

RBI wades into currency pool, and swims ₹ to safety

ANUP ROY
Mumbai, 25 November

Reserve Bank of India (RBI) heavily intervened in the currency market on Friday to strengthen the Indian rupee from its record low level reached on Thursday.

Some recovery in the local stock markets, as well as broad-based dollar weakness, helped rupee gain back some of its value.

The rupee closed at 68.47 a dollar, from its previous close of 68.75 as the central bank intervened at multiple points whenever rupee showed some depreciation pressure, said several currency dealers who did not wish to be named.

The local currency had opened at 68.66 a dollar and depreciated as much as 68.70 a dollar before the RBI started intervening in the market.

"There was heavy selling (of dollar) by the RBI to strengthen the rupee. Besides, it removed some of the rupee liquidity from the system, too," said a senior currency trader with a foreign bank who did not wish to be named.

Some of the recovery in rupee was also led by dollar giving up some of its gain against global currencies. All major currencies in the region gained against the dollar, but rupee gained the most in the day. The local currency gained 0.40 per cent intraday, while Japanese yen rose 0.38 per cent.

That rupee would strengthen from its Thursday's low was predicted in the foreign non-deliverable forwards (NDFs) market. The market was showing that rupee should scale back from the record low 68.87 a dollar level it had reached on Thursday.

But a poll of 10 currency market participants by *Business Standard* said rupee could test 70 a dollar in the coming days, but should retract to 68-69 level. The US Federal Reserve will meet mid-December and is widely expected to

Rabi area 4.6% more than 2015; sowing slows

SANJEEB MUKHERJEE
New Delhi, 25 November

Rabi crops were sown on 32.76 million hectares till Friday, which was 4.6 per cent more than the same period last year, but the pace of planting slackened further and from November 18 to 25, the acreage rose by just 35.5 per cent.

From November 4 to 11, the area covered under rabi crops grew 80 per cent, which fell to 65 per cent in the subsequent week, data by the department of agriculture showed.

November is considered the most ideal month for sowing of most rabi crops.

In wheat, which is the main crop during the rabi season, the acreage as on November 25 stood at 12.71 million hectares, which is 8.38 per cent more than the same period last year.

The pace of sowing in wheat has also shown a steady decline since November 8, when the demonetisation was announced, though most experts said the effect of cash crunch won't be felt in sowing of cereals as very little quantity of new seeds is used and the slowdown in sowing pace is normal. The brunt of cash crunch could be borne by vegetable seeding.

Wheat acreage as on November 25 was almost 15 per cent less than normal acreage, which is average area of last five years starting from 2011-12.

A report quoting an unnamed senior official from Maharashtra said rabi sowing could drop by as much as 20 per cent in the state as the sale of seeds and fertilisers was getting affected due to note ban.

Maharashtra chief secretary issued instructions to state-run seed distribution centres to accept scrapped currency notes of ₹500.

Data showed that water level in 91 major reservoirs in the country had plunged to 67 per cent of their total capacity from 68 per cent last week.

According to water resources ministry, 105,209 billion cubic metres of water was available in these reservoirs for the week ended November 24.

The stock was 125 per cent of the storage reported during same period last year, while it is 97 per cent of the decadal average, the ministry said.

No major trouble due to govt ban on note exchange

BS REPORTERS
Mumbai, 25 November

The queues in banks have shortened considerably in the past few days and government's decision to forbid exchange of certain notes on Thursday did not seem to have much adverse impact on the general public.

However, shortage of cash continues and in some places banks are enforcing their own limits on cash withdrawal. For example, in pockets of Bengaluru, some branches have set a limit of ₹10,000 withdrawal per week against the mandated ₹24,000 as branches struggle to give cash to everyone in the queue.

"The Reserve Bank of India (RBI) is not supplying enough cash. We are running out of cash, only a few thousands are left in the bank right now. Due to this, we're restricting the maximum withdrawal limits to ₹10,000 per week, as opposed to ₹24,000," said a senior official at one of the branches of Canara Bank in Bengaluru. According to the official, there was no cash in automated teller machines (ATMs).

