BATLIBOI, PUROHIT & DARBARI
Chartered Accountants

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7, WATERLOO STREET
KOLKATA - 700 069

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF Dhariwal Infrastructure Limited

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of **Dhariwal Infrastructure Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements").

Management's Responsibility for the Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements to give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

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

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

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

PUROHIT & DARBARI BATLIBOI 7, Waterloo Street, Kolkata 700069 Chartered Accountants

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at March 31, 2017, and its financial performance including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the 'Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure - A a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

(c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on March 31, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure - B.

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

i) The Company has disclosed the impact, if any, of pending litigations as at March, 31, 2017 on its financial position in its Ind AS financial statements.

ii) The Company has made provisions as at March, 31, 2017, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.

BATLIBOI PUROHIT & DARBARI
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Chartered Accountants

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March, 31, 2017.

iv) The Company has provided requisite disclosure in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books of account maintained by the Company.

For Batliboi, Purohit & Darbari
Chartered Accountants
Firm Registration Number: 303086E

BATLIBOI PUROHIT & DARBARI
7, Waterloo Street, Kolkata 700069
Chartered Accountants

(CA P J Bhide)
Partner
Membership Number 004714

Kolkata
Dated: May 15 , 2017

Annexure - A to Independent Auditors' Report
Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Dhariwal Infrastructure Limited on the Ind AS financial statements for the year ended March, 31, 2017

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) The title deeds of immovable properties are held in the name of the Company.

ii. (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.

(b) The discrepancies noted on physical verification of inventory as compared to book records has been properly dealt with in the books of account and were not material.

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 Act. Therefore, the provisions of Clause (iii)(a) to (iii)(c) of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been specified under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales tax, wealth tax, service tax, duty of customs, value added tax or cess which have not been deposited on account of any dispute.

viii According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

ix Based upon the audit procedures performed and the information and explanations given by the management, the Company has not raised moneys by way of initial public offer or further

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Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Dhariwal Infrastructure Limited on the Ind AS financial statements for the year ended March, 31, 2017

public offer including debt instruments but has taken term loans. The term loans have been applied for the purposes for which they were obtained.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Ind AS financial statements as required under Ind AS 24 , Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Batliboi, Purohit&Darbari
Chartered Accountants
Firm Registration Number: 303086E

BATLIBOI PUROHIT & DARBARI
7, Waterloo Street, Kolkata 700069
Chartered Accountants

(CA P J Bhide)
Partner
Membership Number 004714

Kolkata
Dated: May 15 , 2017

Annexure - B to Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Dhariwal Infrastructure Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. 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 (ICAI). 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 Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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Chartered Accountants

Annexure - B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Dhariwal Infrastructure Limited on the Ind AS financial statements for the year ended March 31, 2017

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 Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Batliboi, Purohit & Darbari
Chartered Accountants
Firm Registration Number: 303086E

BATLIBOI PUROHIT & DARBARI
7, Waterloo Street, Kolkata 700069
Chartered Accountants

(CA P J Bhide)
Partner
Membership Number 004714

Kolkata
Dated: May 15 , 2017

Dharīwal Infrastructure Limited
Registered Office: CESC House, Chowringhee Square, Kolkata - 700001

Balance Sheet as at March 31, 2017 (₹ in crore)

Particulars	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
1) Non-current assets				
a. Property, plant and equipment	2	3,640.40	3,718.06	3,810.65
b. Capital work in progress		11.03	21.06	12.86
c. Financial assets				
i. Investments	3	-	0.01	0.01
ii. Loans	4	0.57	0.57	0.67
iii. Other financial assets	5	-	11.16	11.55
d. Other non-current assets	6	34.50	42.97	38.57
Total non-current assets		**3,686.50**	**3,793.83**	**3,874.31**
2) Current assets				
a. Inventories	7	72.68	82.52	24.79
b. Financial assets				
i. Trade receivables	8	125.58	82.38	-
ii. Cash and cash equivalents	9	174.58	22.14	92.51
iii. Bank balances other than (ii) above	10	0.07	0.07	0.06
iv. Loans	11	0.30	1.14	3.32
v. Other financial assets	12	68.24	87.20	44.37
c. Current tax assets (net)		0.69	0.30	1.23
d. Other current assets	13	35.33	19.88	2.30
Total current assets		**477.47**	**295.63**	**168.58**
Total assets		**4,163.97**	**4,089.46**	**4,042.89**
EQUITY AND LIABILITIES				
Equity				
a. Equity share capital	14	1,275.77	1,175.77	1,055.77
b. Other equity	15	(560.52)	(883.27)	(486.27)
Total Equity		**715.25**	**292.50**	**569.50**
LIABILITIES				
1) Non-current liabilities				
a. Financial liabilities				
i. Borrowings	16	3,164.33	3,129.42	2,965.74
b. Provisions	17	2.34	1.48	1.19
c. Deferred tax liabilities (net)	33	-	-	-
Total non-current liabilities		**3,166.67**	**3,130.90**	**2,966.93**
2) Current liabilities				
a. Financial liabilities				
i. Borrowings	18	92.83	239.37	168.79
ii. Trade payables	19	18.86	17.33	1.49
iii. Other financial liabilities	20	168.57	407.25	332.72
b. Other current liabilities	21	1.35	1.85	3.35
c. Provisions	22	0.44	0.26	0.11
Total current liabilities		**282.05**	**666.06**	**506.46**
Total liabilities		**3,448.72**	**3,796.96**	**3,473.39**
Total equity and liabilities		**4,163.97**	**4,089.46**	**4,042.89**

Significant Accounting Policies 1
Notes 1 - 47 form an integral part of the financial statements

This is the Balance Sheet referred to in our Report of even date.

For Batliboi, Purohit & Darbari
Firm Registration Number: 303086E
Chartered Accountants

BATLIBOI PUROHIT & DARBARI 7, Waterloo Street, Kolkata 700069 Chartered Accountants

CA P.J.Bhide
Partner
Membership No.: 004714
Place: Kolkata
Date: May 15, 2017

For and on behalf of the Board of Directors

Director

Managing Director

Company Secretary

Chief Financial Officer

Dhariwal Infrastructure Limited
Registered Office: CESC House, Chowringhee Square, Kolkata - 700001

Statement of Profit and Loss for the year ended March 31, 2017

(₹ in crore)

Sl. No.	Particulars	Notes	2016-17	2015-16
I	Revenue from operations	23	445.05	105.16
II	Other income	24	64.08	45.16
III	**Total income (I)+(II)**		**509.13**	**150.32**
IV	**Expenses**			
	Cost of fuel	25	322.94	88.08
	Employee benefit expenses	26	22.09	9.91
	Finance costs	27	455.62	428.95
	Depreciation and amortisation expenses	28	103.30	104.36
	Other expenses	29	89.08	75.92
	Total expenses		**993.03**	**707.22**
V	**Profit/(loss) before tax (III-IV)**		**(483.90)**	**(556.90)**
VI	Tax expense	33		
	- Current tax		-	-
	- Deferred tax		-	-
	Total tax expense		-	-
VII	**Profit/(loss) for the period from continuing operations (V-VI)**		**(483.90)**	**(556.90)**
VIII	**Profit/(loss) for the year (VII)**		**(483.90)**	**(556.90)**
IX	**Other Comprehensive income**	30		
	(i) Items that will not be reclassified to profit or loss		**(0.35)**	**(0.10)**
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
	Other comprehensive income for the year, net of tax		**(0.35)**	**(0.10)**
X	**Total comprehensive income for the year**		**(484.25)**	**(557.00)**
	Earning per equity share for profit from continuing operations	31	**₹**	**₹**
	Basic earnings per share		**(4.03)**	**(5.27)**
	Diluted earnings per share		**(4.03)**	**(5.27)**

Significant Accounting Policies 1

Notes 1 - 47 form an integral part of the financial statements

This is the Statement of Profit and Loss referred to in our Report of even date.

