's right.

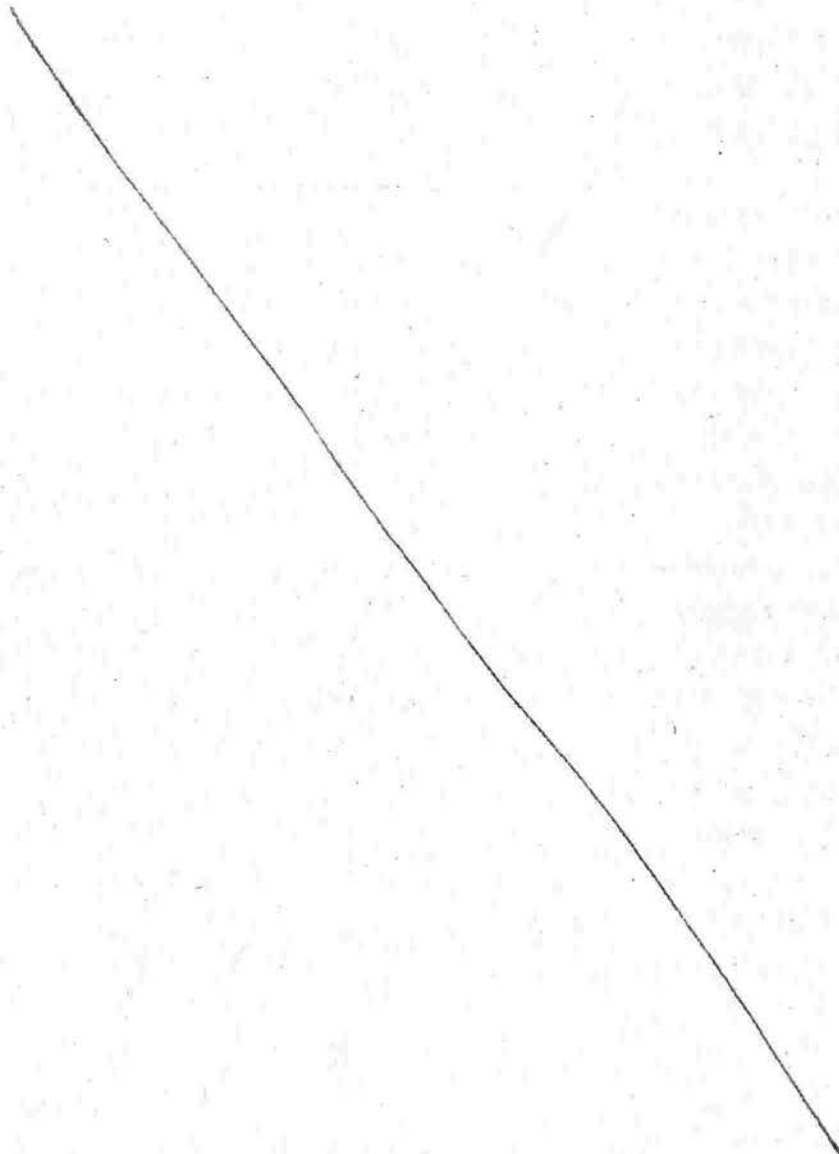
2.4 Consequences of Procurer or Seller not extending

2.4.1 In the event that the Procurer or Seller chooses not to automatically extend the PPA under Article 2.3, the PPA shall expire and no rights and obligations by Procurer to the Seller or vice versa shall be owed by any party to another.



2.5 Survival

2.5.1 The expiry or termination of this Agreement shall not affect accrued rights and obligations of the Parties under this Agreement, nor shall it affect any continuing obligations for which this Agreement provides, either expressly or by necessary implication, the survival of, post its expiry or termination.



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ARTICLE 3

CONDITIONS SUBSEQUENT

3.1 Satisfaction of conditions subsequent by the Seller

Notwithstanding anything to the contrary specified in this Agreement and unless specifically waived in writing by either Party, the other Party agrees and undertakes to duly perform and complete the following within twelve (12) months from the effective date of this Agreement:

- I. the Seller shall have received the Initial Consents as mentioned in Schedule 1, either unconditionally or subject to conditions which do not materially prejudice its rights or the performance of its obligations under this Agreement ;
- II. the Seller shall have appointed the Construction Contractors, if Seller itself is not the Construction Contractor, for the design, engineering, procurement, construction and Commissioning of the Project and shall have given to such Contractor an irrevocable notice to proceed.
- III. the Seller shall have achieved Financial Closure in relation to the Project;
- IV. the Seller shall make available to the Procurer the data with respect to the Project for design of Interconnection Facilities and Transmission Facilities, if required;
- V. the specific Interconnection Point has been identified by Parties at the outgoing gantry of the Power Station;
- VI. the Seller shall have got vacant possession of the Sites and shall have obtained valid, enforceable, unencumbered and insurable freehold or leasehold title thereto and such other real property rights including way-leaves as may be required for the Project or the performance of its obligations under this Agreement.

3.2 Reports

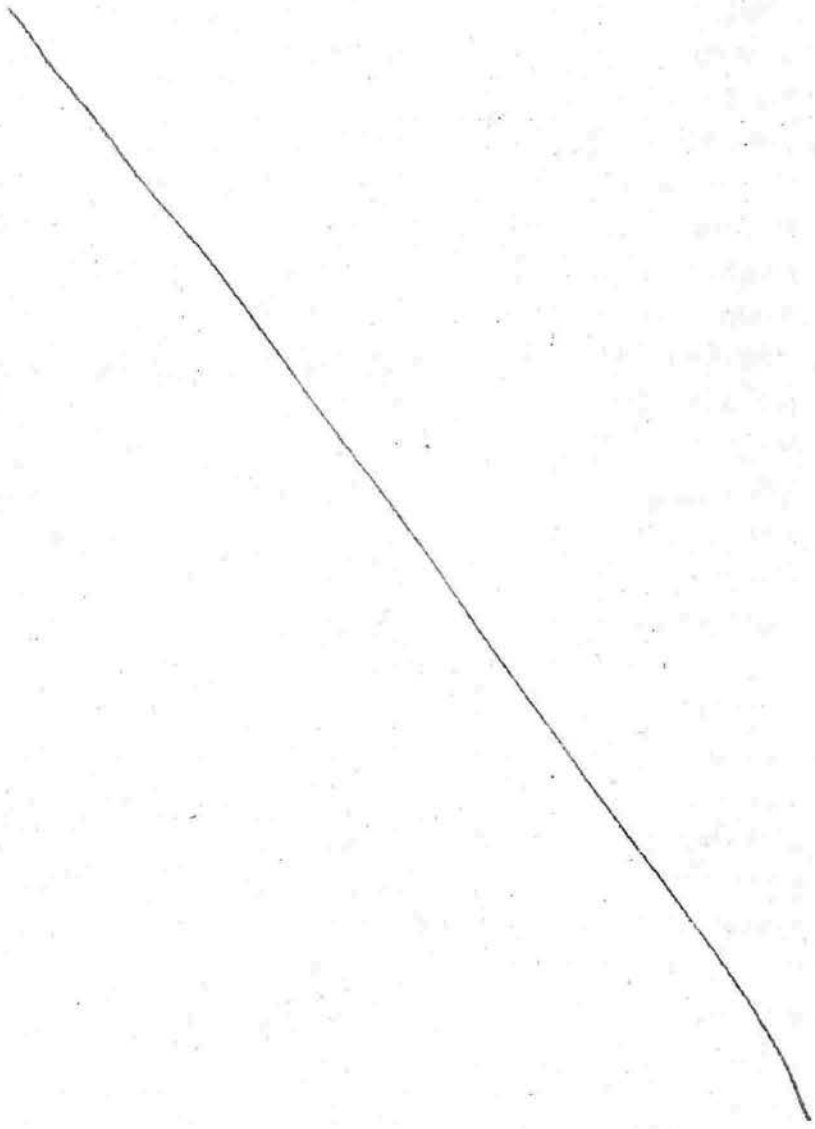
The Seller shall notify the Procurer in writing at least once a month on the progress made in satisfying the conditions in Article 3.1 and may also mention whether the actual Commercial Operation Date shall be as per the Scheduled Commercial Operation Date or is likely to be preponed or postponed and by how much time.



3.3 Consequences of non-fulfillment of conditions under Article 3.1

3.3.1 If any of the conditions specified in Article 3.1 is delayed beyond a period of one year (12) months then either Party may terminate this Agreement without any obligation or liability;

3.3.2 In case of Force Majeure affecting the Seller, the time period of twelve (12) months for Condition Subsequent, shall be extended for the purpose of termination as per Article 3.3 subject to a maximum extension period of 10 months continuous or non continuous in aggregate.



ARTICLE 4

DEVELOPMENT OF THE PROJECT

4.1 The Seller's obligation to build, own and operate the Power Station

4.1.1 Subject to the terms and conditions of this Agreement, the Seller undertakes to be responsible at Seller's costs and risks for:

- I. obtaining and maintaining in full force and effect any Consents required by it pursuant to this Agreement and Indian law;
- II. executing the Project in a timely manner so as to enable each of the Units and the Power Station as a whole to be Commissioned no later than its scheduled Commercial Operation Date and such that as much of the Installed Capacity as can be made available through the use of Prudent Utility Practices will be made available reliably to meet the Procurer's scheduling and dispatch requirements throughout the Operating Period of the Power Station;
- III. owning the Power Station throughout the term of this Agreement free and clear of encumbrances except those expressly permitted by Article 18;
- IV. procure the requirements of electricity at the Power Station (including construction, commissioning and start-up power) to meet in a timely manner all formalities for getting such a supply of electricity;
- V. shall be responsible for informing about the project to the STU and procuring the Interconnection and Transmission Facilities upto the Interconnection Point to enable the Power Station to be connected to the Grid System of the STU not later than the Scheduled Connection Date and to facilitate transmission of power from the Power Station to Interconnection Point; and
- VI. fulfilling all other obligations undertaken by him under this Agreement.

4.2 Procurer' obligation

Subject to the terms and conditions of this Agreement, the Procurer:

- I. endeavour its best (without any legal obligation) to assist the Seller in procuring the electricity required as per Article 4.1 (d); and
- II. using all reasonable endeavours to facilitate the commissioning and testing of the Units and after commissioning of the Power Station, as a whole that are within it's power to do.
- III. shall co-ordinate with the STU for the Interconnection and Transmission facilities.

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4.3 Purchase and sale of Available Capacity and Electrical Output

4.3.1 Subject to the terms and conditions of this Agreement, the Seller undertakes to sell to the Procurer, and Procurer undertake to pay the Tariff for the Available Capacity and Electrical Output of the Power Station throughout its Operating Periods.

4.3.2 The Seller shall sell all the Available Capacity of the Power Station to the Procurer pursuant to Scheduled Generation given by the Procurer or SLDC.

4.4 Right to Available Capacity/ Electrical Output

4.4.1 The available Capacity of the Unit or the Power Station, as the case may be, shall be used exclusively for the benefit of the Procurer and the Seller shall not grant to any third party or allow any third party to obtain any entitlement to the Available Capacity and Electrical Output.

4.4.2 The Seller shall not itself use any of the electricity generated by the Power Station during the term of this Agreement except for the purpose of meeting the Power Station's auxiliary load to the power plant.

4.5 Extensions of time

4.5.1 In the event that:

- (a) the Seller is prevented from performing its obligations under Article 4.1(b) by the required date because of any default of the Procurer; or
- (b) a Unit, or the Power Station cannot be Commissioned by its Scheduled Commercial Operations Date because of Force Majeure Event; or
- (c) a Unit, or the Power Station cannot be Commissioned by its Scheduled Commercial Operations Date due to delay caused by relevant authority and situations beyond the control of the Seller, for the clearances to be obtained by the Seller as per Schedule 1. whereby, delay needs to be justified by the Seller.

the Scheduled Commercial Operations Date, the Scheduled Connection Date and the Expiry Date shall be deferred, subject to the limit prescribed in Article 4.5.3, for a reasonable period to permit the Seller through the use of due diligence, to overcome the effects of the Force Majeure Event or in the case of the Procurer's material default till such time the material default is rectified by the Procurer.

4.5.2 If the Parties have not agreed, within thirty (30) days after the affected Party's performance has ceased to be affected by the relevant circumstance on how long the Scheduled Commercial Operations Date, the Scheduled Connection

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Date or the Expiry Date should be deferred by, any Party may raise the Dispute in accordance with Article 17.

4.5.3 The Scheduled Commercial Operations Date of any Unit or the Scheduled Commercial Operations Date of the Power Station as a whole, may not be extended by more than a total of twelve (12) months from the Scheduled Commercial Operations Date first determined pursuant to this Agreement by reason of one or more Force Majeure Events, and the new date shall be deemed the Scheduled Commercial Operations Date for the purposes of this Agreement. If the original Scheduled Commercial Operations Date is delayed beyond twelve (12) months, this Agreement shall terminate as detailed in Article 14.

4.6 Liquidated damages for delay due to Procurer default

4.6.1 If

- a. a Unit cannot achieve COD by its Scheduled Commercial Operations Date, due to a Procurer Event of Default which shall not include non availability of Transmission Evacuation system or
- b. a Unit is available for conducting Commissioning Tests and is anticipated to be capable of duly completing the Commissioning Tests as certified by the Independent Engineer, but the said Commissioning Tests are not undertaken or completed due to such Procurer Event of Default ;

such Unit shall, until the effects of the Procurer Event of Default no longer prevent the Seller from undertaking a Commissioning Test/s, be deemed to have, a Tested Capacity equal to the Contracted Capacity and to this extent, be deemed to have achieved COD with effect from the Scheduled COD without taking into account delay due to such Procurer Event of Default and shall be treated as follows.

In case of delay on account of the Procurer Event of Default, the Procurer shall make payment to the Seller of Capacity Charges calculated on Normative Availability of Contracted Capacity of such Unit for and during the period of such delay.

4.6.2 In every case referred to in Article 4.6.1 hereinabove, the Seller shall undertake a Commissioning Test as soon as reasonably practicable after the point at which it is no longer prevented from doing so by the effects of Force Majeure Events or a Procurer Event of Default (as appropriate) and if such

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Commissioning Test is not duly completed and / or demonstrates a Tested Capacity which is less than ninety five percent (95%) of the Installed Capacity, then:

- a) The Unit which fails the Commissioning Test, shall be deemed to have not been Commissioned from the deemed commissioning date referred to in Article 4.6.1;
- b) The Seller shall refund to the Procurer, sums received by way of Capacity Charge pro-rata to the shortfall in Installed Capacity.

4.7 Liquidated damages for delay in providing Contracted Capacity

4.7.1 If any Unit does not achieve COD by its Scheduled Commercial Operation Date other than for the reasons specified in Article 4.5.1 the Seller shall pay to the Procurer liquidated damages for such delay in achieving COD. The sum total of the liquidated damages payable by the Seller to the Procurer for such delayed COD shall be calculated as follows:

$$SLDb = [CCun \times dn \times DR1], \text{ if } dn \leq 60$$

$$SLDb = [CCun \times 60 \times DR1] + [CCun \times (dn - 60) \times DR2], \text{ if } dn > 60$$

Where:

- a. "SLDb" are the liquidated damages payable by the Seller during the period beginning with the day from the Scheduled Commercial Operation Date of a Unit up to and including the day on which Unit actually achieves COD;
- b. "CCun" is the Installed Capacity of Unit "n";
- c. "d" is the number of days in the period beginning with the day after the Scheduled Commercial Operation Date of Unit "n" up to and including the day on which such Unit actually achieves COD;
- d. "DR1" is Rs. Five Thousand (5,000) of damages per MW per day of delay in case "d" is less than or equal to 60 days and "DR2" is Rs. Ten Thousand (10,000) of damages per MW per day of delay in case "d" is more than 60 days.

4.7.2 The Seller's maximum liability under this Article 4.7 shall be limited to the amount of liquidated damages calculated in accordance with Article 4.7.1 for and upto twelve (12) Months of delay for Contracted Capacity of the Unit. Provided that, in case of failure of the Seller to achieve COD of the Unit even

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after expiry of twelve (12) Months from its Scheduled Commercial Operation Date, the provisions of Article 14 shall apply.

4.7.3 The Procurer shall start recovering the liquidated damages calculated pursuant to Article 4.7.1 from the first monthly bill raised by the seller and shall be fully recovered not later than 60 days from the date on which the Unit actually achieves COD ; or within 60 days from the date of termination of this Agreement.

4.7.4 The Parties agree that the formula specified in Article 4.7.1 for calculation of liquidated damages payable by the Seller under this Article 4.7, read with Article 14 is a genuine and accurate pre-estimation of the actual loss that will be suffered by the Procurer in the event of Seller's delay in achieving COD of a Unit by its Scheduled COD.

4.8 Increased costs due to Procurer's default

The Parties expressly agree that the Procurer's only liability for any loss of profits or any other loss of any other kind or description whatsoever, suffered by the Seller by reason of the Procurer's failure to meet its obligations under Article 4.2 shall be the amounts specified in Article 4.6.

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ARTICLE 5

CONSTRUCTION

5.1 Seller's Construction Responsibilities

5.1.1 The Seller shall be responsible for designing, constructing, erecting, commissioning, completing and testing the Power Station in accordance with the following, it being clearly understood that in the event of inconsistency between two or more of the following, the order of priority as between them shall be the order in which they are placed, with 'applicable law' being the first:

- a. applicable Law;
- b. the Grid Code;
- c. the terms and conditions of this Agreement;
- d. the Functional Specifications; and
- e. Prudent Utility Practices.

Notwithstanding anything to the contrary contained in this PPA, the Seller shall ensure that the technical parameters or equipment limits of the Project shall always be subject to the requirements as specified in points (a) to (e) above and under no event shall over-ride or contradict the provisions of this Agreement and shall not excuse the Seller from the performance of his obligations under this Agreement.

