J. C. BHALLA & CO.
CHARTERED ACCOUNTANTS

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Independent Auditors' Report

To the Members of Triveni Energy Systems Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Triveni Energy Systems Limited** ('the Company'), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a Summary of the Significant Accounting Policies and other explanatory information (herein after referred to as "Ind AS financial statements").

Management's Responsibility for the Financial Statements

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

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 thereunder.

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

J.C. BHALLA & CO. Chartered Accountants

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 the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 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 purposes of our audit;

   (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

   (d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

J.C. BHALLA & CO.
Chartered Accountants

(e) on the basis of the 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"; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i) The Company does not have any pending litigation which would impact its financial position;

   ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;

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

   iv) The reporting on the disclosure relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

For J.C. Bhalla & Co.
Chartered Accountants
Firm Regn. No. 001111N

(Sudhir Mallick)
Partner
Membership No. 80051

Place: Noida (U.P.)
Date : 14th May 2018

J.C. BHALLA & CO. Chartered Accountants

Annexure A to Independent Auditors' Report

Referred to in Paragraph 1 of the Independent Auditor's Report of even date under the heading "Report on Other Legal and Regulatory Requirements" to the members of **Triveni Energy Systems Limited** on the Ind AS financial statements as of and for the year ended on March 31, 2018.

1. Since the Company does not have any items of fixed assets with it, the provisions of clauses (i)(a), (i)(b) & (i)(c) of paragraph 3 of the Companies (Auditors Report) Order, 2016 are not applicable to the Company.

2. Since the Company does not have any inventories, the provisions of clause (ii) of paragraph 3 of the Companies (Auditors Report) Order, 2016 are not applicable to the Company.

3. According to the information and explanations given to us and in our opinion the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, clauses (iii) (a), (iii) (b) & (iii) (c) of paragraph 3 of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the current year.

4. According to the information and explanations given to us and in our opinion the Company has not granted any loan, made investment, provided guarantee or security as specified under section 185 and 186 of the Companies Act, 2013. Accordingly, provisions of clause (iv) of paragraph 3 of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the current year.

5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the provisions of sections 73 to 76 of the Companies Act, 2013 and the rules framed there under during the year. Accordingly, the provisions of clause (v) of paragraph 3 of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

6. As per the information & explanation given to us, the Company is not required to maintain cost record under section 148(1) of the Companies Act, 2013.

7. (a) The Company is generally regular in depositing with the appropriate authorities 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 Services Tax, Cess and any other statutory dues to the extent applicable to it. According to the information and explanations given to us, no undisputed amounts in respect of statutory dues were in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

J.C. BHALLA & CO. Chartered Accountants

(b) According to the information and explanation given to us there were no dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Goods and Services Tax and other statutory dues, which have not been deposited on account of any dispute.

8. According to the information and explanations given to us, the Company has not borrowed any amount from financial institution, bank and government and has not issued any debentures. Accordingly, the provisions of clause (viii) of paragraph 3 of the Companies (Auditor's Report) Order, 2016 are not applicable.

9. According to the information and explanation given to us, there was no money raised by way of initial public offer or further public offer (including debt instruments) nor any term loan was taken by the Company during the year. Accordingly, the provisions of clause (ix) of paragraph 3 of the Companies (Auditor's Report) Order, 2016 are not applicable.

10. According to the information and explanation given to us, no 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. According to the information and explanation given to us, the Company has not paid /provided for any managerial remuneration during the year. Accordingly, the provisions of clause (xi) of paragraph 3 of the Companies (Auditor's Report) Order, 2016 are not applicable.

12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the provisions of clause (xii) of paragraph 3 of the Companies (Auditors Report) Order, 2016 are not applicable.

13. According to the information and explanations given to us and based on our examination of the records of the Company, the Company is in compliance with Section 177 and 188 of the Act, where applicable for all transactions with related parties and details of transactions with the related parties have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

14. According to the information and explanations give to us, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debenture during the year.

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.