For Batliboi, Purohit & Darbari
Firm Registration Number: 303086E
Chartered Accountants

CA P.J.Bhide
Partner
Membership No.: 004714
Place: Kolkata
Date: May 15, 2017

BATLIBOI PUROHIT & DARBARI
7, Waterloo Street, Kolkata 700069
Chartered Accountants

For and on behalf of the Board of Directors

Director

Managing Director

Company Secretary

Chief Financial Officer

Dhariwal Infrastructure Limited
Registered Office: CESC House, Chowringhee Square, Kolkata - 700001

Statement of Cash flow for the year ended March 31, 2017

(₹ in crore)

Particulars	2016-17	2015-16
A. Cash flow from Operating Activities		
Profit/(loss) before Taxation	(483.90)	(556.90)
Adjustments for :		
Depreciation and amortisation expenses	103.30	104.36
Gain on sale of current investments (net)	(2.17)	(3.58)
Finance costs	455.62	428.95
Interest Income	(0.55)	(0.17)
Notional Income	(0.10)	(34.81)
MTM loss on derivative	16.25	-
Liability written back	(26.20)	-
Foreign exchange rate variation	(24.85)	30.37
Operating Profit before Working Capital changes	**37.40**	**(31.78)**
Adjustments for :		
(Increase)/Decrease in trade & other receivables	(43.20)	(82.38)
(Increase)/Decrease in inventories	9.84	(57.73)
(Increase)/Decrease in other non current assets	7.53	(28.76)
Increase/(Decrease) in provisions	0.69	0.41
Increase/(Decrease) from other current liabilities	(91.14)	0.90
Increase/(Decrease) from trade and other payables	1.53	15.84
Cash Generated from Operations	**(77.35)**	**(183.50)**
Income Tax paid	-	-
Net cash used in Operating Activities	**(77.35)**	**(183.50)**
B. Cash flow from Investing Activities		
Purchase of property, plant and equipment / capital work-in-progress	(15.61)	(16.43)
Sale/(purchase) of non current investments (net)	0.01	-
Sale/(purchase) of current investments (net)	2.17	3.57
Interest received	0.46	0.17
Net cash used in Investing Activities	**(12.97)**	**(12.69)**
C. Cash flow from Financing Activities		
Proceeds from issue of share capital	100.00	120.00
Proceeds from issue of share application money	807.00	160.00
Proceeds from long term borrowings (net of re-finance loan)	(63.90)	412.49
Repayment of long term borrowings	-	(210.63)
Net increase / (decrease) in cash credit facilities and other short term borrowings	(146.54)	70.58
Finance costs paid	(453.80)	(426.62)
Net Cash flow from Financing Activities	**242.76**	**125.82**
Net Increase / (decrease) in cash and cash equivalents	**152.44**	**(70.37)**
Cash and Cash equivalents - Opening Balance	22.14	92.51
Cash and Cash equivalents - Closing Balance	174.58	22.14

Significant Accounting Policies 1
Notes 1 - 47 form an integral part of the financial statements

This is the Statement of Cash Flow referred to in our Report of even date.

For Batliboi,Purohit & Darbari
Firm Registration Number: 303086E
Chartered Accountants

CA P.J.Bhide
Partner
Membership No.: 004714
Place: Kolkata
Date: May 15, 2017

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For and on behalf of the Board of Directors

Director

Managing Director

Company Secretary

Chief Financial Officer

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Statement of Changes in Equity for the year ended March 31, 2017

a. Equity Share Capital

(₹ in crore)

For financial year ended March 31, 2017

Particulars	**Balance at the beginning of the reporting period**	**Changes in equity share capital during the year**	**Balance at the end of the reporting period**
Equity Shares	1,175.77	100.00	1,275.77

For financial year ended March 31, 2016

Particulars	**Balance at the beginning of the reporting period**	**Changes in equity share capital during the year**	**Balance at the end of the reporting period**
Equity Shares	1,055.77	120.00	1,175.77

b. Other Equity

For financial year ended March 31, 2017

Particulars	**Share application money pending allotment**	**Reserves and Surplus**	**Total**
		Retained Earnings	
Balance at the beginning of the reporting period	**160.00**	**(1,043.27)**	**(883.27)**
Profit/(Loss) for the year	-	(483.90)	**(483.90)**
Other Comprehensive Income	-	(0.35)	**(0.35)**
Total Comprehensive Income for the year	-	**(484.25)**	**(484.25)**
Share Application money pending allotment	807.00	-	**807.00**
Balance at the end of the reporting period	**967.00**	**(1,527.52)**	**(560.52)**

For financial year ended March 31, 2016

Particulars	**Share application money pending allotment**	**Reserves and Surplus**	**Total**
		Retained Earnings	
Balance at the beginning of the reporting period	-	(486.27)	**(486.27)**
Profit/(Loss) for the year	-	(556.90)	**(556.90)**
Other Comprehensive Income	-	(0.10)	**(0.10)**
Total Comprehensive Income for the year	-	**(557.00)**	**(557.00)**
Share Application money pending allotment	160.00	-	**160.00**
Balance at the end of the reporting period	**160.00**	**(1,043.27)**	**(883.27)**

Significant Accounting Policies 1
Notes 1 - 47 form an integral part of the financial statements

This is the Statement of changes in equity referred to in our Report of even date.

For Batliboi, Purohit & Darbari
Firm Registration Number: 303086E
Chartered Accountants

CA P.J.Bhide
Partner
Membership No.: 004714
Place: Kolkata
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Chartered Accountants

For and on behalf of the Board of Directors

Director

Managing Director

Company Secretary

Chief Financial Officer

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

I) Accounting Convention

The operations of the Company are governed by the Electricity Act, 2003, as applicable. These financial statements have been prepared to comply in all material aspects with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 notified under Section 133 of the Companies Act, 2013 and other provisions of the Companies Act, 2013.

For all the periods upto and including the year ended March 31, 2016, the financial statements were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind AS. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is given in Note 42.

The financial statements are presented in Indian Rupees and all values are rounded to the nearest crore, except otherwise indicated.

II) Basis of Accounting

The financial statements have been prepared in accordance with the generally accepted accounting principles in India under historical cost convention on accrual basis except for the following:

a) certain financial assets and liabilities including derivative instruments measured at fair value
b) defined benefit plans - plan assets measured at fair value

III) Expenditure During Construction

Capital expenditure incurred in a year is capitalized together with incurred expenses on the date such assets are put to use.

Indirect expenses, which are not directly related to the asset, are charged off to the Statement of Profit and Loss.

IV) Accounting estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

V) Property Plant & Equipment

a) Transition to Ind AS

The Company has elected to utilize the option under Ind AS 101 of using the previous GAAP carrying amount for all its property, plant and equipment, as its deemed cost on the date of transition to Ind AS. For remaining items of property, plant and equipment, the Company has elected to use fair values as deemed cost on the date of transition to Ind AS.

b) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation/ amortisation and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment. These are included in profit or loss within other gains/ losses. The residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively.

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c) Depreciation

Depreciation on items of plant, property and equipment other than freehold land is provided on straight line method based on the useful life as prescribed under Schedule II of the Companies Act, 2013. Leasehold land is amortized over the unexpired period of the lease. Building constructed over leasehold land are depreciated based on the useful life specified in Schedule II or the lease tenure, whichever is lower.

d) Subsequent costs

Subsequent expenditure including cost of major overhaul and inspection is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of any component recognised as a separated component is derecognised when replaced. All other repairs and maintenance are recognised in profit or loss as incurred.

e) Spare parts

Items of spare parts, stand-by equipment and servicing equipment which meet the definition of property, plant and equipment are capitalized and depreciated on straight line method on pro rata basis at the rates specified therein. Other spare parts are carried as inventory and recognized in the income statement on consumption.

f) Capital Work In Progress

Capital work-in-progress includes cost of property, plant and equipment under installation/ under development as at the balance sheet date.

VI) Impairment

a) Financial Assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in statement of profit and loss.

b) Non-Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss.