5.2 The Site

5.2.1 The Seller acknowledges that, before entering into this Agreement, it has had sufficient opportunity to investigate the Site and accepts full responsibility for its condition (including but not limited to its geological condition, on the Site, the adequacy of the road and rail links to the Site and the availability of adequate supplies of water) and agrees that it shall not be relieved from any of its obligations under this Agreement or be entitled to any extension of time or financial compensation by reason of the unsuitability of the Site for whatever reason.

5.3 Establishment of Interconnection Facilities

5.3.1 The Seller shall be responsible for establishing interconnection facilities for evacuation of power from the Power station to the Interconnection Point.

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5.4 Quality of Workmanship

5.4.1 The Seller shall ensure that the Power Station is designed, built and completed in a good workmanlike manner using sound engineering construction practices and using only materials and equipment that are new and of international utility grade quality such that, the useful life of the Power Station continues till the Expiry Date.

5.4.2 The Seller shall ensure that design, construction and testing of all equipment, facilities, components and systems of the Project shall be in accordance with Indian Standards and Codes issued by Bureau of Indian Standards and/or internationally recognised Standards and Codes, such as:

- i. American National Standards Institute (ANSI)
- ii. American Society of Testing and Materials (ASTM)
- iii. American Society of Mechanical Engineers (ASME)
- iv. American Petroleum Institute (API)
- v. Standards of the Hydraulic Institute, USA
- vi. International Organization for Standardization (ISO)
- vii. Japanese Industrial Standards (JIS)
- viii. Tubular Exchanger Manufacturer's Association (TEMA)
- ix. American Welding Society (AWS)
- x. National Electrical Manufacturers Association (NEMA)
- xi. National Fire Protection Association (NFPA)
- xii. International Electro-Technical Commission (IEC)
- xiii. Expansion Joint Manufacturers Association (EJMA)
- xiv. Heat Exchange Institute (HEI)
- xv. American Water Works Association (AWWA)
- xvi. Deutsches Institut für Normung (DIN)

Other international standards, established to be equivalent or superior to the above standards shall also be acceptable. However, in the event of any conflict between the requirements of the international codes and standards and the requirements of the Indian standards/regulations, the latter shall prevail.

5.5 Consents

5.5.1 The Seller shall be responsible for obtaining all Consents required for developing, financing, constructing, operating and maintenance of the Project and maintaining/ renewing all such Consents in order to carry out its obligations under this Agreement in general and this Article 5 and Schedule I



in particular and shall supply to the Procurer promptly with copies of each application that it submits, and copy/ies of each consent/approval/license which it obtains.

5.6 Construction Documents

5.6.1 The Seller shall retain at the Site and make available for inspection to the Procurer at all reasonable times copies of the results of all tests specified in Schedule 3 thereof.

5.7 Co-ordination of Construction Activities

5.7.1 Before the tenth (10th) day of each alternate Month, during the Construction Period:

(a) the Seller shall prepare and submit to the Procurer a bi-monthly progress report, in the Agreed Form, which reviews the progress of the design, engineering, procurement, construction, completion, testing and commissioning of the Power Station; and

(b) The Seller shall prepare, in consultation with STU, and submit to the Procurer, a bi-monthly progress report in the Agreed Form which reviews the progress of the design, engineering, procurement, construction and installation of the Interconnection and Transmission Facilities upto the Interconnection Point. The same shall be submitted by the Seller to the Procurer.

5.7.2 The Seller and the Procurer individually shall designate from time to time, by giving a written notice to the other party up to five (5) of its employees who shall be responsible for coordinating all construction activities relating to the Project and who shall have access at all reasonable times to the other party's land for the purpose of appraising the progress of the work being carried on, subject to such designated persons or the party appointing them giving reasonable notice to the other party of such visit and subject to their complying with all reasonable safety procedures.



ARTICLE 6

SYNCHRONISATION, COMMISSIONING AND COMMERCIAL OPERATION

6.1 Synchronisation

- 6.1.1 The Seller shall give the Procurer and SLDC at least sixty (60) days advance preliminary written notice and at least thirty (30) days advance final written notice, of the date on which it intends to synchronise a Unit to the Grid System.
- 6.1.2 Subject to Article 6.1.1, a Unit may be synchronised by the Seller to the Grid System when it meets all connection conditions prescribed in any Grid Code then in effect and otherwise meets all other Indian legal requirements for synchronisation to the Grid System.

6.2 Commissioning

- 6.2.1 The Seller shall be responsible for ensuring that each Unit is commissioned in accordance with Article 6.3 at its own cost, risk and expense.
- 6.2.2 The Seller shall give the Procurer and the Independent Engineer not less than ten (10) days prior written notice of Commissioning Test of each Unit.
- 6.2.3 The Seller, the Procurer and the Independent Engineer (individually) shall each designate qualified and authorised representative to witness and monitor Commissioning Test of each Unit.
- 6.2.4 Testing and measuring procedures applied during each Commissioning Test shall be in accordance with the codes, practices and procedures mentioned in Schedule 3 of this Agreement.
- 6.2.5 Within five (5) days of a Commissioning Test, the Seller shall provide the Procurer and the Independent Engineer with copies of the detailed Commissioning Test results. Within five (5) days of receipt of the Commissioning Test results, the Independent Engineer shall provide to the Procurer and the Seller in writing, his findings from the evaluation of Commissioning Test results, either in the form of Final Test Certificate certifying the matters specified in Article or the reasons for non-issuance of Final Test Certificate.
- 6.2.6 A Unit shall be commissioned on the day after the date when the Procurer receives a Final Test Certificate of the Independent Engineer stating that:



The Commissioning Tests have been carried out in accordance with Article 6.3 and are acceptable to him;

- 6.2.7 If a Unit fails a Commissioning Test, the Seller may retake the relevant test, within a reasonable period after the end of the previous test, with three (3) day's prior written notice to the Procurer and the Independent Engineer. Provided however, the Procurer shall have a right to require deferment of any such re-tests for a period not exceeding fifteen (15) days, without incurring any liability for such deferment.
- 6.2.8 The Seller may retake the Performance Test by giving at least fifteen (15) days advance notice in writing to the Procurer, up to eight (8) times, during a period of one hundred and eighty (180) days ("Initial Performance Retest Period") from a Unit's COD in order to demonstrate an increased Tested Capacity over and above as provided in Article 6.2.6(b). Provided however, the Procurer shall have a right to require deferment of any such re-tests for a period not exceeding fifteen (15) days.
- 6.2.9 If a Unit's or Power Station's Tested Capacity at the end of the Initial Performance Retest Period is found to be more than its Rated Capacity, the Rated Capacity shall be deemed to be the Unit's or Power Station's Tested Capacity for all purposes.

Provided that the Tested Capacity in excess of the Rated Capacity shall be ignored for all purposes of this Agreement but the Procurer shall have the right over such excess. No capacity charges shall be payable for such excess capacity.

Provided further that, in all the above events, the Seller shall be liable to obtain / maintain all the necessary consents (including Initial Consents), permits and approvals including those required under the environmental laws for generation of such excess Tested Capacity.

6.3 Commercial Operation

A unit shall be considered as commissioned on the date when the construction and commissioning of all plants and equipments required for operation of the unit at rated capacity are complete and the unit achieves full rated load on the designated fuel. Upon successful trial run test, Seller may declare Entry into the Commercial Service of the relevant Unit. The Seller shall, within 180 (One hundred eighty) days' from the Date of Commercial Operation, execute the Performance Guarantee Test as provided under



Schedule 3 If such, date of Entry into Commercial Service is likely to fall ahead of the date specified in Article 1, the Seller shall have to obtain a written prior consent of the Procurer in that regard.



ARTICLE 7

OPERATION AND MAINTENANCE

7.1 Operating Procedures

The Operating Procedures shall be consistent with the following, it being clearly understood that in the event of inconsistency between two or more of the following, the order of priority as between them shall be the order in which they are placed, with 'applicable law' being the first:

- (a) Applicable law;
- (b) the Regulations, Grid Code; Terms and conditions of Tariff and ABT- as & when applicable;
- (c) the terms and conditions of this Agreement;
- (d) the Functional Specifications;
- (e) the Technical Specifications; and
- (f) Prudent Utility Practices.

7.2 Operation and Maintenance of the Power Station

7.2.1 The Seller shall be responsible at its own expense for ensuring that the Power Station is operated and maintained in accordance with all legal requirements, including the terms of all Consents and Prudent Utility Practices so as to meet its obligations under this Agreement, including without limitation its obligations under Article 4.1, and so as not to have an adverse effect on the Grid System.

7.2.2 The Seller shall be responsible at its own expense for obtaining and keeping in force all Consents required for the operation of a Unit, the Power Station and the Project in accordance with this Agreement throughout its Operating Period.

7.2.3 The Seller shall ensure that sufficiently competent and qualified personnel are always on hand at the Power Station to enable a Unit to be operated twenty four (24) hours a day, seven (7) days a week throughout the year.

7.3 Inspections

7.3.1 The Procurer shall have the right to designate, from time to time in a written notice to the Seller, up to five (5) of their representatives who shall be responsible for inspecting the Power Station for the purpose of verifying the Seller's compliance with this Article 7 and who shall have access to the Power Station:



- (a) on no more than two (2) occasions in a Contract Year, upon giving not less than twenty four (24) hours notice of the inspection to the Seller;
- (b) on occasions when the Seller has reported partial or full outage, to verify the other conditions reported by the Seller which in the reasonable opinion of the Procurer may affect the output of a Unit and / or the Power Station in the next twenty four (24) hours, by giving one (1) hour notice; and at any other time for good cause, upon giving such notice as maybe reasonable in the circumstances; subject, in all cases, to their complying with all reasonable safety precautions and standards.

7.3.2 In the exercise of any of its right under Article 7.3.1, the Procurer shall ensure that their representatives do not knowingly interfere with the proper operation or maintenance of the Power Station.

7.4 Scheduling Procedures

7.4.1 The Parties shall comply with the Scheduling Procedures in accordance with the Grid Code and / or Applicable ABT order.

7.5 Scheduled Outages

7.5.1 Not later than sixty (60) days before the Entry into Commercial Service of each Unit and thereafter not later than the 31st January in each year (or by such other date as may be mutually agreed), Seller shall submit to Procurer its Maintenance Programme and the Scheduled Outages desired therefore for the relevant Unit(s) and for the relevant period(s).

7.5.2 Within two (2) months after receiving Seller's proposals, Procurer shall notify in writing whether the proposed Scheduled Outages are acceptable and, if not, and after discussing the matter with Seller, shall indicate the periods that would be acceptable, which shall be:

- (i) of the same duration as the periods requested by Seller;
- (ii) within the time limits required by any legal requirement relating to routine maintenance; and
- (iii) within the time limits required or recommended by the manufacturer or supplier of the plant which is to undergo maintenance.

7.5.3 Seller may only object to a Scheduled Outage proposed by Procurer on the grounds that it would be inconsistent with the requirements of above mentioned paragraph 7.5.2 of this Article.

7.5.4 The Scheduled Outages accepted by Procurer or agreed to by Seller pursuant to paragraph 7.5.3 of this Article shall be confirmed to the extent that they relate to the next Year and shall be provisionally confirmed to the extent that they relate to subsequent Years. Provisionally confirmed



Scheduled Outages may be changed by either Party for good cause.

7.5.5 In an Emergency, Procurer may require Seller to use its best efforts to reschedule a confirmed Scheduled Outage (including one which has already begun) to a more convenient time.

7.5.6 Seller shall not declare any Unit Available for Commercial Operation when it was scheduled to be undergoing a Scheduled Outage except to the extent that the Availability of the Interconnection and Transmission Facilities is sufficient to allow Procurer to utilise the full amount of that Unit's Declared Capacity.

7.6 Maintenance Outage

- a) Whenever Seller needs a Maintenance outage, it shall advise Procurer in accordance with the Operating Procedures of the nature of the work to be carried out, the estimated time required to complete it and the latest time by which, in Seller's opinion, the work should begin consistent with Prudent Utility Practices (which shall not be earlier than 48 (forty eight) hours after the time when Seller advised Procurer of the need for the Maintenance Outage).
- b) After discussing the matter with Seller, Procurer shall advise as to when the requested Maintenance Outage can begin (which shall, as far as possible not be later than the latest time indicated by Seller). Seller shall use its reasonable endeavors consistent with Prudent Utility Practices to take the Unit out of service at the scheduled time.
- c) Procurer may require Seller to schedule the Maintenance Outage so as to remedy any requirement of the Unit's ability to meet its Operating Characteristics.

7.7 Forced Outage

Any period, other than the Outage caused by reasons attributable to Procurer and the Scheduled/Maintenance Outage in which the Power Station is unable to meet the Scheduled Generations will be considered as the Forced Outage.

7.8 Not used

7.9 Maintenance of Records

7.9.1 Each Party shall keep complete and accurate records and all data required by each of them for the purposes of proper administration of this Agreement including, without limitation, an accurate and up to date operating log at the Power Station with records of:



- (a) meter records and other records needed to reflect real and reactive energy generated for each Settlement Period and Electrical Output of the Power Station on a continuous real time basis;
- (b) records of Available Capacity and Declared Capacity and scheduled generation;
- (c) the results of any tests;
- (d) changes in operating status, Scheduled Outages, Maintenance Outages and Forced Outages (and any other restrictions or limitations affecting Available Capacity);
- (e) any unusual conditions found during inspections; and
- (f) records of primary and secondary fuel receipts, consumption and stocks.

7.9.2 All records maintained pursuant to this Article 7.9.1 shall be maintained for minimum of sixty (60) months after the creation of such records or data: Provided that, the Parties shall not dispose of or destroy any such records after such sixty (60) month period without thirty (30) days' prior written notice to the other parties or at any time during the continuation of any dispute in respect of any matter to which such records relate.

7.9.3 Every Party shall have the right, upon reasonable prior notice, to examine the records and data of the other Parties relating to this Agreement or the operation and maintenance of the Power Station at any time during normal office hours.

7.10 Modifications

7.10.1 Seller shall be entitled to carry out any modification, at no cost to Procurer, to the Power Station if and only if:

- (a) such modification does not contravene Prudent Utility Practices;
- (b) such modification will not result in the Power Station being unable to operate within the Functional Specifications as set out in Schedule 2;
- (c) such modification will not have an adverse effect upon the contracted levels of Availability; and

7.10.2 Notwithstanding the above, the Capital Cost shall be increased to include additional capitalization, as may be admitted by the Appropriate Commission, to account for the cost of modifications, if any, in accordance with Article 13 and shall include:

- (a) Deferred liabilities;
- (b) Works deferred for execution;
- (c) Procurement of initial capital spares in the original scope of work, subject to ceiling specified by GERC;

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- (d) Liabilities to meet award of arbitration or for compliance of the order or decree of a court; and
- (e) On account of Change in Law.

[collectively "(Additional Capitalisation)"]

7.10.3 Subject to the provisions of Article 7.10.4 hereunder, the Capital Cost of the following nature actually incurred after the Commercial Operations Date, as may be admitted by the Appropriate Commission shall also be considered as Additional Capitalization:

- (i) Deferred liabilities relating to works/services within the original scope of work;
- (ii) Liabilities to meet award of arbitration or for compliance of the order or decree of a court;
- (iii) On account of change in law;
- (iv) Any additional works/services which have become necessary for efficient and successful operation of the Unit or the Power Station, but not included in the original Capital Cost; and
- (v) Deferred works relating to ash pond or ash handling system in the original scope of work.

7.10.4 Any expenditure on minor items/assets like normal tools and tackles, personal computers, furniture, air-conditioners, voltage stabilizers, refrigerators, fans, coolers, TV, washing machines, heat-convectors, carpets, mattresses etc. brought after the Commercial Operations Date, shall not be considered for Additional Capitalization.

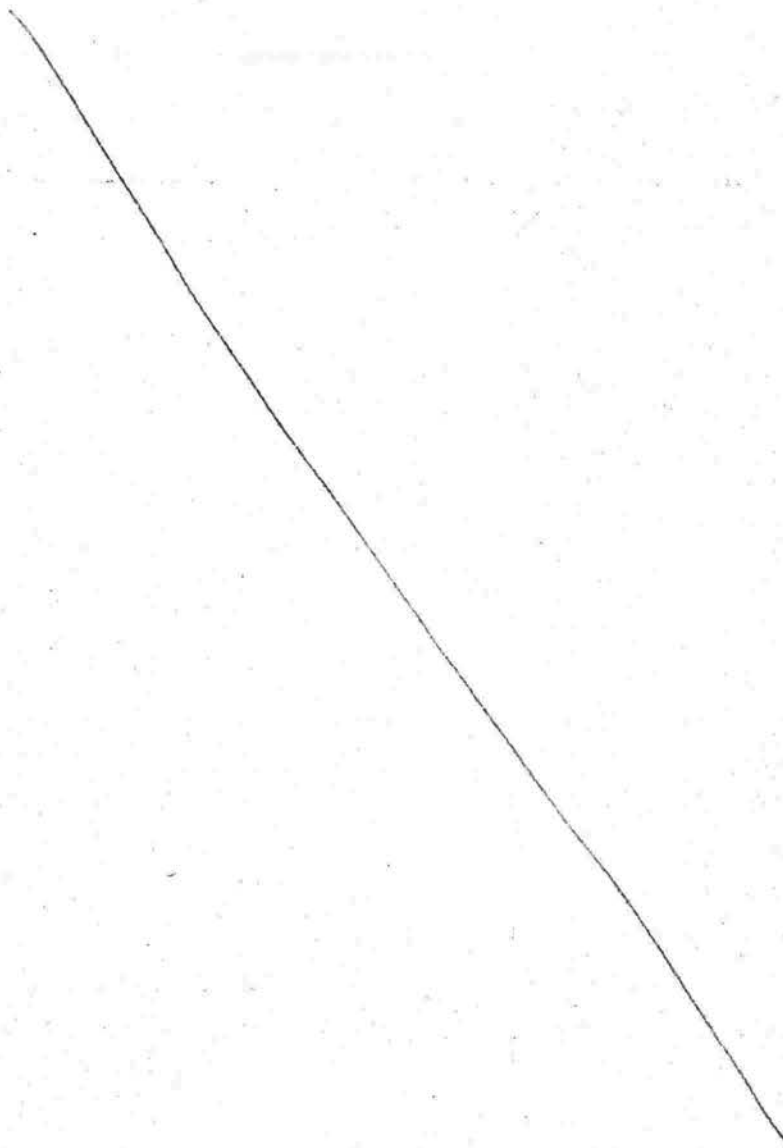
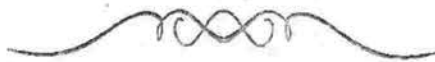
7.10.5 Any expenditure admitted on account of committed liabilities within the original scope of work and the expenditure deferred on techno-economic grounds but falling within the original scope of work shall be serviced in the debt-equity ratio approved by the Appropriate Commission.