However, scrapping the note exchange programme seems to have thinned the queues.

"After the announcement, there was hardly any crowd in the bank," said the official.

Similarly, in Mumbai, a manager of a State Bank of India (SBI) branch said queues have come down and people are not complaining.

"We are still waiting for those big deposits. So far, the amounts deposited are normal," said the official.

But some bankers felt that unnecessary confusion is being created by the frequent changes in rules. According to a branch manager in suburban Mumbai, many people came in the morning for exchange of old notes but were surprised to know the ban.

The effect was much more adverse in rural and semi-urban areas where share of transaction done in cash is high, said the SBI executive.

Exchanging currency notes anyway was not a problem in metro cities as people have their bank accounts. But the situation in hinterland, where most of the unbanked reside, could be very different. Odisha is one of those states with huge tribal population and officials are taking additional steps to extend help to these unbanked poor.

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DEMONETISATION IMPACT

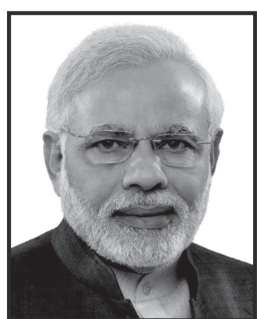
CURRENCIES RELATIVE TO DOLLAR

(Price for one dollar)	Nov 25	% Change*
Euro	0.94	0.57
Japanese yen	112.86	0.43
Indian rupee	68.47	0.40
Singapore dollar	1.43	0.28
South Korean won	1,177.30	0.26
Indonesian rupiah	13,525.00	0.24
Thai baht	35.63	0.11
South African rand	14.14	0.10
Taiwan dollar	31.91	0.07
China renminbi	6.92	0.06
Malaysian ringgit	4.46	0.04
British pound	0.80	-0.17
Russian ruble	64.69	-0.31
Brazil real	3.42	-0.57

*Over previous day; compiled by BS Research Bureau
Source: Bloomberg

increase rates from the near zero level.

After Donald Trump's victory in US presidential polls and the Fed saying that the rate cuts could be in December, Asian currencies have suffered. In a month, rupee has fallen 0.49 per cent, more or less the same as other Asian currencies. Japanese yen, in this period, has fallen 1.76 per cent. (NDF is a cash-settled, short-term forward contract in a thinly traded or non-convertible foreign currency against a freely traded currency, where the profit or loss at the settlement date is calculated by taking the difference between the agreed upon exchange rate and the spot rate at the time of settlement, for an agreed upon notional amount of funds. The gain or loss is then settled in the freely traded currency. A forward contract is a customized contract between two parties to buy or sell an asset at a specified price on a future date.)



Sh. Narendra Modi
Hon'ble Prime Minister



Sh. Arun Jaitley
Hon'ble Finance Minister

Congratulation ! Congratulation ! Congratulation !

We highly admire government's demonetization policy. Country in fact was fast heading towards economic disaster. Only sane advice for such a situation could be 'Jump Before You Are Pushed'. Country had become almost slave to black money. Freedom requires sacrifice which has upper limit for the poor and the productive sector. Here are positive suggestions to keep the productive wheel at least moving.

1. Industry has two routine spending obligations, (a) Payment to labour (b) Petty purchases etc.

(a) **Payment to Labour:** - Some labour fulfills KYC norms but banks hesitate to open their account. Banks may be asked to open their accounts.

Others do not fulfill KYC norms and for them these norms may be relaxed. They should be allowed only to transact salary payment.

(b) **Routine Expenses of Industry:** - Industry has to make many sorts of routine payments in cash. It is suggested that 20% of bank's working capital limit per year should be allowed as cash expenses.

2. Government's stress on digitization is most welcome but it needs to be enforced gradually. Jerks often cause cracks. However, we have been working in cash economy for the last many decades rather it has been our working culture.

Every sector of industry is indispensable. However, most vulnerable MSME sector deserves nursing by the government due to (a) demonetization (b) G.S.T.

MSME is the main engine of Job creation which is in heavy deficit in our populous country. Government has thus a special obligation to nurse it on all counts.