If any non-financial assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The carrying amount of the asset is increased to its revised recoverable amount provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognized for the asset in prior years.

VII) Inventories

Inventories of stores and spares and fuel are valued at lower of cost and net realizable value. Cost is calculated on weighted average basis and comprises expenditure incurred in the normal course of business in bringing such inventories to their location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Obsolete, slow moving and defective inventories are identified at the time of physical verification of inventories and where necessary, adjustment is made for such items.

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VIII) Taxes

Income tax expense comprises current and deferred tax. Current tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

IX) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand, book overdraft and are considered part of the Company's cash management system.

X) Foreign Currency Transactions

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

Foreign currency transactions are recorded on initial recognition in the functional currency using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Outstanding loans repayable in foreign currency are restated at the year-end exchange rate. Exchange gains and losses arising in respect of such restatement and the impact of the contracts entered into for managing risks thereunder is accounted for as an income or expense.

XI) Financial Instruments

a) Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value

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on initial recognition, except for trade receivables which are initially measured at transaction cost. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

b) Subsequent measurement

1) Non-derivative financial instruments

i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in the fair value are recognized in other comprehensive income.

iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

iv) Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

2) Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

Financial assets or financial liabilities, at fair value through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting as per Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets/liabilities in this category are presented as current assets/ current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

c) Derecognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de recognition under Ind AS 109. A financial liability (or a part of the financial liability) is derecognized from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

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d) Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, subject to future adjustments.

For all other financial instruments the carrying amounts approximates fair value due to the short maturity of those instruments.

XII) Employee Benefits

Contribution to Provident fund is accounted for on accrual basis. Provident fund contributions are made to a fund administered through the Office of The Regional Provident Fund Commissioner, West Bengal. Provisions for Gratuity liability and Leave Encashment liability are made on the basis of actuarial valuation done at the end of the year by independent actuary.

Actuarial gains or losses are recognized in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income.

Re measurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.

XIII) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that the future economic benefits will flow to the entity.

Revenue from sale of electricity are net of discount for prompt payment of bills and are accounted for on the basis of billings to the procurer.

Other income from investments and deposits etc. is accounted for on accrual basis inclusive of related tax deducted at source, where applicable.

XIV) Borrowings/ Borrowing Costs

Loans and borrowings are initially recognised at fair value.

Borrowing costs that are directly attributable to the acquisition, construction or erection of qualifying assets are capitalised as part of cost of such asset until such time that the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale.

When the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the borrowing costs incurred are capitalized. When Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the capitalization of the borrowing costs is computed based on the weighted average cost of general borrowing that are outstanding during the period and used for the acquisition of the qualifying asset.

Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. All other borrowing costs are recognised as an expense in the year in which they are incurred.

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XV) Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalised at fair value or present value of minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight line basis in the statement of profit and loss over the lease term.

XVI) Provisions

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

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

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Dhariwal Infrastructure Limited
Registered Office: CESC House, Chowringhee Square, Kolkata - 700001

Notes forming part of Financial Statements

2. Property, plant and equipment

(₹ in crore)

Particulars	Freehold Land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Railway Sidings	Total	Capital work in progress
Gross carrying value										
Deemed cost as at April 1, 2015	23.14	33.17	397.20	3,293.47	1.94	0.37	2.36	59.00	3,810.65	12.86
Additions	-	-	0.81	10.48	0.24	0.01	0.23	-	11.77	8.20
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At March 31, 2016	23.14	33.17	398.01	3,303.95	2.18	0.38	2.59	59.00	3,822.42	21.06
At April 1, 2016	23.14	33.17	398.01	3,303.95	2.18	0.38	2.59	59.00	3,822.42	21.06
Additions	-	-	24.59	0.44	0.09	-	0.52	-	25.64	-
Disposals / adjustments	-	-	-	-	-	-	-	-	-	10.03
Gross carrying amount as at March 31, 2017	23.14	33.17	422.60	3,304.39	2.27	0.38	3.11	59.00	3,848.06	11.03
Accumulated depreciation										
At April 1, 2015	-	-	-	-	-	-	-	-	-	-
Depreciation expense	-	0.37	17.50	80.95	0.32	0.07	1.11	4.04	104.36	-
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At March 31, 2016	-	0.37	17.50	80.95	0.32	0.07	1.11	4.04	104.36	-
At April 1, 2016	-	0.37	17.50	80.95	0.32	0.07	1.11	4.04	104.36	-
Depreciation expense	-	0.37	17.56	80.23	0.33	0.07	0.72	4.02	103.30	
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At March 31, 2017	-	0.74	35.06	161.18	0.65	0.14	1.83	8.06	207.66	-
Net carrying value March 31, 2017	23.14	32.43	387.54	3,143.21	1.62	0.24	1.28	50.94	3,640.40	11.03
Net carrying value March 31, 2016	23.14	32.80	380.51	3,223.00	1.86	0.31	1.48	54.96	3,718.06	21.06
Net carrying value April 1, 2015	23.14	33.17	397.20	3,293.47	1.94	0.37	2.36	59.00	3,810.65	12.86

i) Property, plant and equipment pledged as security
Refer note no 16 for information on property, plant & equipment pledged as security by the company.

ii) Contractual obligations
Refer note no 34 a for disclosure of contractual commitments for the acquisition of property, plant & equipment.

iii) Capital work - in - progress
Capital work-in-progress mainly comprises of railway sidings and other infrastructure works.

Notes forming part of Financial Statements (₹ in crore)

Non current assets

Financial assets

3. Non current investments

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
A. Investments in equity instrument (fully paid up) - Unquoted			
Associates			
Wigeon Commotrade Pvt Ltd. (Nil, March 31, 2016 :3,300, April 1, 2015: 3300, Equity Shares of ₹ 10 each, fully paid up)	-	0.00	0.00
Sheesham Commercial Pvt. Ltd. (Nil, March 31, 2016 :5000, April 1, 2015: 5000, Equity Shares of ₹ 10 each, fully paid up)	-	0.01	0.01
TOTAL (A)	**-**	**0.01**	**0.01**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Aggregate amount of quoted investments and market value thereof	-	-	-
Aggregate amount of unquoted investments	-	**0.01**	**0.01**
Aggregate amount of impairment in value of investments	-	-	-

4. Loans

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured considered good			
Loans to employees	0.57	0.57	0.67
Total	**0.57**	**0.57**	**0.67**

5. Other financial assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Security deposits	-	5.26	5.17
Others	-	5.90	6.38
Total	**-**	**11.16**	**11.55**

6. Other non current assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital advances	15.74	35.41	28.90
Unamortised front end fee	18.76	7.56	9.67
Total	**34.50**	**42.97**	**38.57**

7. Inventories

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Stock in Trade			
Stores and Spares (includes goods in transit ₹ Nil ; March 31, 2016 - ₹ Nil ; April 1, 2015 - ₹ Nil)	24.92	20.42	19.25
Fuel (includes goods in transit ₹ 2.90 crore ; March 31, 2016 - ₹ 0.04 crore ; April 1, 2015 - ₹ Nil)	47.76	62.10	5.54
Total	**72.68**	**82.52**	**24.79**

8. Trade receivables

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured considered good			
Trade Receivables	125.58	82.38	-
Less: Allowances for bad and doubtful debt	-	-	
Total	**125.58**	**82.38**	**-**

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Notes forming part of Financial Statements (₹ in crore)

9. Cash and cash equivalents

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with banks			
- In current accounts	65.71	22.14	92.51
- Bank Deposits with original maturity of upto 3 months	108.85	-	-
Cash on hand	0.02	-	-
Total	**174.58**	**22.14**	**92.51**

10. Bank balances other than cash and cash equivalents

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Earmarked balances in banks for :			
- Bank Deposits with original maturity more than 3 months	0.07	0.07	0.06
- Bank Deposits with original maturity more than 12 months	-	-	-
Total	**0.07**	**0.07**	**0.06**

