

INDEPENDENT AUDITOR'S REPORT

To the Members of Haldia Water Management Limited

Report on the Standalone Financial Statements

We were engaged to audit the accompanying standalone financial statements of **Haldia Water Management Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

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 for ensuring accuracy and completeness of the accounting records relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting our audit in accordance with the Standards on Auditing under Section 143(10) of the Act.

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 and the Order under section 143 (11) of the Act.

Because of the matter described in the Basis for Disclaimer of Opinion paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

The matters as stated in paragraphs 2.1(a) to 2.1(d) of the notes to financial statements give rise to the inappropriateness of use of generally accepted accounting principles that are applicable to going concern and accordingly financial statements are not prepared on a going concern basis. The said notes also give rise to material uncertainties as regards possible material adjustments that maybe required to be made to the values of recorded assets and liabilities, which could not be recorded in the financial statements on account of these being not readily ascertainable. As a result of these matters, we are unable to determine as to whether any adjustments that would have been necessary and required to be made in respect of receivables, advances, current liabilities, and contingent liabilities, as at 31st March 2016; and in respect of the corresponding possible impact of such items and associated elements on the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date.

This matter was also disclaimed in our report on the financial statements for the year ended 31st March 2015



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Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Report on Other Legal and Regulatory Requirements

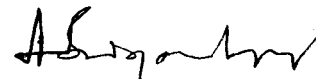
1. As required by Section 143 (3) of the Act, we report that:
 - a. As described in the Basis for Disclaimer of Opinion paragraph, we sought but were unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether proper books of account as required by law have been kept by the Company so far as appears from our examination of those.
 - c. Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
 - e. The matter described in the Basis for Disclaimer of Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - f. On the basis of written representations received from the directors as on March 31, 2016, and 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.
 - g. The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Disclaimer of Opinion paragraph above.
 - h. 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 A". Our report expresses a disclaimer of opinion on the Company's internal financial controls over financial reporting
 - i. 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. Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the Company has disclosed the impact of pending litigations on its financial position in its financial statements;
 - ii. Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



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2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)



Abhijit Bandyopadhyay
(Partner)
(Membership No. 054785)

Place of Signature: Jamshedpur

Date: 15 April, 2016



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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (h) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

We were engaged to audit the internal financial controls over financial reporting of Haldia Water Management Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls.

Because of the matter described in Disclaimer of Opinion paragraph below, we were unable to obtain sufficient appropriate audit evidence so as to provide a basis for an audit opinion on internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls Over Financial Reporting

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



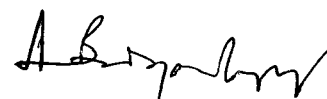
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Disclaimer of Opinion

For the reasons stated in paragraphs 2.1(a) to 2.1(d) of the notes to the financial statements, the Company does not have an established system of internal financial control over financial reporting with regard to assessment of possible material adjustments that could arise / may be required to be made to the recorded values of assets and liabilities. Consequently, we are unable to obtain sufficient appropriate audit evidence so as to provide a basis for our opinion as to whether the Company had adequate internal financial controls over financial reporting and that whether such internal financial controls were operating effectively as at March 31, 2016.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company for the year ended March 31, 2016, and the disclaimer has affected our opinion on the said standalone financial statements of the Company and we have issued a disclaimer of opinion on the standalone financial statements of the Company.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)



Abhijit Bandyopadhyay
(Partner)
(Membership No. 054785)

Place: Jamshedpur
Date: 15 April, 2016



ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) The Company does not have any fixed assets and hence reporting under clause (i) of the CARO 2016 is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- (iii) 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.
- (iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) CARO 2016 is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable except for the following:



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Name of Statute	Nature of Dues	Amount (Rs.)	Period which the Amount Relates to	Due Date	Date of subsequent payment
Income Tax Act	TDS u/s 192B	15,450	July 2015	August 7, 2015	11 April 2016
Commercial Tax	Professional tax	200	May 2015	June 20, 2015	Not yet paid


- (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2016 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has defaulted in principal repayments of Rs 180,000,000 and interest thereon amounting to Rs. 263,692,142 to State Bank of India for the period from April 1, 2013 to March 31, 2016. The Company has neither borrowed any money from government nor issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.



