

Notes forming Part of Financial Statements

NOTE - 1 The operations of the Company are governed by the Electricity Act, 2003 and various Regulations and / or Policies framed thereunder by the appropriate authorities. Accordingly, in preparing the financial statements the relevant provisions of the said Act, Regulations etc. have been duly considered.

NOTE - 2A SIGNIFICANT ACCOUNTING POLICIES

The standalone 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 (as amended from time to time) notified under Section 133 of the Companies Act, 2013 and other provisions of the Companies Act, 2013 and the regulations under the Electricity Act, 2003 to the extent applicable. A summary of important accounting policies which have been applied consistently are set out below.

(a) Basis of Accounting

The financial statements have been prepared on the historical cost convention except for the following :

- i. Investments except investment in subsidiaries, associates and joint ventures are carried at fair value.
- ii. Certain financial assets and liabilities (including derivative instruments) are measured at fair value.

(b) Use of estimate

As required under the provisions of Ind AS for preparation of financial statements in conformity thereof, the management has made judgements, estimates and assumptions that affect the application of accounting policies, and the reported amount of assets, liabilities, income, and expenses and disclosures. 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.

(c) Property, plant and equipment (PPE)

Tangible Assets and Depreciation

Tangible Assets are stated either at deemed cost as considered on the date of transition to Ind- AS or at cost of acquisition / construction together with any incidental expenses related to acquisition and appropriate borrowing costs , less accumulated depreciation and accumulated impairment loss, if any. An impairment loss is recognized where applicable, when the carrying value of tangible assets of cash generating unit exceed its fair value or value in use, whichever is higher.

In terms of applicable Regulations under the Electricity Act, 2003, depreciation on tangible assets other than freehold land is provided on straight line method on a pro rata basis at the useful life specified therein, the basis of which is considered by the West Bengal Electricity Regulatory Commission (Commission) in determining the tariff for the year of the Company. Leasehold land is amortized over the unexpired period of the lease. Additional charge of depreciation for the year on increase in value arising from fair valuation at the transition date, is recouped from Retained Earnings. Leasehold improvement is amortized over the unexpired period of the lease.

Useful Life of Tangible Assets is as follows :

| Particulars | Useful Life of Assets |
|--------------------------|-----------------------|
| Buildings and Structures | 25-50 Years |
| Plant and Equipment | 5-25 Years |
| Distribution System | 25-35 Years |
| Meters | 7-15 Years |
| River Tunnel | 50 Years |
| Furniture and Fixtures | 15 Years |
| Office Equipment | 5-15 Years |
| Vehicles | 5 Years |
| Railway Sidings | 50 Years |

(d) Investment properties

Property that is held for long term rental yields is classified as investment property. Carrying amount as per previous GAAP has been considered as deemed cost as at transition date.

(e) Intangible Assets and amortisation

Intangible assets comprising computer software, brands and mining rights, expected to provide future enduring economic benefits

Notes forming Part of Financial Statements (Contd.)

are stated at cost of acquisition / implementation / development less accumulated amortisation which is as per previous GAAP and considered as deemed cost as on transition date. The present value of the expected cost of restoration of the coal mine is included in its cost. An impairment loss is recognized where applicable, when the carrying value of intangible assets of cash generating unit exceed its fair value or value in use, whichever is higher.

Cost of intangible assets, comprising Computer Software related expenditure, are amortised in three years over its estimated useful life and those relating to brands in twenty years, based on useful life assessed by an independent valuer. Mining rights are also amortised over the estimated useful life of the assets of twenty years based on management's internal assessment.

(f) Lease

A lease is classified as a finance or an operating lease as applicable.

Company as lessee

Finance lease

Finance leases are capitalised at present value of the minimum lease payments at the lease's inception and disclosed as leased property. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability.

A leased asset is depreciated over the useful life of the asset.

Operating lease

Lease payments under operating leases are recognised as an expense on a straight line basis in the Statement of Profit and Loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

Company as lessor

Operating lease

Lease earnings under operating leases are recognised as an income on a straight line basis in the Statement of Profit and Loss over the lease term. The respective leased assets are included in the Balance Sheet based on their nature.

(g) Financial asset

The financial assets are classified in the following categories :

- 1) Financial assets measured at amortised cost.
- 2) Financial assets measured at fair value through profit and loss.
- 3) Equity instruments

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

At initial recognition, the financial assets are measured at their fair value.

Financial assets measured at amortised cost

Assets that are held for collection of contractual cash flows and where those cash flows represent solely payments of principal and interest are measured at amortised cost. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Financial instruments measured at fair value through profit and loss (FVTPL)

Financial instruments included within fair value through profit and loss category are measured initially as well as at each reporting period at fair value plus transaction costs as applicable. Fair value movements are recorded in Statement of Profit and Loss.

Equity instruments

Equity investments in scope of Ind AS 109 are measured at fair value. At initial recognition, the Company make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. Investment in subsidiaries, associates and joint ventures are carried at cost or at deemed cost as considered on the date of transition to

Ind-AS less provision for impairment loss, if any. Investments are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Investments in mutual funds are measured at fair value through profit and loss.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk (refer Note 41).

For trade receivables the simplified approach of expected life time losses has been used from initial recognition of the receivables as required by Ind AS 109 Financial Instruments.

(h) Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest rate method.

Cost of commitment for borrowings of subsidiaries/associates are recognised as a liability at the time such commitment is issued. The liability is initially measured at fair value and subsequently at the amount initially recognised less cumulative amortisation.

(i) Derivatives

The Company uses derivative financial instruments such as forward currency contracts, interest rate swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are recognised at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Gains or losses arising from such fair valuation of derivatives also give rise to regulatory income or expense which is recognised through Statement of Profit and Loss and would be considered in determining the Company's future tariff as per the tariff regulations.

(j) Inventories

Inventories of stores, fuel and traded goods 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 present location and condition.

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.

(k) Foreign Currency Transactions

The Company's financial statements are presented in INR which is also the functional currency of the Company. Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of transactions. Transactions remaining unsettled are translated at the exchange rate prevailing at the end of the financial year. Exchange gain or loss arising on settlement/ translation of monetary items is recognized in the Statement of Profit and Loss.

The outstanding loans repayable in foreign currency are restated at the year-end exchange rate. Exchange gain or loss arising in respect of such restatement also gives rise regulatory income or expense which is recognised as refundable or recoverable, which will be taken into consideration in determining the Company's future tariff in respect of the amount settled duly considering as appropriate, the impact of the derivative contracts entered into for managing risks thereunder.

(l) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and term deposits

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalent includes cash, cheques and draft on hand, balances with banks which are unrestricted for withdrawal/usages and highly liquid financial investments that are readily convertible to known amount of cash which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(m) Revenue from Operations

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue to be earned from sale of electricity is regulated based on parameters set out in tariff regulations issued from time to time.

Notes forming Part of Financial Statements (Contd.)

Earnings from sale of electricity are net of discount for prompt payment of bills and do not include electricity duty collected from consumers and payable to the State Government.

The Company receives contribution from consumers in accordance with the Regulation, that is being used to construct or acquire items of property, plant and equipment in order to connect the consumer to the Company's distribution network. The Company recognises revenue in respect for such contributions so received from consumers in the year they are connected to the distribution network.

Income from meter rent is accounted for as per the approved rates.

(n) Other Income

Income from investments and deposits etc. is accounted for on accrual basis inclusive of related tax deducted at source, wherever applicable. Delayed Payment Surcharge as a general practice is determined and recognised on a receipt of overdue payment from consumer. Interest income arising from financial assets is accounted for using amortised cost method.

(o) Employee Benefits

The Company recognises contributions to provident fund, pension funds on an accrual basis. Provident Fund contributions are made to a fund administered through duly constituted approved independent trust. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and deficiency, if any, is made good by the Company, impact of which is ascertained by way of actuarial valuation as at the year end. The Company, as per its schemes, extends employee benefits current and/or post retirement which are accounted for on accrual basis, and includes actuarial valuation as at the Balance Sheet date in respect of gratuity, leave encashment and certain other retiral benefits, to the extent applicable, done by independent actuary. Actuarial gains and losses, where applicable, are recognised through Other Comprehensive Income. Compensation in respect of voluntary retirement scheme is charged to revenue.

(p) Finance Costs

Finance Costs comprise interest expenses, applicable gain / loss on foreign currency borrowings in appropriate cases and other borrowing costs. Such Finance costs attributable to acquisition and / or construction of qualifying assets are capitalized as a part of cost of such assets up to the date, where such assets are ready for their intended use. The balance Finance Costs is charged off to Statement of Profit and Loss. Finance Costs in case of foreign currency borrowings is accounted for as appropriate, duly considering the impact of the derivative contracts entered into for managing risks thereof. Interest expense arising from financial liabilities is accounted for under effective interest rate method.

(q) Taxes

Current tax represents the amount payable based on computation of tax as per prevailing taxation laws under the Income Tax Act, 1961.

Provision for deferred taxation is made using liability method on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred Tax Assets are recognized subject to the consideration of prudence and are periodically reviewed to reassess realization thereof. Deferred Tax Liability or Asset will give rise to actual tax payable or recoverable at the time of reversal thereof.

Current and Deferred tax relating to items recognised outside profit or loss, that is either in other comprehensive income (OCI) or in equity, is recognised along with the related items.

Since tax on profits forms part of chargeable expenditure under the applicable regulations, deferred tax liability or asset is recoverable or payable through future tariff. Hence, recognition of deferred tax asset or liability is done with corresponding recognition of regulatory liability or asset, as applicable.

(r) Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of the amount cannot be made.

(s) Business combination

Business combination involving entities or businesses under common control are accounted for using the pooling of interest method whereby the assets and liabilities of the combining entities / business are reflected at their carrying value and necessary adjustments, if any, have been given effect to as per the scheme approved by National Company Law Tribunal.