Any expenditure on replacement of old assets shall be considered after writing off the gross value of the original assets from the Capital Cost, except such items as are listed in Article 7.10.4.

Any expenditure admitted by the Appropriate Commission for determination of tariff on account of new works not in the original scope of work shall be serviced in the debt-equity ratio approved by the Appropriate Commission.



Any expenditure admitted by the Appropriate Commission for determination of tariff on renovation and modernization and life extension beyond 25 years shall be serviced on debt-equity ratio approved by the Appropriate Commission, after writing off the original amount from the Capital Cost if any replacement of existing assets are involved.



ARTICLE 8

CAPACITY, AVAILABILITY AND DESPATCH

8.1 Repeat Performance Tests

- 8.1.1 The Procurer may from time to time during the Operating Period, but only if the Available Capacity has not been Ninety Five per cent (95%) of the Installed Capacity of the commissioned units (excluding the unit(s) under planned outage for capital maintenance in consultation with the Regional Power Committee/State Power Committee, if any) for one continuous period of atleast three (3) hours during any three continuous months, require the Seller to demonstrate a Unit's or Units' Tested Capacity by carrying out a further Performance Test (a "Repeat Performance Test") in accordance with this Article 8.1. A Repeat Performance Test shall be carried out in accordance with Clause 3.4 of Schedule 3, save that the test shall last twenty-four (24) hours. Provided that if the Tested Capacity after such test is less than Ninety Five percent (95%) of the Rated Capacity (as existing on the Effective Date) of the Commissioned Units, the Seller shall also have a right to conduct not more than two Repeat Performance Test within a period of six months, by giving a notice of not less than fifteen (15) days to the Procurer for each such test. Provided that the Procurer shall have a right to require deferment of each such re-tests for a period not exceeding fifteen (15) days, without incurring any liability for such deferment.
- 8.1.2 The Procurer shall give the Seller not less than seven (7) days' advance written notice of the time when a Repeat Performance Test of a Unit or Units is to begin. A Repeat Performance Test may not be scheduled for any period when a Unit to be tested is due to undergo a Scheduled Outage.
- 8.1.3 The Procurer and Seller may jointly appoint the Independent Engineer to monitor the Repeat Performance Test and to certify the results in accordance with Article 8.2 or get the same certified by the Independent Engineer.
- 8.1.4 If the Seller wishes to take any Unit, out of service for repair before a Repeat Performance Test, it shall inform the Procurer in writing before its scheduled start of the repairs and the estimated time required to complete the repairs. The Parties shall then schedule a Maintenance Outage in accordance with the Grid Code to enable the Seller to carry out those repairs and in such a case, the Procurer shall defer the Repeat Performance Test until such Unit is returned to service following that Maintenance Outage.



8.1.5 The Procurer may, for reasonable cause, defer any Repeat Performance Test for up to fifteen (15) days from the date originally notified to the Seller in accordance with Article 8.1.2 if the Procurer notifies the Seller in writing at least three (3) days before the Repeat Performance Test starts of the reason for the deferral and when the test is to be rescheduled.

Provided, such deferment at the request of the Procurer shall be permitted only once in respect of each of the Repeat Performance Tests.

8.1.6 The Seller, the Procurer and the Independent Engineer individually, shall each have the right to designate qualified and authorised representatives (but not more than three each) to monitor the Repeat Performance Test.

8.1.7 Testing and measurement procedures applied during the Repeat Performance Test shall be in accordance with the relevant Test Codes, practices of procedures as generally/normally applied for the Performance Tests.

8.1.8 Within five (5) days of a Repeat Performance Test, the Seller shall provide the Procurer and the Independent Engineer with copies of the detailed test results.

8.1.9 Within one (1) Month of the date by which all the Units have been commissioned, the Seller shall conduct a Performance Test of all the Units (hereinafter referred to as "Total Capacity Performance Test") whereafter the provisions of Article 8.2 shall apply. A Total Capacity Performance Test shall be carried out in accordance with Clause 3.1 of Schedule 3, save that the test shall last twenty-four (24) hours.

8.2 Derating

8.2.1 A Repeat Performance Test shall be concluded when the Procurer receives the Final Test Certificate of the Independent Engineer stating that the Repeat Performance Test has been carried out satisfactorily in accordance with Schedule 3.1 and certified the Unit's or Units' then current Tested Capacity as demonstrated by the results of the Repeat Performance Test.

8.2.2 (i) If a Unit's or Units' then current Tested Capacity as established by the Repeat Performance Test and the Final Test Certificate issued by the Independent Engineer, is less than 95% of Rated Capacity of the Unit or Units as existing on the Effective Date, the Unit shall be de-rated with the following consequences in each case with effect from the date of completion of such most recent test:

(a) the Unit's or Units' Contracted Capacity shall be reduced in proportion of the Tested Capacity to the Rated Capacity and



Capacity Charges shall be paid with respect to such reduced Contracted Capacity.

- (b) the Seller shall not be permitted to declare the Available Capacity of the Unit at a level greater than its Contracted Capacity;
 - (c) the Availability Factor of the Derated Unit or Units shall be calculated with reference to the reduced Contracted Capacity, in each case with effect from date on which the Procurer first notified the Seller of their intention to carry out a Repeat Performance Test of the Unit or Units; and
 - (d) the Capital Cost and each element of the Capital Structure Schedule shall be reduced in proportion to the reduction in the Contracted Capacity of the Power Station as a result of that derating (taking into account the Contracted Capacity of any Unit which has yet to be Commissioned);
- (ii) The consequences mentioned in sub-Article 8.2.2(i) above shall apply from the completion date of each Repeat Performance Test. If at the end of second Repeat Performance Test conducted by the Seller or the last date of the end of the six month period referred to in Article 8.1.1, whichever is earlier, the Tested Capacity is less than the Rated Capacity, the consequences mentioned in Article 8.2.2 shall apply for a period of atleast one year after which the Seller shall have a right to undertake a Repeat Performance Test. Provided that, if the Seller carries out a maintenance Programme for the plant, within a period of one year, they shall be allowed to carry out another performance test. Provided that such consequences shall apply with respect to the Tested Capacity existing at the end of second Repeat Performance Test conducted by the Seller or the last date of the end of the six month period referred to in Article 8.1.1, whichever is earlier.

8.2.3 If the Independent Engineer certifies that it is unable to give a Final Test Certificate because events or circumstances beyond the Seller's reasonable control have prevented the Repeat Performance Test from being carried out in accordance with Clause 3.4 of Schedule 3, the Procurer shall reschedule a Repeat Performance Test as soon as reasonably practicable.

8.2.4 If a Unit's or Units' Tested Capacity is found to be more than its Rated Capacity, the provisions of Article 6.2.9 shall apply mutatis mutandis.

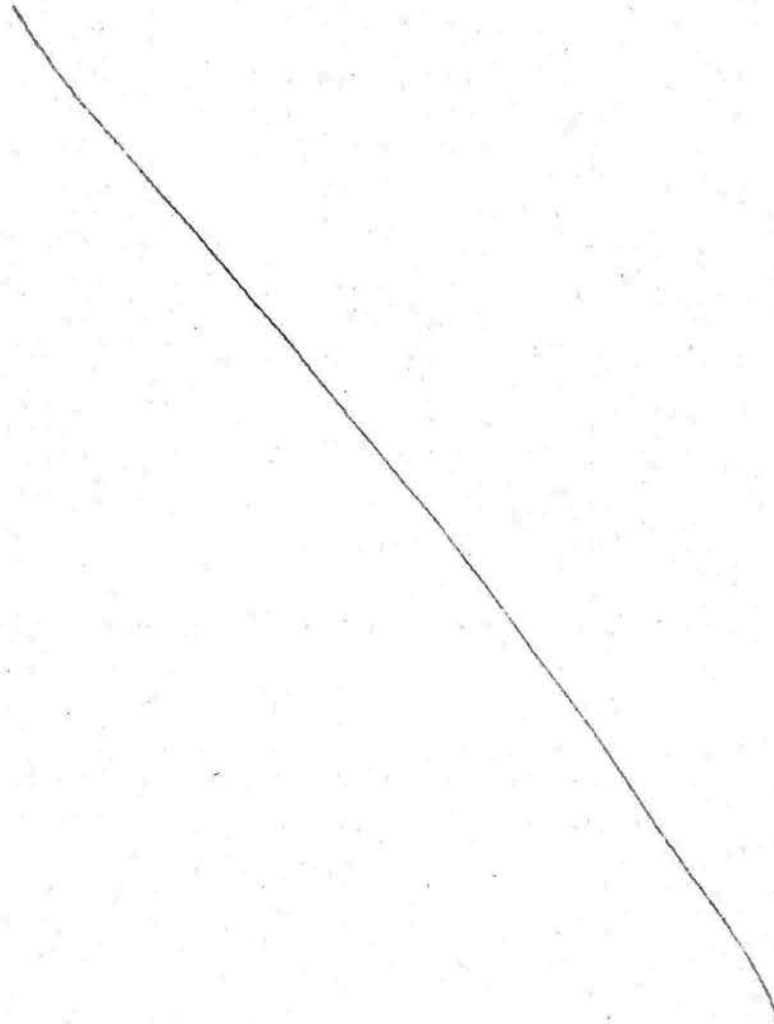
8.3 Availability

8.3.1 The Seller shall comply with the provisions of the applicable Law regarding Availability including, in particular, to the provisions of the ABT and Grid Code relating to Intimation of Availability and the matters incidental thereto.



8.4 Scheduled Generation

8.4.1 The Seller shall comply with the provisions of the applicable Law regarding Scheduled Generations, in particular, to the provisions of the ABT and Grid Code relating to Dispatch and the matters incidental thereto.



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ARTICLE 9

METERING AND ENERGY ACCOUNTING

9.1 Metering system of the Project

- 9.1.1 The metering system for the Project (the "Metering System") shall be installed by the Seller in consultation with the STU/Procurer as per the Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006 Appropriate Electricity Grid Code and the Applicable ABT orders as amended and revised from time to time and shall comprise of:
- (i) a meter on each Unit (the "Generator Meters");
 - (ii) a meter at each of the Interconnection Point (the "Interconnection Meter");
 - (iii) a meter at each of the station transformer (the "Import Meter"); and
 - (iv) check meters for the Generator Meters, the Interconnection Meter and the Import Meter (the "Check Meters").

9.1.2 The Metering System shall measure:

- (a) in respect of the Generator Meters and the corresponding Check Meters, the Generator Capacity of each Unit at its generator terminal;
- (b) in respect of the Interconnection Meters and the corresponding Check Meter, the Electrical Output delivered at the Interconnection Points; and
- (c) in respect of the Import Meter and the corresponding Check Meter, energy imported by the Company into the Power Station at the station transformers.

9.2 Meters

- 9.2.1 For installation of Meters, Meter testing, Meter calibration, Meter reading, Energy accounting and Testing accuracy of meters and all matters incidental thereto, the Seller and the Procurer shall follow and be bound by the Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006, the Grid Code and Intrastate ABT order as amended and revised from time to time.

9.3 SLDC Charges

- 9.3.1 All applicable scheduling and SLDC charges-

- (a) upto the Interconnection Point shall be borne by the Seller and
- (b) beyond the Interconnection Point shall be borne by the Procurer.

9.4 Meter Reading

- 9.4.1 The readings of the meter shall be taken by STU as decided by Regional



Power Committee (RPC) and State Power Committee (SPC) for preparation of Energy Account.

9.5 Energy Accounting

State Energy Account

Nodal Agency will issue State Energy Account (SEA) based on reading from ABT compliant meters. The SEA is subject to subsequent revision / correction. The Seller shall bill the Procurer based on the Scheduled Energy and Capacity Availability as per the SEA. The SEA as finalized shall be binding on both the Parties.

9.6 POWER LINE CARRIER COMMUNICATION

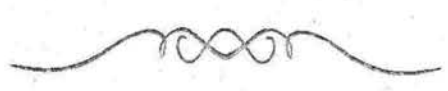
9.6.1 Seller, at its sole cost and expense, shall provide:

- (a) Power Line Carrier channels to 220 KV substations for the purposes of telemetering, protection and communications, including the Repeater Terminals, as may be necessary.
- (b) direct telephone line with STD facility;
- (c) transducers and remote terminal unit for transmission of analogue data and digital output to the Load Despatch Centre; and
- (d) equipment to allow the sending and receiving of tele copies.

9.6.2 Procurer may, in addition, require Seller, at Seller's expense, to install such additional remote monitoring equipment as Procurer may reasonably require for the purpose of measuring and monitoring the performance of the Project.

9.7 Switchyard:

The 220 KV switchyard shall be provided for both units as combined. Separate meters shall be provided for the both Units existing and expansion projects as per Clause no. 9.1.1 above.



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ARTICLE 10

INSURANCES

10.1 Seller's Obligations

Seller, subject to other provisions in this Article, shall be obliged to procure and maintain or cause to be procured and maintained Insurances in respect of the Power Station during the Term of the PPA as may be necessary on account of:

- requirements under the statute
- requirements under the Good Industry Practice
- requirements under the EPC contracts of packages
- requirements under the Financing Agreements and
- requirements to provide security to the staff and the equipments

10.2 FAILURE TO INSURE

Seller shall not be in breach of its obligations to procure any insurance under Clause 10.1 to the extent, and only for the period, that the particular insurance is not available to it in the international and Indian insurance markets for reasons other than any negligence or default by, or condition (financial or otherwise) of Seller. However, they will not be absolved of associated risk(s), if any.

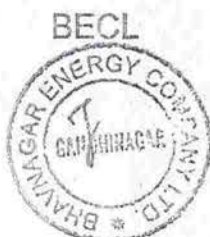
10.3 NO CHANGE TO INSURANCE

Seller shall effect the changes to Insurances covering different risks, deductibles, endorsements, co-insurers or other terms to those referred to in this Article. However the changes should not dilute the coverage specified in Clause 10.1 above.

10.4 NON PAYMENT OF PREMIUMS

Seller shall ensure that each policy of Insurance contains an endorsement providing that it may not be cancelled (except for non-payment of premiums) or reduced without atleast 30 (thirty) days' prior written notice being given by the insurer to Procurer, provided that each such endorsement shall provide:

- (i) that the Insurer may not cancel the coverage for non-payment of premiums without first giving Procurer 30 (thirty) days' written notice that Seller has failed to make timely payment of the premium (including details of the amount owing); and
- (ii) that Procurer shall, after having received the notice referred to in the paragraph (i) above, have the option to pay such premium directly to the relevant insurer and which amount shall then be recovered from the next



Immediate Monthly Tariff Payment due to Seller.

10.5 EVIDENCE OF INSURANCE COVER

10.5.1 Seller shall furnish to Procurer copies of certificates and policies of the Insurances as soon as they are effected and renewed by or on behalf of Seller and from time to time shall furnish evidence to Procurer that all relevant premiums have been paid as soon as they have been so paid, and that the relevant policy or policies remain in existence.

10.5.2 Failure by Seller to obtain the insurance coverage or certificates of insurance required pursuant to this Article 10 shall not relieve or limit Seller's obligations under any provision of this PPA.

10.6 APPLICATION OF INSURANCE PROCEEDS

The proceeds of any insurance claim made due to loss or damage to the Project or any part of the Project shall be first applied to reinstatement, replacement or renewal of such loss or damage. If a Natural Force Majeure Event renders the Project no longer economically and technically viable and the insurers under the Insurances make payment on a "total loss" or equivalent basis, the Procurer(s) shall have no claim on such proceeds of such Insurance.

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ARTICLE 11

BILLING AND PAYMENT

11.1 Monthly Tariff Payments shall be payable in Rupees. No payment, whatsoever, shall be made for any inadvertent flow (as defined in ABT norms) of Energy into Grid System.

11.2 Monthly Tariff Payments shall be calculated for periods of a full calendar month except:

1. when the actual Commercial Operation Date falls after the fifteenth day of a calendar month, the first month for which a Monthly Tariff Payment shall be calculated shall end on the last day of the next calendar month;
2. when one or more Tariff Changes referred to in Clause 5.1.4 of Schedule 5 occur during the course of a month, the Monthly Tariff Payments for that month shall be calculated separately for
 - a. the period from the beginning of the month until the day before the first Tariff Change occurred,
 - b. each period (if any) from the date of Tariff Change occurred until the day before the next Tariff Change in that month occurred, and
 - c. the period from the date on which the last Tariff Change in that month occurred until the end of the month (as though each such period were a separate month) and the Monthly Tariff Payment for the month shall be the sum of those separate calculations; and
3. when the Term of this PPA expires or is Terminated other than on the last day of a month, the last Monthly Tariff Payment shall be calculated for the period from the first day of that month until the day on which this PPA expires or is Terminated.

11.3 THE MONTHLY TARIFF INVOICE:

Upon commercial operation of each Unit and after Completion of one full calendar month therefrom, Seller shall raise a Monthly Tariff Invoice for the purpose of recovering its dues in terms of this PPA. The date of raising Monthly Tariff Invoice shall not be earlier than 3rd working day of the next month. The Monthly Tariff Invoice shall be submitted in triplicate to the General Manager (Commerce) or any other Officer of Procurer designated. Seller shall also furnish the relevant supporting documents as may be required. Non submission of the Monthly Tariff Invoice in the style and manner and non submission of the relevant supporting documents will be reckoned as incomplete submission for the purpose of reckoning the Due Date of the payment of the Monthly Tariff Invoice by Procurer.