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- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)


Abhijit Bandyopadhyay
(Partner)
(Membership No. 054785)

Place of Signature: Jamshedpur

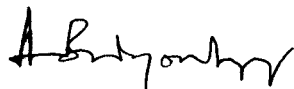
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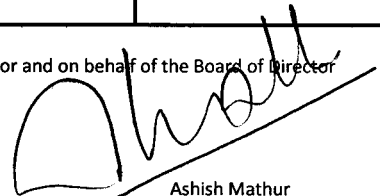
HALDIA WATER MANAGEMENT LIMITED
BALANCE SHEET AS AT MARCH 31, 2016

	Note No.	As at March 31, 2016		As at
		Rs.	Rs.	March 31, 2015
				Rs.
A. EQUITY AND LIABILITIES				
1 Shareholders' funds				
(a) Share Capital	3	277,736,830		277,736,830
(b) Reserves and surplus	4	(1,750,460,497)		(1,628,151,907)
			(1,472,723,667)	(1,350,415,077)
2 Non Current Liabilities				
(a) Long-term borrowings (Refer Note 2.1 (d))	5	-		-
3 Current Liabilities				
(a) Short - term borrowings	5	165,000,000		165,000,000
(b) Trade payables	6	414,079,267		413,717,381
(c) Other current liabilities	6	1,032,141,514		910,220,005
			1,611,220,781	1,488,937,386
TOTAL			138,497,114	138,522,309
B. ASSETS				
1 Non Current Assets				
(a) Fixed Assets				
(i) Tangible assets	7	-		-
(ii) Capital work-in-progress		886,463,563		886,463,563
Less: Impairment of Assets (Refer Note 15.1)		886,463,563		886,463,563
2 Current Assets				
(a) Trade receivables	9	26,473,830		26,473,830
(b) Cash and cash equivalents	10	1,823,601		1,779,392
(c) Short- term loans and advances	8	110,199,683		110,269,087
			138,497,114	138,522,309
TOTAL			138,497,114	138,522,309
See accompanying notes to the financial statements	1-15			

In terms of our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

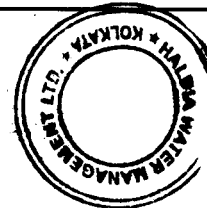

Abhijit Bandyopadhyay
Partner
Jamshedpur, 15 April, 2016

For and on behalf of the Board of Director


Ashish Mathur
Director


U Mishra
Director

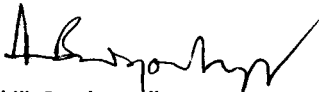
Jamshedpur, April, 2016



HALDIA WATER MANAGEMENT LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

	Note No.	For the Year ended	
		March 31, 2016 (Rs.)	March 31, 2015 (Rs.)
I Revenue from Operations		-	-
II Other income	11	478,663	215,301
III Total Revenue (I+II)		478,663	215,301
IV Expenses			
(a) Employee benefit expenses	12	569,506	4,516,985
(b) Finance Costs	13	122,031,896	111,161,161
(c) Depreciation & Amortisation expense		-	104,247
(d) Other Expenses	14	185,851	1,750,702
Total Expenses		122,787,253	117,533,095
V Loss before exceptional items and tax (III - IV)		(122,308,590)	(117,317,794)
VI Exceptional Items			
(a) Impairment of Capital Assets (Refer note 15.1)		-	297,691
VII Loss before tax (V- VI)		(122,308,590)	(117,615,485)
VIII Tax Expense			
(a) Current Tax		-	-
(b) Deferred Tax		-	-
IX Loss after Tax (VII - VIII)		(122,308,590)	(117,615,485)
Basic and Diluted Earnings per share of Rs. 10/- each		(4.40)	(4.23)
See accompanying notes to the financial statements	1-15		

In terms of our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants


Abhijit Bandyopadhyay
Partner

Jamshedpur, 15 April, 2016

For and on behalf of the Board of Director


Ashish Mathur
Director


U Mishra
Director

Jamshedpur, April, 2016



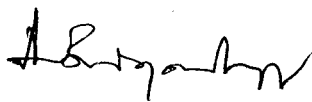
HALDIA WATER MANAGEMENT LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