(t) Regulatory deferral account balances

The Company is a rate regulated entity and has elected to adopt Ind AS 114, Regulatory Deferral Accounts. Expenses/Income are recognized as Regulatory Income/Expenses in the Statement of Profit and Loss to the extent recoverable or payable in subsequent periods based on the Company's understanding of the provision of the applicable regulations framed by the West Bengal Electricity Regulatory Commission (WBERC) and/or their pronouncements/orders, with corresponding balances shown in the Balance Sheet as Regulatory Deferral Account balances. Regulatory Deferral Account balances are adjusted from the year in which these crystallise.

NOTE - 2B Summary of significant judgements and assumptions

The preparation of financial statements requires the use of accounting estimates, judgements and assumptions which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

The areas involving critical estimates or judgements are :-

- Estimated useful life of Intangible Assets -Note -2(e)
- Estimated Fair Valuation of certain Investments -Note-7
- Estimation of Regulatory Items - Note -18 & 39
- Estimation of Restoration Liability- Note- 2 (e)
- Impairment of Trade Receivables -Note - 2(g)
- Estimates used in Actuarial Valuation of Employee benefits -Note-35

NOTE - 3 New standards that are not yet effective

The amendments to standards issued but not yet effective up to the date of issuance of the Company's financial statements is disclosed below. The Company intends to adopt this standard, if applicable, when it becomes effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard :

a. Issue of Ind AS 115 Revenue from Contracts with Customers

The Company has evaluated the impact of implementation of Ind AS 115 "Revenue from Contracts with Customers" which is applicable to it w.e.f 1st April 2018 and basis the evaluation done and based on the arrangement that the Company has with its consumers, the implementation of Ind AS 115 does not have any significant impact on the profit or loss of the Company.

b. Amendment to Existing issued Ind AS

The MCA has also carried out amendments of the following accounting standards :

- i. Ind AS 21 - The Effects of Changes in Foreign Exchange Rates
- ii. Ind AS 40 - Investment Property
- iii. Ind AS 12 - Income Taxes
- iv. Ind AS 28 - Investments in Associates and Joint Ventures and
- v. Ind AS 112 - Disclosure of Interests in Other Entities

Application of above amendments does not have significant impact on the Company's financial statement.

Notes forming Part of Financial Statements (Contd.)

NOTE - 4 PROPERTY, PLANT AND EQUIPMENT

₹ in Crore

| PARTICULARS | COST/ DEEMED COST | | | | DEPRECIATION / AMORTISATION | | | | NET BLOCK | | |
|---|----------------------|------------------------|--|---------------------------------|-----------------------------|----------------------|------------------------|--|---------------------------------|------------------------|------------------------|
| | As at 1st April 2017 | Additions/ Adjustments | Add : Adjustment pursuant to Scheme of Arrangement # | Less : Withdrawals/ Adjustments | As at 31st March, 2018 | As at 1st April 2017 | Additions/ Adjustments | Add : Adjustment pursuant to Scheme of Arrangement # | Less : Withdrawals/ Adjustments | As at 31st March, 2018 | As at 31st March, 2017 |
| Land | | | | | | | | | | | |
| Freehold | 2,472.21 | 1.93 | - | - | 2,474.14 | - | - | - | - | 2,474.14 | 2,472.21 |
| Leasehold (refer note below) | 577.39 | 0.23 | - | - | 577.62 | 38.08 | 21.88 | - | - | 517.66 | 539.31 |
| Buildings and Structures * | 676.41 | 23.71 | 9.88 | - | 710.00 | 66.84 | 33.54 | 8.88 | - | 600.74 | 609.57 |
| Plant and Equipment | 5,292.93 | 219.56 | 1.38 | 7.77 | 5,506.10 | 607.07 | 346.76 | 0.74 | 3.94 | 4,555.47 | 4,685.86 |
| Distribution System | 6,316.67 | 436.03 | - | 49.44 | 6,703.26 | 487.19 | 265.37 | - | 43.09 | 5,993.79 | 5,829.48 |
| Meters and Other Apparatus on Consumers' Premises | 299.65 | 35.40 | - | 11.23 | 323.82 | 25.13 | 35.33 | - | 7.88 | 271.24 | 274.52 |
| River Tunnel | 2.78 | - | - | - | 2.78 | 1.10 | 0.55 | - | - | 1.13 | 1.68 |
| Furniture and Fixtures | 21.14 | 3.18 | 3.46 | 0.18 | 27.60 | 2.54 | 1.86 | 2.95 | 0.07 | 20.32 | 18.60 |
| Office Equipment | 86.98 | 5.38 | 1.51 | 0.29 | 93.58 | 15.03 | 8.77 | 1.46 | 0.18 | 68.50 | 71.95 |
| Vehicles | 5.61 | 2.74 | 0.03 | 1.86 | 6.52 | 1.37 | 1.48 | - | 1.50 | 5.17 | 4.24 |
| Railway Sidings | 94.55 | - | - | - | 94.55 | 5.68 | 3.00 | - | - | 85.87 | 88.87 |
| | 15,846.32 | 728.16 | 16.26 | 70.77 | 16,519.97 | 1,250.03 | 718.54 | 14.03 | 56.66 | 14,594.03 | 14,596.29 |
| Previous Year | 15,242.38 | 707.87 | - | 103.93 | 15,846.32 | 609.40 | 706.12 | - | 65.49 | 14,596.29 | |

#Refer Note 52

*includes leasehold improvements

The lease term in respect of land acquired under finance lease ranges from 30 - 99 years which is renewable at the option of lessee or as mutually agreed. Future minimum lease obligation payable on leasehold land during next one year ₹ 0.83 crores (as on 31.03.17: ₹ 0.83 crores) later than one year but not later than five years ₹ 2.64 crore (as on 31.03.17: ₹ 2.64 crores) and later than five years ₹ 3.45 crore (as on 31.03.17: ₹ 3.66 crores).

Notes forming Part of Financial Statements (Contd.)

NOTE - 5 INVESTMENT PROPERTY

₹ in Crore

| PARTICULARS | COST/ DEEMED COST | | | DEPRECIATION / AMORTISATION | | | NET BLOCK | | |
|----------------|-----------------------|------------------------|--------------------------|-----------------------------|----------------------|------------------------|--------------------------|------------------------|------------------------|
| | As at 1st April, 2017 | Additions/ Adjustments | Withdrawals/ Adjustments | As at 31st March, 2018 | As at 1st April 2017 | Additions/ Adjustments | Withdrawals/ Adjustments | As at 31st March, 2018 | As at 31st March, 2017 |
| Land -Freehold | 56.03 | - | - | 56.03 | - | - | - | 56.03 | 56.03 |
| | 56.03 | - | - | 56.03 | - | - | - | 56.03 | 56.03 |
| Previous Year | 56.03 | - | - | 56.03 | - | - | - | 56.03 | |

a. Income earned recognised in Statement of profit and loss ₹ 12.26 crore (previous year : ₹ 12.26 crore)

b. Fair valuation of the above land as per rent capitalisation method (income approach) amounts to ₹ 282 crore(as on 31.03.17 : ₹ 272 crore) as per approved independent valuer and categorised as level 2. The main inputs used in determining the fair valuation of the Investment Property are utility, marketability, self liquidity, future rentals, etc.

c. The lease term in respect of investment property given under Operating Lease is 25 years which can be extended upon the sole discretion of the Company. This lease has been granted to Quest Properties India Limited to construct, develop, operate and maintain a mall during the said lease term and the aforesaid property has been offered as security in respect of financial assistance availed by the said Company. Incentive given by the Company by way of rent free period for development of the Investment Property has been spread across the period of the contract. Future minimum lease rental receivables during next one year ₹ 12.26 crore (as on 31.03.17: ₹ 12.26 crore) later than one year but not later than five years ₹ 49.05 crores) and later than five years ₹ 118.54 crore (as on 31.03.17: ₹ 130.81 crores).

NOTE - 6 INTANGIBLE ASSETS

₹ in Crore

| PARTICULARS | COST | | | AMORTISATION | | | NET BLOCK | | |
|-------------------|-----------------------|------------------------|---|-----------------------|--------------------------|---|---------------------------------|------------------------|------------------------|
| | As at 1st April, 2017 | Additions/ Adjustments | Less : Adjustment pursuant to Scheme of Arrangement # | As at 1st April, 2017 | Additions/ Adjustments * | Less : Adjustment pursuant to Scheme of Arrangement # | Less : Withdrawals/ Adjustments | As at 31st March, 2018 | As at 31st March, 2017 |
| Brand | 105.00 | - | 105.00 | 15.00 | 3.75 | 18.75 | - | - | 90.00 |
| Computer Software | 19.44 | 3.15 | - | 11.19 | 5.61 | - | - | 16.80 | 8.25 |
| Mining Rights | 131.69 | 20.19 | - | 12.65 | 7.74 | - | - | 20.39 | 119.04 |
| | 256.13 | 23.34 | 105.00 | 38.84 | 17.10 | 18.75 | - | 37.19 | 217.29 |
| Previous Year | 243.88 | 12.25 | - | 17.78 | 21.12 | - | 0.06 | 38.84 | 217.29 |

#Refer Note 52

*includes ₹ 3.75 crore (as on 31.03.17 : ₹ 7.50 crore) relating to discontinued operations.

Notes forming Part of Financial Statements (Contd.)