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11.4 THE DUE DATE:

The Due Date shall be the date on which the payments of the Monthly Tariff Invoice or the Supplementary Monthly Tariff Invoice of Seller shall become due. The Due Date in respect of the Monthly Tariff Invoice submitted pursuant to the provisions under 11.3 above shall be reckoned from the date of receipt of Monthly Tariff Invoice by the Procurer, raised in accordance with Para 11.3. If, however, such Monthly Tariff Invoice is submitted at any later date, the Due Date shall be reckoned from such later date only. Procurer shall arrange to pay the eligible amounts of such Monthly Tariff Invoice(s) within a time limit of 60 (sixty) days following thereafter.

11.5 REBATE:

Seller shall, in respect of the payments made within the Due Date, allow rebates as under :

2.0% for payments to be made within 7 (seven) working days from the date of receipt of Invoice

1.0% for payments to be made from the 8th to 30th day from the date of receipt of Invoice.

However, the applicable rate of rebate shall be modified as per GERC tariff norms applicable from time to time. The rebates shall be available for payments either made directly or through the L/C.

11.6 THE DELAYED PAYMENT CHARGES:

For non payment of the dues of Seller within the stipulated period, either partly or fully, unless any Monthly Tariff Invoice or any such amount thereof (as the case may be) is disputed, Procurer shall pay the Delayed Payment Charges to Seller. The Delayed Payment Charges shall be admissible from the 61st (sixty first) day from the date of receipt of the Monthly Tariff Invoice. The Delayed Payment Charges will be chargeable at the rate 1.25% per month. However, the applicable rate of Delayed Payment Charges shall be modified as per GERC tariff norms applicable from time to time.

11.7 DISPUTED MONTHLY TARIFF INVOICE(S):

If, within a period of 6 (six) months from the date of receipt of the Monthly Tariff Invoice, the receiving Party does not question or Dispute any of the claims made, such Monthly Tariff Invoice shall be deemed to be correct, complete and conclusive as between the Parties except for the inaccuracy of the meter reading noticed at any point of time and the arithmetical mistakes. This provision shall, however, not be applicable where any willful default or negligence was committed by the Party raising the Monthly Tariff Invoice.

The Party raising the Dispute shall do so by serving a notice, the Monthly

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Tariff Invoice Dispute Notice, to the other Party, within a period of 6 (six) months from the date of receipt of the Monthly Tariff Invoice, in case of the Procurer and from the date of receipt of details on Monthly payment admitted in case of the Seller. The receiving Party shall give necessary clarifications, along with relevant supporting documents, if any, to the issuing Party within a period of another 7 (Seven) working days thereafter or resubmit the Monthly Tariff Invoice, duly corrected so as to remove the cause of Dispute. The disputing Party shall then, if so satisfied, arrange to release the payment of the Monthly Tariff Invoice(s) as provided under this Schedule. The Due Date of payment of such Monthly Tariff Invoice(s) shall be reckoned upon completion of the formalities as this. The provisions relating to the Rebate and the Delayed Payment Charges, as the case may be, shall then apply as aforesaid. In case(s) where the entire amount of the Monthly Tariff Invoice(s) is not Disputed, then in such case(s), the undisputed amount(s) shall be paid forthwith. Whereas the dispute could be raised for any sum, the payment to be held up shall, however, not exceed 30% (thirty percent) of the average amount of the previous three Monthly Tariff Invoice(s) at any time on a cumulative basis.

11.8 DISPUTE RESOLUTION:

The Parties shall endeavour to resolve the Dispute(s) related to the Monthly Tariff Invoice(s) within a period of 15 (fifteen) days from the date of receipt of necessary clarification(s) as provided under 11.5 hereinabove. If this is not done, the Dispute shall be resolved in accordance with the Dispute Resolution Mechanism as provided under Article-17 of this PPA.

All the amounts considered payable at the end of the resolution of the Dispute, shall be paid by the owing Party to the other Party within a period of 10 (ten) Working days of the resolution of the Dispute. Such payments shall attract payment of Delayed Payment Charges as specified under paragraph 11.6.

11.9 SUPPLEMENTARY MONTHLY TARIFF INVOICE:

The payments not identified to be incorporated under the Monthly Tariff Invoice, shall be recovered by raising the Supplementary Monthly Tariff Invoice(s), upon such payments becoming due. The provisions mentioned from 11.4 to 11.8 shall hold good for such Supplementary Monthly Tariff Invoice(s) also in respect of the relevant date(s) of the Supplementary Monthly Tariff Invoice(s).

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11.10 THE MODE(S) OF PAYMENT:

11.10.1 Direct Payment

The payments of any Monthly Tariff Invoice or the Supplementary Monthly Tariff Invoice of Seller shall be made by Procurer on the stipulated Due Date(s) through one or more than one Account Payees' Cheque(s) drawn in favour of the drawee. The charges for upcountry clearings, if any, shall be borne by the drawee.

11.10.2 Payment Security Package

The Procurer shall provide following securities as fall back arrangement to the mode of payment stated under para 11.10.1.

11.10.2.1 Letter of Credit :

Establishment of the L/C.

As provided under this Article 11, Procurer shall make direct payments of all the Monthly Tariff Invoices and Supplementary Monthly Tariff Invoices on the relevant Due Date(s). Procurer shall establish Letter of Credit as detailed herein below 15 (fifteen) days ahead of the Entry into Commercial Service of the First Unit In the event of non-payment, Seller shall be eligible to draw upon the Letter of Credit.

Value of the L/C.

The value of the L/C, initially, shall be equivalent to the estimated Monthly Tariff Payment. Thereafter the value shall be updated corresponding to one month's average billing on Quarterly basis.

Description of the L/C.

The L/C(s) shall be irrevocable, unconditional, revolving and stand-by in nature. The L/C(s) shall be valid for a period of 12 (twelve) months from the date of opening. Procurer shall be obliged to renew/replace any L/C., upon its expiration or operation, as the case may be prior to expiry of the same.

Acceptability to Seller

The L/C shall be opened on a Scheduled Bank acceptable to Seller. Any replacement/renewals shall also be subject to the acceptability of Seller.

Costs and Fees

All costs relating to opening and maintenance of the Letter of Credit shall be borne by the Procurers; however, Letter of Credit negotiation charges shall be borne and paid by the Seller.

11.11 Procurer Invoice

Procurer shall serve Procurer Invoice for the payments to be made by Seller to Procurer on account of its import of power from Procurer for the purposes this PPA or for any other purpose. The payment of Procurer Invoices shall be



reckoned due on the dates as specified in each of Procurer Invoice. Seller shall make payments of Procurer's Invoices through account payee cheque drawn in favour of Procurer or through adjustments.

11.12 Payment for Start up Power and Auxiliary Load

The Seller shall pay to Procurer or other entity directly for the power and energy consumed for start-up of the Project and sourced from such entity.

11.13 Order of Priority

Any payments to be received by Seller under this Agreement shall be applied in or towards the settlement of amounts payable against the principal amounts outstanding, the longest outstanding Monthly or Supplementary Bill, being settled first.

The Claim for interest on amounts outstanding or DPC shall be raised and paid separately and shall not be adjusted against any monthly payments.

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## ARTICLE 12

### FORCE MAJEURE

#### 12.1 Definitions

In this Article 12, the following terms shall have the following meanings:

#### 12.2 Affected Party

An affected Party means the Procurer or the Seller whose performance has been affected by an event of Force Majeure.

An event of Force Majeure affecting the STU or any other agent of Procurer, which has affected the Interconnection and Transmission Facilities beyond the Interconnection Point, shall be deemed to be an event of Force Majeure affecting Procurer.

Similarly, any event of Force Majeure affecting the EPC contractor or any other agency employed by the Seller for the execution of the project has been affected to carryout the implementation work upto the Delivery Point, shall be deemed to be an event of Force Majeure affecting the Seller.

Any event of Force Majeure affecting the performance of the Seller's agents, shall be deemed to be an event of Force Majeure affecting Seller only if the Force Majeure event is affecting and resulting in:

- (a) late delivery of plant, machinery, equipment, materials, spare parts, water or consumables for the Project; or
- (b) a delay in the performance of any of the Seller's contractors.

Similarly, any event of Force Majeure affecting the performance of the Seller's contractor for the setting up or operating Interconnection Facilities shall be deemed to be an event of Force Majeure affecting Seller only if the Force Majeure event is resulting in a delay in the Performance of Seller's contractors.

#### 12.3 Force Majeure

A Force Majeure means any event or circumstance or a combination of events and circumstances referred to in following Article 12.3.1 which (or any consequences of which) adversely affects the performance by the Affected



Party, of its obligations under this Agreement and to the extent that such events or circumstances are beyond the reasonable control of such Affected Party and which the Affected Party could not have prevented by Prudent Utility Practices or by the exercise of reasonable skill and care.

#### 12.3.1 Events of Force Majeure

Force Majeure shall mean the following events and circumstances to the extent that they, or their consequences, have an effect described in Article 12.3:

- (i) Act of God, epidemic, lightning, earthquake, cyclone, whirlwind, flood, tempest, storm, drought, lack of water or other unusual or extreme adverse weather or environmental conditions (excluding the monsoon), action of the elements, meteorites, objects falling from aircraft, pressure waves caused by aircraft or aerial devices traveling at supersonic speed, fire or explosion to the extent originated from the source external to the Power Station due to reasons other than, those caused by negligence of the Parties, chemical or radioactive contamination or ionising radiation;
- (ii) Act of war (whether declared or undeclared), invasion, armed conflict or act of foreign enemy, blockade, embargo (resulting in non-availability or shortage of Fuel), revolution, riots, insurrection, civil commotion, act of terrorism, or sabotage;
- (iii) Air Crash, the impact of non-natural airborne objects with the ground or with objects or structures on the ground including, without restricting the generality of the foregoing, aeroplanes, helicopters, gliders, satellites and other similar objects;
- (iv) Strikes and Lock-Outs of general nature having a duration of not less than 7 consecutive days and not arising out of disputes between Seller or any Affiliate or any of their employees, contractors, subcontractors or agents;
- (v) The Expropriation or Compulsory Acquisition or seizure of the assets of Seller by Government of India, Government of Gujarat or any Government authority thereof, provided that this Article 12.3.1 shall not apply where such act (including expropriation or compulsory acquisition) constitutes a remedy or sanction lawfully exercised as a result of a breach by Seller of any Indian law or Indian directive but excluding any Change in Law;
- (vi) Any exercise of a sovereign or executive prerogative by any of Government of India, Government of Gujarat or any Government authority thereof vested by law with such authority, provided that this

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Article 12.3.1 (vi) shall not apply where such act constitutes a remedy or sanction lawfully exercised as a result of a breach by Seller of any Indian Law or Indian directive but excluding any Change in Law;

(vii) Any events or circumstances not specifically provided hereinabove but of a analogous nature and having same material and adverse effect on the performance of the Affected Party.

In addition to the above, the following shall be events of Force Majeure prior to Entry into Commercial Service of the Unit or the Unit(s) as the case may be:

- a. loss of or damage to marine cargo in the course of marine transit and intended for incorporation in the Power Station; and /or
- b. any decision or order of a court or tribunal which has the effect of restraining all or any of the activities concerning the construction of the Power Station, except to the extent that it constitute a remedy or sanction lawfully exercised as a result of a breach by Seller of any Indian law or Indian directive but excluding any Change in Law. In this connection due regard shall be had to the final determination of the Court or Tribunal and the question as to breach by Seller of any Indian law or Indian directive shall be determined on such basis; and/or
- c. any decision or order of a court or tribunal which has the effect of restraining all or any of the activities concerning the construction of the Transmission and Inter connection Facilities, except to the extent that it constitute a remedy or sanction lawfully exercised as a result of a breach by Seller of any Indian law or Indian directive but excluding any Change in Law. In this connection due regard shall be had to the final determination of the Court or Tribunal and the question as to breach by Procurer of any Indian law or Indian directive shall be determined on such basis.

(viii) Any events of failure of Power Transmission System

#### 12.4 Force Majeure Exclusions

Force Majeure shall not include the following conditions, except to the extent that they are consequences of an event of Force Majeure:

- (a) Unavailability, late delivery, or changes in cost of the plant, machinery, equipment, materials, spare parts, fuel or consumables for the Project;
- (b) Delay in the performance of any contractor, sub-contractors or their agents excluding the conditions as mentioned in Article 12.2;
- (c) Non-performance resulting from normal wear and tear typically

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- experienced in power generation materials and equipment;
- (d) Strikes or labour disturbance specifically at the facilities of the Affected Party;
  - (e) Insufficiency of finances or funds or the agreement becoming onerous to perform; and
  - (f) Non-performance caused by, or connected with, the Affected Party's:
    - i. Negligent or Intentional acts, errors or omissions;
    - ii. Failure to comply with an Indian law or Indian Directive; or
    - iii. Breach of, or default under this Agreement or any Project Agreements or Government Agreements.

## **12.5 Notification of Force Majeure Event**

**12.5.1** The Affected Party shall give notice to the other Party of any event of Force Majeure as soon as reasonably practicable, but not later than seven (7) days after the date on which such Party knew or should reasonably have known of the commencement of the event of Force Majeure. If an event of Force Majeure results in a breakdown of communications rendering it not reasonable to give notice within the applicable time limit specified herein, then the Party claiming Force Majeure shall give such notice as soon as reasonably practicable after reinstatement of communications, but not later than one (1) day after such reinstatement. Such notice shall include full particulars of the event of Force Majeure, its effects on the Party claiming relief and the remedial measures proposed, and the Affected Party shall give the other Party regular (and not less than monthly) reports on the progress of those remedial measures and such other information as the other Party may reasonably request about the situation.

**12.5.2** The Affected Party shall give notice to the other Party of (i) the cessation of the relevant event of Force Majeure; and (ii) the cessation of the effects of such event of Force Majeure on the performance of its rights or obligations under this Agreement, as soon as practicable after becoming aware of each of these cessations.

## **12.6 Duty to perform and duty to mitigate**

To the extent not prevented by a Force Majeure event pursuant to Article 12.3, the Affected Party shall continue to perform its obligations pursuant to this Agreement. The Affected Party shall use its reasonable efforts to mitigate the effect of any event of Force Majeure as soon as practicable.

## **12.7 Available Relief for a Force Majeure Event**

**12.7.1** Neither Party shall be responsible or liable for, or deemed to be in breach of



any term of this Agreement because of any failure or delay in complying with its obligations under or pursuant to this Agreement due solely to one or more events of Force Majeure, and the periods allowed for the performance by the Parties of such obligation(s) shall be extended on a day-for-day basis from the date of the event of Force Majeure provided that no relief shall be granted to the Affected Party to the extent that such failure or delay would have nevertheless been experienced by that Party had such Force Majeure event not occurred.

#### 12.7.2 Consequences After Commissioning

The consequences on account of occurrence of any of the FM Event are mentioned in the following Table:

| Event                                                                                                                                                             | Periodicity from the date of occurrence | Affected Party | Consequences                                                                                                                                                                                                            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Act of God -- Clause 12.3.1(i)                                                                                                                                    | Upto 270 Days                           | Either or both | Performance excused;<br>Financial liability: Nil                                                                                                                                                                        |
| All other Clauses from 12.3.1(ii) to 12.3.1(viii)                                                                                                                 | Upto 7 Days                             |                |                                                                                                                                                                                                                         |
| Act of War -- Clause 12.3.1(ii), Air Crash -Clause 12.3.1(iii), & Strikes and Lock Outs -- Clause 12.3.1(iv) & Transmission System Failure -- Clause 12.3.1(viii) | More than 7 Days and upto 270 Days      | Seller         | Seller excused of performance;<br>Procurer to pay to Seller:<br>25% O&M plus<br>100% Interest on legitimate outstanding amount of Loan plus<br>Depreciation to the extent of meeting the repayment obligation of Seller |





|                                                                                                 |                                    |                      |                                                                                                                                                                                                                                     |
|-------------------------------------------------------------------------------------------------|------------------------------------|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                 |                                    | Procurer             | Procurer excused of performance;<br>Procurer to pay to Seller:<br>50% O&M plus<br>100% Interest on legitimate outstanding amount of Loan plus<br>Depreciation to the extent of meeting the repayment obligation of Seller;          |
| Expropriation Clause 12.3.1(v) & Exercise of Authority by Sovereign Executive Clause 12.3.1(vi) | More than 7 Days and upto 270 Days | Seller               | Seller excused of performance;<br>Procurer not to pay any amount to Seller.                                                                                                                                                         |
|                                                                                                 |                                    | Procurer             | Procurer excused of performance;<br>Procurer to pay 100% amount of Capacity Charge to Seller;<br>Procurer to owe liability on account of Fuel Supply Agreement (FSA) and Fuel Transmission Agreement (FTA) as approved by Procurer. |
| Any other Clause Analogous to Clauses 12.3.1(i) to 12.3.1(vi) & 12.3.1(viii)                    | More than 7 Days and upto 270 Days | Seller &/or Procurer | Performance and Payment obligations as mentioned for respective Clause.                                                                                                                                                             |

**12.8** The Scheduled CoD of the Unit or Power Station, as the case may be and / or the Interconnection and Transmission Facilities shall be extended during the pendency of an event of Force Majeure on a day for a day basis to the extent that the event of Force Majeure is the cause of delay affecting the Party's obligations under this Agreement.

**12.8.1** The Party, other than the Affected Party, shall not bear any liability for any loss or expense suffered by the Affected Party as a result of a Force Majeure except as provided in Article 12.7.2.

