

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, 2015, 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 specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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.

Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, 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 2015; 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 2014.

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 the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure 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) 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 purposes of our audit;
 - (b) Due to the possible effects of the matters 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 books;
 - (c) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the Balance Sheet, 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 of Disclaimer of Opinion paragraph, we are unable to state whether the aforesaid financial statements comply with the Accounting Standards under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) The matter described in the Basis of Disclaimer of Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - (f) On the basis of the written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, 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 other matters to be included in the Auditors' 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 explanation given to us:
 - i. Due to the possible effects of the matter described in the Basis of Disclaimer of Opinion paragraph, we are unable to state whether the Company has disclosed the impact of the pending litigations on its financial position in its financial statements.
 - ii. Due to the possible effects of the matter described in the Basis of 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.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 302009E)

Abhijit Bandyopadhyay
Partner
(Membership No. 054785)

Place: KOLKATA,
Date: 20 April, 2015

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

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

- i. Having regard to the nature of the Company's business / activities / results during the year, clauses (ii), (v), (vi), (x) of paragraph 3 of the Order are not applicable to the Company
- ii. In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our audit we have not observed any continuing failure to correct major weaknesses in such internal control system. There has been no sale of goods and services during the year.
- v. 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, Wealth tax, Service Tax, Custom duty, Excise duty, Value Added Tax, Cess and other material statutory dues applicable to it with appropriate authority.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service tax, Customs duty, Excise duty, Value Added Tax, Cess and other material statutory dues in arrears, as at March 31, 2015 for a period of more than six months from the date they became payable.
 - (c) There were no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on March 31, 2015.
 - (d) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.

- vi. The accumulated losses of the Company at the end of the financial year are not less than fifty percent of its net worth and the Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- vii. In our opinion and according to the information and explanations given to us, the repayment of instalment due in the current year along with interest thereon amounting to Rs. 143,387,423 has not been paid by the Company as on 31.03.2015
- viii. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purpose for which they were obtained other than temporary deployment pending application
- ix. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 302009E)

Abhijit Bandyopadhyay
(Partner)
(Membership No. 054785)

KOLKATA, 20 April, 2015

HALDIA WATER MANAGEMENT LIMITED
BALANCE SHEET AS AT MARCH 31, 2015

	Note No.	As at March 31, 2015		As at
		Rs.	Rs.	March 31, 2014
				Rs.
A. EQUITY AND LIABILITIES				
1 Shareholders' funds				
(a) Share Capital	3	277,736,830		277,736,830
(b) Reserves and surplus	4	(1,628,151,907)		(1,510,536,422)
			(1,350,415,077)	(1,232,799,592)
2 Non Current Liabilities				
(a) Long-term borrowings (Refer note 2.1(c))	5	-		-
3 Current Liabilities				
(a) Short - term borrowings	5	165,000,000		165,000,000
(b) Trade payables	6	413,717,381		412,620,829
(c) Other current liabilities	6	910,220,005		799,748,980
			1,488,937,386	1,377,369,809
TOTAL			138,522,309	144,570,217
B. ASSETS				
1 Non Current Assets				
(a) Fixed Assets				
(i) Tangible assets	7	-		104,247
(ii) Capital work-in-progress		886,463,563		886,165,872
Less: Impairment of Assets (Refer Note 15.1)		886,463,563		886,165,872
				-
				104,247
2 Current Assets				
(a) Trade receivables	9	26,473,830		27,064,076
(b) Cash and cash equivalents	10	1,779,392		4,239,383
(c) Short- term loans and advances	8	110,269,087		113,162,511
			138,522,309	144,465,970
TOTAL			138,522,309	144,570,217
See accompanying notes to the financial statements	1-15			