NOTE - 7 NON CURRENT - INVESTMENTS

| | | ₹ in Crore | |
|----------|--|------------------------------|------------------------------|
| | | As at 31st March, 2018 | As at 31st March, 2017 |
| a | Investments in Equity Instruments, unquoted, carried at fair value through other comprehensive income : | | |
| | 3,250 (31.03.2017 : 3,250) Equity Shares of Integrated Coal Mining Limited of ₹ 10 each | 7.56 | - |
| b | Investments in Mutual Funds, quoted, carried at fair value through profit & loss | | |
| | 20,00,000 (31.03.2017 : 20,00,000) units of HDFC CFCC - Debt Plan - Direct Option - 100% Dividend Donation of ₹ 10 each | 2.00 | 2.00 |
| c | Investment in Subsidiary Companies, unquoted, carried at cost | | |
| | Nil (31.03.2017 : 29,67,53,585) Equity Shares of Spencer's Retail Limited of ₹ 10 each # | - | 448.32 |
| | Nil (31.03.2017 : 25,93,10,000) Equity Shares of Quest Properties India Limited of ₹ 10 each # | - | 259.31 |
| | 13,50,000 (31.03.2017 : 13,50,000) Equity Shares of Nalanda Power Company Limited of ₹ 10 each | 1.35 | 1.35 |
| | Nil (31.03.2017 : 2,68,80,50,000) Equity Shares of CESC Infrastructure Limited of ₹ 10 each # | - | 2,697.59 |
| | 2,67,00,000 (31.03.2017 : 2,35,00,000) Equity Shares of Ranchi Power Distribution Company Limited of ₹ 10 each * | - | - |
| | Nil (31.03.2017 : 47,10,28,050) Equity Shares of Spen Liq Private Limited of ₹ 10 each # | - | 471.45 |
| | 50,000 (31.03.2017 : NIL) Equity Shares of CESC Green Power Limited of ₹ 10 each | 0.05 | - |
| | 28,20,615 (31.03.2017 : 28,20,615) Equity Shares of Papu Hydropower Projects Limited of ₹ 10 each * | - | - |
| | 44,17,983 (31.03.2017 : 44,17,983) Equity Shares of Pachi Hydropower Projects Limited of ₹ 10 each* | - | - |
| | 13,55,05,800 (31.03.2017 : 9,42,35,800) Equity Shares of Surya Vidyut Limited of ₹ 10 each | 135.51 | 94.24 |
| | 3,38,50,000 (31.03.2017 : 1,88,50,000) Equity Shares of CESC Projects Limited of ₹ 10 each * | - | - |
| | 1,10,00,000 (31.03.2017 : 1,10,00,000) Equity Shares of Bantal Singapore Pte Limited of USD 1 each | 6.94 | 6.94 |
| | 26,40,80,000 (31.03.2017 : 50,000) Equity Shares of Kota Electricity Distribution Limited (previously Sheesham Commercial Private Limited) of ₹ 10 each | 265.70 | 1.39 |
| | 4,20,50,000 (31.03.2017 : 50,000) Equity Shares of Bikaner Electricity Supply Limited (previously Water Hyacinth Commosale Private Limited) of ₹ 10 each | 43.25 | 0.63 |
| | 2,00,50,000 (31.03.2017 : 50,000) Equity Shares of Bharatpur Electricity Services Limited (previously Wigeon Commotrade Private Limited) of ₹ 10 each | 20.53 | 0.53 |
| | 4,06,99,994 (31.03.2017 : 4,06,99,994) Equity Shares of Crescent Power Limited of ₹ 10 each | 72.31 | 71.85 |
| | 1,20,34,41,049 (31.03.2017 : Nil) Equity Shares of Haldia Energy Limited of ₹ 10 each# | 1,206.44 | - |
| | 2,08,27,68,954 (31.03.2017 : Nil) Equity Shares of Dhariwal Infrastructure Limited of ₹ 10 each#@ | 2,400.24 | - |
| | 10,80,00,000 (31.03.2017 : Nil) Equity Shares of Aou Bon Pain Café Indian Limited of ₹ 10 each#* | - | - |
| d | Investment in Associate, unquoted, carried at cost : | | |
| | 2,97,28,500 (31.03.2017 : 2,97,28,500) Equity Shares of Noida Power Company Limited of ₹ 10 each | 30.63 | 30.63 |
| e | Investment in Joint Venture, unquoted, carried at cost : | | |
| | 24,29,800 (31.03.2017 : 24,29,800) Equity Shares of Mahuagarhi Coal Company Private Limited of ₹ 10 each* | - | - |
| f | Investment in Preference Shares, unquoted, carried at fair value through Profit & Loss | | |
| | 5,00,000 (31.03.2017 : Nil) 0.01% non cumulative compulsorily redeemable Preference shares of face value ₹ 100 each to be issued by RPSG Retail Limited. # | 0.78 | - |
| | | 4,193.29 | 4,086.23 |
| | Investment in quoted investments : | | |
| | Aggregate Book value | 2.00 | 2.00 |
| | Aggregate Market value | 2.00 | 2.00 |
| | Investment in unquoted investments : | | |
| | Aggregate Book value | 4,191.29 | 4,084.23 |
| | Aggregate provision for diminution in value of investments | 29.30 | 11.10 |
| | * Fully impaired | | |
| | # Investment cancelled / acquired pursuant to scheme of arrangement (Refer Note 52) | | |
| | @ Based on valuation carried out by an Independent third party, there is no impairment | | |

Notes forming Part of Financial Statements (Contd.)



| | | ₹ in Crore | |
|------------------|--|------------------------------|------------------------------|
| | | As at 31st March, 2018 | As at 31st March, 2017 |
| NOTE - 8 | NON CURRENT - LOANS | | |
| | Considered good - Unsecured | | |
| a | Security Deposit | 29.62 | 51.34 |
| b | Loan to employees | 2.80 | 2.49 |
| | | 32.42 | 53.83 |
| NOTE - 9 | NON CURRENT - OTHER FINANCIAL ASSETS | | |
| a. | Share application money to subsidiaries | 160.00 | 2,211.44 |
| b. | Others | | |
| | Lease Receivables | 57.25 | 57.09 |
| | Others (refer Note 39) | - | 116.43 |
| | | 217.25 | 2,384.96 |
| NOTE - 10 | OTHER NON CURRENT ASSETS | | |
| a. | Capital Advances | 26.74 | 73.19 |
| b. | Other Advances (includes amount incurred by the company for setting up power projects to be transferred to the specific projects on completion of the same, prepaid expenses etc) | 107.30 | 117.01 |
| | | 134.04 | 190.20 |
| NOTE - 11 | INVENTORIES | | |
| a. | Fuel (includes goods in transit 31.03.2018 : ₹ 71.98 crore; 31.03.17 : ₹ 54.33 crore) | 193.41 | 193.05 |
| b. | Stores and Spares | 190.55 | 185.57 |
| c. | Traded Goods | 3.01 | - |
| | | 386.97 | 378.62 |

Notes forming Part of Financial Statements (Contd.)

NOTE - 12 CURRENT INVESTMENTS

| | ₹ in Crore | |
|--|------------------------------|------------------------------|
| | As at 31st March, 2018 | As at 31st March, 2017 |
| Quoted | | |
| Investments in Mutual Funds carried at fair value through profit and loss | | |
| 45,73,387.7293 units of ₹ 335.0808 each (31.03.2017 : 48,43,348.1579 units of ₹ 312.5737 each) of ICICI Prudential Flexible Income Plan - Dir - Growth | 153.25 | 151.39 |
| Nil units (31.03.2017 : 12,34,243.646 units of ₹ 406.0303 each) of Birla Sun Life Cash Manager - Dir - Growth | - | 50.11 |
| Nil units (31.03.2017 : 3,35,66,769.6047 units of ₹ 28.3595 each) of HDFC Floating Rate Income Fund - Short Term Plan - Direct Plan - Wholesale Option - Growth Option | - | 95.19 |
| Nil units (31.03.2017 : 24,98,272.445 units of ₹ 200.6473 each) of Birla Sun Life Floating Rate Fund - LTP - Dir - Growth | - | 50.13 |
| 1,36,45,878.5353 units of ₹ 37.2022 each (31.03.2017 : 1,44,56,716.5908 units of ₹ 34.6897 each) of Reliance Medium Term Fund - Dir - Growth | 50.77 | 50.15 |
| 37,914.5065 units of ₹ 2,656.9874 each (31.03.2017 : 1,00,960.0778 units of ₹ 2,481.5445 each) of Tata Ultra Short Term Fund - Dir - Growth | 10.07 | 25.05 |
| Nil units (31.03.2017 : 74,53,786.5233 units of ₹ 26.9023 each) of L&T Ultra Short Term Fund - Dir - Growth | - | 20.05 |
| Nil units (31.03.2017 : 73,773.1914 units of ₹ 2,718.0909 each) of UTI Floating Rate Fund - STP - Dir - Growth | - | 20.05 |
| 36,54,823.8192 units of ₹ 27.618 each (31.03.2017 : 77,93,624.8149 units of ₹ 25.7509 each) of LIC MF Savings Plus Fund - Dir - Growth | 10.09 | 20.07 |
| 40,65,586.0338 units of ₹ 24.7968 each (31.03.2017 : 43,31,516.9838 units of ₹ 23.1528 each) of IDFC Ultra Short Term Fund - Dir - Growth | 10.08 | 10.03 |
| 79,06,075.8192 units of ₹ 12.7502 each (31.03.2017 : 75,74,227.4288 units of ₹ 11.9077 each) of DSP BlackRock Low Duration Fund-Direct Plan- Growth (erstwhile DSP BlackRock Ultra Short term Fund-Growth) | 10.08 | 9.02 |
| Nil units (31.03.2017 : 19,41,679.7082 units of ₹ 25.7509 each) of LIC MF Savings Plus Fund - Dir - Growth | - | 5.00 |
| 194,33,668.5873 units of ₹ 52.417 each (31.03.2017 : Nil units) of Aditya Birla Sun Life Banking & PSU Debt Fund-Dir- Growth | 101.87 | - |
| 94,60,066.6934 units of ₹ 21.3326 each (31.03.2017 : Nil units) of DHFL Pramerica Ultra Short Term Fund - Direct Plan -Growth | 20.18 | - |
| 9,50,00,000 units of ₹ 10.0732 each (31.03.2017 : Nil units) of HDFC FMP 92D February 2018 (1) | 95.70 | - |
| 3,00,00,000 units of ₹ 10.065 each (31.03.2017 : Nil units) of ICICI Prudential Fixed Maturity Plan - Series 82 - 103 Days Plan O | 30.20 | - |
| 48,387.4318 units of ₹ 2909.0976 each (31.03.2017 : Nil units) of SBI Magnum Insta Cash Fund - Liquid Floater - Dir - Growth | 14.08 | - |
| | 506.37 | 506.24 |
| Investment in quoted investments : | | |
| Aggregate Book value | 506.37 | 506.24 |
| Aggregate Market value | 506.37 | 506.24 |