11. Loans

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured considered good			
Loans to employees	0.30	1.14	3.32
Total	**0.30**	**1.14**	**3.32**

12. Other financial assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Security deposits	5.27	-	-
Interest accrued on bank deposits	0.30	0.21	0.21
Derivative asset	62.61	78.86	44.14
Receivable towards claims and services rendered	0.06	8.13	0.02
Total	**68.24**	**87.20**	**44.37**

13. Other current assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advances other than capital advances			
Prepaid expenses	8.06	3.91	-
Unamortised front end fee	3.79	2.11	2.30
Other Advances (coal, freight, inventory, others)	23.48	13.86	-
Total	**35.33**	**19.88**	**2.30**

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Notes forming part of Financial Statements

(₹ in crore)

14. Equity share capital

a) Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorised			
3,000,000,000 (March 31, 2016 :1,500,000,000, April 1, 2015 : 1,500,000,000) Equity Shares of ₹ 10 each	3,000.00	1,500.00	1,500.00
Issued, subscribed and paid-up capital			
1,275,768,954 (March 31, 2016 : 1,175,768,954, April 1, 2015 : 1,055,768,954) Equity Shares of ₹ 10 each, fully paid	1,275.77	1,175.77	1,055.77
Total	1,275.77	1,175.77	1,055.77

b) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period are as given below:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No of shares	Amount	No of shares	Amount	No of shares	Amount
Equity shares outstanding at the beginning of the period	11757,68,954	1,175.77	10557,68,954	1,055.77	10357,68,954	1,035.77
Add: Equity shares issued during the period	1000,00,000	100.00	1200,00,000	120.00	200,00,000	20.00
Equity shares outstanding at the end of the period	**12757,68,954**	**1,275.77**	**11757,68,954**	**1,175.77**	**10557,68,954**	**1,055.77**

c) Terms/rights attached to equity shares
The company has only one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The company has not declared any dividend to its shareholders since inception.In the event of liquidation of the company the holders of equity shares will be entitled to recieve remaining assets of the company after distribution of all preferential amounts.The distribution will be in proportion to the number of equity shares held by the shareholders.

d) Shares of the company held by holding/ ultimate holding company

Name of the shareholder	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No of shares	%	No of shares	%	No of shares	%
CESC Infrastructure Limited	12757,68,954	100	11757,68,954	100	10557,68,954	100

e) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No of shares	%	No of shares	%	No of shares	%
CESC Infrastructure Limited	12757,68,954	100	11757,68,954	100	10557,68,954	100

CESC Infrastructure Limited is the holding company of Dhariwal Infrastructure Limited and the percentage of shares held is stated above. CESC Limited is the ultimate Holding company of Dhariwal Infrastucture Limited.

f) In the period of five years immediately preceding March 31, 2017, the Company has neither issued bonus shares, bought back any equity shares nor has allotted any equity shares as fully paid up without payment being received in cash.

g) There are no shares reserved for issue under options and contracts or commitments for the sale of shares or disinvestment

15. Other equity

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
a) Retained earnings Retained earnings comprise of the Company's prior years' undistributed earnings after taxes.	(560.52)	(883.27)	(486.27)
Total	**(560.52)**	**(883.27)**	**(486.27)**

a) Retained earnings

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Opening balance	(883.27)	(486.27)	(83.80)
Net profit for the period	(483.90)	(556.90)	(457.82)
Appropriations during the year	-	-	-
Transition date adjustments	-	-	55.87
Remeasurements of the net defined benefit plans - OCI	-	-	-
Share application money pending allotment	807.00	160.00	-
Other Comprehensive Income	(0.35)	(0.10)	(0.52)
Closing balance	**(560.52)**	**(883.27)**	**(486.27)**

Share Application Money as above represents money recieved from the Company's holding company CESC Infrastructure Limited towards equity shares proposed to be issued at par. However, the timing of such allotment is yet to be decided.

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Notes forming part of Financial Statements (₹ in crore)

NON CURRENT LIABILITIES

16. Financial liabilities

Non current Borrowings

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Secured			
Term loans			
Rupee Term loans			
i) from banks	2,672.00	2,692.25	2,248.89
Foreign Currency Loan			
i) from banks	644.70	713.20	924.33
Total non current borrowings	3,316.70	3,405.45	3,173.22
Less: current maturity of long term borrowings	152.37	276.03	207.48
Non current borrowings as per balance sheet	**3,164.33**	**3,129.42**	**2,965.74**

1) Out of the total above ₹ 2,665.80; (March 31, 2016 - ₹ 2,505.14) are secured with first charge by way of mortgage/hypothecation of the fixed assets of the company including its land, buildings, the construction thereon where exists, plant and machinery etc, and hypothecation of Company's current assets, loans amounting to ₹ 195.90 ; (March 31, 2016 - ₹ 300.31 crore) are secured with second charge on all assets, loans amounting to ₹ 455 crore ; (March 31, 2016 - ₹ 600 crore) are secured with subservient charge on all current and movable fixed assets.

2) Major terms of repayment of long term loans disclosed in above are given below.

Maturity Profile	**Balance Outstanding as at March 31, 2017**	
	Rupee Term Loan from Banks	**Foreign Currency Loans**
Loans with residual maturity of upto 1 year	-	-
Loans with residual maturity between 1 and 3 years	-	195.90
Loans with residual maturity between 3 and 5 years	-	-
Loans with residual maturity between 5 and 10 years	200.00	448.80
Loans with residual maturity beyond 10 years	2,472.00	
Total	**2,672.00**	**644.70**
Interest on Rupee Term Loan from banks are based on spread over Lenders' benchmark rates and that of foreign currency loans are based on spread over LIBOR.		

Maturity Profile	**Balance Outstanding as at March 31, 2016**	
	Rupee Term Loan from Banks	**Foreign Currency Loans**
Loans with residual maturity of upto 1 year	-	-
Loans with residual maturity between 1 and 3 years	200.00	200.31
Loans with residual maturity between 3 and 5 years	500.00	-
Loans with residual maturity between 5 and 10 years	1,992.25	512.89
Loans with residual maturity beyond 10 years	-	-
Total	**2,692.25**	**713.20**
Interest on Rupee Term Loan from banks are based on spread over Lenders' benchmark rates and that of foreign currency loans are based on spread over LIBOR.		

Maturity Profile	**Balance Outstanding as at April 1, 2015**	
	Rupee Term Loan from Banks	**Foreign Currency Loans**
Loans with residual maturity of upto 1 year	-	-
Loans with residual maturity between 1 and 3 years	-	201.34
Loans with residual maturity between 3 and 5 years	100.00	189.18
Loans with residual maturity between 5 and 10 years	-	-
Loans with residual maturity beyond 10 years	2,148.89	533.81
Total	**2,248.89**	**924.33**
Interest on Rupee Term Loan from banks are based on spread over Lenders' benchmark rates and that of foreign currency loans are based on spread over LIBOR.		

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17. Provisions

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits			
Gratuity	0.97	0.61	0.51
Leave encashment	1.37	0.87	0.68
Total	**2.34**	**1.48**	**1.19**

18. Current Borrowings

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Secured			
Loans repayable on demand			
(I) from banks			
(a) overdraft from banks	92.83	239.37	168.79
Current borrowings	**92.83**	**239.37**	**168.79**

1)The above loans are secured with first charge by way of hypothecation of Company's current assets.