Notwithstanding claims this sector has only a symbolic or negative protection.

Due to non payment signs of labour resentment are visible. This is likely to snowball. It may hit the industry very hard. Punjab is worst affected due to bulk of migrant labour.

We, therefore, earnestly request government to take care of industry on the lines of suggestions made above. Industry will be highly grateful.



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The power of new standards

UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED SEPTEMBER 30, 2016

Particulars	(Rs. in Lakhs)		
	6 months ended	Corresponding 6 months ended in the previous year	Year to Date Figures for Current Period Ended
	30-Sep-16	30-Sep-15	30-Sep-16
	Unaudited	Unaudited (See Note 1)	Unaudited
1. (a) Net Sales/Income from Operations	79,472	120,698	79,472
(b) Other Operating Income	682	1,638	682
2. Expenditure			
(a) Increase/decrease in stock in trade and work in progress	-	-	-
(b) Consumption of raw materials	40,141	77,530	40,141
(c) Purchase of traded goods	-	-	-
(d) Employees cost	1,744	1,394	1,744
(e) Depreciation	13,177	13,066	13,177
(f) Other expenditure	8,888	11,598	8,888
3. Profit from Operations before Other Income, Interest and Exceptional Items (1-2)	16,204	18,748	16,204
4. Other Income	135	1,206	135
5. Profit before Interest & Exceptional Items (3+4)	16,339	19,954	16,339
6. Interest	16,856	18,892	16,856
7. Exceptional items	-	-	-
8. Profit (+)/Loss (-) from Ordinary Activities before tax (5) - (6+7)	(517)	1,062	(517)
9. Tax expense	(4,404)	(787)	(4,404)
10. Net Profit (+)/Loss (-) from Ordinary Activities after tax (8-9)	3,887	1,849	3,887
11. Extraordinary Items	-	-	-
12. Net Profit (+)/Loss (-) for the period (10-11)	3,887	1,849	3,887
13. Other comprehensive income, net of income tax (630)	(630)	(3,691)	(630)
14. Total comprehensive income for the period (12+13)	3,257	(1,842)	3,257
15. Paid-up equity share capital (Face Value per share Rs. 10/- each)	2,000	2,000	2,000
16. Paid up Debt Capital	367,721	391,295	367,721
17. Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year			
18. Net Worth	178,698	158,811	178,698
19. Debenture Redemption Reserve	1,136	-	1,136
20. Earning Per Share (EPS)	19.44	9.25	19.44
21. Debt Equity Ratio	2.06	2.46	2.06
22. Debt Service Coverage Ratio	1.03	1.10	1.03
23. Interest Service Coverage Ratio	1.75	1.75	1.75
24. Assets cover	1.34	1.33	1.34

Notes to Unaudited Financial Results:

- The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on November 25, 2016. The financial results have been prepared in accordance with Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable. Beginning April 1, 2016, the company has for the first time adopted Ind AS with a transition date of April 1, 2015. The comparative figures for the half year ended September 30, 2015 have been restated by the Management as per Ind AS and such restatement have not been subjected to review/audit. However, the Company's management has exercised necessary due diligence to ensure that such financial results provide a true and fair view of its affairs.
- The reconciliation of net profit or loss reported in accordance with Indian GAAP to total comprehensive income in accordance with Ind AS is given below:

Particulars	Unaudited
	Six months ended 30-Sep-15
Net Profit/(Loss) as per Indian GAAP	3,883
Add/(Less) : Adjustments	
Rebate	225
Finance Cost Amortization (including interest on shareholder's loan Rs. 1,123)	(2,383)
Deferred Tax Asset/(Liability)	787
Gain/(Loss) on Financial Instruments	(663)
Net Profit/ (Loss) as per Ind AS	1,849
Other comprehensive income (net of income tax)	(3,691)
Total comprehensive income as per Ind AS	(1,842)