Notes forming Part of Financial Statements (Contd.)

| | | ₹ in Crore | |
|------------------|--|------------------------------|------------------------------|
| | | As at 31st March, 2018 | As at 31st March, 2017 |
| NOTE - 13 | TRADE RECEIVABLES | | |
| | a. Considered good - Secured | 597.14 | 581.78 |
| | b. Considered good - Unsecured | 444.67 | 386.85 |
| | c. Credit Impaired | 23.75 | 6.15 |
| | | <u>1,065.56</u> | <u>974.78</u> |
| | Less : Allowances for bad and doubtful debts* | 24.07 | 6.25 |
| | | <u>1,041.49</u> | <u>968.53</u> |
| | *includes adjustment on account of Expected Credit Loss ₹ 0.32 crore (31.03.17 ₹ 0.10 crore) | | |
| NOTE - 14 | CASH AND CASH EQUIVALENT | | |
| | a. Balances with banks | | |
| | – In current accounts | 433.20 | 671.49 |
| | b. Cheques, drafts on hand | 0.93 | 8.98 |
| | c. Cash on hand | 1.55 | 2.34 |
| | | <u>435.68</u> | <u>682.81</u> |
| NOTE - 15 | BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENT | | |
| | Unpaid Dividend Account | 5.11 | 3.85 |
| | – Bank Deposits with original maturity more than 3 months | 281.81 | 237.72 |
| | | <u>286.92</u> | <u>241.57</u> |
| | a. Amount lying in deposit accounts with banks as at 31st March, 2018 includes ₹ 229.50 crore (31.03.2017: ₹ 213.50 crore) appropriated for upto the previous year towards Fund for unforeseen exigencies and interest attributable thereto. | | |
| | b. Bank deposits with original maturity more than 3 months include ₹ 33.00 crore (31.03.2017 : ₹ 86.50 crore) having maturity more than 12 months as on the reporting date. | | |
| NOTE - 16 | OTHER FINANCIAL ASSETS | | |
| | Unsecured, considered good | | |
| | Advances to bodies corporate | 1.88 | 1.84 |
| | Advances to and receivable from Related Parties | 58.46 | 54.71 |
| | Interest accrued on Bank Deposits | 13.30 | 10.99 |
| | MTM gain on derivative financial instruments | 21.15 | 44.52 |
| | Receivable towards claims and services rendered | 2.36 | 34.27 |
| | | <u>97.15</u> | <u>146.33</u> |
| NOTE - 17 | OTHER CURRENT ASSETS | | |
| | Advance for goods and services | 248.24 | 104.23 |
| | Others (Includes prepaid expenses etc) | 14.15 | 10.24 |
| | | <u>262.39</u> | <u>114.47</u> |
| NOTE - 18 | REGULATORY DEFERRAL ACCOUNT BALANCES | | |
| | Regulatory deferral account - debit balances | 3,521.54 | 3,619.97 |
| | Regulatory deferral account - credit balances (Refer note no. 39 for details) | 1,835.99 | 2,192.55 |

Notes forming Part of Financial Statements (Contd.)

| | | ₹ in Crore | |
|------------------|---|------------------------------|------------------------------|
| | | As at 31st March, 2018 | As at 31st March, 2017 |
| NOTE - 19 | EQUITY | | |
| a. | Authorised Share Capital | | |
| | 3,15,60,00,000 (31.03.2017 : 15,00,00,000) Equity Shares of ₹ 10/- each # | 3,156.00 | 150.00 |
| b. | Issued Capital | | |
| | 13,88,57,015 (31.03.2017 : 13,88,57,015) Equity Shares of ₹ 10/- each | 138.86 | 138.86 |
| c. | Subscribed and paid up capital | | |
| | 13,25,57,043 (31.03.2017 : 13,25,57,043) Equity Shares of ₹ 10/- each | 132.56 | 132.56 |
| d. | Forfeited Shares (amount originally paid up) | 0.66 | 0.66 |
| | | 133.22 | 133.22 |

Adjustment pursuant to Scheme of Arrangement (Refer Note 52)

e. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | |
|--|------------------------|---------------------|------------------------|---------------------|
| | No. of shares | Amount (₹ Crore) | No. of shares | Amount (₹ Crore) |
| At the beginning of the reporting period | 13,25,57,043 | 132.56 | 13,25,57,043 | 132.56 |
| Add : Change during the year | - | - | - | - |
| At the end of the reporting period | 13,25,57,043 | 132.56 | 13,25,57,043 | 132.56 |

For the period of five years immediately preceding 31st March, 2018, no share was : - (i) allotted as fully paid up pursuant to any contract without consideration being received in cash, (ii) allotted as fully paid up by way of bonus shares and (iii) bought back.

f. Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share fully paid up. Holders of equity shares are entitled to one vote per share. An Interim dividend of ₹ 12/- per equity share has been paid during the year ended 31st March 2018. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the sale proceeds from 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.

g. Details of shareholders holding more than 5% shares in the company

| Name of Shareholder | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|------------------------|--------------|------------------------|--------------|
| | No. of shares | % of holding | No. of shares | % of holding |
| Rainbow Investments Limited [refer note 42 (A)] | 5,87,96,632 | 44 | 5,87,96,632 | 44 |
| HDFC Trustee Company Limited | 1,19,30,021 | 9 | 1,19,30,021 | 9 |
| ICICI Asset Management Company Limited | - | - | 97,11,354 | 7 |

Notes forming Part of Financial Statements (Contd.)

| | | ₹ in Crore | |
|------------------|--|------------------------------|------------------------------|
| | | As at 31st March, 2018 | As at 31st March, 2017 |
| NOTE - 20 | OTHER EQUITY | | |
| A. | a. Capital Redemption Reserve | – | 20.13 |
| | b. Others | | |
| | Securities Premium Account | – | 1,738.03 |
| | Fund for unforeseen exigencies | 244.17 | 228.24 |
| | Retained Earnings | 9,062.75 | 11,204.13 |
| | FVTOCI Reserve | 7.55 | – |
| | | 9,314.47 | 13,190.53 |
| B. | a. Capital Redemption Reserve | | |
| | As at beginning of the year | 20.13 | 20.13 |
| | Adjustment pursuant to Scheme of Arrangement (Refer Note 52) | (20.13) | – |
| | As at end of the year | – | 20.13 |
| | b. Others | | |
| | i) Securities Premium Account | | |
| | As at beginning of the year | 1,738.03 | 1,738.03 |
| | Adjustment pursuant to Scheme of Arrangement (Refer Note 52) | (1,738.03) | – |
| | As at end of the year | – | 1,738.03 |
| | ii) Fund for unforeseen exigencies | | |
| | At the beginning of the year | 228.24 | 212.08 |
| | Add : Transfer during the year from Surplus | 15.93 | 16.16 |
| | As at end of the year | 244.17 | 228.24 |
| | iii) Retained Earnings | | |
| | Surplus at the beginning of the year | 11,204.13 | 10,897.59 |
| | Adjustment pursuant to Scheme of Arrangement (Refer Note 52) | (2,467.94) | – |
| | Add : Profit for the year | 861.71 | 862.86 |
| | Less: Transfer to fund for unforeseen exigencies | 15.93 | 16.16 |
| | Less : Withdrawal on account of depreciation / amortisation of surplus on fair valuation (refer note 50) | 306.25 | 318.41 |
| | Less : Withdrawal of the residual surplus on fair valuation consequent to sale/disposal of assets (refer note 50) | 5.18 | 23.09 |
| | Less: Dividend | 159.07 | 132.56 |
| | Less: Dividend distribution tax on above | 32.38 | 26.99 |
| | Less: Items that will not be reclassified to profit or loss | | |
| | Remeasurement of defined benefit plan (Net of tax) | 16.34 | 39.11 |
| | | 9,062.75 | 11,204.13 |
| | iv) Fair Value through Other Comprehensive Income (FVTOCI) Reserve | | |
| | At the beginning of the year | – | – |
| | Add : Items that will not be reclassified to profit or loss | | |
| | Gain on fair value of Investment | 7.55 | – |
| | | 9,314.47 | 13,190.53 |

C. Nature and purpose of other reserves

Capital Redemption Reserve has been created on redemption of Redeemable Preference shares in the earlier years. Securities Premium Account is used to record the premium on issue of shares. Fund for unforeseen exigencies has been created for dealing with unforeseen exigencies and the amount transferred during the year will be invested as per the applicable regulations. Retained Earnings represents profit earned by the Company, net of appropriations till date and adjustments done on transition to Ind AS. FVTOCI reserve represents the cumulative gains and losses arising on fair valuation of equity instruments measured at fair value through other comprehensive income.