**12.9** Liabilities for other losses, damages etc.

Save and except as expressly provided in this Article 12, neither Party hereto shall be liable in any manner whatsoever to the other Party in respect of any loss, damage, cost, expense, claims, demands and proceedings relating to or arising out of occurrence or existence of any Force Majeure Event.





## ARTICLE 13

### CHANGE IN LAW

#### 13.1 Definitions

In this Article 13, the following terms shall have the following meanings:

**13.1.1** "Change in Law" means the occurrence of any of the following after the date, which is seven (7) days prior to the signing of this Agreement:

- (a) the enactment, bringing into effect, adoption, promulgation, amendment, modification or repeal, of any statute, decree, ordinance or other law, regulation, notice, circular, code, rule or direction by any Governmental Instrumentality or a change in its interpretation by a Competent Court of law, tribunal, government or statutory authority or any of the above regulations, taxes, duties charges, levies, etc., or
- (b) the imposition by any Governmental Instrumentality of any material condition in connection with the issuance, renewal, modification, revocation or non-renewal (other than for cause) of any Consent after the date of this Agreement.

that in either of the above cases results in any change with respect to any tax or surcharge or cess levied or similar charges by the Competent Government on the generation or sale of electricity;

but shall not include (i) any change in any withholding tax on income or dividends distributed to the shareholders of the Seller, or (ii) change in respect of UI Charges or frequency intervals by an Appropriate Commission.

#### 13.1.2 "Competent Court" means:

the Supreme Court of India or any High Court, or any tribunal or any similar judicial or quasi-judicial body that has jurisdiction in relation to issues relating to the Project.

#### 13.2 Tariff Adjustment Payment for Change in Law

**13.2.1** If a Change in Law results in the Seller's revenue or costs directly attributable to the Project being decreased or increased by one percent (1%), on cumulative basis, of the estimated revenue from the Electricity for the Contract Year (calculated in that Contract Year and the energy corresponding to Normative Availability of the Installed Capacity and for the purpose of above calculations the calculated tariff will be determined assuming the fuel indices notified by GERC at the time when it is being brought to the notice of other party as per Article 13.2.2) for which such adjustment becomes



applicable or more, during Operation Period, the Tariff Payment to the Seller shall be proportionately increased or decreased.

**13.2.2** The Procurer or the Seller, as the case may be, shall provide the other Party with a certificate stating that the adjustment in the Tariff Payment is directly as a result of the Change in Law and shall provide supporting documents to substantiate the same and such certificate shall correctly reflect all increases or decreases till the date of such certificate.

**13.2.3** The adjustment in Monthly Capacity Payment for reasons attributable to Article 13.2.1 shall be effective from:

- (i) the date of adoption, promulgation, amendment, re-enactment or repeal of the Law;
- (ii) the date of order/judgment of the Competent Court, if the Change in Law is on account of a change in interpretation of Law;
- (iii) the date of impact resulting from the occurrence of Article 13.1.1(b).

**13.2.4** The payment for Changes in Law shall be through Supplementary bill as mentioned in Article 11.9.

**13.3 Appeal against Change in Law**

If the results stated in Article 13.1.1 are brought about by a change in the interpretation of Law by a court or tribunal that does not qualify as a Competent Court, the Seller agrees that it shall, at its own cost, appeal against such order/judgment up to the level of the appropriate Competent Court and the right of the Seller to recover the additional amount from the Procurer on account of Changes in Law shall, unless waived in writing by the Procurer, shall be dependent on the Sellers taking adequate steps to contest the increase.



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## ARTICLE 14

### EVENTS OF DEFAULT AND TERMINATION

#### 14.1 Seller Event of Default

The occurrence and continuation of any of the following events, unless any such event occurs as a result of a Force Majeure Event or a default / breach by Procurer of its obligations under this Agreement, shall constitute a Seller Event of Default:

- (i) the failure of any Unit to be Commissioned by the date falling twelve (12) months after its Scheduled Commercial Operation Date, or
- (ii) if at any time following a Unit being Commissioned and during its retest, such Unit's Tested Capacity is less than ninety two (92%) percent of its Installed Capacity and such Tested Capacity remains below ninety two (92%) percent even three (3) months thereafter; or
- (iii) after Commercial Operation Date of the Project, the Seller fails to achieve Average Availability of sixty five (65%), for a period of twelve (12) consecutive months, or
- (iv) the Seller fails to make any payment more than Rs.1 Crore required to be made to Procurer under this Agreement within three (3) Months after the Due Date of a valid and undisputed invoice raised by the said Procurer on the Seller, or
- (v) any misrepresentation or untrue statement made in the representation and warranties made by the Seller in Schedule 7 of this Agreement; or
- (vi) if the Seller:
  - a. assigns or purports to assign its assets or rights in violation of this Agreement; or
  - b. transfers or novates any of its rights and/or obligations under this agreement, in violation of this Agreement; or
- (vii) if the Seller becomes voluntarily or involuntarily the subject of proceedings under any bankruptcy or insolvency laws or goes into liquidation or dissolution or has a receiver appointed over it or liquidator is appointed, pursuant to Law, except where such dissolution of the Seller is for the purpose of a merger, consolidation or reorganization and where the resulting entity has the financial standing to perform its obligations under this Agreement and creditworthiness similar to the Seller and expressly assumes all obligations under this Agreement and is in a position to perform them; or

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- (viii) the Seller repudiates this Agreement; or
- (ix) except where due to the a Procurer's failure to comply with its obligations, the Seller is in material breach of any of its obligations pursuant to this Agreement.

#### 14.2 Procurer Event of Default

The occurrence and the continuation of any of the following events, unless any such event occurs as a result of a Force Majeure Event or a breach by the Seller of its obligations under this Agreement, shall constitute the Event of Default on the part of Procurer:

- (i) the Procurer fails to pay (with respect to a Monthly Bill or a Supplementary Bill or a Delayed Payment Charges Bill) an amount exceeding 15% of the most recent undisputed amount of Monthly Bill for a period of ninety (90) days after the Due Date and the Seller is unable to recover the amount outstanding to the seller through the Letter of Credit; or
- (ii) the Procurer repudiates this Agreement; or
- (iii) the Procurer is otherwise in material breach of this Agreement which leads to inability of the Seller to perform its obligations under this Agreement; or
- (iv) any misrepresentation or untrue statement made in the representation and warranties made by the Procurer in Schedule 7 of this Agreement.
- (v) if the Procurer becomes voluntarily or involuntarily the subject of proceedings under any bankruptcy or insolvency laws or goes into liquidation or dissolution or has a receiver appointed over it or liquidator is appointed, pursuant to Law, except where such dissolution of the Procurer is for the purpose of a merger, consolidation or reorganization and where the resulting entity has the financial standing to perform its obligations under this Agreement and creditworthiness similar to the Procurer and expressly assumes all obligations under this Agreement and is in a position to perform them; or
- (vi) The Procurer fails to implement and maintain the Payment Security Mechanism in accordance with Article 11.10 of this Agreement.

#### 14.3 Termination due to Force Majeure Events

14.3.1 Upon continuation of an event of Force Majeure for More than 270 consecutive days, either Party can Terminate the Agreement, without any liability or obligation on their part, by giving a notice of fifteen (15) days.

#### 14.4 Termination procedure for Seller Event of Default

14.4.1 Upon the occurrence and continuation of any Seller Event of Default under Article 14.1, the Procurer shall have the right to deliver to the Seller a



Procurer Preliminary Termination Notice, which shall specify in reasonable detail the circumstances giving rise to the issue of such notice.

**14.4.2** Following the issue of Procurer Preliminary Termination Notice, the Consultation Period of ninety (90) days or such longer period as the Parties may agree shall apply.

**14.4.3** During the Consultation Period, the Parties shall, save as otherwise provided in this Agreement, continue to perform their respective obligations under this Agreement.

**14.4.4** Within a period of seven (7) days following the expiry of the Consultation Period and unless the Parties shall have otherwise agreed to the contrary or the Seller Event of Default giving rise to the Consultation Period shall have been remedied, Procurer may terminate this Agreement by delivering a Procurer Termination Notice, whereupon this Agreement shall terminate on the date of such notice.

**14.4.5 Lenders option to assume obligations of Seller:**

If, at any time following the service by Procurer of a Procurer Termination Notice pursuant to Clause 14.4.4, the Lenders, on behalf and instead of Seller, pay all sums which are due and payable to Procurer as at the date of the said Procurer Termination Notice and / or perform or cause to be performed any unperformed obligations of Seller as at such date, then:

(a) such Procurer Termination Notice shall be revoked and all existing rights of termination in favour of Procurer under this Agreement shall terminate (but without prejudice to any rights of Procurer in respect of any future breach of this Agreement); and

(b) Procurer shall continue to perform its obligations under this Agreement as if its rights of Termination, had not arisen (but without prejudice to any rights of Procurer in respect of any such future breaches).

**14.5 Termination procedure for Procurer Events of Default**

**14.5.1** Upon the occurrence and continuation of any Procurer Event of Default pursuant to Article 14.2 (i) in making payment of the amount due to the Seller, the Seller shall have the option to follow the remedies provided under Article 11.10.

**14.5.2** Without in any manner affecting the rights of the Seller under Article 14.5.1 in the event payment of any undisputed bill or amount due as per the direction of the Appropriate Commission remains outstanding for more than 10 days or in the event of default under Article 14.2 (ii), (iii), (iv), (v) and (vi) the Seller shall have the right to deliver to Procurer a Seller Preliminary Termination Notice, which notice shall specify in reasonable detail the circumstances

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giving rise to its issue.

14.5.3 Following the issue of a Seller Preliminary Termination Notice, the Consultation Period of 90 days shall apply.

14.5.4 Within a period of seven (7) days following the expiry of the Consultation Period and unless the Parties shall have otherwise agreed or the Procurer Event of Default giving rise to the Consultation Period shall have been remedied, the Seller may terminate this Agreement by delivering a Seller Termination Notice, whereupon this Agreement shall terminate on the date of such notice.

#### 14.6 Consequences of Termination

##### 14.6.1 Consequence of Termination for Seller Event of Default

Where this Agreement is terminated by Procurer pursuant to Article 14 for any Seller Event of Default, the Seller shall pay as compensation to Procurer, an amount equivalent to twelve (12) months of the billing, at the tariff and energy corresponding to the Normative Availability of the Installed Capacity.

##### 14.6.2 Consequence of Termination for Procurer Event of Default

Where this Agreement is terminated by the Seller pursuant to Article 14 for any of the Procurer Event of Default, the following shall be the consequences:

(a) the Seller shall offer to any person, the Capacity allocated to the Procurer at following terms:

The Seller shall be entitled to claim compensation from the Procurer the actual loss suffered by the Seller pending the sale of such Capacity and thereafter on the difference in the price payable under this Agreement by the Procurer and the possible price the Seller can procure on such resale of the Capacity.

(b) the Seller shall make every effort to mitigate the loss to the Procurer.

(c) Notwithstanding anything contained above, the aggregate liability of the Procurer shall not in any event exceed an amount equivalent to twelve (12) months of the billing at the Tariff and energy, corresponding to Normative Availability of the Installed Capacity, as liquidated damages.

The termination of the Agreement shall not affect the accrued rights and obligations of the parties.

14.6.3 Consequence of Termination at the end of the Term shall be governed by the provisions of Article 2.





## ARTICLE 15

### LIABILITY AND INDEMNIFICATION

#### 15.1 Indemnity

15.1.1 The Seller shall indemnify, defend and hold Procurer harmless against:

- (a) any and all third party claims, actions, suits or proceedings for any loss of or damage to property of such third party, or death or injury to such third party, arising out of a breach by the Seller of its obligations under this Agreement except to the extent that any such claim, action, suit or proceeding has arisen due to a negligent act or omission, breach of this Agreement or breach of statutory duty on the part of Procurer; and
- (b) any and all losses, damages, costs and expenses including legal costs, fines, penalties and interest suffered or incurred by Procurer by reason of a breach by the Seller of any of its obligations under this Agreement. (Provided that this Article 15 shall not apply to such breaches by the Seller, for which specific remedies have been provided for under this Agreement) except to the extent that any such claim, action, suit or proceeding has arisen due to a negligent act or omission, breach of this Agreement or breach of statutory duty on the part of Procurer.

the above losses together shall constitute "Indemnifiable Losses".

15.1.2 Procurer shall indemnify, defend and hold the Seller harmless against:

- (a) any and all third party claims, actions, suits or proceedings for any loss of or damage to property of such third party, or death or injury to such third party, arising out of a breach by Procurer of its obligations under this Agreement except to the extent that any such claim, action, suit or proceeding has arisen due to a negligent act or omission, breach of this Agreement or breach of statutory duty on the part of the Seller, its contractors, servants or agents; and
- (b) any and all losses, damages, costs and expenses including legal costs, fines, penalties and interest suffered or incurred by the Seller by reason of a breach by Procurer of any of its obligations under this Agreement (Provided that this Article 15 shall not apply to such breaches by Procurer, for which specific remedies have been provided for under this Agreement.), except to the extent that any such claim, action, suit or proceeding has arisen due to a negligent act or omission, breach of this Agreement or breach of statutory duty on the part of the Seller, its

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contractors, servants or agents

The above losses together shall constitute "Indemnifiable Losses".

#### 15.2 Limitation of liability

A Party ("Indemnifying Party") shall not be liable to indemnify the other Party ("Indemnified Party") under this Article 15 for any indemnity claims made in a Contract Year until the aggregate of all indemnity claims of the Indemnified Party in a given Contract Year exceeds half a percent (0.5%) of the average annual Tariff Payment for all the Contract Years up to the Contract Year in which the indemnity claim is made.

#### 15.3 Procedure for claiming indemnity

##### 15.3.1 Third party claims

(a) Where the Indemnified Party is entitled to indemnification from the Indemnifying Party pursuant to Article 15.1.1(a) or 15.1.2(a), the Indemnified Party shall promptly notify the Indemnifying Party of such claim, proceeding, action or suit referred to in Article 15.1.1(a) or 15.1.2(a) in respect of which it is entitled to be indemnified. Such notice shall be given as soon as reasonably practicable after the Indemnified Party becomes aware of such claim, proceeding, action or suit. The Indemnifying Party shall be liable to settle the indemnification claim within [30 days] of receipt of the above notice. Provided however that, if:

- (i) the Parties choose to contest, defend or litigate such claim, action, suit or proceedings in accordance with Article 15.3.1(b) below; and
- (ii) the claim amount is not required to be paid/deposited to such third party pending the resolution of the dispute,

the Indemnifying Party shall become liable to pay the claim amount to the Indemnified Party or to the third party, as the case may be, promptly following the resolution of the dispute, if such dispute is not settled in favour of the Indemnified Party.

(b) The Indemnified Party may contest, defend and litigate a claim, action, suit or proceeding for which it is entitled to be indemnified under Article 15.1.1(a) or 15.1.2(a) and the indemnifying Party shall reimburse to the indemnified Party all reasonable costs and expenses incurred by the indemnified party. However, such Indemnified Party shall not settle or compromise such claim, action, suit or proceedings without first getting the consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed.

An Indemnifying Party may, at its own expense, assume control of the

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defence of any proceedings brought against the Indemnified Party if it acknowledges its obligation to indemnify such Indemnified Party, gives such Indemnified Party prompt notice of its intention to assume control of the defence, and employs an independent legal counsel at its own cost that is reasonably satisfactory to the Indemnified Party.

#### 15.4 Indemnifiable Losses

Where an Indemnified Party is entitled to indemnifiable Losses from the Indemnifying Party pursuant to Article 15.1.1(b) or 15.1.2(b), the Indemnified Party shall promptly notify the Indemnifying Party of the Indemnifiable Losses. The Indemnifiable Losses shall be paid by the Indemnifying Party within [30] days of receipt of the notice seeking Indemnifiable Losses by the Indemnified Party.

#### 15.5 Limitation on Liability

Except as expressly provided in this Agreement, neither the Seller nor Procurer nor their respective officers, directors, agents, employees or Affiliates (or their officers, directors, agents or employees), shall be liable or responsible to the other Party or its Affiliates, officers, directors, agents, employees, successors or assigns (or their respective insurers) for incidental, indirect or consequential damages, connected with or resulting from performance or non-performance of this Agreement, or anything done in connection herewith, including claims in the nature of lost revenues, income or profits (other than payments expressly required and property due under this Agreement), any increased expense of, reduction in or loss of power generation production or equipment used therefore, irrespective of whether such claims are based upon breach of warranty, tort (including negligence, whether of the Procurer, the Seller or others), strict liability, contract, breach of statutory duty, operation of law or otherwise. Procurer shall have no recourse against any officer, director or shareholder of the Seller or any Affiliate of the Seller or any of its officers, directors or shareholders. The Seller shall have no recourse against any officer, director or shareholder of Procurer, or any affiliate of Procurer or any of its officers, directors or shareholders.



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## ARTICLE 16

### ASSIGNMENTS AND CHARGES

#### 16.1 Assignments

Subject to Article 16.2.2, this Agreement may not be assigned by any Party (and no Party shall create or permit to subsist any encumbrance over all or any of its rights and benefits under this Agreement) other than by mutual agreement between the Parties to be evidenced in writing:

Provided that, such consent shall not be unreasonably withheld if either of the Parties seeks to transfer to any transferee all of its rights and obligations under this Agreement; and

- (a) such transferee is either the owner or Operator of all or substantially all of the distribution system for Gujarat and / or such transferee is a successor entity of any of the Procurer; and
- (b) all Agreements shall remain in place and shall be effective as to such successor.

#### 16.2 Permitted Charges

Notwithstanding Article 16.1, the Seller may assign this Agreement or create any encumbrance over all or part of the Security Package or the other assets of the Project to the Lenders or the Lender's Representative or as required by the Lenders, on their behalf as security for:

- (a) amounts payable under the Financing Agreements; and
- (b) any other amounts agreed by the Parties,

#### 16.2.1 Article 16.1 does not apply to:

- (a) liens arising by operation of law (or by an agreement evidencing the same) in the ordinary course of the Seller carrying out the Project;
- (b) pledges of goods, the related documents of title and / or other related documents arising or created in the ordinary course of the Seller carrying out the Project; or
- (c) security arising out of retention of title provisions in relation to goods acquired in the ordinary course of the Seller carrying out the Project.