- India Rating and Research has reaffirmed the company's rating at AA+ (SO) for its debentures issued on April 9, 2015 (issue-I) of Rs. 47,600 lakhs vide letter dated September 27, 2016.
- The company has privately placed second issue of debentures amounting to Rs. 22,000 lakhs on July 29, 2016 (Issue II) without any support from the holding company CLP India. The debentures issued were listed on Bombay stock exchange (BSE). The rating assigned to the said debentures by India Ratings & Research (Ind-Ra) is 'IND A+' vide letter dated September 27, 2016.
- The format for un-audited half yearly results as prescribed in SEBI's Circular CIR/IMD/DF/19/2015 dated November 27, 2015 has been modified to comply with requirements of SEBI's circular CIR/IMD/DF/169/2016 dated August 10, 2016, Ind AS and schedule III (Division II) to the Companies Act, 2013 applicable to companies that are required to comply with Ind AS.
- The ratios above are calculated as per following formulae:
 - (A) Net worth: Equity share capital + Compulsory convertible preference share capital + Reserve & surplus.
 - (B) Debt Equity Ratio: Long term debt/Net Worth.
- For the purpose of reporting on Debt Equity Ratio (DER) to lenders, subordinated loans are considered as equity and ECB loans are converted at spot rate on the date on which Hedges were taken. Had the company calculated the DER, presented in the above results, in similar manner, the ratio for year ended September 30, 2016 would have been 1.46 as against 2.06 shown above.
- (C) Debt service coverage ratio: (Earning before Interest & Tax + Depreciation + Gain/Loss on financial instruments) / (Interest + Principal repayment of long term debts).
 - For the purpose of reporting Debt Service Coverage Ratio (DSCR) to lenders, subordinated loans are considered as equity and hence interest on the same is not included in total interest cost. Had the company calculated the DSCR, presented in the above results, in similar manner, the ratio for year ended September 30, 2016 would have been 1.08 as against 1.03 shown above. The interest on subordinate loan amounting to Rs. 12.44 Crores has been accounted for pursuant to adoption of Ind-AS. There is no probable cash outflow for such interest.
- (D) Interest service coverage ratio: (Earning before Interest & Tax + Depreciation) / (Interest Expense).
 - For the purpose of reporting on Interest Coverage Ratio (ICR) to lenders, subordinated loans are considered as equity and hence interest on the same is not included in total interest cost. Had the company calculated the ICR excluding interest on subordinate loan, the ratio for year ended September 30, 2016 would have been 1.89 as against 1.75 shown above.
- (E) Asset cover: Fixed Assets / Long term debt.
 - For the purpose of reporting on Fixed Asset Coverage Ratio (FACR) to lenders, subordinated loans are considered as equity and ECB loans are converted at spot rate on the date on which Hedges were taken. Had the company calculated FACR considering subordinate loan as equity and period end loan at closing rate, the ratio for year ended September 30, 2016 would have been 1.68 as against 1.34 shown above.
- Non convertible debentures are secured by:
 - (a) first pari passu charge on movable, immovable assets, current assets (both present and future).
 - (b) assignment or first pari passu charge on all project documents, LC, guarantees etc for project, clearances for project, insurance contracts and proceeds.
 - (c) first pari passu charge on intangible assets of the Company.
 - (d) first pari passu charge on bank accounts of the Company.
 - (e) guarantee given by a group company for Issue I debentures
 - (f) any other security as per demand by the debenture holders.
- The Company has disputes with Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited (both referred here as 'Haryana Discoms') relating to (a) date of commercial operation of Unit 1, (b) applicable rate of capacity charges, (c) application of Unsheduled Interchange charges as per the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009, (d) penalty for lower than threshold availability, (e) payment of capacity charges for the availability lost due to delay in approving procurement of alternate coal by the Haryana Discoms, (f) payment of coal transit loss, and (g) payment of railway staff charges, bank guarantee charges and other costs incurred in the purchase and transportation of coal. As at September 30, 2016, the total amount under dispute is Rs. 42,028 lakhs out of which Rs. 29,056 lakhs is included under trade receivable and Rs. 12,972 lakhs has been claimed by Haryana Discom. In respect of the stated disputes, the Company filed a petition with Central Electricity Regulatory Commission ('CERC') against the Haryana Discoms and pursuant to a direction by the CERC, Tata Power Delhi