	For the year ended	
	March 31, 2016 (Rs.)	March 31, 2015 (Rs.)
(a) Cash Flow from Operating Activities		
Loss before taxes	(122,308,590)	(117,615,485)
Less: Interest Received	(136,480)	(115,818)
Add: Finance Costs	122,031,896	111,161,161
Add: Depreciation	-	104,247
Add: Impairment Loss	-	297,691
Operating Loss before working capital changes	(413,174)	(6,168,204)
Adjustments for :		
Trade and other Receivable	69,404	3,483,670
Trade and other payable	251,499	406,416
Cash (used in)/from Operating Activities	(92,271)	(2,278,118)
Direct Taxes Paid	-	-
Net Cash (used in)/from Operating Activities	(92,271)	(2,278,118)
(b) Cash Flow from Investing Activities		
Capital Work in Progress	-	(297,691)
Purchase of Fixed Assets	-	-
Net Cash (used in)/from Investing Activities	-	(297,691)
(c) Cash Flow from Financing Activities		
Proceeds from issue of Equity Share Capital	-	-
Interest paid	-	-
Interest Received	136,480	115,818
Proceeds from Bank Borrowings	-	-
Proceeds from Inter Corporate Deposits	-	-
Repayment of Borrowings	-	-
Net Cash (used in)/from Financing Activities	136,480	115,818
Net Increase / (Decrease) in cash or cash equivalents	44,209	(2,459,991)
Opening Cash and Cash equivalents	1,779,392	4,239,383
Closing Cash and Cash equivalents	1,823,601	1,779,392

See accompanying notes to the financial Statements

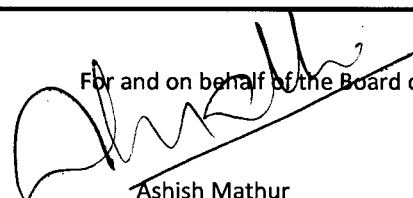
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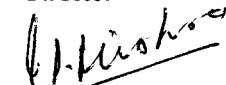
In terms of our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants



Abhijit Bandyopadhyay
Partner
Jamshedpur, 15 April, 2016



For and on behalf of the Board of Director

Ashish Mathur
Director


U Mishra
Director
Jamshedpur, April, 2016



HALDIA WATER MANAGEMENT LIMITED

Notes forming part of the Financial Statements

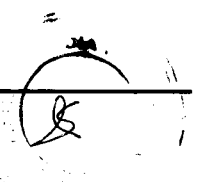
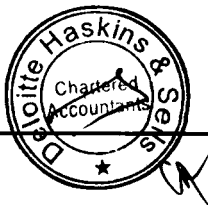
1. Corporate Information

- 1.1 Haldia Water Management Limited (HWML) is a public limited company incorporated Under the Companies Act, 1956 on 12th June, 2008 having its registered office at Shakti Place Shakti Palace, 2nd floor, Plot No 492(old) & 784 (new), 2nd floor, Mouza, Khanjanchak, Haldia, Purba Medinipur - 721 602, as special purpose vehicle (SPV) to construct new water treatment plant on Build Operate and Transfer (BOT) basis along with operation & maintenance of existing water treatment facilities and supply of water in Haldia.
- 1.2 A 'Concession Agreement' entered into between Haldia Development Authority (HDA) and Haldia Water Management Limited (HWML) conferred the right to the HWML to implement the new water treatment project on Build Operate and Transfer (BOT) basis and make commercial use thereof in accordance with provisions of the Agreement. The Concession period has commenced from the compliance date i.e. 1st November, 2008 and is for 25 years from such date. The parties may extend this agreement on mutually terms & conditions. It has also conferred right to operate and maintain the existing water treatment facilities of HDA and supply of water to customers of HDA.