19. Trade payables

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payables	18.86	17.33	1.49
Total	**18.86**	**17.33**	**1.49**

20. Other financial liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current maturities of long-term debt	152.37	276.03	207.48
Interest accrued	9.82	11.64	11.57
Other borrowing costs accrued	-	-	0.05
Liability on capital account	5.34	86.57	84.61
Other liabilities	1.04	33.01	29.01
Total	**168.57**	**407.25**	**332.72**

21. Other current liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Statutory Dues	1.35	1.85	3.35
	1.35	**1.85**	**3.35**

22. Provisions

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits			
Gratuity	0.13	0.10	-
Leave encashment	0.31	0.16	0.11
Total	**0.44**	**0.26**	**0.11**

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23. Revenue from operations

Particulars	2016-17	2015-16
Sale of products		
Earnings from Sale of electricity	442.56	104.96
Other operating revenues		
Others	2.49	0.20
Total	**445.05**	**105.16**

24. Other income

Particulars	2016-17	2015-16
Interest Income		
From Bank	0.55	0.17
Other non-operating income		
Gain on sale of current investments (net)	2.17	3.58
Unwinding of discount on financial instruments	0.10	0.10
MTM gain on derivatives	-	34.71
Foreign Exchange Restatement	24.85	-
Liability Written Back	26.20	-
Delayed Payment Surcharge	9.13	-
Others	1.08	6.60
Total	**64.08**	**45.16**

25. Cost of Fuel

Particulars	2016-17	2015-16
Consumption of coal		
Quantity in Tonnes	10,03,729	2,45,235
Value	322.13	85.77
Consumption of oil		
Quantity in Kilolitres	184	445
Value	0.81	2.31
Total	**322.94**	**88.08**

Cost of fuel includes freight ₹ 83.96 crore (Previous year : ₹ 11.99 crore)
Cost of fuel includes Loss of ₹ Nil (Previous year : ₹ 0.13 crore) due to exchange fluctuations.

26. Employee benefit expenses

Particulars	2016-17	2015-16
Salaries and bonus	20.30	8.33
Contribution to provident and other funds	0.93	0.83
Staff Welfare Expenses	0.86	0.75
Total	**22.09**	**9.91**

27. Finance costs

Particulars	2016-17	2015-16
Interest expenses	428.68	417.16
Other borrowing costs	26.94	11.79
Total	**455.62**	**428.95**

28. Depreciation and amortization expenses

Particulars	2016-17	2015-16
Depreciation on property, plant and equipment	103.30	104.36
Total	**103.30**	**104.36**

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29. Other expenses

Particulars	2016-17	2015-16
Consumption of stores and spares	8.52	3.87
Repairs		
- Plant and machinery	20.86	12.73
- Others	2.41	0.98
Rent	0.49	0.46
Power and fuel	2.11	3.64
Transmission Charges	9.32	2.04
DSM Charges	-	4.57
Legal and professional charges	6.63	2.24
Insurance charges	4.96	4.65
Fees/charges to other authorities	2.95	3.32
Remuneration to auditors		
- Statutory audit	0.03	0.02
- Tax audit	0.01	0.01
- Other charges	0.00	0.00
Foreign Exchange Restatement	-	33.90
General charges	14.54	7.02
MTM Loss on Derivative	16.25	-
Less: Allocated to capital account	-	(3.53)
Total	**89.08**	**75.92**

i) Values of raw materials and stores and spare parts consumed (excluding on capital account)

Particulars	2016-17	%	2015-16	%
Raw Material				
Imported	9.34	3	18.96	22
Indigenous	313.61	97	69.11	78
	322.95	**100**	**88.07**	**100**
Stores and spare parts				
Imported	0.68	8	-	-
Indigenous	7.84	92	3.87	100
	8.52	**100**	**3.87**	**100**

30. Other comprehensive income

Particulars	2016-17	2015-16
A (i) Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans	(0.35)	(0.10)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-
Total Other Comprehensive Income	**(0.35)**	**(0.10)**

31. Earnings per share (EPS)

The calculation of basic earnings per share as at March 31, 2017 was based on the loss of ₹ 483.90 crore (Previous year ₹ 556.90 crore) and a weighted average number of equity shares outstanding :120,09,74,433 (Previous year :105,60,96,823), calculated as follows:

Particulars	2016-17	2015-16
Face value of equity shares	10	10
Weighted average number of equity shares outstanding	12009,74,433	10560,96,823
Profit/ (loss) for the year (continuing operations)	(483.90)	(556.90)
Weighted average earnings per share (basic and diluted)	(4.03)	(5.27)

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32. EMPLOYEE BENEFITS

a) Defined Benefit Plan

The Company also provides for gratuity and leave encashment benefit to the employees. Annual actuarial valuations at the end of each year are carried out by independent actuary in compliance with Ind As 19 on "Employee Benefits".

b) The results of the actuarial study for the obligation for employee benefits as computed by the actuary are shown below:

Actuarial study analysis	Gratuity			Leave Encashment		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Principal actuarial assumptions						
Discount rate	7.26%	7.88%	7.93%	7.26%	7.88%	7.93%
Range of compensation increase	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Attrition rate:						
Age upto 40 years	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%
Age 40 years and above	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Components of statement of income statement charge						
Current service cost	0.22	0.07	0.12	0.37	0.05	0.04
I..terest cost	0.06	0.04	0.02	0.08	0.06	0.03
Total charged to consolidated statement of profit or loss	0.28	0.11	0.14	0.45	0.11	0.07
Movements in net liability/(asset)						
Net liability at the beginning of the year	0.70	0.52	0.24	1.02	0.80	0.38
Employer contributions	-	-	-	(0.02)	(0.01)	(0.03)
Total expense recognised in the consolidated statement of profit or loss	0.28	0.21	0.14	0.45	0.11	0.07
Total amount recognised in OCI	0.12	(0.03)	0.14	0.23	0.12	0.38
Net liability at the end of the year	1.10	0.70	0.52	1.68	1.02	0.80
Reconciliation of benefit obligations						
Obligation at start of the year	0.70	0.52	0.24	1.02	0.80	0.38
Current service cost	0.22	0.17	0.12	0.37	0.05	0.04
Interest cost	0.06	0.04	0.02	0.08	0.06	0.03
Benefits paid directly by the Company	-	-	-	(0.02)	(0.01)	(0.03)
Actuarial loss	0.12	(0.03)	0.14	0.23	0.12	0.38
Defined benefits obligations at the end of the year	1.10	0.70	0.52	1.68	1.02	0.80
Re-measurements of defined benefit plans						
Actuarial (gain)/loss due to changes in financial assumptions	0.08	-	0.07	0.11	-	0.10
Actuarial (gain)/loss on account of experience adjustments	0.04	(0.03)	0.06	0.12	0.12	0.29
Total actuarial gain/(loss) recognised in OCI	0.12	(0.03)	0.13	0.23	0.12	0.39
Change in fair value of plan assets						
Fair value of plan assets at the beginning of the year						
Contributions made	-	-	-	0.02	0.01	0.03
Benefits paid	-	-	-	(0.02)	(0.01)	(0.03)
Fair value of plan assets at the end of the year	-	-	-	-	-	-

c) Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate						
+ 1% discount rate	0.97	0.63	0.46	1.51	0.92	0.72
- 1% discount rate	1.26	0.80	0.59	1.89	1.15	0.89
Salary increase						
+ 1% salary growth	1.25	0.80	0.59	1.89	1.15	0.89
- 1% salary growth	0.97	0.62	0.46	1.50	0.92	0.72
Withdrawal rate						
+ 50% withdrawal rate	1.11	0.71	0.52	1.69	1.03	0.80
- 50% withdrawal rate	1.10	0.70	0.52	1.67	1.02	0.79
Mortality increase						
+ 10% mortality rate	1.10	0.71	0.52	1.68	1.02	0.80
- 10% mortality rate	1.10	0.70	0.52	1.68	1.02	0.80

d) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Credit Risk: If the scheme is insured and fully funded on PUC basis there is a credit risk to the extent the insurer(s)is/ are unable to discharge their obligations including failure to discharge in timely manner

Pay-as-you-go Risk: For unfunded schemes financial planning could be difficult as the benefits payable will directly affect the revenue and this could be widely fluctuating from year to year. Moreover there may be an opportunity cost of better investment returns affecting adversely the cost of the scheme

Discount Rate risk: The Company is exposed to the risk of fall in discount rate. A fall in discount rate will eventually increase in the ultimate cost of providing the above benefit thereby increasing the value of the liability

Liquidity Risk: This risk arises from the short term asset and liability cash-flow mismatch thereby causing the company being unable to pay the benefits as they fall due in the short term. Such a situation could be the result of holding large illiquid assets disregarding the results of cash-flow projections and cash outgo inflow mismatch. (Or it could be due to insufficient

Future Salary Increase Risk: The Scheme cost is very sensitive to the assumed future salary escalation rates for all final salary defined benefit Schemes. If actual future salary escalations are higher than that assumed in the valuation actual Scheme cost and hence the value of the liability will be higher than that estimated.