Distribution Limited ('TPDDL') and Tata Power Trading Company Limited ('TPTCL') were also impleaded. TPDDL also filed a petition against the Company claiming transmission charges purportedly incurred by it in Financial Year 2012-13 amounting to Rs. 3,300 lakhs owing to the low availability achieved by the Company in that year. Vide order dated January 25, 2016, the CERC has awarded its decision in respect of the said disputes. The disputes mentioned in (a) & (b) above amounting to Rs. 15,186 lakhs has been decided in favour of the Company. For the dispute referred in (c) above, CERC has also upheld Company's contention for application of Unsheduled Interchange charges. For disputes referred in (d) to (g) above amounting to Rs. 13,870 lakhs, CERC has decided that the Company is eligible for reimbursement of coal transit losses and other costs and the matter should be mutually settled with the Haryana Discom and referred to the Commission for approval. For the purpose of payment of capacity charges and application of penalty, the CERC has decided that Company is assumed to have achieved availability of 55.05% against actual availability of 31.05% and that prayed for of 75.56%.
 - In respect of the above disputes, the Company made a provision of Rs. 9,972 lakhs on a prudent basis in earlier years. In light of the CERC order, the Company has raised a claim of Rs. 64,801 Lakhs and 2,535 Lakhs with Haryana Discoms and Tata Power respectively towards capacity charges, refund of penalty deducted, surcharge and delayed payment charges. In view of Haryana Discom's appeal to the Appellate Tribunal for Electricity ('APTEL') against the said CERC order, no adjustment has been made in the books of accounts in light of the appeal filed at APTEL. The Company has also filed an appeal with the APTEL against the order of the CERC dated January 25, 2016 to the limited extent for considering the Plant's technical availability of 75.56% in FY 2012-13 as availability achieved for the purpose of computation of capacity charges and penalty. TPDDL has also filed an appeal against the same order seeking refund of transmission charges. In respect of the petition filed by TPDDL against the Company, the CERC through its order dated April 18, 2016 held that the Company is not liable to pay transmission charges to TPDDL and directed TPDDL and TPTCL to pay capacity charges and refund the excess penalty deducted by it to the Company assuming the Company's availability as 55.05%. In light of the said CERC order, the Company has raised a claim of Rs. 2,535 lakhs with TPTCL towards capacity charges, refund of penalty deducted and surcharge. No adjustment has been made in the books of accounts by the management till the case is finally decided. JPL has appealed against this order to the extent the same gives an incorrect finding on the availability of the plant during the relevant year. All cross appeals are pending before the APTEL at pleading completion stage.
- In earlier years, some of the land owners from whom land was acquired for the project have filed petitions for enhanced compensation with the District Court of Haryana. The matters were heard before the District Court of Haryana which enhanced the compensation payable to the erstwhile land owners. The High court of Punjab and Haryana in one of the appeals filed by the company decided in favour of the land owners. The Company has filed a special leave petition with the Supreme Court of India and stay has been granted by the Supreme Court of India for payment of enhanced compensation till disposal of the special leave petition. On the basis of the said order of the Supreme Court, the High Court of Punjab and Haryana has stayed the orders of the District Court with respect to other similar matters. The amount under dispute including interest amounts to Rs. 6,971 lakhs. The management is of view that compensation paid, if any, will be considered as change in law in terms of power purchase agreement and will be considered as pass through by way of enhanced capacity charges. Considering these matters management is of view that no provision is necessary as on date.
- The Company has paid interest on debentures (Issue I) on 29th April 2016. The next payment for interest on debentures (Issue I) falls due on 01st November 2016 and debentures (Issue II) falls due on 28th July 2017.
- The company operates under a single (Primary) business segment viz 'Electricity generation'. Further the company is operating in a single geographical segment. Accordingly disclosures under AS-17 'Segment reporting' is not required.
- Previous period/year figures have been regrouped/reclassified where considered necessary to conform to current period/year figures.

For and on behalf of the Board

Date: November 25, 2016
Place: Jhajjar

Sd/-
Rajiv Mishra
Managing Director