2. Significant Accounting Policies

2.1 Basis of accounting and preparation of financial statements

- 2.1 (a) The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule 2014 and relevant provision of the Companies Act 2013("the 2013 Act"). The financial statements are prepared on an accrual basis of accounting. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year. The matter stated in paragraph 2.1 (a) to (d) indicate the inappropriateness of the use of generally accepted accounting principle that is applicable to a going concern entity in preparation of financial statement of the company for the year ended March 31, 2016.
- 2.1 (b) The Company has, as at the date of the Balance sheet, accumulated losses aggregating to Rs.,1750,460,497/- (Previous year 1628,151,907/-) which is in excess of the share capital of the company amounting to Rs.277,736,830/- (Previous year Rs.277,736,830/-) thereby eroding the net worth of the company. Further, as at the Balance sheet date, the Company's current liabilities exceeded its total assets.
- 2.1 (c) The Company has been formed for specific business purpose as described in paragraph 1.1 above. The volume of water sales and its projection was determined to be significantly lower than what had been budgeted at the time of agreement with Haldia Development Authority (HDA). The low volume in conjunction with other terms of the concession agreement resulted in significant losses and erosion of net worth in the financial statement of the Company. Considering these, the management considered the existing business to be unviable and had in a previous year concluded the concession agreement with HDA to be "Frustrated". Accordingly, the directors had concluded that the combination of these circumstances represent a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern and therefore the Company decided to withdraw from the operation of its business in immediate future and had notified HDA of its intention in an earlier year. The operation has been then taken over by HDA in a previous year.
- 2.1 (d) The formal acceptance of Company's exit from the business by HDA and reconciliation of receivables and payables between the Company and HDA has not yet initiated. As future outcome of the negotiation between the Company and HDA cannot be ascertained, all possible liabilities to the best of the knowledge of the Management till 31st March 2016 in respect of Licence fees, electricity charges etc. have been provided in the books of accounts of the Company. Pending final settlement of receivables and payables between the Company and HDA, the setting-off of adjustable assets and liabilities of the Company have not been given any effect and have been stated at their current carrying values in the financial statements for the year ending March 31, 2016. The eventual reconciliation may necessitate adjustment to recorded assets, liabilities, and contingent liabilities which is presently not ascertainable. The Company had in a previous year entered into an Arbitral Tribunal to adjudicate all disputes in terms of the arbitration agreement contained in the Concession Agreement. The proceedings of the arbitration are in progress as of 31st March 2016.



HALDIA WATER MANAGEMENT LIMITED

Notes forming part of the Financial Statements

Based on above reasons, these financial statements are prepared not on a going concern basis and accordingly, in the financial statement, all assets and liabilities are classified as current. However, the possible material adjustment that may be required to be made to the value of the recorded assets and liabilities could not be made by the management of the company in the financial statements on accounts of these not being readily ascertainable in view of the pending negotiations, reconciliation and arbitration proceedings.

2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

2.3 Cash & Cash equivalent

Cash and cash equivalents (for purposes of Cash Flow Statement) - 'Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.4 Cash Flow statement

Cash flow statement - 'Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.5 Fixed Assets

Fixed assets are stated at cost of acquisition, less accumulated depreciation and impairment losses (if any). Cost of acquisition includes duties, taxes, incidental expenses, erection/commissioning expenses. Borrowing costs during the period of construction is added to the cost of eligible fixed assets.

2.6 Depreciation

Depreciation on plant and machinery is provided on straight line basis at the rates specified in schedule II to the Companies Act, 2013.

Assets valued below Rs.5,000/- and mobile phones are depreciated over a period of one year from the date of capitalization.

Office equipment and furniture & fixtures are depreciated on straight line basis over the estimated useful life of the assets or schedule II to the Companies Act, 2013 whichever is higher.

2.7 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue Comprises:- Interest income recognized on accrual basis.

2.8 Borrowing Costs

Borrowing costs include interest and amortization of ancillary costs incurred. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalization of such asset is added to the cost of the assets.



HALDIA WATER MANAGEMENT LIMITED

Notes forming part of the Financial Statements

2.9 Taxes on Income

Current tax represents the amount that would be payable based on computation of tax as per prevailing taxation laws. Deferred tax is accounted for by computing the tax effect of timing differences which arises during the year and reverse in subsequent period, applying the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet dates.

Deferred tax assets arising on account unabsorbed depreciation or carry forwards of tax losses are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

2.10 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

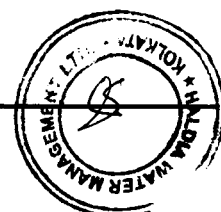
For the purpose of calculating diluted earnings per share, the net profit or loss after tax for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.11 Provisions, Contingent Liabilities and Contingent Assets

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

2.12 Impairment of Assets

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The recoverable amount is the greater of the net selling price and the value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased such reversal of impairment loss is recognised in the Statement of Profit and Loss.