For and on behalf of the Board of Director

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

Ashish Mathur
Director

Abhijit Bandyopadhyay
Partner
Jamshedpur, 20th April , 2015

Vikas Sharma
CFO Cum Company Secretary
Jamshedpur, 20th April , 2015

U Mishra
Director

HALDIA WATER MANAGEMENT LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

	Note No.	For the Year ended	
		March 31, 2015 (Rs.)	March 31, 2014 (Rs.)
I Revenue from Operations		-	-
II Other income	11	215,301	1,131,655
III Total Revenue (I+II)		215,301	1,131,655
IV Expenses			
(a) Employee benefit expenses	12	4,516,985	4,244,862
(b) Finance Costs	13	111,161,161	97,632,666
(c) Depreciation & Amortisation expense		104,247	77,328
(d) Other Expenses	14	1,750,702	4,616,661
Total Expenses		117,533,095	106,571,517
V Loss before exceptional items and tax (III - IV)		(117,317,794)	(105,439,862)
VI Exceptional Items			
(a) Impairment of Capital Assets (Refer note 15.1)		297,691	11,154,578
VII Loss before tax (V- VI)		(117,615,485)	(116,594,440)
VIII Tax Expense			
(a) Current Tax		-	-
(b) Deferred Tax		-	-
IX Loss after Tax (VII - VIII)		(117,615,485)	(116,594,440)
Basic and Diluted Earnings per share of Rs. 10/- each		(4.23)	(4.20)
See accompanying notes to the financial statements	1-15		
In terms of our report attached For DELOITTE HASKINS & SELLS Chartered Accountants		For and on behalf of the Board of Director	
 		Ashish Mathur Director	
Abhijit Bandyopadhyay Partner	Vikas Sharma CFO Cum Company Secretary	U Mishra Director	
Jamshedpur, 20th April , 2015	Jamshedpur, 20th April , 2015		

HALDIA WATER MANAGEMENT LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

	For the year ended	
	March 31, 2015 (Rs.)	March 31, 2014 (Rs.)
(a) Cash Flow from Operating Activities		
Loss before taxes	(117,615,485)	(116,594,440)
Less: Interest Received	(115,818)	(319,053)
Add: Finance Costs	-	97,632,666
Add: Depreciation	104,247	77,328
Add: Impairment Loss	297,691	11,154,578
Operating Loss before working capital changes	(117,329,365)	(8,048,919)
Adjustments for :		
Trade and other Receivable	3,483,670	601,237,157
Trade and other payable	406,416	(599,736,921)
Cash (used in)/from Operating Activities	(113,439,279)	(6,548,685)
Direct Taxes Paid	-	(14,816)
Net Cash (used in)/from Operating Activities	(113,439,279)	(6,563,501)
(b) Cash Flow from Investing Activities		
Capital Work in Progress	(297,691)	(11,154,578)
Purchase of Fixed Assets	-	-
Net Cash (used in)/from Investing Activities	(297,691)	(11,154,578)
(c) Cash Flow from Financing Activities		
Proceeds from issue of Equity Share Capital	-	-
Interest paid	111,161,161	(6,235,757)
Interest Received	115,818	319,053
Proceeds from Bank Borrowings	-	-
Proceeds from Inter Corporate Deposits	-	-
Repayment of Borrowings	-	-
Net Cash (used in)/from Financing Activities	111,276,979	(5,916,704)
Net Increase / (Decrease) in cash or cash equivalents	(2,459,991)	(23,634,783)
Opening Cash and Cash equivalents	4,239,383	27,874,166
Closing Cash and Cash equivalents	1,779,392	4,239,383
(Rs. Nil (previous year Rs. 1,200,000/- Pledged against BG)		

See accompanying notes to the financial Statements

1-15

In terms of our report attached

For DELOITTE HASKINS & SELLS

Chartered Accountants

For and on behalf of the Board of Director

Ashish Mathur
Director

Abhijit Bandyopadhyay

Partner

Jamshedpur, 20th April, 2015

Vikas Sharma

CFO Cum Company Secretary

Jamshedpur, 20th April, 2015

U Mishra

Director

HALDIA WATER MANAGEMENT LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE 3 (A) SHARE CAPITAL

	March 31, 2015 (Rs.)	March 31, 2014 (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, 2015		March 31, 2014	
	Equity Shares		Equity Shares	
	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, 2015		March 31, 2014	
	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, 2015 (Rs.)	March 31, 2014 (Rs.)
Opening Balance	(1,510,536,422)	(1,393,941,982)
Add : Net Loss for the year	(117,615,485)	(1,628,151,907)
Closing Balance	(1,628,151,907)	(1,510,536,422)

HALDIA WATER MANAGEMENT LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 5 - BORROWINGS

	March 31,2015 (Rs.)				March 31, 2014 (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 14.90%
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. 151,711,161/- has not been paid by the company as on 31.03.2015

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 31,2015 (Rs.)	March 31, 2014 (Rs.)
(A) Current Liabilities		
(I) Trade Payables		
(a) Creditors for supplies / services	413,053,242	412,123,029
(b) Due to Micro, Small and Medium Enterprises (Refer Note 15.2)	-	-
(c) Creditors for accrued wages and salaries	664,139	497,800
(I) Total Trade Payables	413,717,381	412,620,829
(II) Other Current Liabilities		
(a) Current maturities of long-term debt (Refer note no 5)	496,295,691	496,295,691
(b) Interest accrued and not due on borrowings	16,495,811	15,339,367
(c) Interest accrued and due on borrowings	200,166,972	90,162,255
(d) Creditors for Capital Goods	61,351,982	62,002,325
(e) Liabilities for Licence Fees	12,120,559	12,120,559
(f) Creditors for other liabilities	123,788,990	123,828,783
(II) Total Other current liabilities	910,220,005	799,748,980

HALDIA WATER MANAGEMENT LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE 7 - TANGIBLE ASSETS

Amount in (Rs.)