Notes forming Part of Financial Statements (Contd.)

| | | ₹ in Crore | |
|------------------|--|------------------------------|------------------------------|
| | | As at 31st March, 2018 | As at 31st March, 2017 |
| NOTE - 21 | NON CURRENT - BORROWINGS | | |
| a. | Secured | | |
| | Term Loans | | |
| | (1) Rupee Loans from Banks | 3,716.54 | 3,410.07 |
| | (2) Foreign Currency Loans from Banks | 539.98 | 740.22 |
| | | <u>4,256.52</u> | <u>4,150.29</u> |
| b. | Unsecured | | |
| | Term Loans | | |
| | Rupee Loans from Banks | 410.00 | 400.00 |
| | | <u>4,666.52</u> | <u>4,550.29</u> |
| | Less : Current maturities of long term borrowings transferred to Other Current Financial Liabilities (refer note 28) | 986.54 | 762.09 |
| | Less : Unamortised front end fees | 12.49 | 15.96 |
| | | <u>3,667.49</u> | <u>3,772.24</u> |

c. Nature of Security :

Out of the Term Loans in (a) above, loans amounting to :

- (a) ₹ 4053.08 crore (31.03.2017- ₹ 3825.60 crore) are secured, ranking pari passu inter se, by equitable mortgage/hypothecation of the fixed assets of the Company including its land, buildings and any other constructions thereon, plant and machinery, etc. (refer note 4) as a first charge and, as a second charge, by hypothecation of the Company's current assets comprising stock of stores, coal (refer note 11) and other consumables, book debts, monies receivable (refer note 13) and bank balances (refer note 14). However, creation of the said mortgage security in respect of one Rupee Loan (31.03.2017 - five Rupee Loans) aggregating ₹ 30.00 crore (31.03.2017- ₹ 633.13 crore) is in process and
- (b) ₹ 203.44 crore (31.03.2017- ₹ 324.69 crore) are secured, ranking pari passu inter se, by hypothecation of the movable fixed assets and current assets of the Company by way of a charge subservient to the charge of the first and second charge holders on the said assets.

Notes forming Part of Financial Statements (Contd.)

d. Major terms of repayment of Non Current Borrowings :

₹ in Crore

| Maturity Profile of Long Term Borrowings outstanding as at 31st March 2018 | Rupee Term Loan from Banks | Foreign Currency Loans | Total | Current Maturities |
|--|----------------------------|------------------------|-----------------|--------------------|
| Loans with residual maturity of upto 1 year | 223.44 | 16.40 | 239.84 | 239.84 |
| Loans with residual maturity between 1 and 3 years | 767.46 | 408.78 | 1,176.24 | 266.19 |
| Loans with residual maturity between 3 and 5 years | 793.50 | 114.80 | 908.30 | 213.75 |
| Loans with residual maturity between 5 and 10 years | 2,042.14 | – | 2,042.14 | 251.76 |
| Loans with residual maturity beyond 10 years | 300.00 | – | 300.00 | 15.00 |
| Total | 4,126.54 | 539.98 | 4,666.52 | 986.54 |

Interest rates on Rupee Term Loans from Banks and Financial Institutions are based on spread over respective Lenders' benchmark rate and that of Foreign Currency Loans are based on spread over LIBOR.
All of the above are repayable in periodic instalments over the maturity period of the respective loans.

| Maturity Profile of Long Term Borrowings outstanding as at 31st March 2017 | Rupee Term Loan from Banks | Foreign Currency Loans | Total | Current Maturities |
|--|----------------------------|------------------------|-----------------|--------------------|
| Loans with residual maturity of upto 1 year | 9.69 | 22.86 | 32.55 | 32.55 |
| Loans with residual maturity between 1 and 3 years | 1,115.84 | 570.44 | 1,686.28 | 362.00 |
| Loans with residual maturity between 3 and 5 years | 591.26 | 146.92 | 738.18 | 113.65 |
| Loans with residual maturity between 5 and 10 years | 1,677.37 | – | 1,677.37 | 223.49 |
| Loans with residual maturity beyond 10 years | 415.91 | – | 415.91 | 30.40 |
| Total | 3,810.07 | 740.22 | 4,550.29 | 762.09 |

Interest rates on Rupee Term Loans from Banks and Financial Institutions are based on spread over respective Lenders' benchmark rate and that of Foreign Currency Loans are based on spread over LIBOR.
All of the above are repayable in periodic instalments over the maturity period of the respective loans.

NOTE - 22 NON CURRENT - OTHER FINANCIAL LIABILITIES

₹ in Crore

| | As at 31st March, 2018 | As at 31st March, 2017 |
|------------------|------------------------|------------------------|
| Lease obligation | 6.41 | 6.58 |
| | 6.41 | 6.58 |

NOTE - 23 NON CURRENT - PROVISIONS

| | | | |
|---|---------------------------------|---------------|---------------|
| a | Provision for employee benefits | 256.21 | 227.35 |
| b | Restoration liabilities | 30.42 | 7.55 |
| | | 286.63 | 234.90 |

Reconciliation of movement in Restoration Liability

| | | |
|---|--------------|-------------|
| Opening balance | 7.55 | 6.86 |
| Add: Adjustment during the year | 22.83 | 0.69 |
| Add: Adjustment pursuant to Scheme of Arrangement (refer note 52) | 0.04 | – |
| Closing balance | 30.42 | 7.55 |

The Company has recognised present value of restoration liability of mine land at Sarisatolli Coal Mine based on applicable Guidelines on Mine Closure Plan included in the cost of Mining Rights.

NOTE - 24 DEFERRED TAX LIABILITY (NET)

| | | |
|---|-----------------|-----------------|
| Deferred Tax Liabilities | 3,546.61 | 3,599.50 |
| Deferred Tax Assets | (59.40) | (44.74) |
| Total Deferred Tax Liabilities (net) (refer note 44 for further details) | 3,487.21 | 3,554.76 |

Notes forming Part of Financial Statements (Contd.)

| | | ₹ in Crore | |
|------------------|---|------------------------------|------------------------------|
| | | As at 31st March, 2018 | As at 31st March, 2017 |
| NOTE - 25 | OTHER NON CURRENT LIABILITIES | | |
| | Advance from consumers | 140.24 | 28.87 |
| | Financial guarantee obligations | 6.08 | 7.00 |
| | Others | 19.38 | 19.38 |
| | | 165.70 | 55.25 |
| NOTE - 26 | CURRENT - BORROWINGS | | |
| a. | Secured | | |
| | Loans repayable on demand | | |
| | Overdraft from banks | 692.93 | 735.13 |
| b. | Unsecured | | |
| | Short term loan from banks | - | 100.00 |
| | Commercial Paper [including from banks 31.03.2018 : ₹ Nil, 31.03.2017 : ₹ 100 crore] | 600.00 | 600.00 |
| | | 1,292.93 | 1,435.13 |
| c. | Nature of Security | | |
| | Overdraft facilities from bank in (a) above are secured, ranking pari passu inter se, by hypothecation of the Company's current assets comprising stock of stores, coal and other consumables (refer note 11), book debts, monies receivable (refer note 13) and bank balances (refer note 14) as a first charge and, as a second charge, by equitable mortgage / hypothecation of fixed assets of the Company including its land, buildings and any other construction thereon, where exists plant and machinery etc (refer note 4). | | |
| NOTE - 27 | CURRENT - TRADE PAYABLES | | |
| | ₹ 0.08 crore (31.3.2017- ₹ Nil), ₹ Nil (31.03.2017 - ₹ Nil), ₹ 0.52 crore (31.03.2017- ₹ 0.11 crore) and ₹ 1.39 crore (31.03.2017- ₹ 0.87 crore), ₹ Nil (31.03.2017 - ₹ Nil) representing interest due on amount outstanding as at the year end, interest paid along with amount of payment made beyond the appointed day, interest due and payable for the period of delay in making payment during the year, amount of interest accrued and remaining unpaid at the year end, amount of further interest remaining due and payable in the succeeding years, respectively due to Micro and Small Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006 on information available with the Company. | | |
| NOTE - 28 | OTHER FINANCIAL LIABILITIES | | |
| a. | Current maturities of long-term debt | 986.54 | 762.09 |
| b. | Interest accrued | 10.65 | 12.02 |
| c. | Unclaimed dividends | 5.11 | 3.85 |
| d. | Others (refer note e) | 2,118.51 | 552.31 |
| | | 3,120.81 | 1,330.27 |
| e. | Others include current portion of consumer security deposit (including accrued interest thereon), employee related liability, liabilities on capital account, liabilities towards contractual obligations and ₹ 1492.00 crore payable to Haldia Energy Limited including ₹ 575.00 crore towards transfer of shares etc. | | |
| NOTE - 29 | OTHER CURRENT LIABILITIES | | |
| a. | Receipt from consumers for capital jobs | 124.20 | 108.37 |
| b. | Liability towards statutory taxes, duties etc. | 383.13 | 329.85 |
| c. | Advances received from Consumers | 30.29 | - |
| | | 537.62 | 438.22 |
| NOTE - 30 | CURRENT PROVISIONS | | |
| a. | Provision for employee benefits | 84.17 | 70.59 |
| b. | Provision for claims on lease property (refer note 52) | 0.22 | - |
| | | 84.39 | 70.59 |

Notes forming Part of Financial Statements (Contd.)

NOTE - 31 CONTINGENT LIABILITIES AND COMMITMENTS

- a. Claims against the Company not acknowledged as debts :
The West Bengal Taxation Tribunal had held meter rentals received by the Company from consumers to be deemed sales under the provisions of the Bengal Finance (Sales Tax) Act, 1941 and that sales tax was payable on such rentals. Based on such findings the Commercial Taxes Directorate assessed ₹ 0.69 crore as sales tax on meter rentals received during the year ended 31st March, 1993 and raised a demand of ₹ 0.36 crore on account of interest. Against the above demand, the Company had deposited a sum of ₹ 0.75 crore with the sales tax authorities and obtained a stay against the balance demand from the Deputy Commissioner of Commercial Taxes. The sales tax authorities also indicated their intention to levy such sales tax on meter rentals for the subsequent years as well, against which, the Company filed a writ petition in the Calcutta High Court and prayed for an interim order, inter alia, restraining the sales tax authorities from proceeding with the assessment for the subsequent years till disposal of the appeal. An interim order has been issued by the High Court permitting the sales tax authorities to carry out assessments but restraining them from serving any assessment order on the Company. The disposal of the case is still pending.
- b. Commitments of the Company on account of estimated amount of contracts remaining to be executed on capital account and the same (letter of comfort) towards borrowing / financing obligations of subsidiaries from banks, not provided for amount to ₹ 75.27 crore (31.03.2017 : ₹151.18 crore), ₹ 1497.55 crore (31.03.2017 : ₹1550.05 crore) respectively (refer note 42 for details).
- c. The Ministry of Coal had encashed the bank guarantee of the Company amounting to ₹ 66.15 crore in April 2018, in terms of its letter dated 25.04.2018, alleging non-compliance with the mining plan for the years 2015-16 and 2016-17 as per the CMDPA. Further, in terms of the above letter, the Ministry had directed the Company to top-up the bank guarantee with the aforesaid encashed amount. The Hon'ble High Court of Delhi while disposing of the petition filed by the Company against the Ministry's letter dated 25.04.2018, stayed the operation of this letter and further directed the Company to approach the Tribunal. Company has accordingly filed a petition before the Special Tribunal at Godda, Jharkhand challenging the letter dated 25.04.2018 and further seeking refund of the encashed amount. Based on a legal opinion, the Company expects a favourable outcome in the matter, and no provision has been considered necessary in the books of account.
- d. The Company has given bank guarantee of ₹ 222.76 crore (31.03.2017 : ₹ 325.41 crore) for procurement of coal, etc. which is outstanding as on the reporting date.
- e. The Company has ongoing commitment to extend support and provide equity to the subsidiaries, in respect of various projects and otherwise (where, in certain cases there are restriction on transfer of investments). The future cash outflow in respect of above cannot be ascertained at this stage.
- f. Commitment relating to leasing arrangement, refer note 4 and 47.