HALDIA WATER MANAGEMENT LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE 3 (A) SHARE CAPITAL

	March 31,2016 (Rs.)	March 31,2015 (Rs.)
AUTHORISED CAPITAL		
30,000,000 Equity Shares of Rs.10/- each (PY: 30,000,000 Equity Shares of Rs.10/- each)	300,000,000	300,000,000
ISSUED SUBSCRIBED AND PAID UP CAPITAL		
27,773,683 Equity Shares of Rs.10/- each (PY: 27,773,683 Equity Shares of Rs.10/- each)	277,736,830	277,736,830
	277,736,830	277,736,830

NOTE 3 (B) THE RECONCILIATION BETWEEN ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL IS AS BELOW:

Particulars	March 31,2016		March 31,2015	
	Number	(Rs.)	Number	(Rs.)
Shares outstanding at the beginning of the year	27,773,683	277,736,830	27,773,683	277,736,830
Shares Issued and allotted during the year	-	-	-	-
Shares allotted during the year against application money received in previous years	-	-	-	-
Shares outstanding at the end of the year	27,773,683	277,736,830	27,773,683	277,736,830

NOTE 3 (C) DISCLOSURE OF SHAREHOLDERS HOLDING MORE THAN 5% OF THE TOTAL SHARES

Name of Shareholder	March 31,2016		March 31, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Jamshedpur Utilities & Services Company Ltd.	16,664,210	60%	16,664,210	60%
Ranhill Utilities Sdn Bhd	11,109,473	40%	11,109,473	40%

NOTE 4- RESERVE & SURPLUS

Deficit in the Statement of Profit and Loss	March 31,2016 (Rs.)	March 31,2015 (Rs.)
Opening Balance	(1,628,151,907)	(1,510,536,422)
Add : Net Loss for the year	(122,308,590)	(117,615,485)
Closing Balance	(1,750,460,497)	(1,628,151,907)



HALDIA WATER MANAGEMENT LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 5 - BORROWINGS

	March 31, 2016 (Rs.)				March 31, 2015 (Rs.)			
	Long Term	Current maturities of Long-term *	Short Term	Total	Long Term	Current maturities of Long-term *	Short Term	Total
a) Term Loan								
Secured Loans from Banks	-	496,295,691	-	496,295,691	-	496,295,691	-	496,295,691
b) Loan & Advances from related parties	-	-	165,000,000	165,000,000	-	-	165,000,000	165,000,000
TOTAL BORROWINGS	-	496,295,691	165,000,000	661,295,691	-	496,295,691	165,000,000	661,295,691

* Current maturities of long-term borrowings reported as a part of other current liabilities

Additional Information

Term Loan

1. Secured by first charges on the present and future assets to be created by the Company out of bank finance except land and Building.
2. Rate of Interest is SBI PLR +2%
3. Terms of repayment of term loans are as follows :-

The term loan is repayable at a quarterly installment of Rs. 150,00,000 each, the first installment being due in April, 2013. the last installment payable in April 2021 amounting to Rs. 14,800,000. However based on the facts mentioned in note 2.1(a) to 2.1 (d) entire portion has been considered as immediately due for payment and has been disclosed under current liabilities in note 6. Further instalments due in the current year along with interest thereon amounting to Rs. 153,673,311/- has not been paid by the company as on 31.03.2016.

Loans and advances from related parties

Inter corporate deposits (ICD) has been obtained from the holding Company Jamshedpur Utilities & Services Company Ltd. (Jusco) in two tranches. The first tranche of Rs.5 Crores is repayable on demand and has been obtained at SBI PLR rate which is currently 14.75% .

The Second tranche of Rs.11.50 Crores is repayable in 90days and has been obtained at 10.5% rate of interest

NOTE 6 - TRADE PAYABLES & OTHER LIABILITIES

	March 31, 2016 (Rs.)	March 31, 2015 (Rs.)
(A) Current Liabilities		
(i) Trade Payables		
(a) Creditors for supplies / services	414,079,267	413,053,242
(b) Due to Micro, Small and Medium Enterprises (Refer Note 15.2)	-	-
(c) Creditors for accrued wages and salaries	-	664,139
(i) Total Trade Payables	414,079,267	413,717,381
(ii) Other Current Liabilities		
(a) Current maturities of long-term debt (Refer Note 5)	496,295,691	496,295,691
(b) Interest accrued and not due on borrowings	10,758,379	9,978,619
(c) Interest accrued and due on borrowings	327,936,300	206,684,164
(d) Creditors for Capital Goods	61,351,982	61,351,982
(e) Liabilities for Licence Fees	12,120,559	12,120,559
(f) Creditors for other liabilities	123,678,603	123,788,990
(ii) Total Other current liabilities	1,032,141,514	910,220,005



HALDIA WATER MANAGEMENT LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE 7 - TANGIBLE ASSETS

Amount in (Rs.)