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## ARTICLE 17

### GOVERNING LAW AND DISPUTE RESOLUTION

#### 17.1 Governing Law

This Agreement shall be governed by and construed in accordance with the Laws of India.

#### 17.2 Amicable Settlement

17.2.1 Either Party is entitled to raise any matter, dispute or difference of whatever nature arising under, out of or in connection with this Agreement including its existence or validity (collectively "Dispute") by giving a written notice to the other Party, which shall contain:

- (i) a description of the Dispute;
- (ii) the grounds for such Dispute; and
- (iii) all written material in support of its claim.

17.2.2 The other Party shall, within thirty (30) days of issue of dispute notice issued under Article 17.2.1, furnish:

- (i) counter-claim and defenses if any regarding the Dispute; and
- (ii) all written material in support of its defenses and counter-claim.

17.2.3 Within thirty (30) days of issue of notice by other Party pursuant to Article 17.2.2, both the Parties shall meet to settle such Dispute amicably, failing which the Dispute shall be referred to Dispute Resolution in accordance with Article 17.3.

#### 17.3 Dispute Resolution

Where any Dispute arising out of or in connection with this Agreement is not resolved mutually then such Dispute shall be submitted to adjudication by the Appropriate Commission as provided under section 79 or 86 of the Electricity Act, 2003 and the Appropriate Commission may refer the matter to Arbitration as provided in the said provision read with section 158 of the said Act. For disputes beyond the power conferred upon the Appropriate Commission, such disputes shall be subject to the jurisdiction of the High Courts of Gujarat.

#### 17.4 Parties to Perform Obligations

Notwithstanding the existence of any dispute and difference referred to the Appropriate Commission as provided in Article 17.3 and save as the Appropriate Commission may otherwise direct by a final or interim order, the Parties hereto shall continue to perform their respective obligations under this Agreement, including making of payments by either Party.

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## ARTICLE 18

### MISCELLANEOUS PROVISIONS

#### 18.1 Amendment

This Agreement may only be amended or supplemented by a written agreement between the Parties with necessary approval from the GERC..

#### 18.2 Third Party Beneficiaries

This Agreement is solely for the benefit of the Parties and their respective successors and permitted assigns and shall not be construed as creating any duty, standard of care or any liability to, any person not a party to this Agreement.

#### 18.3 No Waiver

A waiver by a Party shall be in writing and executed by an authorized representative of that Party. Neither the failure by one Party to insist on any occasion upon the performance of the terms, conditions, and provisions of this Agreement nor time or other indulgence granted by one Party to the other shall act as a waiver of such breach or acceptance of any variation or the relinquishment of any such right or any other right under this Agreement, which shall remain in full force and effect.

#### 18.4 Remedies

Where this Agreement provides for any rebate or other remedies for any breach or shortfall in performance, the Parties shall not be entitled to make any other claim or pursue other remedies under law.

#### 18.5 Entirety

18.5.1 This Agreement and the Schedules are intended by the Parties as the final expression of their agreement and are intended also as a complete and exclusive statement of the terms of their agreement.

18.5.2 All prior written or oral understandings, offers or other communications of every kind pertaining to this Agreement or the sale or purchase of Electrical Output and Installed Capacity under this Agreement to the Procurer by the Seller are abrogated and withdrawn.

#### 18.6 Assignment

This Agreement shall be binding upon, and inure to the benefit of the Parties and their respective successors and permitted assigns.

#### 18.7 Confidential Information

Subject to Article 18.8, all Parties shall at all times during the continuance of

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this Agreement:

- (a) use their reasonable endeavours to keep all information regarding the terms and conditions of this Agreement and any data or information acquired under or pursuant to this Agreement confidential and accordingly no Party shall disclose the same to any other person; and
- (b) not use any document or other information (whether technical or commercial) obtained by them respectively by virtue of this Agreement concerning another's undertaking for any purpose other than performance of that Party's obligations and exercise of its rights under this Agreement:

Provided that, the provisions of this Article 18.7 shall not apply to information which at the time of disclosure was in the public domain other than by breach of the foregoing obligations of confidentiality.

#### **18.8 Disclosure of Confidential Information**

**18.8.1** Each of the Parties shall hold in confidence the agreements relating to the Project and all documents and other information (whether technical or commercial) which is of a confidential nature disclosed to it by or on behalf of the other Party or Parties relating to the Project and shall not, save as may be required by law or appropriate regulatory or statutory authorities, or to any Indian Governmental Instrumentality, or to prospective lenders to, or investors in, the Seller or to the professional advisers of the Parties or of those prospective lenders or investors, publish or otherwise disclose or use the same for its own purposes otherwise than as may be required to perform its obligations under this Agreement.

**18.8.2** The provisions of Article 18.8.1 shall not apply to:

- (a) any information in the public domain otherwise than by breach of this Agreement;
- (b) information relating to the Project in the possession of a Party before that information was disclosed to it by or on behalf of the other Party or Parties and which was not obtained under any obligation of confidentiality; and
- (c) information obtained from a third party who is free to disclose the same, and which is not obtained under any obligation of confidentiality.

**18.8.3** Every Party shall be entitled to disclose the terms and conditions of this Agreement and any data or information acquired by it under or pursuant to this Agreement without the prior written consent of the other Party or Parties, as the case may be, if such disclosure is made in good faith:

- (a) to any affiliate of such Party, having made it aware of the requirements



- of this Article 18.8, or to any Indian Governmental Instrumentality; or
- (b) to any outside consultants or advisers engaged by or on behalf of such Party and acting in that capacity, having made them aware of the requirements of this Article 18.8; or
  - (c) to the Lenders, the Lenders' Representative any security trustee, any bank or other financial institution and its advisers from which such Party is seeking or obtaining finance, having made them aware of the requirements of this Article 18.8; or
  - (d) to the extent required by the rules of a relevant and recognised stock exchange; or
  - (e) to the extent required by any applicable law of India or pursuant to an order of any court of competent jurisdiction; or
  - (f) to any insurer under a policy of insurance; or
  - (g) to directors, employees and officers of such Party having made them aware of the requirements of this Article 18.8,

and is necessary to enable such Party to perform this Agreement or to protect or enforce its rights under this Agreement or any other Project Document or to enable it to comply with any requirement referred to in Articles 18.8.3(d) and 18.8.3(e) or to carry on its ordinary business.

#### 18.9 Affirmation

The Seller and Procurer each affirm that:

- (i) neither it nor its respective directors, employees, or agents has paid or undertaken to pay or shall in the future pay any unlawful commission, bribe, pay-off or kick-back; and
- (ii) it has not in any other manner paid any sums, whether in Indian currency or foreign currency and whether in India or abroad to the other Party to procure this Agreement, and the Seller and Procurer hereby undertake not to engage in any similar acts during the Term of Agreement.

#### 18.10 Severability

The invalidity or enforceability, for any reason, of any part of this Agreement shall not prejudice or affect the validity or enforceability of the remainder of this Agreement unless the part held invalid or unenforceable is fundamental to this Agreement.

#### 18.11 No Partnership

None of the provisions of this Agreement shall constitute a partnership or agency or any such similar relationship between the Seller and Procurer.

#### 18.12 Survival

Notwithstanding anything to the contrary herein, the provisions under Article

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12 (Force Majeure), Article 15 (Liability and Indemnification), Article 17 (Governing Law and Dispute Resolution), Article 14 (Events of Default and Termination), and Article 18 (Miscellaneous) shall continue and survive any expiry or termination of this Agreement.

#### 18.13 Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which collectively shall be deemed one and the same instrument.

#### 18.14 Notices

18.14.1 All notices to be given under this Agreement shall be in writing and in the English Language.

18.14.2 All notices must be delivered personally, by registered or certified mail or facsimile to the addresses below:

##### For Procurer:

|            |                                                                     |
|------------|---------------------------------------------------------------------|
| Attention: | General Manager (Commerce)                                          |
| Address:   | Sardar Patel Vidyut Bhavan, Race Course, Vadodara, Pin Code 390 007 |
| Facsimile: | 91-265-2344543/2337918/2338164                                      |
| Phone      | 91-265-2340504, 2340289                                             |

##### For Seller :

|            |                                                                          |
|------------|--------------------------------------------------------------------------|
| Attention: | Chief Manager (Finance)                                                  |
| Address:   | 3 <sup>rd</sup> Floor, Block no.8 , Udyog Bhavan , Sector-11 Gandhinagar |
| Facsimile: | 91-79-23245506                                                           |
| Phone      | 91-79-23241391                                                           |

18.14.3 All notices or communications given by email or facsimile shall be confirmed by depositing a copy of the same in the post office in an envelope properly addressed to the appropriate Party for delivery by registered or certified mail. All Notices shall be deemed delivered upon receipt.

18.14.4 Any Party may by notice of at least fifteen (15) days to the other Parties change the address and / or addresses to which such notices and communications to it are to be delivered or mailed.

#### 18.15 Language

The language of this Agreement and all written communication between the Parties relating to this Agreement shall be in English.

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#### 18.16 Breach of Obligations

The Parties acknowledge that a breach of any of the obligations contained herein would result in injuries. The Parties acknowledge the damages alone shall not be adequate remedy for such breach. Accordingly each Party agrees that in addition to any other rights or remedy which the other Party or Parties, as the case may be, may have at Law or in equity, the non breaching Party or Parties shall be entitled to specific performance and injunctive relief in any court of competent jurisdiction for any breach or threatened breach by the other Party.

#### 18.17 Nomination Restriction

Notwithstanding anything contained to the contrary in this Agreement, wherever a reference is made to the right of a Procurer to nominate a third Party to receive benefits under this Agreement, such Third Party shall have a financial standing not less than to the Procurer in question.

#### 18.18 Scheduled Generation

Notwithstanding anything contained to the contrary in this Agreement, wherever a reference is made to a Procurer or Procurer issuing a Scheduled Generations to the Seller, where law so requires that Scheduled Generations be issued only by a control centre, such references shall be construed as being references to the Seller receiving Scheduled Generations from the said control centre and the same shall apply in relation to any other functions being exercised by any other entity or organisation in the future, from time to time..

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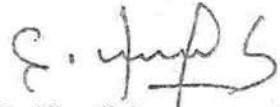
IN WITNESS WHEREOF the Parties have executed these presents through their authorized representatives at Vadodara.

For and on behalf of Seller



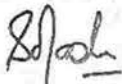
(Jinal Shah)
Chief Manager (Finance)
BECL

For and on behalf of Procurer



(S.B. Khyalia)
Executive Director (Finance)
GUVNL

and witnessed by



(S. K. Joshi)
Addl. General Manager (Project)
BECL



(Sailaja Vachhrajani)
Chief Finance Manager (IPP)
GUVNL



(Chirag Shukla)
Company Secretary
BECL



(R.P. Soni)
Deputy Engineer (IPP)
GUVNL



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SCHEDULE 1

CONDITIONS SUBSEQUENT

1.1 Conditions subsequent to Seller

Seller shall have been obtained all applicable pre-Zero Date clearances as listed here below, either unconditionally or subject to conditions which do not materially prejudice Seller's rights, the enjoyment of its benefits or the performance of its obligations under this Agreement and such clearances shall be in full force and effect;

S. No.	Regulatory / Statutory Clearance	Authority
1	Project Cost estimate including Financing Agreement and this Agreement approval.	GERC (if applicable).
2	Water Availability	Government of Gujarat and GWS&SB/ CWC
3	Air and Water pollution.	Gujarat Pollution Control Board.
4	Environment Clearance.	Forest and Environment Deptt., Govt. of Gujarat /Ministry of Environment and Forest, Govt. of India, as applicable.
5	Civil Aviation Clearance for Chimney height.	Airports Authority of India.
6	Company registration.	Registrar of Companies
7	Approval for payments in foreign currency.	Not applicable
8	Mining and Transportation of Fuel	Government of Gujarat GPCL/GMDC

After Start of Construction, as applicable:

Sr. No.	Statutory Clearance	Authority
1	Boiler and other pressure parts including pipes and valves - Design aspects and inspection before light up.	The Chief Inspector of Boilers (Gujarat)
2	Chlorine storage Carbon Dioxide Hydrogen SF6	Dist. Collector / Dept. of Explosives (Gujarat / Mumbai / Nagpur)



Sr. No.	Statutory Clearance	Authority
	Acetylene Nitrogen Oxygen LPG Propane, etc. - Design / Installation	
3	Fire fighting / protection	Loss Prevention Agency / TAC
4	Electrical plant and equipment 220 kV installation - Design / installation with respect to back charging clearance and synchronizing clearance - transformers, MV / LV switch gear motors, earthing / lighting arrestors.	The Chief Electrical Inspector (CEI) (Gujarat). Prior approval of CEI to be obtained before installation.
5	Approval for stack obstruction light / painting.	Airports Authority of India.
6	Pre installation approval for buildings, pipe layout cable routes, acid and other chemical storage.	The Chief Inspector of Factories (Gujarat) / Concerned municipalities as applicable.
7	Approval for stack emission levels, water effluent quality, solid waste, etc.	Gujarat Pollution Control Board.
8	Approval for lifts, cranes and hoists, before hand over to the Employer.	Elevator and Lifts Inspector, (Gujarat).
9	Approval for frequency allocation for communication equipment like radio, PLCC, remote operated cranes etc.	NAVAL Wireless Center (NWC).
10	Import license and formalities.	Not applicable
11	License for labour commissioner for construction labour pursuant to section 7 of the Contract Labour (Regulation and Abolition) Act, 1970.	Labour Commissioner, Govt. of Gujarat
12	Registration of workers required pursuant to Section 2 A of the Employees State Insurance Act, 1984, or exemption to be claimed if other group insurance is taken for Contractor's personnel.	Labour Commissioner, Govt. of Gujarat

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Sr. No.	Statutory Clearance	Authority
13	Consent of the Commissioner of Explosives for the possession and use of explosives for the purpose of blasting, if any.	Not applicable
14	Approval of temporary construction power lines within the plant area.	Electrical Inspectorate, Govt. of Gujarat.
15	Approval of weigh bridge and weigh scales	Inspector of weights and measures, Govt. of Gujarat.
16	Collection, storage and disposal of waste, site clearance, safe report and safety audit.	Gujarat Pollution Control Board.
17	Approval of building proposals and layout.	Not applicable
18	Approval of building layout with fire safety concerns and receipt of No Objection Certificate.	Municipal Corporation, Chief Fire Officer or concerned authorities.
19	No Objection Certificate for storm water drainage design.	Not applicable
20	Wayleaves, RoU / RoW for construction, installation and commissioning of Interconnection Facilities.	Not applicable
21	Fuel Pricing Mechanism	Procurer/ GERC



SCHEDULE 2

FUNCTIONAL SPECIFICATION

2.1 TECHNICAL FEATURES OF THE PLANT

A conventional layout has been proposed with 220 KV Switchyard in front of the Turbine House and Boiler, Electrostatic Precipitator and Chimney at the back. The station is a pithead lignite based Power Station.

To take care of emission of SO₂ and NO_x from the Steam Generator, Circulating Fluidised Bed Combustion System, an environment friendly combustion technology adopted by the advanced countries has been opted for the Power Station.

2.1.1 STEAM POWER PLANT AND AUXILIARIES

The steam generator (SG) would be designed for firing 100% lignite and would be of circulating fluidised bed combustion (CFBC) type. The CFB combustor, cyclones, fluidised bed heat exchangers and seal pots, constitute the main components of the circulating fluidized bed combustion system. The CFBC steam generators would be natural circulation single drum type. The SG would be of circulating fluidized bed design, radiant, single reheat, and balanced draft, semi-outdoor type, rated to deliver 810 t/hr of superheated steam at 175 kg /cm² (a), $540 \pm 5^{\circ}$ C when supplied with feed water at a temperature of 245 deg. C at the economiser inlet. The reheat steam temperature would also be $540 \pm 5^{\circ}$ C.

2.1.2 TURBINE GENERATOR AND AUXILIARIES

The steam turbine generators (STGs) would be rated for 250 MW continuous output at the generator terminals, with throttle steam conditions of 170kg/cm² (a) and 537°C steam temperature. The steam turbine would be a two/three cylinder tandem compound, reheat, extraction type and condensing type. The generators would be rated to deliver 250 MW, at 16.5 kV, 50 Hz, 0.85-power factor, at 3000 rpm. The generator would be provided with either brush-less or static excitation system. All generator components, rotor winding, stator core, end region flux shield structures and lead box, stator winding, stator coils, parallel rings, main leads and terminal bushings are hydrogen cooled. The terminals of the generator would be connected to the Generator



transformer through a Generator Circuit Breaker (GCB) using Isolated Phase Bus Duct (IPBD) of adequate short circuit withstand capability with suitably rated tap-offs to the unit transformers and station transformer. The bus duct would be natural air-cooled and would run partly indoor and partly outdoor.

The turbine-generator would be complete with all accessories such as protection system, Lube and control oil systems, jacking oil system, seal steam system, turbine drain system, 60% TGMCR HP / LP bypass system, Electro-hydraulic control system, automatic turbine run-up system, on-line automatic turbine test system and turbine supervisory instrumentation. The STG system also includes all piping, fitting, valves and specialities, hangers and support thermal insulation etc. All pumps would be 2x100% or 3x50% and coolers would be 2 x100%. The turbine-generator would also have all necessary Indicating and control devices to permit the unit to be placed on turning gear, rolled, accelerated and synchronised automatically from the control room. Other accessories of the turbine-generator would include an oil purification unit with transfer pumps and clean and dirty oil storage tanks of adequate capacity.

2.2 UTILITIES

2.2.1 Electrical System

Evacuation of power from the proposed power plant shall be done at 220kV network through 6 nos of 220kV transmission lines to the following sub stations.