NOTE - 32 REVENUE FROM OPERATIONS

| | 2017-18 | 2016-17 |
|--------------------------------------|-----------------|-----------------|
| a. Earnings from sale of electricity | 7,595.12 | 6,979.69 |
| b. Other Operating Revenue | | |
| Meter Rent | 50.02 | 48.74 |
| Contributions from Consumers | 116.15 | 130.21 |
| Earnings from sale of traded goods | 13.09 | - |
| Others | 11.46 | 61.43 |
| | 7,785.84 | 7,220.07 |

- c. Earnings from sale of electricity are determined in accordance with the relevant orders of the Commission, to the extent applicable. The said earnings are also net of discount for prompt payment of bills allowed to consumers on a net basis from month to month amounting to ₹ 87.85 crore (previous year : ₹ 82.86 crore). In accordance with Appendix C of Ind AS 18, contribution received from consumers for the acquisition or construction of property, plant and equipment has been recognised as revenue when the service is performed.

NOTE - 33 OTHER INCOME

| | 2017-18 | 2016-17 |
|--|---------------|---------------|
| a. Interest Income | 17.58 | 29.73 |
| b. Dividend Income | 7.49 | - |
| c. Gain on sale/ fair valuation of current investments (net) | 50.46 | 44.12 |
| d. Profit on sale of property, plant and equipment (net) | 1.53 | - |
| e. Unwinding of interest on security deposit | 1.84 | 0.52 |
| f. Income from financial assets at amortised cost | 2.72 | 2.14 |
| g. Other Non -operating Income * | 86.32 | 60.04 |
| | 167.94 | 136.55 |

*includes Delayed payment surcharge, Usance fee, liabilities written back, etc.

Notes forming Part of Financial Statements (Contd.)

NOTE - 34 COST OF FUEL

- a Cost of Fuel includes freight ₹ 296.12 crore (previous year : ₹ 262.07 crore)
b Cost of Fuel includes gain of NIL (previous year: gain of ₹ 0.59 crore) due to exchange fluctuations.
c Consumption of fuel :

| Particulars | UOM | 2017-18 | 2016-17 |
|-------------------------|------------|-----------|-----------|
| (a) Consumption of coal | | | |
| Quantity | Tonnes | 38,22,213 | 36,46,133 |
| Value | ₹ in crore | 1389.89 | 1346.32 |
| (b) Consumption of oil | | | |
| Quantity | Kilolitres | 2,555.76 | 2687.09 |
| Value | ₹ in crore | 11.76 | 12.42 |

₹ in Crore

2017-18 **2016-17**

NOTE - 35 EMPLOYEE BENEFITS EXPENSE

| | | | |
|---|--|-----------------|---------------|
| a | Salaries, wages and bonus | 866.54 | 821.25 |
| b | Contribution to provident and other funds | 127.30 | 105.96 |
| c | Employees' welfare expenses | 45.62 | 45.28 |
| | | <u>1,039.46</u> | <u>972.49</u> |
| | Less : Transfer to PPE / CWIP etc. | 158.95 | 142.96 |
| | | <u>880.51</u> | <u>829.53</u> |
| | Less : Transfer to Other Comprehensive Income* | 20.84 | 49.73 |
| | | <u>859.67</u> | <u>779.80</u> |

*As per Ind AS 19, Actuarial gain or loss on post retirement defined benefit Plan has been recognised in Other Comprehensive Income.

(i) Defined contribution plans

The Company makes contributions for provident fund and family pension schemes (including for superannuation) towards retirement benefit plans for eligible employees. Under the said plan, the Company is required to contribute a specified percentage of the employees' salaries to fund the benefits. The fund has the form of trust and is governed by the Board of Trustees. During the year, based on applicable rates, the Company has contributed ₹ 56.76 crore (previous year : ₹ 57.00 crore) on this count in the Statement of Profit and Loss.

The Company also sponsors the Gratuity plan, which is governed by the Payment of Gratuity Act, 1972. The Company makes annual contribution to independent trust, who in turn, invests in the Employees Group Gratuity Scheme of eligible agencies for qualifying employees.

Liabilities at the year end for gratuity, leave encashment and other retiral benefits including post-retirement medical benefits have been determined on the basis of actuarial valuation carried out by an independent actuary, based on the method prescribed in IND AS 19 - "Employee Benefits" of the The Companies (Indian Accounting Standards) Rules, 2015.

Notes forming Part of Financial Statements (Contd.)

₹ in Crore

(ii) The amounts recognised in the balance sheet and the movements in the total defined benefit obligation over the year are as follows :

| Gratuity (Funded) | 2017-18 | | | 2016-17 | | |
|--|-----------------------------|---------------------------|--------------|-----------------------------|---------------------------|--------------|
| | Present value of obligation | Fair value of plan assets | Total amount | Present value of obligation | Fair value of plan assets | Total amount |
| Opening Balance | 370.88 | (323.04) | 47.84 | 321.76 | (280.48) | 41.28 |
| Current service cost | 19.03 | – | 19.03 | 18.24 | – | 18.24 |
| Interest expense/(income) | 25.14 | (23.19) | 1.95 | 23.78 | (20.72) | 3.06 |
| Past Service Cost | 38.44 | – | 38.44 | – | – | – |
| Less: Amount recognised in statement of profit and loss-Discontinued operations | 3.79 | – | 3.79 | – | – | – |
| Total amount recognised in profit and loss-Continuing operations | 78.82 | (23.19) | 55.63 | 42.02 | (20.72) | 21.30 |
| <i>Remeasurements</i> | | | | | | |
| Return on plan assets, excluding amounts included in interest expense/(income) | – | (1.60) | (1.60) | – | (6.40) | (6.40) |
| (Gain)/loss from change in financial assumptions | 17.74 | – | 17.74 | 19.17 | – | 19.17 |
| Experience (gains)/losses | (11.21) | – | (11.21) | 14.88 | – | 14.88 |
| Total amount recognised in other comprehensive income - Continuing Operations | 6.53 | (1.60) | 4.93 | 34.05 | (6.40) | 27.65 |
| Employer contributions | – | (49.38) | (49.38) | – | (42.39) | (42.39) |
| Benefit payments | (39.20) | 39.20 | – | (26.95) | 26.95 | – |
| Closing Balance | 417.03 | (358.01) | 59.02 | 370.88 | (323.04) | 47.84 |

| Leave Obligation (Unfunded) | 2017-18 | 2016-17 |
|--|-----------------------------|-----------------------------|
| | Present value of obligation | Present value of obligation |
| Opening Balance | 141.41 | 117.83 |
| Current service cost | 8.34 | 8.80 |
| Interest expense/(income) | 9.55 | 9.13 |
| <i>Remeasurements</i> | | |
| (Gain)/loss from change in financial assumptions | 11.06 | – |
| Experience (gains)/losses | (11.50) | – |
| Less: Amount recognised in statement of profit and loss-Discontinued operations | 1.86 | – |
| Total amount recognised in profit and loss-Continuing operations | 15.59 | 17.93 |
| (Gain)/loss from change in financial assumptions | – | 6.48 |
| Experience (gains)/losses | – | 7.01 |
| Total amount recognised in other comprehensive Income - Continuing operations | – | 13.49 |
| Benefit payments | (11.95) | (7.84) |
| Closing Balance | 145.05 | 141.41 |

Notes forming Part of Financial Statements (Contd.)

₹ in Crore

| | Post retirement medical benefit | | Pension | |
|--|---------------------------------|---------|---------------|---------|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| Opening balance | 64.67 | 50.49 | 44.02 | 31.27 |
| Current service cost | 2.32 | 2.89 | 0.25 | 0.25 |
| Interest expense/(income) | 4.45 | 3.91 | 3.12 | 2.42 |
| Past Service Cost | – | 6.04 | 11.65 | 10.13 |
| Less: Amount recognised in statement of profit and loss-Discontinued operations | 0.86 | – | 0.19 | – |
| Total amount recognised in profit and loss-Continuing operations | 5.91 | 12.84 | 14.83 | 12.80 |
| <i>Remeasurements</i> | | | | |
| (Gain)/loss from change in financial assumptions | (4.42) | 4.75 | (4.96) | 1.97 |
| Experience (gains)/losses | 14.83 | (1.26) | 10.41 | 3.13 |
| Total amount recognised in other comprehensive income - Continuing operations | 10.41 | 3.49 | 5.45 | 5.10 |
| Benefit payments | (3.13) | (2.15) | (5.85) | (5.15) |
| Closing Balance | 77.86 | 64.67 | 58.45 | 44.02 |

No additional liability has been recognised as interest rate announced by PF trust is higher than the statutory rate announced by Employee Provident Fund Organization.