Demographic Risk: In the valuation of the liability certain demographic (mortality and attrition rates) assumptions are made. The Company is exposed to this risk to the extent of actual experience eventually being worse compared to the assumptions thereby causing an increase in the scheme cost.

e) Defined benefit liability

The weighted average duration of the defined benefit obligation for leave encashment is 14.43 years (March 31, 2016 - 14.18 years) and for gratuity is 16.04 years (March 31, 2016 - 15.56 years. The expected maturity analysis of undiscounted gratuity and leave encashment is as follows:

Particulars	Upto 1 year	Between 2 - 5 years	Between 6 - 10 years	Over 10 years	Total
March 31, 2017					
Gratuity	0.13	0.20	0.06	3.25	3.64
Leave Encashment	0.32	0.38	0.10	4.17	4.97
March 31, 2016					
Gratuity	0.10	0.18	0.03	2.27	2.58
Leave Encashment	0.16	0.35	0.04	2.80	3.35
April 1, 2015					
Gratuity	0.06	0.14	0.09	1.63	1.92
Leave Encashment	0.12	0.30	0.12	2.04	2.58

The estimates of future salary increase considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

Details of plan assets

The Scheme is unfunded.

Defined contribution plan

The Company maintains a Provident Fund with the Regional Provident Fund authorities where contributions are made by the Company as well as by the employees. An amount of ₹ 0.88 crore (March 31, 2016 ₹ 0.73 crore) has been charged off to Statement of Profit and Loss.

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(₹ in crore)

33. Income tax expense

The major components of Deferred Tax Assets/(Liabilities) based on the temporary difference as at 31st March, 2017 are as under:

Particulars	**As at March 31, 2017**	**As at March 31, 2016**	**As at April 1, 2015**
Liabilities			
Excess of tax depreciation over book depreciation	(678.88)	(554.84)	(307.73)
Others	(7.80)	(30.56)	(19.34)
Total	(686.68)	(585.40)	(327.07)
Assets			
Unabsorbed tax losses/ depreciation	1,090.68	973.94	736.84
Items covered under section 43B	0.58	0.36	0.27
Others	1.91	1.63	1.26
Total	1,093.17	975.93	738.37
Deferred Tax Assets (Net)	**406.49**	**390.53**	**411.30**

Net deferred tax asset of ₹ 406.49 crore (March 31, 2016 : ₹ 390.53 : April 1, 2015 : ₹ 411.30 crore) as above has not been recognised.

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34. Contingent liabilities and commitments (to the extent not provided for)

a. Capital Commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Property, plant and equipment	2.51	19.43	20.24

b. An Appeal under the Electricity Act, 2003 has been filed before the Hon'ble Appellate Tribunal for Electricity (APTEL) by two Appellants against the Hon'ble Uttar Pradesh Electricity Regulatory Commission's Order dated April 20, 2016, wherein the Hon'ble UPERC has approved the Power Purchase Agreement between the Company and Noida Power Company Limited for supply of 170 MW power for a period of 25 years. The applications for 'Leave to file Appeal' and 'Condonation of Delay' in this matter are pending for disposal and accordingly financial impact, if any, cannot be ascertained at this stage.

35. Value of imports on CIF basis

(₹ in crore)

Particulars	2016-17	2015-16
Fuel	-	15.74
Spares	0.55	0.07

36. Expenditure in foreign currency

(₹ in crore)

Particulars	2016-17	2015-16
Finance Cost	39.60	37.79
Travelling	0.05	-
Milestone/Stages for equipment	33.21	1.59
Fees for Technical Services	3.81	-

37. Quantitative information

Particulars	Million kWh	
	2016-17	2015-16
Total number of units generated during the year	1,542	369
Total number of units consumed in generating stations	129	34
Total number of units sent out	1,413	335
Total number of units through deviation settlement mechanism (net)	3	(7)
Total number of units delivered	1,410	342

38. Trade payables include ₹ Nil (March 31, 2016: Nil, April 1, 2015: Nil) due to Micro and Small Enterprises, as defined in the Micro, Small and Medium Eneterprises Development Act, 2006, based on information available with the Company.

39. Disclosure On Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notifications G.S.R. 308 (E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomnation wise SBNs and other notes as per the notification is given below:

(₹ in crore)

Particulars	SBNs	Other Denomination notes	Total
Closing cash in hand as on November 8, 2016	0.02	0.03	0.05
(+) permitted receipts	-	0.05	0.05
(-) permitted payments	-	(0.06)	(0.06)
(-) amount deposited in Banks	(0.02)	-	(0.02)
Closing cash in hand as on December 30, 2016	-	0.02	0.02

40. Previous year figures have been re-classified/regrouped wherever necessary.

41. Segment reporting:

Based on the "'management approach" as defined by Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators.

The Company is engaged in generation of electricity and does not operate in any other reportable segments. There are no reportable geographical segments, since all business are carried out in India.

Three customers, each individually accounting for more than 10 percent of the Company's total revenue during the year, reported revenues of ₹ 277.31 crore (Previous Year : ₹ 77.62 crore), ₹ 59.60 crore (Previous Year : ₹ 9.26 crore) and ₹ 53.11 crore (Previous Year : ₹ 16.69 crore) respectively.

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42. Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

The accounting policies set out in Note 1 above have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet at April 1, 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes:

A. Exceptions:

1) Estimates exception: Upon an assessment of the estimates made under Indian GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, except where estimates were required by Ind AS and not required by Indian GAAP.

2) The Company has classified financial assets in accordance with Ind AS 109 on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

B. Exemptions:

Ind AS 101 allows first time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

1) The Company has elected to apply the deemed cost option available under Para D7AA of Ind AS 101 i.e. all items of property, plant and equipment, finance leases and intangible assets have been recognised in the financial statements as at the date of transition to Ind AS at the carrying value measured as per previous GAAP.

2) The Company has elected to apply previous GAAP carrying amount to its investment in subsidiaries, associates and joint venture as deemed cost as on the date of transition to Ind AS.

3) The Company has elected to continue the previous GAAP policy of capitalizing exchange differences arising from translation of long-term foreign currency monetary items till 31 March, 2016.

4) Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to apply this exemption for such contracts/ arrangements.

C. Reconciliations:

(₹ in crore)

1. Reconciliation of Equity as at the date of transition

Sl No.	Particulars	Note to first time adoption	Amount	Amount
A	**Equity under IGAAP**			**513.63**
B	**Changes on account of transition date adjustments**			
	P&L components			
1	Impact of EIR accounting for loan	1	11.97	
2	Fair valuation of interest free employee loans	2	(0.24)	
3	MTM impact	3	44.14	
4	Reclassification of actuarial gains and losses on employee benefit expenses	4	0.52	
	Total (A)			**56.39**
C	**OCI components**			
1	Reclassification of actuarial gains and losses on employee benefit expenses	4	(0.52)	
	Total (C)			**(0.52)**
	TOTAL (B)+(C)			**55.87**
D	Deferred tax impact on transition date adjustments	5		(19.33)
E	Deferred tax impact on land	5		1.26
F	Deferred Asset	5		18.07
G	Total impact on retained earnings			55.87
H	**Equity under Ind AS**			**569.50**