Particulars	Gross Block as at April 01, 2015	Additions / adjustment	Gross Block as at March 31,2016	Accumulated Depreciation as at April 1, 2015	Depreciation for the year	Accumulated Depreciation as at March 31,2016	Net Block as at March 31,2016
Furniture & Fixtures	271,257 <i>(271,257)</i>	- -	271,257 <i>(271,257)</i>	271,257 <i>(264,829)</i>	- <i>(6,428)</i>	271,257 <i>(271,257)</i>	- -
Office Equipments	133,340 <i>(133,340)</i>	- -	133,340 <i>(133,340)</i>	133,340 <i>(49,873)</i>	- <i>(83,467)</i>	133,340 <i>(133,340)</i>	- -
Computer	60,107 <i>(60,107)</i>	- -	60,107 <i>(60,107)</i>	60,107 <i>(45,755)</i>	- <i>(14,352)</i>	60,107 <i>(60,107)</i>	- -
GRAND TOTAL	464,704 <i>(464,704)</i>	- -	464,704 <i>(464,704)</i>	464,704 <i>(360,457)</i>	- <i>(104,247)</i>	464,704 <i>(464,704)</i>	- -

Previous years' figures are in Italics & brackets

NOTE 8 - LOANS & ADVANCES

	March 31,2016 (Rs.)			March 31, 2015 (Rs.)		
	Long Term	Short Term	Total	Long Term	Short Term	Total
Loans and advances						
(a) Capital advances	-	-	-	-	-	-
(b) Security deposits	-	15,153	15,153	-	85,153	85,153
(c) Loans and advances to group companies	-	-	-	-	-	-
(d) Other loans and advances	-	110,184,530	110,184,530	-	110,183,934	110,183,934
Gross Loans and advances	-	110,199,683	110,199,683	-	110,269,087	110,269,087
Less: Provision for bad & doubtful loans & advances						
Provision for bad & doubtful loans & advances	-	-	-	-	-	-
Total provision for bad & doubtful loans & advances	-	-	-	-	-	-
Total Loans and advances	-	110,199,683	110,199,683	-	110,269,087	110,269,087
Classification of loans and advances						
Secured, considered good	-	110,199,683	110,199,683	-	110,269,087	110,269,087
Unsecured, considered good	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-
Gross Loans and advances	-	110,199,683	110,199,683	-	110,269,087	110,269,087



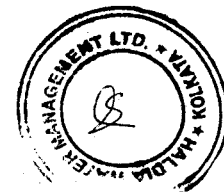
HALDIA WATER MANAGEMENT LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE 9 - TRADE AND OTHER RECEIVABLES

	March 31, 2016 (Rs.)	March 31, 2015 (Rs.)
(A) Current trade receivable and other assets		
(a) Current Trade receivables		
(1) More than six months	46,971,101	46,971,101
(2) Others	-	-
Gross Current Trade Receivables	<u>46,971,101</u>	<u>46,971,101</u>
Less: Provision for bad and doubtful debts	<u>20,497,271</u>	<u>20,497,271</u>
Net Current Trade Receivables	<u>26,473,830</u>	<u>26,473,830</u>
Classification of Current Trade Receivables		
Secured, considered good	-	-
Unsecured, considered good	26,473,830	26,473,830
Doubtful	20,497,271	20,497,271
Total Current Trade Receivables	<u>46,971,101</u>	<u>46,971,101</u>

NOTE 10 - CASH & CASH EQUIVALENTS

	March 31, 2016 (Rs.)	March 31, 2015 (Rs.)
Cash & Cash Equivalents		
a) Cash on hand	215	215
b) Balances with Bank		
i) In current accounts	160,764	239,042
ii) In Other deposit accounts	1,662,622	1,540,135
	<u>1,823,601</u>	<u>1,779,392</u>



HALDIA WATER MANAGEMENT LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE 11 - OTHER INCOME