J.C. BHALLA & CO. Chartered Accountants

16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **J.C. Bhalla & Co.**
Chartered Accountants
Firm Regn. No. 001111N

(Sudhir Mallick)
Partner
Membership No. 80051

Place: Noida (U.P.)
Date : 14th May 2018

J.C. BHALLA & CO.
Chartered Accountants

Annexure B to Independent Auditors' 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 **Triveni Energy Systems 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 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 The Institute of Chartered Accountants of India 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 judgment, including the assessment of the risks of material misstatement of the Ind AS 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.

J.C. BHALLA & CO.
Chartered Accountants

Meaning of Internal Financial Controls over Financial Reporting
A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 **J.C. Bhalla & Co.**
Chartered Accountants
Firm Regn. No. 001111N

(Sudhir Mallick)
Partner
Membership No. 80051

Place: Noida (U.P.)
Date : 14/5/18

J.C. BHALLA & CO.
Chartered Accountants

TRIVENI ENERGY SYSTEMS LIMITED

Balance Sheet as at March 31, 2018

(All amounts in ₹ thousands, unless otherwise stated)

	Note No.	31-Mar-18	31-Mar-17
ASSETS			
Non-current assets			
Investment property	2	36,928.08	36,928.08
Income tax assets (net)	3	3.13	3.13
Total non-current assets		**36,931.21**	**36,931.21**
Current assets			
Financial assets			
i. Cash and cash equivalents	4 (a)	618.84	100.28
ii. Bank balances other than cash and cash equivalents	4 (b)	-	54.23
iii. Other financial assets	5	-	2.65
Total current assets		**618.84**	**157.16**
Total assets		**37,550.05**	**37,088.37**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	6	38,500.00	20,500.00
Other equity	7	(965.42)	(841.95)
Total equity		**37,534.58**	**19,658.05**
LIABILITIES			
Current liabilities			
Financial liabilities			
i. Borrowings	8	-	450.00
ii. Trade payables	9	14.18	11.50
iii. Other financial liabilities	10	-	16,968.82
Other current liabilities	11	1.29	-
Total current liabilities		**15.47**	**17,430.32**
Total liabilities		**15.47**	**17,430.32**
Total equity and liabilities		**37,550.05**	**37,088.37**

The accompanying notes 1 to 24 form an integral part of these financial statements

As per our report of even date attached

For J.C.Bhalla & Company
Chartered Accountants
Firm's registration number : 001111N

Sudhir Mallick
Partner
Membership No. 80051

Place : Noida (U.P.)
Date : 14th May 2018

J.C. Bhalla & Co. Chartered Accountants

For and on behalf of the Board of Directors of Triveni Energy Systems Limited

Suresh Taneja
Director
DIN : 00028332

Atul Agarwal
Director
DIN : 06875769

Triveni Energy Systems Limited Noida (U.P.)

TRIVENI ENERGY SYSTEMS LIMITED

Statement of Profit and Loss for the year ended March 31, 2018
(All amounts in ₹ thousands, unless otherwise stated)

	Note No.	31-Mar-18	31-Mar-17
Other income	12	1.53	7.30
Total income		**1.53**	**7.30**
Expenses			
Finance costs	13	35.04	36.00
Other expenses	14	89.96	98.01
Total expenses		**125.00**	**134.01**
Loss before tax		**(123.47)**	**(126.71)**
Tax expense	15	-	-
Loss for the year		**(123.47)**	**(126.71)**
Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss		-	-
A (ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that may be reclassified to profit or loss		-	-
B (ii) Income tax relating to items that may be reclassified to profit or loss		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(123.47)	(126.71)
Earnings/(loss) per equity share of ₹1 each			
Basic	16	(0.01)	(0.01)
Diluted	16	(0.01)	(0.01)

The accompanying notes 1 to 24 form an integral part of these financial statements

As per our report of even date attached

For J.C.Bhalla & Company
Chartered Accountants
Firm's registration number : 001111N

Sudhir Mallick
Partner
Membership No. 80051

Place : Noida (U.P.)
Date : 14 th May 2018

For and on behalf of the Board of Directors of Triveni Energy Systems Limited

Suresh Taneja
Director

DIN : 00028332

Atul Agarwal
Director

DIN : 06875769

Triveni Energy Systems Limited * Noida (U.P.)