2. Reconciliation of Equity as at March 31, 2016

Sl No.	Particulars	Note to first time adoption	Amount	Amount
A	**Equity under IGAAP**			**204.19**
B	**Changes on account of transition date adjustments**			
	P&L components			
	Transition date adjustments			**55.87**
1	Impact of EIR accounting for loan	1	(2.31)	
2	Fair valuation of interest free employee loans	2	0.04	
3	MTM impact	3	34.71	
4	Reclassification of actuarial gains and losses on employee benefit expenses	4	0.10	
	Total (A)			**32.54**
C	**OCI components**			
1	Reclassification of actuarial gains and losses on employee benefit expenses	4	(0.10)	
	Total (B)			**(0.10)**
	TOTAL (B)+(C)			**32.44**
D	Deferred tax impact on Ind AS adjustments	5		(11.23)
E	Deferred tax impact on land	5		0.37
F	Deferred Asset	5		10.86
G	Total impact on retained earnings			32.44
H	**Equity under Ind AS**			**292.50**

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3. Reconciliation of total comprehensive income for financial year ended March 31, 2016

(₹ in crore)

Sl No.	Particulars	Note to first time adoption	Amt in lakhs	Amt in lakhs
A	Profit after tax under IGAAP			(589.44)
B	**Changes on account of Ind AS transition adjustments**			
1	Impact of EIR accounting for loan	1	(2.31)	
2	Fair valuation of interest free employee loans	2	0.04	
3	MTM impact	3	34.71	
4	Reclassification of actuarial gains and losses on employee benefit expenses	4	0.10	
5	Deferred tax impact on Ind AS adjustments	5	(11.23)	
6	Deferred tax impact on land	5	0.37	
7	Deferred tax asset	5	10.86	
	Total (B)			32.54
C	Profit after tax under Ind AS			(556.90)
D	Remeasurements of the net defined benefit plans to other comprehensive income	4		(0.10)
E	Other comprehensive income net of tax (B)	4		(0.10)
F	Total retained earnings / comprehensive income under Ind AS (A+B)			(557.00)

4. Reconciliation of Statement of Cash Flow for financial year ended March 31, 2016

(₹ in crore)

Sl No.	Particulars	2015-16		
		IGAAP	Effect of transition	Ind AS
1	Net cash used in operating activities	(183.49)	(0.01)	(183.50)
2	Net cash used in investing activities	(12.69)	-	(12.69)
3	Net cash flow from financing activities	125.82	-	125.82
4	Net Increase / (decrease) in cash and cash equivalents	(70.36)	(0.01)	(70.37)
5	**Cash and Cash equivalents - Opening Balance**	**92.57**	**(0.06)**	**92.51**
6	**Cash and Cash equivalents - Closing Balance**	**22.21**	**(0.07)**	**22.14**

D. Notes to first time adoption

Note 1 **Impact of EIR accounting for loan**

Under Indian GAAP, transaction costs incurred in connection with interest bearing loans and borrowings are amortised upfront and charged to profit or loss for the period. Under Ind-AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

Note 2 **Fair valuation of interest free employee loans/ security deposit**

Under the previous GAAP, interest free employee loans were recorded at transaction value. Under Ind AS, all financial assets are required to be fair valued. Accordingly, the Company has fair valued its employee loans under Ind AS. Difference between the fair value and transaction value of employee loan has been recorded as prepaid salary.

Note 3 **Fair valuation of derivatives**

The fair value of forward foreign exchange contracts is recognised under Ind-AS, and was not recognised under Indian GAAP.

Note 4 **Reclassification of actuarial gains and losses on employee benefit expenses**

Under Indian GAAP,actuarial gains and losses relating to post employment benefit plans are charged to profit and loss.Under Ind-AS, remeasurements comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income.

Note 5 **Deferred tax impact on Ind AS adjustments**

Under IGAAP, deferred tax is recognised using the income statement approach i.e. the tax effect of timing differences between accounting income and taxable income for the period. Under Ind AS, the Company has recognised deferred taxes using the balance sheet approach i.e. reflecting the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes.

Note 6 **Trade rcelvables**

As per Ind AS 109, the company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the allowance for doubtful debts was ₹ Nil as at March 31, 2016 (April 1, 2015 - ₹ Nil).

Note 7 **Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit palns, foreign exchange differences arising on translation of foreign operations, effective portion of gains and losses on cash flow hedging instruments and fair value gains or (losses) on FVTOCI equity instruments. The concept of other comprehensive income did not exist under previous GAAP.

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Notes forming part of Financial Statements

E. Reconciliation of equity as previously reported under IGAAP to Ind AS (₹ in crore)

Paticulars	Balance Sheet as at 31st March 2016			Balance Sheet as at 1st April 2015		
	IGAAP	Effect of transition to Ind AS	Ind AS	IGAAP	Effect of transition to Ind AS	Ind AS
ASSETS						
Non-current Assets						
Property, Plant and Equipment	3,718.06	-	3,718.06	3,810.65	-	3,810.65
Capital work-in-progress	21.06	-	21.06	12.86	-	12.86
Financial Assets						
Investments	0.01	-	0.01	0.01	-	0.01
Loans	0.57	-	0.57	0.67	-	0.67
Other Financial Asset	11.16	-	11.16	11.55	-	11.55
Other Non current Assets	35.42	7.55	42.97	28.90	9.67	38.57
Total non current assets	**3,786.28**	**7.55**	**3,793.83**	**3,864.64**	**9.67**	**3,874.31**
Current Assets						
Inventories	82.52	-	82.52	24.79	-	24.79
Financial Assets						
Trade receivables	82.38	-	82.38	-	-	-
Cash and cash equivalents	22.14	-	22.14	92.51	-	92.51
Bank balances other than above	0.07	-	0.07	0.06	-	0.06
Loans	1.35	(0.21)	1.14	3.56	(0.24)	3.32
Others	8.34	78.86	87.20	0.23	44.14	44.37
Current Tax Assets (Net)	0.30	-	0.30	1.23	-	1.23
Other current Assets	17.77	2.11	19.88	-	2.30	2.30
Total current assets	**214.87**	**80.76**	**295.63**	**122.38**	**46.20**	**168.58**
Total assets	**4,001.15**	**88.31**	**4,089.46**	**3,987.02**	**55.87**	**4,042.89**
EQUITY AND LIABILITIES						
Equity						
Equity Share capital	1,175.77	-	1,175.77	1,055.77	-	1,055.77
Other Equity	(971.58)	88.31	(883.27)	(542.14)	55.87	(486.27)
Total equity	**204.19**	**88.31**	**292.50**	**513.63**	**55.87**	**569.50**
Liabilities						
Non-current Liabilities :						
Financial Liabilities						
Borrowings	3,129.42	-	3,129.42	2,965.74	-	2,965.74
Provisions	1.48	-	1.48	1.19	-	1.19
Deferred tax liabilities (Net)	-	-	-	-	-	-
Total non-current liabilities	**3,130.90**	**-**	**3,130.90**	**2,966.93**	**-**	**2,966.93**
Current Liabilities						
Financial Liabilities						
Borrowings	239.37	-	239.37	168.79	-	168.79
Trade Payables	17.33	-	17.33	1.49	-	1.49
Other financial liabilities	407.25	-	407.25	332.71	-	332.71
Other current liabilities	1.85	-	1.85	3.35	-	3.35
Provisions	0.26	-	0.26	0.12	-	0.12
Total current liabilities	3,796.96	-	3,796.96	3,473.39	-	3,473.39
Total equity and liabilities	4,001.15	88.31	4,089.46	3,987.02	55.87	4,042.89

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Notes forming part of Financial Statements

F. Reconciliation of statement of profit and loss as previously reported under IGAAP to Ind AS (₹ in crore)

Particulars	2015-16		
	IGAAP	**Effect of transition to Ind AS**	**Ind AS**
Revenue from operations	105.16	-	105.16
Other income	10.35	34.81	45.16
Total Revenue	**115.51**	**34.81**	**150.32**
Expenses			
Cost of fuel	88.08	-	88.08
Employee benefit expenses	9.94	(0.03)	9.91
Finance costs	426.65	2.30	428.95
Depreciation and amortisation expenses	104.36	-	104.36
Other expenses	75.92	-	75.92
Total expenses	**704.95**	**2.27**	**707.22**
Profit before tax	**(589.44)**	**32.54**	**(556.90)**
Tax expense			
Current tax	-	-	-
Deferred tax	-	-	-
Profit for the period from continuing operations	**(589.44)**	**32.54**	**(556.90)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plan	-	(0.10)	(0.10)
Income tax on above	-	-	-
Total comprehensive income for the year	**(589.44)**	**32.44**	**(557.00)**