Expected remaining life for PF interest guarantee was 7.63 years in 2017-18 against 7.79 years in 2016-17

(iii) **The expected maturity analysis of undiscounted gratuity, leave, post-employment medical benefits & pension is as follows :**

| | 1st year | Between 2-5 years | Between 6-10 years | More than 10 years | Total |
|---------------------------------------|--------------|-------------------|--------------------|--------------------|-----------------|
| 31-Mar-18 | | | | | |
| Defined benefit obligation (gratuity) | 61.56 | 194.65 | 207.24 | 238.41 | 701.86 |
| Leave obligation | 17.53 | 57.40 | 62.70 | 157.15 | 294.78 |
| Post-employment medical benefits | 2.73 | 15.74 | 28.33 | 229.54 | 276.34 |
| Pension | 6.57 | 30.75 | 34.08 | 68.32 | 139.72 |
| Total | 88.39 | 298.54 | 332.35 | 693.42 | 1,412.70 |
| 31-Mar-17 | | | | | |
| Defined benefit obligation (gratuity) | 46.78 | 171.10 | 170.54 | 223.44 | 611.86 |
| Leave obligation | 14.50 | 55.83 | 65.24 | 136.01 | 271.58 |
| Post-employment medical benefits | 2.24 | 13.54 | 25.57 | 190.91 | 232.26 |
| Pension | 6.07 | 28.64 | 32.11 | 60.50 | 127.32 |
| Total | 69.59 | 269.11 | 293.46 | 610.86 | 1,243.02 |

Notes forming Part of Financial Statements (Contd.)

₹ in Crore

(iv) **Sensitivity Analysis**

| | Gratuity | | Post-employment medical benefits | | Leave Obligation | | Pension | | Interest rate guarantee on provident fund | |
|--|-----------|-----------|----------------------------------|-----------|------------------|-----------|-----------|-----------|---|-----------|
| | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 |
| DBO at 31st March with discount rate +1% | 394.65 | 349.90 | 70.29 | 57.61 | 135.20 | 131.65 | 54.69 | 41.05 | - | - |
| Corresponding service cost | 8.72 | 15.62 | 1.01 | 2.12 | 3.93 | 7.25 | 0.12 | 0.22 | - | - |
| DBO at 31st March with discount rate -1% | 441.95 | 394.33 | 87.14 | 73.45 | 156.22 | 152.54 | 62.68 | 47.38 | - | - |
| Corresponding service cost | 10.12 | 18.23 | 1.55 | 3.33 | 4.81 | 8.87 | 0.12 | 0.28 | - | - |
| DBO at 31st March with +1% salary/benefit escalation | 432.68 | 388.58 | 85.50 | 68.88 | 159.27 | 155.84 | - | - | - | - |
| Corresponding service cost | 9.83 | 17.95 | 1.57 | 3.05 | 4.94 | 9.08 | - | - | - | - |
| DBO at 31st March with -1% salary/benefit escalation | 397.27 | 351.82 | 71.48 | 60.88 | 132.95 | 128.80 | - | - | - | - |
| Corresponding service cost | 8.81 | 15.69 | 1.04 | 2.35 | 3.84 | 7.08 | - | - | - | - |
| DBO at 31st March with +50% withdrawal rate | 417.56 | 371.42 | 77.38 | 64.27 | 145.35 | 141.61 | - | - | - | - |
| Corresponding service cost | 9.56 | 16.87 | 1.22 | 2.58 | 4.35 | 8.02 | - | - | - | - |
| DBO at 31st March with -50% withdrawal rate | 416.51 | 370.32 | 78.38 | 65.10 | 144.65 | 141.20 | - | - | - | - |
| Corresponding service cost | 9.50 | 16.79 | 1.26 | 2.94 | 4.32 | 7.97 | - | - | - | - |
| DBO at 31st March with +10% mortality rate | 417.32 | 371.20 | 76.46 | 63.55 | 145.22 | 141.51 | 56.75 | 42.69 | - | - |
| Corresponding service cost | 9.54 | 16.85 | 1.21 | 2.58 | 4.34 | 8.00 | 0.12 | 0.24 | - | - |
| DBO at 31st March with -10% mortality rate | 416.75 | 370.54 | 79.40 | 65.90 | 144.78 | 141.31 | 60.27 | 45.46 | - | - |
| Corresponding service cost | 9.51 | 16.81 | 1.27 | 2.95 | 4.33 | 7.99 | 0.12 | 0.25 | - | - |
| Int guarantee Liability 31st March with discount rate +1% | - | - | - | - | - | - | - | - | 2.77 | - |
| Int guarantee Liability 31st March with discount rate -1% | - | - | - | - | - | - | - | - | 2.97 | 42.72 |
| Int guarantee Liability 31st March with EPFO rate +0.5% | - | - | - | - | - | - | - | - | 39.76 | 19.47 |
| Int guarantee Liability 31st March with portfolio rate -0.5% | - | - | - | - | - | - | - | - | 19.88 | 19.47 |

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(v) **Major categories of total plan assets**

| | 31-Mar-18 | 31-Mar-17 |
|---------------------------------|-----------|-----------|
| Gratuity | | |
| Cash & cash equivalents | 358.01 | 323.04 |
| thereof non-quoted market price | 358.01 | 323.04 |

Notes forming Part of Financial Statements (Contd.)

(vi) Actuarial assumptions

| 31-Mar-18 | | | | | |
|--------------------------------|---|---|--|--|--|
| Particulars | Gratuity | Leave obligation | Medical | Pension | Interest guarantee |
| Discount rate current year (%) | 7.60% | 7.60% | 7.60% | 7.60% | 7.60% |
| Mortality rate | Indian Assured Lives Mortality (2006-08) ultimate | Indian Assured Lives Mortality (2006-08) ultimate | Before Separation-Indian Assured Lives Mortality (2006-08) ultimate & After separation-from service : LIC (1996-98) Ultimate rated down by 5 years | Before Separation-Indian Assured Lives Mortality (2006-08) ultimate & After separation-from service : LIC (1996-98) Ultimate rated down by 5 years | Before Separation-Indian Assured Lives Mortality (2006-08) ultimate & After separation-from service : LIC (1996-98) Ultimate rated down by 5 years |

| 31-Mar-17 | | | | | |
|--------------------------------|---|---|--|--|---|
| Particulars | Gratuity | Leave obligation | Medical | Pension | Interest guarantee |
| Discount rate current year (%) | 7.10% | 7.10% | 7.10% | 7.10% | 7.10% |
| Mortality rate | Indian Assured Lives Mortality (2006-08) ultimate | Indian Assured Lives Mortality (2006-08) ultimate | Before Separation-Indian Assured Lives Mortality (2006-08) ultimate & After separation-from service : LIC (1996-98) Ultimate rated down by 5 years | Before Separation-Indian Assured Lives Mortality (2006-08) ultimate & After separation-from service : LIC (1996-98) Ultimate rated down by 5 years | Indian Assured Lives Mortality (2006-08) ultimate |

| Expected Remaining Life | 2017-18 | 2016-17 |
|-------------------------|---------|---------|
| Employees Gratuity Fund | 11.30 | 7.55 |
| Executive Gratuity Fund | 6.72 | 6.77 |
| Leave Encashment | 8.84 | 7.63 |
| PRMB - Non Cov | 12.00 | 10.33 |
| PRMB - Cov | 13.67 | 13.78 |
| Pension | 16.26 | 12.76 |

Expected contributions to be paid for next year for gratuity for 2017-18 - ₹ 94.12 cr (2016-17-₹ 69.85 cr.)

Expected contributions to be paid for next year for leave obligation, medical & pension is nil.

Notes forming Part of Financial Statements (Contd.)

(vii) **Plan assets consist of funds maintained with LIC, ICICI Prudential, Birla Sun Life and HDFC Standard Life.**

| | 2017-18 | 2016-17 |
|--------------------------------------|---------|---------|
| Actual return on plan assets (₹ cr.) | 24.79 | 27.11 |

(viii) **Risk exposure**

The Plans in India is typically expose the Company to some risks, the most significant of which are detailed below :

Discount Rate risk : Decrease in discount rate will increase the value of the liability. However, this will partially offset by the increase in the value of plan assets.

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.

Future Salary Increase Risk : In case of gratuity & leave the scheme cost is 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. But PRMB & pension are not dependant on future salary levels.

Regulatory Risk : New Act/Regulations may come up in future which could increase the liability significantly in case of Leave obligation, PRMB & Pension. Gratuity Benefit must comply with the requirements of the Payment of Gratuity Act, 1972 (as amended up-to-date). Also in case of interest rate guarantee Exempt Provident Fund must comply with the requirements of the Employees Provident Funds and Miscellaneous Provisions Act 1952 as amended up-to-date.

NOTE - 36 FINANCE COSTS

| | ₹ in Crore | |
|--------------------------------|---------------|---------------|
| | 2017-18 | 2016-17 |
| a) Interest expense | 490.42 | 457.46 |
| b) Other Borrowing Costs | 8.83 | 5.80 |
| | 499.25 | 463.26 |
| Less : Allocated to PPE / CWIP | 15.35 | 15.46 |
| | 483.90 | 447.80 |

Weighted average capitalisation rate used is 8.11 % (previous year 7.77%)

Under Ind AS, transaction costs incurred towards origination of borrowings are amortised over the tenure of the loan as part of interest expense using the effective interest rate method.