J.C. Bhalla & Co. Chartered Accountants

TRIVENI ENERGY SYSTEMS LIMITED

Statement of Changes in Equity for the year ended March 31, 2018
(All amounts in ₹ thousands, unless otherwise stated)

A. Equity share capital

Equity shares of ₹ 1 each issued, subscribed and fully paid up

As at 31 March 2016	20,500.00
Changes during the year	-
As at 31 March 2017	**20,500.00**
Equity shares issued during the year	18,000.00
As at 31 March 2018	**38,500.00**

B. Other equity

	Reserves and surplus	Total other equity
	Retained earnings	
Balance as at 31 March 2016	**(715.24)**	**(715.24)**
Loss for the year	(126.71)	(126.71)
Other comprehensive income, net of income tax	-	-
Total comprehensive income for the year	**(126.71)**	**(126.71)**
Balance as at 31 March 2017	**(841.95)**	**(841.95)**
Loss for the year	(123.47)	(123.47)
Other comprehensive income, net of income tax	-	-
Total comprehensive income for the year	**(123.47)**	**(123.47)**
Balance as at 31 March 2018	**(965.42)**	**(965.42)**

The accompanying notes 1 to 24 form an integral part of these financial statements

As per our report of even date attached

For J.C.Bhalla & Company
Chartered Accountants
Firm's registration number : 001111N

Sudhir Mallick
Partner
Membership No. 80051

Place : Noida (U.P.)
Date : 14th May 2018

For and on behalf of the Board of Directors of Triveni Energy Systems Limited

Suresh Taneja
Director
DIN : 00028332

Atul Agarwal
Director
DIN : 06875769

TRIVENI ENERGY SYSTEMS LIMITED

Statement of Cash Flows for the year ended March 31, 2018

(All amounts in ₹ thousands, unless otherwise stated)

	31-Mar-18	31-Mar-17
Cash flows from operating activities		
Loss before tax	(123.47)	(126.71)
Adjustments for		
Interest income	(1.53)	(7.30)
Finance costs	35.04	36.00
Working capital adjustments :		
Change in trade payables	2.68	0.05
Change in other liabilities	1.29	-
Cash generated from/(used in) operations	(85.99)	(97.96)
Income tax (paid)/ refund	-	-
Net cash outflow from operating activities	(85.99)	(97.96)
Cash flows from investing activities		
Payments for purchase of investment property	(16,914.82)	-
Decrease/(increase) in deposits with banks	54.23	95.77
Interest received	4.18	12.69
Net cash inflow/(outflow) from investing activities	(16,856.41)	108.46
Cash flows from financing activities		
Proceeds from issue of equity share capital	18,000.00	-
Repayment of borrowings	(450.00)	-
Interest paid	(89.04)	(3.60)
Net cash inflow/(outflow) from financing activities	17,460.96	(3.60)
Net increase/(decrease) in cash and cash equivalents	518.56	6.90
Cash and cash equivalents at the beginning of the year (refer note 5 (a))	100.28	93.38
Cash and cash equivalents at the end of the year (refer note 5 (a))	618.84	100.28

Reconciliation of liabilities arising from financing activites:

	Borrowings	Interest payable on borrowings
Balance as at 31 March 2017	450.00	54.00
Cash flows	(450.00)	(89.04)
Finance costs accruals	-	35.04
Balance as at 31 March 2018	-	-

The accompanying notes 1 to 24 form an integral part of these financial statements

As per our report of even date attached

For J.C.Bhalla & Company
Chartered Accountants
Firm's registration number : 001111N

Sudhir Mallick
Partner
Membership No. 80051

Place : Noida (U.P.)
Date : 14 May 2018

For and on behalf of the Board of Directors of Triveni Energy Systems Limited

Suresh Taneja
Director
DIN : 00028332

Atul Agarwal
Director
DIN : 06875769

Triveni Energy Systems Limited
Noida (U.P.)