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Notes forming part of Financial Statements

43. Related party transaction

a) Parent entities

Name	Relationship	Place of incorporation	Ownership Interest As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
CESC Infrastructure Limited	Parent Company	India	100%	100%	100%
CESC Limited	Ultimate Parent Company	India	100%	100%	100%

b) Key managerial personnel compensation

(₹ in crore)

Particulars	2016-17	2015-16
Salary of Mr Rabi Chowdhury		
Short term employee benefits	0.57	0.44
Post employee benefits	0.04	0.03
	0.61	0.47

c) Transactions with related parties

(₹ in crore)

Nature of Transactions	Ultimate Parent Company			Parent Company			Fellow Subsidiaries		
	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15
Advance received against share subscription									
-CESC Infrastructure Limited	-	-	-	907.00	280.00	20.00	-	-	-
Issue of fully paid up equity shares									
-CESC Infrastructure Limited	-	-	-	100.00	120.00	20.00	-	-	-
Advance given against share subscription									
-Sheesham Commercial Private Limited	-	-	-	-	-		-	0.35	0.12
Refund of Advance against Equity									
-Sheesham Commercial Private Limited	-	-	-	-	-		0.47	-	-
Income from sale/services									
-CESC Limited	5.73	0.32	-	-	-		-	-	-
-RPG Power Trading Company Limited	-	-	-	-	-		53.10	-	-
-Noida Power Company Limited	-	-	-	-	-		37.47	-	-
Sale Proceeds received									
-CESC Limited	5.73	0.32	-	-	-		-	-	-
-RPG Power Trading Company Limited	-	-	-	-	-		52.23	-	-
-Noida Power Company Limited	-	-	-	-	-		24.76	-	-
Expenses recoverable									
-Haldia Energy Limited	-	-	-	-	-		-	8.00	-
Expenses payable									
-CESC Limited	0.21	0.48	1.46	-	-	-	-	-	-
-CESC Infrastructure Limited	-	-	-	0.37	0.25	2.40	-	-	-
-Haldia Energy Limited	-	-	-	-	-	-	0.12	0.02	0.10
-Quest Properties India Limited	-	-	-	-	-	-	0.10	-	-
-RPG Power Trading Company Limited	-	-	-	-	-	-	0.89	-	-
Reimbursements made during the year									
-CESC Limited	5.60	0.13	-	-	-	-	-	-	-
-CESC Infrastructure Limited	-	-	-	4.33	0.10	0.20	-	-	-
-Haldia Energy Limited	-	-	-	-	-	-	0.02	-	-
-Quest Properties India Limited	-	-	-	-	-	-	0.10	-	-
-RPG Power Trading Company Limited	-	-	-	-	-	-	0.02	-	-
Reimbursements received during the year									
-CESC Infrastructure Limited	-	-	-	-	-	0.02	-	-	-
-Haldia Energy Limited	-	-		-	-	-	8.00	-	-
Closing balance									
Debit	-	-	-	-	-	-	12.49	8.35	0.02
Credit	0.19	5.58	5.23	967.31	164.27	4.12	-	-	-

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Notes forming part of Financial Statements (₹ in crore)

44. Financial Instruments

a) The carrying value and fair value of financial instruments by categories as at March 31 2017, March 31, 2016 and April 1, 2015 are as follows:

	March 31, 2017			March 31, 2016			April 1, 2015		
	Amortized cost	FVTOCI	FVTPL	Amortized cost	FVTOCI	FVTPL	Amortized cost	FVTOCI	FVTPL
Financial assets									
Investments in subsidiaries, associates and joint ventures	-	-	-	0.01	-	-	0.01	-	-
Security deposits	-	-	5.27	-	-	5.26	-	-	5.17
Loans to employees	-	-	0.87	-	-	1.71	-	-	3.99
Trade receivables	125.58	-	-	82.38	-	-	-	-	-
Cash and cash equivalents	174.58	-	-	22.14	-	-	92.51	-	-
Bank balances other than cash and cash equivalents	0.07	-	-	0.07	-	-	0.06	-	-
Derivative Asset	62.61			78.86			44.14		
Other financial assets	5.63	-	-	19.50	-	-	11.78	-	-
Total	**368.47**	**-**	**6.14**	**202.96**	**-**	**6.97**	**148.50**	**-**	**9.16**
Financial liabilities									
Borrowings	3,409.53	-	-	3,644.82	-	-	3,342.01	-	-
Trade payables	18.86	-	-	17.33	-	-	1.49	-	-
Other financial liabilities	16.20	-	-	131.22	-	-	125.24	-	-
'al	**3,444.59**	**-**	**-**	**3,793.37**	**-**	**-**	**3,468.74**	**-**	**-**

The fair value of the above are close to its amortised cost due to its short term nature.

b) Fair value hierarchy

The table shown below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined below:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Financial assets and liabilities measured at fair value As at March 31, 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Security deposits	-	-	5.27	5.27
Loans to employees	-	-	0.87	0.87
Derivative Asset		62.61	-	62.61
Total financial assets	-	62.61	6.14	68.75

Financial assets and liabilities measured at fair value As at March 31, 2016	Level 1	Level 2	Level 3	Total
Financial assets				
Security deposits	-	-	5.26	5.26
Loans to employees	-	-	1.71	1.71
Derivative Asset	-	78.86	-	78.86
Total financial assets	-	78.86	6.97	85.83

ancial assets and liabilities measured at fair value As at April 1, 2015	Level 1	Level 2	Level 3	Total
Financial assets				
Security deposits	-	-	5.17	5.17
Loans to employees	-	-	3.99	3.99
Derivative Asset	-	44.14	-	44.14
Total financial assets	-	44.14	9.16	53.30

c) Valuation techniques

The main level 3 inputs for unlisted equity securities are evaluated as follows:

1) Discount rates are determined using capital asset pricing model to calculate pre-tax rate that reflects current market assessments of time value of money and the risk specific to the asset.
2) Earnings growth factor for unlisted equity securities are based on market rates for similar types of securities .
3) Risk adjustments specific to the counterparties are derived from credit risk grading determined by the Company's internal credit risk mangement group.

The following methods and assumptions were used to estimate the fair values

Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

Changes in level 2 & 3 fair values are analysed at each reporting period.

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Notes forming part of Financial Statements

45. FINANCIAL RISK MANAGEMENT

The Company's operations of generation of electricity are governed by the provisions of the Electricity Act, 2003, as applicable. The operations of its customer(s) are also guided by the Electricity Act, 2003 and the regulations framed thereunder.

The Company has been managing its operations keeping in view the liquidity and considering periodical review of the financial condition of its customers, current economic trends and analysis of accounts receivables. Availability of capital and liquidity is also managed in consonance with the overall financing requirement arising from operations.

46. CAPITAL MANAGEMENT

While managing the capital, the Company ensures to take adequate precaution for protecting the interest of the shareholders and benefit for other stakeholders, including protecting and strengthening the balance sheet.

The Company has not declared or paid any dividends during the year. (Previous Year : Nil)

47. Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. The amendments are applicable to the Company from April 1, 2017.

For Batliboi, Purohit & Darbari
Firm Registration Number: 303086E
Chartered Accountants

BATLIBOI PUROHIT & DARBARI 7, Waterloo Street, Kolkata 700069 Chartered Accountants

CA P.J.Bhide
Partner
Membership No.: 004714
Place: Kolkata
Date: May 15, 2017

For and on behalf of the Board of Directors

Director

Managing Director

Company Secretary

Chief Financial Officer