	For the year ended	
	March 31,2016 (Rs.)	March 31,2015 (Rs.)
Excess Liability written back	249,292	99,483
Interest Income from Fixed Deposits	136,480	115,818
Miscellaneous Income	92,891	-
	478,663	215,301

NOTE 12 - EMPLOYEE BENEFIT EXPENSES

	For the year ended	
	March 31,2016 (Rs.)	March 31,2015 (Rs.)
Salaries and Wages	569,506	4,470,837
Leave salaries	-	46,148
	569,506	4,516,985

NOTE 13 - FINANCE COSTS

	For the year ended	
	March 31,2016 (Rs.)	March 31,2015 (Rs.)
Interest Expense on:		
i) Interest on term loans from bank	102,813,930	91,711,161
ii) Interest on ICD/Unsecured Loan	19,217,966	19,450,000
	122,031,896	111,161,161



HALDIA WATER MANAGEMENT LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE 14 - OTHER EXPENSES

	For the year ended	
	March 31,2016 (Rs.)	March 31,2015 (Rs.)
Rent	41,922	117,000
Auditors Remuneration	114,500	112,360
Professional fees	-	574,487
Travelling Exp	9,926	463,632
Other expenses	19,503	483,223
	185,851	1,750,702



HALDIA WATER MANAGEMENT LIMITED

Notes forming part of the Financial Statements

15 Additional information to the financial statements

15.1 The management had in an earlier year reviewed the future cash flows expected to be generated from the new water treatment plant being constructed by the Company carried as Capital Work in Progress. Based on the management review, it was assessed that the value in use does not cover the carrying value of the assets. Similar review was made by the Management in current financial year and it was assessed that the carrying value of the assets continues to be higher than the value in use. Accumulated impairment loss against the carrying value of the Capital Work in Progress (including Capital Advances) amounts to Rs.88,64,63,563 (Previous year Rs.88,64,63,563).

15.2 Dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprises Development Act, 2006

The Company has not received any memorandum (as required to be filed by the suppliers with the notified Authority under the Micro, Small and Medium Enterprises Development Act, 2006) from suppliers claiming their status as micro or small enterprises. Consequently, required disclosures are NIL.

15.3 Auditor's Remuneration (Excluding applicable service tax)

	For the year ended March 31, 2016 (Rs.)	For the year ended March 31, 2015 (Rs.)
As Auditors	100,000	100,000
	100,000	100,000

15.4 Related Parties

(a) List of Related Parties & Relationship

Name of Related Party

Jamshedpur Utilities & Services Company Limited (JUSCO)
Tata Steel Limited
Naba Diganta Water Management Ltd.
SEZ Adityapur Limited
Ranhill Utilities Sdn Bhd
Mr. Rabindra Kumar Singh

Relationship

Holding Company
Ultimate Holding Company
Fellow Subsidiary
Fellow Subsidiary
Associate
Key Management Personnel



HALDIA WATER MANAGEMENT LIMITED

Notes forming part of the Financial Statements

(b) Details of Related party transactions during the year ended March 31, 2016 and the balance outstanding as at March 31, 2016

Type of Transactions	April 2015- March 2016		April 2014- March 2015	
	Holding Company	Associate	Holding Company	Associate
Expenses Reimbursed	1,739,114	-	2,708,681	-
Interest Charge	19,217,966	-	19,450,000	-
Amount of Loan/Advance payable as at the end of the year	16,50,00,000	-	16,50,00,000	-
Amount payable as at the end of the year	236,546,320	48,299,423	215,589,240	48,299,423

15.5 Segment Information

The Company is engaged in providing services relating to sale of water. Considering the nature of the Company's business, there are no other reportable segments in accordance with the requirements of Accounting Standard -17 "Segment Reporting".

15.6 Earnings per share

	For the year ended March 31, 2016 (Rs.)	For the year ended March 31, 2015 (Rs.)
Net Loss attributable to equity shareholders	(122,308,590)	(117,615,485)
Weighted average no. of equity shares outstanding	27,773,683	27,773,683
Basic/Diluted Earnings per share (Par Value of Rs.10/-per Share)	(4.40)	(4.23)

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

Jamshedpur, April,2016

For and on behalf of the Board of Directors

Ashish Mathur

Ashish Mathur
Director

U. Mishra

U Mishra
Director