J.C. Bhalla & Co.
Chartered Accountants

TRIVENI ENERGY SYSTEMS LIMITED

Notes to the financial statements for the year ended March 31, 2018

Corporate information

Triveni Energy Systems Limited ("the Company") is a company limited by shares, incorporated and domiciled in India. The Holding Company, Triveni Engineering & Industries Limited owns 100% of equity share capital of the Company. The registered office of the Company is located at 8th floor, Express Trade Towers, 15-16, Sector 16A, Noida, Uttar Pradesh- 201301.

Note 1: Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) **Basis of preparation and presentation**

(i) **Compliance with Ind AS**

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(ii) **Historical cost convention**

The financial statements have been prepared on an accrual basis under historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

(iii) **Classification of assets and liabilities into current/non-current**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Act. The Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

(b) **Revenue recognition**

The Company's revenue is from interest income. Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(c) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

Triveni Energy Systems Limited Noida (U.P.)

Chartered Accountants

(d) Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so however that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(e) Income tax

The Income tax liability is provided in accordance with the provisions of the Income-tax Act, 1961. Deferred tax assets and liabilities are recognised for all temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Income tax and deferred tax are measured on the basis of the tax rates and tax laws enacted or substantively enacted by the end of the reporting period and are recognised in profit or loss except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(f) Investment property

Property that is held for long-term rental yields or for capital appreciation or both, is classified as investment property. Investment property is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives as stated in Schedule II along with residual values of 5%.

Triveni Energy Systems Limited Noida (U.P.)

(g) Provisions, contingent liabilities and contingent assets

(i) Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When the effect of the time value of money is material, provision is measured at the present value of cash flows estimated to settle the present obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(ii) A contingent liability is not recognised in the standalone financial statements, however, is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. If it becomes probable that an outflow of future economic benefits will be required for an item dealt with as a contingent liability, a provision is recognised in the standalone financial statements of the period (except in the extremely rare circumstances where no reliable estimate can be made).

(iii) A contingent asset is not recognised in the standalone financial statements, however, is disclosed, where an inflow of economic benefits is probable. When the realisation of income is virtually certain, then the asset is no longer a contingent asset, and is recognised as an asset.

(iv) Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

(h) Financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost**: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is recognised using the effective interest rate method.

- **Fair value through other comprehensive income (FVTOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI.
- **Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss.

(iii) Impairment of financial assets

In accordance with Ind AS 109 *Financial Instruments*, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss associated with its financial assets carried at amortised cost and FVTOCI debt instruments.

(iv) Derecognition of financial assets

A financial asset is derecognised only when

- the Company has transferred the rights to receive cash flows from the financial asset; or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

(i) Financial liabilities and equity instruments

(i) Classification

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial liabilities

The Company classifies its financial liabilities in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those measured at amortised cost.

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or it is designated as at FVTPL, other financial liabilities are measured at amortised cost at the end of subsequent accounting periods.

(ii) Measurement

Equity instruments

Equity instruments issued by the Company are recognised at the proceeds received. Transaction cost of equity transactions shall be accounted for as a deduction from equity.

Financial liabilities

At initial recognition, the Company measures a financial liability at its fair value net of, in the case of a financial liability not measured at fair value through profit or loss, transaction costs

J.C. Bhalla & Co. Chartered Accountants

Triveni Energy Systems Limited Noida (U.P.)

that are directly attributable to the issue of the financial liability. Transaction costs of financial liability carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement of financial liabilities depends on the classification of financial liabilities. There are two measurement categories into which the Company classifies its financial liabilities:

- **Fair value through profit or loss (FVTPL):** Financial liabilities are classified as at FVTPL when the financial liability is held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.
- **Amortised cost:** Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

(iii) Derecognition

Equity instruments

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

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

(j) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(k) Cash flow statement

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

Triveni Energy Systems Limited * Noida (U.P.)