Particulars	Gross Block as at April 01, 2014	Additions / adjustment	Gross Block as at March 31,2015	Accumulated Depreciation as at April 1, 2014	Depreciation for the year	Accumulated Depreciation as at March 31,2015	Net Block as at March 31,2015
Furniture & Fixtures	271,257 <i>(271,257)</i>	- -	271,257 <i>(271,257)</i>	264,829 <i>(210,578)</i>	6,428 <i>(54,251)</i>	271,257 <i>(264,829)</i>	- <i>(6,428)</i>
Office Equipments	133,340 <i>(133,340)</i>	- -	133,340 <i>(133,340)</i>	49,873 <i>(36,539)</i>	83,467 <i>(13,334)</i>	133,340 <i>(49,873)</i>	- <i>(83,467)</i>
Computer	60,107 <i>(60,107)</i>	- -	60,107 <i>(60,107)</i>	45,755 <i>(36,012)</i>	14,352 <i>(9,743)</i>	60,107 <i>(45,755)</i>	- <i>(14,352)</i>
GRAND TOTAL	464,704	-	464,704	360,457	104,247	464,704	-
	<i>(464,704)</i>	-	<i>(464,704)</i>	<i>(283,129)</i>	<i>(77,328)</i>	<i>(360,457)</i>	<i>(104,247)</i>

Previous years' figures are in Italics & brackets

NOTE 8 - LOANS & ADVANCES

	March 31, 2015 (RS.)			March 31, 2014 (RS.)		
	Long Term	Short Term	Total	Long Term	Short Term	Total
Loans and advances						
(a) Capital advances	-	-	-	-	-	-
(b) Security deposits	-	85,153	85,153	-	2,929,838	2,929,838
(c) Loans and advances to group companies	-	-	-	-	-	-
(d) Other loans and advances	-	110,183,934	110,183,934	-	110,232,673	110,232,673
Gross Loans and advances	-	110,269,087	110,269,087	-	113,162,511	113,162,511
Less: Provision for bad & doubtful loans & advances						
Provision for bad & doubtful loans & advances	-	-	-	-	-	-
Total provision for bad & doubtful loans & advance	-	-	-	-	-	-
Total Loans and advances	-	110,269,087	110,269,087	-	113,162,511	113,162,511
Classification of loans and advances						
Secured, considered good	-	110,269,087	110,269,087	-	113,162,511	113,162,511
Unsecured, considered good	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-
Gross Loans and advances	-	110,269,087	110,269,087	-	113,162,511	113,162,511

HALDIA WATER MANAGEMENT LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE 9 - TRADE AND OTHER RECEIVABLES

	March 31,2015 (Rs.)	March 31, 2014 (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	-	590,246
Gross Current Trade Receivables	<u>46,971,101</u>	<u>47,561,347</u>
Less: Provision for bad and doubtful debts	20,497,271	20,497,271
Net Current Trade Receivables	<u>26,473,830</u>	<u>27,064,076</u>
Classification of Current Trade Receivables		
Secured, considered good	-	-
Unsecured, considered good	26,473,830	27,064,076
Doubtful	20,497,271	20,497,271
Total Current Trade Receivables	<u>46,971,101</u>	<u>47,561,347</u>

NOTE 10 - CASH & CASH EQUIVALENTS

	March 31,2015 (Rs.)	March 31, 2014 (Rs.)
Cash & Cash Equivalents		
a) Cash on hand	215	202
b) Balances with Bank		
i) In current accounts	239,042	2,801,463
ii) In Other deposit accounts	1,540,135	1,437,718
Pledged against BG Rs.Nil /- (PY Rs.12,00,000/-)		
	<u>1,779,392</u>	<u>4,239,383</u>

HALDIA WATER MANAGEMENT LIMITED**NOTES FORMING PART OF FINANCIAL STATEMENTS****NOTE 11 - OTHER INCOME**

	For the year ended	
	March 31,2015 (Rs.)	March 31,2014 (Rs.)
Excess Liability written back	99,483	812,602
Interest Income from Fixed Deposits	115,818	319,053
	215,301	1,131,655

NOTE 12 - EMPLOYEE BENEFIT EXPENSES

	For the year ended	
	March 31,2015 (Rs.)	March 31,2014 (Rs.)
Salaries and wages	4,470,837	4,203,666
Leave salaries	46,148	41,196
	4,516,985	4,244,862