- (a) LILO or existing 220kV S/C Savarkundla - Vartej line at 220kV BECL Padva (30 KM, LILO distance).
- (b) 220kV D/C BECL Padva – Botad lines (110 RKM).
- (c) 220kV D/C BECL Padva – Palitana (Sagapara) lines (55RKM)

220kV switchyard would be installed in the plant and would have the following circuits:

- (a) Generator transformer bays - 2
- (b) 220 kV Transmission line bays - 6
- (c) Bus Coupler Bay - 1
- (d) Bus Transfer Bay - 1

2.2.2 Sea Water Drawl System

The project site is @ 4.5 Km away from sea. Sea Water is proposed to cater to the cooling water requirement of condenser and secondary side of ACW system of plant. The seawater for cooling system would be drawn at Hathab

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Bungalow from Gulf of Khabhat and would be released in deep sea. The sea water will be drawn through 160 m long open channel at suitable location nearby HTL. The intake water system comprises of intake channel, storage pond and pump house. The storage pond, pump house and intake channel would be between HTL and LTL. Sea water of 6067 m³/hr (145608 m³/ day) is required for CW make up system. Sea water required for CW make would be pumped to CW forebay by 3 nos. (2W+1S) of sea water intake pumps of capacity 3500 m³/hr through pipe line from Hatab Bungalow to power plant. The blowdown of seawater will be done into sea at the appropriate point.

2.2.3 Sweet Water System

Sweet water of 5 MLD would be used for Boiler make-up and for domestic use from GWIL main pipe line at Budhel which is at a distance of 10 Km from the plant location. The pipeline is already connected at Power Project site. Sweet water would be supplied to a proposed raw water reservoir of capacity 33500 m³ located inside the plant area. The reservoir would be sized to store about 7 days requirement of raw water for the proposed 2 x 250 MW units to take care of any eventualities of maintenance of pipeline.

2.2.4 Ash handling System:

Ash generated in the boilers in the form of bottom ash and fly ash will be collected in the respective silos by pneumatic conveying System.

Bed Ash Handling System

Bed ash formed due to combustion of lignite and injection of limestone in the boiler would be collected, cooled to about 120 to 150 deg. C and conveyed by Dense Phase Pneumatic Conveying system to bed ash surge hopper. From here the bed ash would be conveyed to the bed ash storage silo by Dense Phase Pneumatic Conveying system. Transmitter vessels would be provided below the bed ash surge hopper outlets. On initiation of bed ash collection system, (which is by the actuation of level probes in the bed ash surge hopper(s) and also depending upon the availability of either of the two silos) the inlet valve would open and ash would be fed into the transmitter vessel for pre-determined level / time after which the inlet valve would close. On closure of ash inlet valve, compressed air would be allowed to flow into the transmitter vessel. On reaching the pre-determined conveying pressure in the vessel, the bed ash would be conveyed to either of the two bed ash storage silos through transport piping. Removal of ash from the surge hopper would be initiated whenever the level in the hopper reaches a predetermined



level. There would be two bed ash storage silo for the proposed unit. Vent filters would be provided at the air outlet of each of the silos.

Fly Ash Handling System

The fly ash handling system would be designed to collect fly ash in dry form in silos using dense phase pneumatic conveying system, which is described below:

The fly ash collected at the air preheater hoppers, economiser hoppers and ESP hoppers would be gravity fed into individual transmitter vessels provided below each hopper. On initiation of fly ash removal cycle, fly ash would be fed into the transmitter vessel after which the inlet valve would close. On closure of ash inlet valve, the conveying compressed air would be allowed to flow into the transmitter vessel by opening the air inlet valve. On reaching the pre-determined conveying pressure in the vessel, the fly ash would be conveyed to any one of the six fly ash silos with the help of compressed air through transport-piping. The conveying air would be vented by vent fan through the bag filters mounted on top of the silos in order to limit the dust concentration in the vented air below 50 mg per cum. There would be three fly ash storage silo of 1000 tonnes capacity per unit.

2.2.5 Lignite and Limestone Handling System

The lignite handling system is divided in to two portions viz External Lignite Handling System (ELHS) and Internal Lignite Handling System (ILHS). The ELHS would be for handling the as mined lignite and transporting the same to the ILHS. The ILHS would be for receiving and handling the "as received" lignite from the mines and transporting the same to the bunkers of the proposed Unit after screening, crushing, stacking and reclaiming. The lignite of (-) 450 to 500 mm size would be received through the ELHS at the terminal point inside the plant.

Crushed limestone from limestone bunkers is fed to mills for further crushing to size required for combustion and pneumatically conveyed to limestone bunkers provided in Steam Generator area for feeding along with lignite. Limestone handling system comprises of milling of crushed limestone, classification/segregation, surge storage (in product hopper) and pneumatic conveying to powdered limestone bunkers provided in the steam generator area for the proposed units.



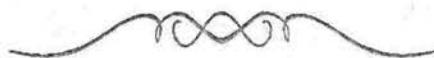
2.2.6 Limestone milling and conveying system

Limestone injection system consisting of milling plant and limestone powder conveying system would be provided to reduce the SOx emissions. Limestone milling plant would comprise of crushed limestone hopper feeder, air swept ball mill, grid separator cyclone, bag filter, mill exhaust system, screen / rotary feeders, oil fired hot gas generator and conveying system would include dense phase pressurised system. Lime stone storage bunkers with lime stone air lock feeders of gravimetric type would be provided at steam generator end.

Limestone from bunkers would be fed to the milling plant through series of feeders. Ball mills of 2 Nos. (Both working) of 55 tph capacity for each unit would be provided and crushed to required size. The powdered limestone would be then pneumatically conveyed to the powdered limestone bunkers located in SG area.

2.2.7 Plant Instrumentation and control system

Main Plant DCS system is maxDNA system from BHEL-EDN, Bangalore. Complete main plant equipments will be operated from Main Plant control room. Dedicated hot-redundant PLC system will be provided for Utility packages like Ash handling system, DM Plant, Limestone milling system, Limestone conveying system, AC & Ventilation system etc.



SCHEDULE 3

COMMISSIONING AND TESTING

3.1 PERFORMANCE GUARANTEE TESTS

Seller shall execute the Performance Guarantee Test to demonstrate the Rated Name Plate Capacity of each Unit within 180 (one hundred eighty) days from the date of Entry into Commercial Service. The procedures for the execution of the Performance Guarantee Test and the consequences corresponding to the Tested Capacity as well as Capacity Demonstration Test are brought out in this Schedule-3.

Seller shall give 7 (seven) days' notice and shall invite Procurer's representative to attend the Performance Guarantee Test. The failure of such representative to attend may, however, not cause the postponement or invalidation of any such test.

3.2 SUCCESSFUL COMPLETION OF THE UNIT(S)

The Tested Capacity of the Unit/Power Station established during the Performance Guarantee Test or Retest shall in no case be less than 95% of the Rated Name Plate Capacity so as to achieve Successful Completion thereof. If, however, such Tested Capacity is found to be below 95%, Seller shall have the option to conduct Re-Testing as provided under paragraph 3.3 hereunder. Even after such Re-Testing, if the Tested Capacity continues to be found below 95%, Procurer shall have the right to reject the Project besides its right to reduce the Fixed Charge payments.

3.3 RETEST

Seller shall carry out necessary improvement and modifications to achieve the Rated Name Plate Capacity pursuant to testing as per Clause 3.1 of Schedule 3. Seller, upon carrying out such improvements and modifications or otherwise, shall arrange for retest of the Unit(s) after following the procedure as laid down under Clause 3.1 of Schedule 3. Procurer, in order to facilitate the improvement and modifications, shall allow necessary Outages, as a part of the Commissioning activity to Seller and issue Scheduled generation with due regard for such Outages. Such Retest shall be permissible to be carried out thrice and shall be carried out within the overall period not extending beyond 180 (One Hundred and Eighty) days from the date of Entry into Commercial Service of the Unit, which period can be extended with mutual consent. The Capital Cost at the end of any or final Retest shall be updated corresponding to the achievement of Rated Name Plate Capacity or the Tested Capacity so established.



3.4 REPEAT PERFORMANCE GUARANTEE TEST AND/OR CAPACITY DEMONSTRATION TEST

Procurer may, from time to time, during the Term of this PPA, but not more frequently than once every 12 (twelve) months, require Seller to demonstrate the Unit's Tested Capacity by carrying out further Performance Guarantee Test (s) (the "Repeat Performance Test(s)") or the Capacity Demonstration Test (individually or together the Test) as provided hereunder. Such Test shall be carried out at no cost to Procurer and in accordance with procedure laid down herebelow

3.4.1 Procurer shall give Seller not less than 7 (seven) days' advance written notice of the time when a Repeat Performance Guarantee Test or a Capacity Demonstration Test on the Unit(s) is to begin. No Test may be scheduled for any period when the Unit(s) to be tested is due to undergo a Scheduled Outage.

3.4.2 If Seller wishes to take the Unit out of service for repairs before it undertakes a Test, it shall inform Procurer in writing before its scheduled start of the repairs to be carried out on the Unit and the estimated time required to complete the same. The Parties shall then schedule a Maintenance Outage to enable Seller to carry out those repairs and Procurer shall defer the Test until the Unit is returned to service following that Maintenance Outage.

3.4.3 Procurer may, for valid reasons and with due written notice 72 (seventy two) hours ahead of the scheduled date of the Test, defer same upto 15 (fifteen) days. The new date for Test should be simultaneously notified.

3.4.4 Seller and Procurer shall each designate qualified and authorised representatives to monitor the Test.

3.4.5 Testing and measurement procedures applied during the Test shall be the same as those for the Performance Guarantee Test.

3.4.6 TEST RESULTS

Within 7 (seven) days of the completion of any Performance Guarantee Test, Seller shall supply to Procurer all completed test summary data sheets and other relevant data derived from such Performance Guarantee Test and or Test as specified in this Schedule 3. Procurer shall notify Seller within 7 days from its receipt of such completed test summary data sheets whether or not the relevant Unit has achieved Successful Completion.

3.4.7 Procurer shall accept into Procurer System all Energy and Reactive Power generated during synchronisation, Performance Guarantee Tests and any other testing or Successful Completion procedures required under the terms



of this PPA.

3.4.8 CONSEQUENCES OF PERFORMANCE GUARANTEE TEST AND TEST(S)

If the Capacity demonstrated at the end of the Performance Guarantee Test and/or any other Test(s) specified under this Schedule is less than the 95% of Rated Name Plate Capacity or the Derated Name Plate Capacity, as the case may be, of the Unit or the Power Station as the case may be, the Capital Cost of the Project will be reduced pro-rata for the purpose of computation of the Fixed Charges under the Schedule 5 of this PPA till such time that the full or higher Capacity is demonstrated at any later date through relevant Test(s), provided, however, that no compensation of increased Fixed Charges shall be admissible from any retrospective date.

If the Capacity demonstrated during the Performance Guarantee Test and/or the Repeat Test is greater than the Rated Name Plate Capacity or the Derated Name Plate Capacity, as the case may be, of the Unit or the Power Station as the case may be, the Capital Cost of the Project will not be altered for the purpose of computation of the Fixed Charges under the Schedule 5 of this PPA.



SCHEDULE 4

AVAILABILITY FACTORS

4.1 Introduction

The Availability declaration or Revised Availability Declaration, if any, shall be governed by the Grid Code/ Appropriate ABT Order.

4.2 The Permitted Tolerance shall be as per Grid Code / Applicable ABT Order.

4.3 Cumulative Availability Factors

In any period, the cumulative availability factor (the "Availability Factor") of the Power Station shall be calculated as follows:

$$\% \text{Cum. Availability} = 10000 \times \sum_{i=1}^N DCi + \sum_{i=1}^N [CC \times (100 - AUX_n)]$$

Where,

DCi is the Average Declared Capacity for the settlement period 'i' in MW;

CC is the Installed Capacity of the Power station in MW

I is the relevant settlement period,

N is the total Number of settlement periods from the beginning of the operating year, till the end of the billing period, and

AUX_n is the Normative Auxilliary Energy Consumption as a percentage of gross generation

4.4 Available Capacity

4.4.1 The Power Station's available capacity in each Settlement Period (its "Available Capacity") shall be equal to its Declared Capacity in that Settlement Period, less any Capacity Reduction as per the applicable ABT order.



SCHEDULE 5

TARIFF

5.1 The Monthly Tariff Payment

5.1.1 General

Procurer shall pay the Monthly Tariff Payment for the period from the date on which Installed Capacity and electrical energy is first accepted by Procurer, after acceptance of commercial operation until this Agreement expires or is terminated.

5.1.2 Monthly Tariff Payment(S)

From the date of Synchronisation and upto the Entry into Commercial Service of the Unit (Infirm Power), Supply of power shall be accounted as Unscheduled Interchange (UI) and paid for from the regional or state UI pool account at the applicable frequency-linked UI rate by the STU:

Provided that any revenue earned by the generating company from sale of infirm power after accounting for the fuel expenses shall be applied for reduction in capital cost:

5.1.3 The Monthly Tariff except the parameters agreed at clause 5.2 below shall consist of the components as specified in the GERC Terms and Conditions of Tariff Regulation applicable from time to time. Further correction is to be made on Capacity Charges if Tested Capacity (T_c) is less than 95% of the Installed Capacity (C_c) by multiplying the Capacity Charges with the factor of T_c / C_c .

5.1.4 Monthly Tariff Payments are payable in Rupees.

5.1.5 In calculating the Monthly Tariff Payment for any period when one or more Units are already Commissioned but before the Commercial Operations Date of the Power Station as a whole, its debt and equity elements shall be allocated to the Units already in Commercial Operation in the proportion that the most recent Tested Capacity of such Units bears to the Installed Capacity of the Power Station.

5.2 The Seller agrees to supply power at the following Tariff Parameters:

Tariff Parameters	Agreed Norms
Project Cost	Not exceeding Rs.7.23 Crs./MW
Debt-Equity Ratio	80;20
Operating Parameters	
SHR with Moisture Correction	2623 Kcal/Kwh
Aux. consumption	11%
Lime stone	260 gm/kwh



Tariff Parameters	Agreed Norms
Target availability	80% (75% for first three years)
Return on equity	14%

5.3 The Operation and Maintenance expenses for the year shall be lower of the following

1. as determined by GERC from time to time. .
2. Rs.21.51 lacs/MW/Year for the Year 2012-13 and escalated for the subsequent years there after as per prevailing GERC Tariff norms from time to time.

The above O&M Charges shall be added to other components of Capacity Charges computed as per the applicable Tariff Regulation to get the Total Capacity Charges for the year.

If the rate of Water Charges actually incurred by the Seller, is higher than that considered by GERC, the differential rate shall be reimbursed by the Procurer, keeping the quantum of Water Consumption per KWh the same as considered by GERC.

5.4 Computation and Payment of Capacity Charges and Energy Charge

The Capacity Charge and Energy Charges payable to the Generating Station for a calendar month shall be calculated as specified in the GERC Terms and Conditions of Tariff Regulation applicable from time to time. .

5.5 Unscheduled Interchange (UI) Charges:

Variation between scheduled generation and actual generation shall be accounted for through Unscheduled Interchange (UI) Charges as detailed in the GERC Terms and Conditions of Tariff Regulations as amended from time to time. The UI will be settled between the Seller and STU.



SCHEDULE 6

FINANCING PLAN

6.1 Financing Plan

The Capital Cost of the Project shall be subject to approval by Procurer/ GERC. Equity above 20% shall be considered on merit. However in no case equity should exceed 30% of the total capital cost.

The actual Financing Plan shall be subject to approval of Procurer/ GERC. The Tariff for sale of Electricity from the Project shall be determined on the basis of the final financial package and Project Cost approved by Procurer/ GERC.

Pursuant to GoI Resolution No. 237 dated 22-10-1991 a minimum of 11% of the total outlay must come through Promoters' contribution and shall be so retained through out the Term of the PPA.

Seller shall furnish break-up of the Capital Expenditure made by Seller for the power station as mentioned in this PPA. The actual capital expenditure incurred on completion of Project shall also be subject to approval of Procurer/ GERC.

6.2 Financing Change(s)

Seller shall, during the Term of the PPA, endeavour to employ the cheapest Means of Finance in accordance with Good Industry Practices. For this purpose, Seller may make Financing Change(s) to its original approved Financing Plan. Such Financing Changes shall, however, not be implemented without the prior written approval of Procurer/ GERC. The costs associated with such Financing Changes shall be borne by the Procurer.

The Financing Agreements to be entered into with Financial Institutions in this regard must have the provision of allowing Seller to refinance the Capital Cost. The benefits of such refinancing shall be passed on to Procurer. Notwithstanding this provision, the obligation of achieving Financial Closure within the stipulated date on the part of Seller shall not be mitigated.



SCHEDULE 7

REPRESENTATION AND WARRANTIES

7.1 Representations and Warranties by the Procurer

Procurer hereby represents and warrants to and agrees with the Seller as follows and acknowledges and confirms that the Seller is relying on such representations and warranties in connection with the transactions described in this Agreement:

The said Procurer has all requisite power authorising and has been duly authorised to execute and consummate this Agreement;

This Agreement is enforceable against the said Procurer in accordance with its terms;

The consummation of the transactions contemplated by this Agreement on the part of the said Procurer will not violate any provision of nor constitute a default under, nor give rise to a power to cancel any charter, mortgage, deed of trust or lien, lease, agreement, license, permit, evidence of indebtedness, restriction, or other contract to which the said Procurer is a party or to which said Procurer is bound, which violation, default or power has not been waived;

The said Procurer is not insolvent and no insolvency proceedings have been instituted, nor threatened or pending by or against the said Procurer;

There are no actions, suits, claims, proceedings or investigations pending or, to the best of the said Procurer's knowledge, threatened in writing against the said Procurer at law, in equity, or otherwise, and whether civil or criminal in nature, before or by, any court, commission, arbitrator or governmental agency or authority, and there are no outstanding judgments, decrees or orders of any such courts, commission, arbitrator or governmental agencies or authorities, which materially adversely affect its ability to execute the Project or to comply with its obligations under this Agreement.