NOTE 13 - FINANCE COSTS

	For the year ended	
	March 31,2015 (Rs.)	March 31,2014 (Rs.)
Interest Expense on:		
i) Interest on term loans from bank	91,711,161	78,307,670
ii) Interest on ICD/Unsecured Loan	19,450,000	19,324,996
	111,161,161	97,632,666

HALDIA WATER MANAGEMENT LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE 14 - OTHER EXPENSES

	For the year ended	
	March 31,2015 (Rs.)	March 31,2014 (Rs.)
Rent	117,000	176,970
Auditors Remuneration	112,360	140,450
Professional fees	574,487	1,033,959
Hire Charges - DG Set	-	1,421,046
Travelling Exp	463,632	283,005
Other expenses	483,223	1,561,231
	1,750,702	4,616,661

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 accrual basis under the historical cost convention 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 the financial statement of the company for the year ended March 31, 2015.
- 2.1 (b)** The Company has, as at the date of the Balance sheet, accumulated losses aggregating to Rs.,1628,151,907/- (Previous year 1,510,536,422/-) 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 the 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 have were then taken over by HDA in the 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 been 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 2015 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, 2015. The eventual reconciliation may necessitate adjustment to recorded assets, liabilities, and contingent liabilities which is presently not ascertainable. In the previous year, the Company had served a notice on HDA intimating its intention to enter into Arbitral Tribunal to adjudicate all disputes in terms of the arbitration agreement contained in the Concession Agreement. With respect to the ongoing arbitration, the Company has filed its claim against which HDA had also filed its counter claim. The proceedings of the arbitration are in progress as of 31st March 2015.
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HALDIA WATER MANAGEMENT LIMITED

Notes forming part of the Financial Statements

Based on above reasons, these financial statements are intended to be 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 negotiation, reconciliation and potential arbitration.

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

HALDIA WATER MANAGEMENT LIMITED

Notes forming part of the Financial Statements

qualifying asset upto the date of capitalization of such asset is added to the cost of the assets.

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 the Financial Statements

15 Additional information to the financial statements

15.1 The management had 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 in the previous period. 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. Accordingly, further amount of Rs.2,97,691 has been recognised as impairment loss during the period and the accumulated impairment loss against the carrying value of the Capital Work in Progress (including Capital Advances) amounts to Rs.88,64,63,563.

The value in use of the water treatment plant has been determined as the present value of the expected future cash flow discounted at the rate of 8%.

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 A under the Micro, Small and Medium Enterprises Development Act, 2006) from suppliers claiming their status as small enterprises. Consequently, required disclosures are NIL.

15.3 Auditor's Remuneration (Excluding applicable service tax)

	For the year ended March 31, 2015 (Rs.)	For the year ended March 31, 2014 (Rs.)
As Auditors	100000	100000
As Advisor, or in any other capacity, in respect of	-	25000
1)Taxation matter	-	-
2)Limited Review Fees	-	-
3)Out of Pocket Expenses	-	-
	100000	125000
	=====	=====

15.4 Related Parties

(a) List of Related Parties & Relationship

Name of Related Party	Relationship
Jamshedpur Utilities & Services Company Limited (JUSCO)	Holding Company
Tata Steel Limited	Ultimate Holding Company
Naba Diganta Water Management Ltd.	Fellow Subsidiary
SEZ Adityapur Limited	Fellow Subsidiary
Ranhill Utilities Sdn Bhd	Associate
Mr. Rabindra Kumar Singh	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, 2015 and the balance outstanding as at March 31, 2015

Type of Transactions	April 2014- March 2015		April 2013- March 2014	
	Holding Company	Associate	Holding Company	Associate
Expenses Reimbursed	2,708,681	-	62,40,698	35,60,000
Interest Paid	19,450,000	-	19,324,996	
Amount of Loan/Advance payable as at the end of the period	16,50,00,000	-	16,50,00,000	
Amount payable as at the end of the period	215,589,240	48,299,423	193,430,559	47,899,423

Remuneration paid to Key Managerial Person Rs.3102022/- (Previous Year Rs.29,08,642/-)

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 period ended March 31, 2015 (Rs.)	For the period ended March 31, 2014 (Rs.)
Net Loss attributable to equity shareholders	(117,615,485)	(116,594,440)
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)	(4.23)	(4.20)

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

For and on behalf of the Board of Directors

Jamshedpur, 20th April,2015

Vikas Sharma
CFO Cum Company Secretary

Ashish Mathur
Director

U Mishra
Director