Event of Default: In the event that any representations and warranties offered



by a Procurer in the Article above are not true or are incorrect, the occurrence of such event would amount to a Procurer Event of Default releasable to the Procurer making the false or incorrect representation and warranty under Article 14.2 of this Agreement and the Seller shall have the right to terminate this Agreement in accordance with Article 14 of this Agreement.

7.2 Representation and Warranties of the Seller

The Seller hereby represents and warrants to and agrees with the Procurer as follows and acknowledges and confirms that the Procurer are relying on such representations and warranties in connection with the transactions described in this Agreement:

It has all requisite power authorising and has been duly authorised to execute and consummate this Agreement;

This Agreement is enforceable against it in accordance with its terms;

The consummation of the transactions contemplated by this Agreement on the part of the Seller will not violate any provision of nor constitute a default under, nor give rise to a power to cancel any charter, mortgage, deed of trust or lien, lease, agreement, license, permit, evidence of indebtedness, restriction, or other contract to which the Seller is a party or to which the Seller is bound which violation, default or power has not been waived;

The Seller is not insolvent and no insolvency proceedings have been instituted, not threatened or pending by or against the Seller;

There are no actions, suits, claims, proceedings or investigations pending or, to the best of Seller's knowledge, threatened in writing against the Seller at law, in equity, or otherwise, and whether civil or criminal in nature, before or by, any court, commission, arbitrator or governmental agency or authority, and there are no outstanding judgments, decrees or orders of any such courts, commission, arbitrator or governmental agencies or authorities, which materially adversely affect its ability to execute the Project or to comply with its obligations under this Agreement.

Event of Default: In the event that any representations and warranties offered by the Seller in the Article above are not true or are incorrect, the occurrence of such event would amount to a Seller Event of Default under Article 14.1 of



this Agreement and both Procurer shall have the right to terminate this Agreement in accordance with Article 14 of this Agreement.

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SCHEDULE 8

FUEL MANAGEMENT

8.1 FUEL

8.1.1 The Power Station is designed to use Lignite as Primary Fuel, FO or other similar Fuel as Secondary Fuel and Limestone or its substitute as an additive.

8.2 Fuel Availability/ Procurement

Seller shall be solely responsible to ensure availability of Lignite and the Secondary Fuel as well as Limestone of the required quantity and quality at all times during the Term of the PPA.

8.3 Lignite Price Mechanism

The Lignite Price Mechanism and Limestone Price Mechanism shall be subject to approval of Procurer/ GERC. Notwithstanding this provision, where any Contract/ Subcontract agreements are signed or amended by Seller without the prior approval of Procurer, and where such agreement or amendment(s) result into increase of the Energy Charges in any respect, Procurer shall not be obliged to pay such increased Energy Charges. However if such Contract agreements are amended by Seller, and where such amendment(s) result into decrease of the Energy Charges in any respect, the Seller shall pass on the benefit to the Procurer. Further the Seller shall include a representing member of the Procurer in the Tender Committee.



FOINT NO: 1712
ANNEXURE-K

GUJARAT URJA VIKAS NIGAM LIMITED

CIN U40109GJ2004SGCO45195

ISO 9001-2008 Certified Company

Sardar Patel Vidyut Bhavan, Race Course, Vadodara (Gujarat) Pin-390007

Phone : Direct (0265) 2340289 PBX-(0265)2310582/83/84/85/86 Fax : (0265)-2344543

E-mail : cfmipp.guvnl@gebmil.com

Ref. No. GUVNL-COM-CFM(IPP)- 434

Date : 19-05-2016

To,
Shri Sudhir Bhargava
Chief General Manager,
Bhavnagar Energy Company Limited,
Block No. 8, Udyog Bhavan,
Gandhinagar - 382 011

Fax No. 079 23245506 / 0278 2931175

Sub. : Declaration of Commercial Operation of 250 MW Unit 1 of BECL

Sir,

This has reference to your letter dated 17-5-2016 wherein you have informed about achievement of full load of 250 MW Unit 1 on 16-5-2016 and requested GUVNL to accept Commercial Operation of unit 1 & submitted various documents in support of the same.

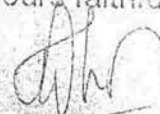
In this context, we are pleased to inform you that the Commercial Operation of BECL unit 1 is hereby accepted with effect from 16-5-2016 in terms of provisions of the PPA.

However, you are requested to inform us the source of lignite to be consumed in the plant and the cost of the same along with the full break up of cost and expected GCV of the lignite to enable us to inform the cost per KWh to SLDC for the purpose of scheduling based on merit order.

This is without prejudice to our rights in terms of the provisions of the PPA.

Thanking You

Yours faithfully,



(Saliya Vachhrajani)
Chief Finance Manager (IPP)

Copy to
Chief Engineer (SLDC)
State Load Dispatch Centre, GETCO,
Gotri, Vadodara

Fax : (0265) 2352019

This is for your information and further needful in the matter.

2356469



GUJARAT URJA VIKAS NIGAM LIMITED

CIN U40109GJ2004SGCO45195

ISO 9001-2008 Certified Company

Sardar Patel Vidyut Bhavan, Race Course, Vadodara (Gujarat) Pin-390007

Phone : Direct (0265) 2340289 PDX-(0265)2310532/83/84/85 86 Fax : (0265)-2344543

E-mail : cfmipp.guvnl@gebnail.com

Ref. No. GUVNL-COM-CFM(IPP)- 337

Date : 04/04/2017

To,
Shri Sudhir Bhargava
Chief General Manager,
Bhavnagar Energy Company Limited,
Block No. 8, Udyog Bhavan,
Gandhinagar - 382 011

Fax No. 079 23245506 / 0278 2931175

Sub. : Declaration of Commercial Operation of 250 MW Unit 2 of BECL

Sir,

This has reference to your letter no BECL / Padva / GUVNL / 2017 / COD U2 / 553 dated 27-3-2017 wherein you have informed about achievement of full load of 250 MW Unit 2 on 27-3-2017 and requested GUVNL to accept Commercial Operation of unit 2 & submitted various documents in support of the same.

In this context, we are pleased to inform you that the Commercial Operation of BECL unit 2 is hereby accepted with effect from 27-3-2017 in terms of provisions of the PPA.

This is without prejudice to our rights in terms of the provisions of the PPA.

Thanking You,

Yours faithfully,

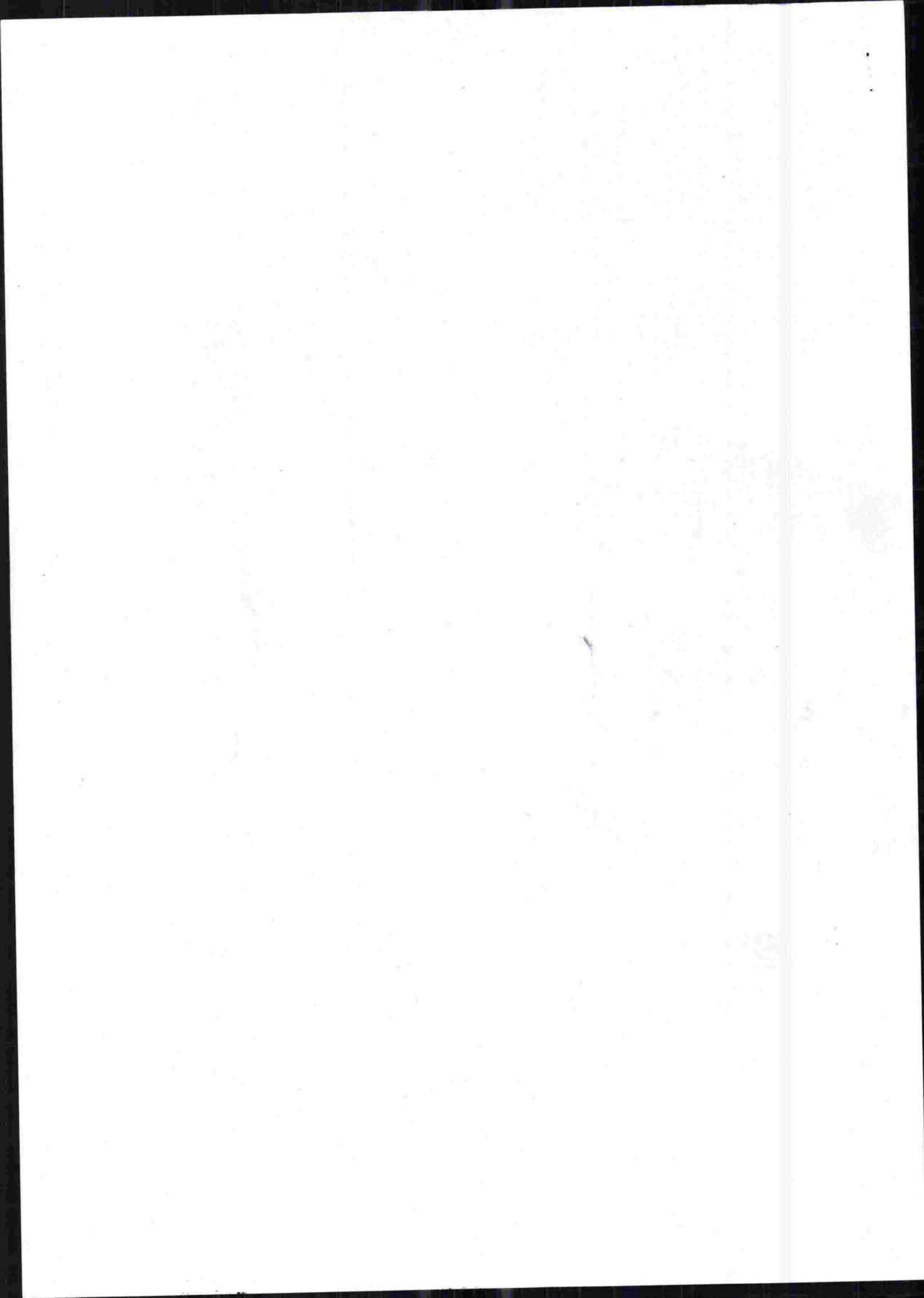


(Sailaja Vachhrajani)
General Manager (IPP)

Copy to
Chief Engineer (SLDO)
State Load Dispatch Centre, GETCO
Gotri, Vadodara

Fax: 0265 2352019

This is for your information and further needful in the matter.



	Lignite		FO		LDO	
Month	Qty (MT)	Rate Rs./MT	Qty (MT)	Rate Rs./MT	Qty (MT)	Rate Rs./MT
Apr-18	7547.98	1981	11.66	31682	27.72	47045
May-18	53245.07	2018	60.11	33110	99.02	47045
Jun-18	97899.17	2058	94.61	33110	109.19	50606
Jul-18	3111.51	2056	0.00	33110	0.00	50606
Aug-18	0.00	2061	0.00	33110	0.00	50606
Sep-18	0.00	2096	0.00	33110	0.00	52016
Oct-18	34264.11	2147	308.16	40503	574.28	56837
Nov-18	77927.08	2173	111.50	41923	191.58	57674
Dec-18	121537.84	2206	44.06	41923	91.20	56064
Jan-19	118812.61	2227	0.00	41434	67.80	53161
Feb-19	26229.27	2233	79.00	41434	153.84	52560
Mar-19	130929.56	2240	5.08	41528	234.40	51818

	Lignite		FO		LDO	
Month	Qty	Rate	Qty	Rate	Qty	Rate
Apr-19	0.00	2240			0.07	51409
May-19	0.00	2240			0.03	51409
Jun-19	14013.18	2240			544.06	49086
Jul-19	31915.00	2244			299.89	48907
Aug-19	25277.00	2244			345.00	49107
Sep-19	46231.00	2246			228.00	48944
Oct-19	37625.00	2340			276.00	49424

BLTPS Monthwise Fuel Data

	COAL DATA (MT)				LDO DATA (KL)				FO DATA(MT)			
MONTH	Opening stock	Receipt	Station Cons.	Closing stock	Opening stock	Receipt	Station Cons.	Closing stock	Opening stock	Receipt	Station Cons.	Closing stock
Apr-18	1,25,292.05	34,129.76	7,547.98	1,51,873.83	60.21	220.00	27.72	252.49	333.12	221.06	11.66	542.52
May-18	1,51,873.83	27,469.00	53,245.07	1,26,097.76	252.49	0.00	99.02	153.47	542.52	95.00	60.11	577.41
Jun-18	1,26,097.76	38,276.18	97,899.17	66,474.77	153.47	128.00	109.19	172.28	577.41	0.00	94.61	482.80
Jul-18	66,474.77	6,575.59	3,111.51	69,938.84	172.28	0.00	0.00	172.28	482.80	0.00	0.00	482.80
Aug-18	69,938.84	11,160.92	0.00	81,099.76	172.28	0.00	0.00	172.28	482.80	0.00	0.00	482.80
Sep-18	81,099.76	18,251.18	0.00	99,350.94	172.28	57.00	0.00	229.28	482.80	0.00	0.00	482.80
Oct-18	99,350.94	70,441.37	34,264.11	1,35,528.20	229.28	788.00	574.28	443.00	482.80	404.99	308.16	579.63
Nov-18	1,35,528.20	72,744.92	77,927.08	1,30,346.04	443.00	186.00	191.58	437.42	579.63	94.30	111.50	562.43
Dec-18	1,30,346.04	1,22,474.14	1,21,537.84	1,31,282.34	437.42	87.00	91.20	433.22	562.43	0.00	44.06	518.37
Jan-19	1,31,282.34	1,26,011.56	1,18,812.61	1,38,481.28	433.22	124.00	67.80	489.42	518.37	48.00	0.00	566.37
Feb-19	1,38,481.28	30,304.08	26,229.27	1,42,556.09	489.42	51.00	153.84	386.58	566.37	0.00	79.00	487.37
Mar-19	1,42,556.09	96,886.47	1,30,929.56	1,08,513.00	386.58	207.00	234.40	359.18	487.37	27.00	5.08	509.29
Apr-19	93,262.75	0.00	0.00	93,262.75	353.05	85.00	0.00	438.05	492.61	0.00	0.00	492.61
May-19	93,262.75	0.00	0.00	93,262.75	438.05	0.00	0.00	438.05	492.61	0.00	0.00	492.61
Jun-19	93,262.75	0.00	14,013.00	79,249.75	438.05	598.00	544.06	491.99	492.61	0.00	0.00	492.61
Jul-19	79,249.75	40,304.00	31,915.06	87,638.69	491.99	247.00	301.00	437.99	492.61	0.00	0.00	492.61
Aug-19	87,638.69	4,403.00	25,277.00	66,764.69	437.99	302.00	345.00	394.99	492.61	0.00	0.00	492.61
Sep-19	66,764.69	26,915.00	46,231.00	47,448.69	394.99	257.00	228.28	423.71	492.61	0.00	0.00	492.61
Oct-19	47,448.69	58,572.00	37,625.00	68,395.69	423.71	277.00	276.05	424.66	492.61	0.00	0.00	492.61
Nov-19	68,395.69	70,950.00	61,739.00	77,606.69	424.66	131.00	158.00	397.66	492.61	0.00	0.00	492.61
Dec-19	77,606.69	1,17,048.00	1,20,861.00	73,793.69	397.66	190.00	150.00	437.66	492.61	0.00	0.00	492.61

* DEC-19 up to 29-DEC-19



GUJARAT MINERAL DEVELOPMENT CORPORATION LIMITED
(A GOVERNMENT OF GUJARATE ENTERPRISE)
CIN: L14100GJ1963SGC001206
LIGNITE PROJECT BHAVNAGAR TALUKA - BHAVNAGAR
DISTRICT - BHAVNAGAR

Invoice Date: 21/08/2018

Commercial Invoice No. GMDC/SALES/INV/BECL/050/2018-19

"BBp+BAp Grade" LIGNITE DISPATCH FROM 01/08/2018 TO 15/08/2018 (1ST FN AUG-18) TO BHAVNAGAR ENERGY COMPANY LTD, (BECL) Power Plant

SUMMARIZED INVOICE STATEMENT

Particulars	BAP Rs. Per MT	BSP Rs. Per MT	Total Lignite Quantity	BAP Total Amount	BBp Total Amount
Basic Price (BBp/BAP Grade) wef 01.04.18	1150	1450	BAP 8346.860 MT + BBp 0 MT = TOTAL 8346.860 MT	9598889.00✓	0.00
Mine Closure Fund	198	198		1652677.00✓	0.00
Royalty@ 6%	69.00	87.00		575933.00✓	0.00
NMET of Royalty @ 2% w.e.f. 01/01/2016	1.38	1.74		11514.00✓	0.00
DMF of Royalty @ 30% w.e.f. 01/01/2016	20.70	26.10		172773.00✓	0.00
Total Assessable Value	1439.08	1762.84		12011786.00✓	0.00
CGST @ 2.5%	35.98	44.07		300294.00✓	0.00
SGST @ 2.5%	35.98	44.07		300294.00✓	0.00
Sub Total	1511.03	1850.98		12612374.00	0.00
GST Comp. Cess	400.00	400.00		3338744.00✓	0.00
Total GST	471.95	488.14		3939332.00✓	0.00
Total Price	1911.03	2250.98		15951118.00✓	0.00

Total Amount Payable

Rs. 1,59,51,118/-

(Rupees One Crore Fifty Nine Lakh Fifty One Thousand One Hundred Eighteen Only)

Enclosures:

1. Advance Stamp Receipt
2. Statement of Dispatch During Fortnight (via email)

GMDC GST: 24AAACG7987P1ZT

Note: Payment within 15 days from date of receiving Invoice, after that interest @12% on pending amount will be charged for the delayed period.

Bank Details for Online Payment: Account No. 002405019379, ICICI Bank, Bhawadia
IFSC: ICIC0000024

Authorized Signatory
General Manager (Project)
Lignite Project, Bhavnagar