NOTE - 37 DEPRECIATION AND AMORTISATION EXPENSE

| | | |
|--|---------------|---------------|
| Depreciation / amortisation of tangible assets | 718.54 | 706.12 |
| Amortisation of intangible assets | 13.35 | 13.62 |
| | 731.89 | 719.74 |
| Less : Recoupment from Retained Earnings (refer note 50) | 306.25 | 318.41 |
| | 425.64 | 401.33 |

Notes forming Part of Financial Statements (Contd.)

| | | ₹ in Crore | |
|------------------|--|-----------------|---------------|
| | | 2017-18 | 2016-17 |
| NOTE - 38 | OTHER EXPENSES | | |
| a) | Consumption of stores and spares | 193.38 | 234.21 |
| b) | Repairs | | |
| | Building | 15.84 | 19.06 |
| | Plant and Machinery | 68.45 | 75.88 |
| | Distribution System | 105.65 | 125.80 |
| | Others | 4.79 | 5.00 |
| | | 194.73 | 225.74 |
| c) | Insurance | 12.66 | 7.98 |
| d) | Rent (including lease rent ₹ 10.23 crore; previous year - ₹ 11.58 crore) | 24.91 | 22.58 |
| e) | Rates and taxes | 9.67 | 8.17 |
| f) | Bad debts / Advances made | 35.97 | 31.61 |
| g) | Provision for Bad Debts | 17.60 | - |
| h) | Loss on sale / disposal of Property , Plant & Equipment (net) | - | 3.27 |
| i) | Interest on Consumers' Security Deposits | 108.01 | 109.89 |
| j) | Foreign Exchange Restatement loss / (gain) | (30.88) | (68.15) |
| k) | Mark to Market loss / (gain) on derivatives | 23.37 | 79.76 |
| l) | Corporate social responsibility activities (refer note 51) | 19.42 | 17.47 |
| m) | Miscellaneous expenses | 430.29 | 324.25 |
| | | 1,039.13 | 996.78 |
| | Less : transfer to PPE / CWIP etc. | 119.04 | 150.69 |
| | | 920.09 | 846.09 |
| NOTE - 39 | REGULATORY INCOME | 209.24 | 190.23 |

Regulatory (Income) / Expenses arise to the Company pursuant to the regulatory provisions applicable to the Company under the provisions of the Electricity Act, 2003 and regulations framed thereunder and disposals made by WBERC on the Company's various petitions / applications, in terms of the said regulations, at different timeframe including the tariff and APR orders for the years notified till date. The effect of adjustments - (income) / expenses, relating to (a) advance against depreciation, (b) cost of electrical energy purchased, fuel related costs including effect of balance sum relating to additional levy and those having bearing on revenue account, as appropriate, based on the Company's understanding of the applicable available regulatory provisions and available orders of the competent authorities, and (c) effect of exchange fluctuation including MTM gain, amounting to ₹ 198 crore (Previous year ₹ 73.38 crore), ₹ (414.75 crore) [Previous year ₹ (252 crore)], and ₹ 7.51 crore [Previous year ₹ (11.61 crore)] respectively have been shown as Regulatory (Income) / Expenses with corresponding sums, reflected in Balance sheet as Regulatory Deferral Account Balance (see Note 18).

Regulatory deferral account debit balance comprise the effect of (a) tax, (b) exchange fluctuation amounting to ₹ 3,487.21 crore (31.03.2017 : ₹ 3,554.76 crore) and ₹ 34.33 crore (31.03.2017 : ₹ 65.21 crore) respectively and that relating to credit balance comprise the effect of (a) advance against depreciation, (b) cost of fuel and purchase of power and other adjustments having bearing on revenue account and (c) MTM Gain amount to ₹ 1281.07 crore (31.03.2017 : ₹ 1,083.07 crore), ₹ 533.77 crore (31.03.2017 : ₹ 1,064.96 crore) and ₹ 21.15 crore (31.03.2017 : ₹ 44.52 crore) respectively.

The accurate quantification and disposal of the matters with regard to Regulatory deferral account balances, are being given effect to, from time to time, after conclusion of the concerned event / year, as appropriate, on receipt of necessary direction from the appropriate authorities relating to the applicable matters in a comprehensive way including those attributable to the mining of coal from Sarisatolli mine which commenced from 10 April, 2015 following the said mine having been allotted to the Company effective 1 April 2015 pursuant to the auction conducted by the Ministry of Coal, Government of India under the provisions of the applicable laws.

Notes forming Part of Financial Statements (Contd.)

NOTE - 40 Fair value measurements

a) The carrying value and fair value of financial instruments by categories as at end of the year are as follows :

₹ in crore

| | 31-Mar-18 | | | 31-Mar-17 | | |
|---|------------------|-------------|---------------|-----------------|----------|---------------|
| | Amortized cost | FVTOCI | FVTPL | Amortized cost | FVTOCI | FVTPL |
| Financial assets | | | | | | |
| Investments | | | | | | |
| – Equity | 4,182.95 | 7.56 | | 4,084.23 | | |
| – Mutual funds | | | 508.37 | | | 508.24 |
| – Preference Shares | | | 0.78 | | | |
| Trade Receivables | 1,041.49 | | | 968.53 | | |
| Loans | 32.42 | | | 53.83 | | |
| Cash and cash equivalents | 435.68 | | | 682.81 | | |
| Other Bank balances | 286.92 | | | 241.57 | | |
| Lease Receivables | 57.25 | | | 57.09 | | |
| Advance to related party / bodies corporate | 220.34 | | | 2,267.99 | | |
| Interest accrued on Bank Deposit | 13.30 | | | 10.99 | | |
| Derivative Asset | | | 21.15 | | | 44.52 |
| Receivable towards claims and services rendered | 2.36 | | | 34.27 | | |
| Others | | | | 116.43 | | |
| Total financial assets | 6,272.71 | 7.56 | 530.30 | 8,517.74 | – | 552.76 |
| Financial liabilities | | | | | | |
| Borrowings | 5,946.96 | | | 5,969.46 | | |
| Trade Payables | 528.79 | | | 387.83 | | |
| Interest accrued | 10.65 | | | 12.02 | | |
| Unclaimed dividend | 5.11 | | | 3.85 | | |
| Consumers' Security Deposits | 1,607.50 | | | 1,699.28 | | |
| Others | 2,023.01 | | | 478.15 | | |
| Total financial liabilities | 10,122.02 | – | – | 8,550.59 | – | – |

b) Fair value hierarchy

The table shown below analyses financial instruments carried at fair value, by valuation method.

₹ in crore

| Financial assets and liabilities measured at fair value | Level 1 | Level 2 | Level 3 | Total fair value | Total carrying amount |
|---|---------------|--------------|-------------|------------------|-----------------------|
| As at 31 March 2018 | | | | | |
| Financial assets | | | | | |
| Investment in equity shares | – | 7.56 | – | 7.56 | 7.56 |
| Investment in liquid mutual fund units | 508.37 | – | – | 508.37 | 508.37 |
| Investment in Preference Share | – | – | 0.78 | 0.78 | 0.78 |
| Derivative financial instrument - cross currency swap | – | 21.15 | – | 21.15 | 21.15 |
| Total | 508.37 | 28.71 | 0.78 | 537.86 | 537.86 |
| As at 31 March 2017 | | | | | |
| Financial assets | | | | | |
| Investment in equity shares | – | – | – | – | – |
| Investment in liquid mutual fund units | 508.24 | – | – | 508.24 | 508.24 |
| Derivative financial instrument - cross currency swap | – | 44.52 | – | 44.52 | 44.52 |
| Total | 508.24 | 44.52 | – | 552.76 | 552.76 |

The different levels have been defined below :

- Level 1 :** financial instruments measured using quoted price. The fair value of all equity instruments which are traded in the stock exchanges is determined using the closing price. The mutual funds are valued using the closing NAV.
- 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.

Notes forming Part of Financial Statements (Contd.)

- c) **The following methods and assumptions were used to estimate the fair values.**
- i. The fair values of the mutual fund instruments are based on net asset value of units declared at the close of the reporting date. The fair value of equity shares are based on net asset value of entity as at reporting date.
 - ii. The fair values of the cross currency swap is determined using discounted cash flow analysis and swaps and options pricing models.
 - iii. The fair value of preference share is determined on the basis of discounted cash flow wherein future cash flows are based on the terms of preference share discounted at rate that reflects market rate. Significant unobservable input used is discount rate and 0.50% increase / decrease in discount rate would results in decrease / increase in fair value of preference share by ₹ 0.07 crore respectively.
 - iv. The carrying amounts of trade receivables, trade payables, investment in commercial paper, receivable towards claims and services rendered, other bank balances, interest accrued payable/receivable, cash and cash equivalents are considered to be the same as their fair values, due to their short term nature.
 - v. Loans, non-current borrowings, lease receivable, security deposits and restoration liability are based on discounted cash flows using a current borrowing rate.
 - vi. Fair value of financial instruments which is determined on the basis of discounted cash flow analysis, considering the nature , risk profile and other qualitative factors. The carrying amounts will be reasonable approximation of the fair value.

NOTE - 41 Financial risk management and Capital Management

The Company's operations of generation and distribution of electricity are governed by the provisions of the Electricity Act 2003 and Regulations framed thereunder by the West Bengal Electricity Regulatory Commission and accordingly the Company, being a licensee under the said statute, is subject to regulatory provisions/ guidelines and issues evolving therefrom, having a bearing on the Company's liquidity, earning, expenditure and profitability, based on efficiency parameters provided therein including timing of disposal of applications / matters by the authority.

The Company being the sole provider of electricity in the licenced area has been managing the operations keeping in view its profitability and liquidity in terms of above regulations. In order to manage credit risk arising from sale of electricity, multipronged approach is followed like maintenance of security deposit, precipitation of action against defaulting consumers, obtaining support of the administrative authority. Credit risk towards Investment of surplus funds is managed by obtaining support of credit rating and appraisal by external agencies and lending bodies. The Company extends financial support by way of loans / guarantees etc. to its subsidiaries / step down subsidiaries only.

The Company manages its liquidity risk on financial liabilities by maintaining healthy working capital and liquid fund position keeping in view the maturity profile of its borrowings and other liabilities as disclosed in the respective notes.

The Company's market risk relating to variation of foreign currency, interest rate and commodity price is mitigated through relevant regulation.

While managing the capital, the Company ensures to take adequate precaution for providing returns to the shareholders and benefit for other stakeholders, including protecting and strengthening the balance sheet. Availability of capital and liquidity is also managed, in consonance with the applicable regulatory provisions.

NOTE - 42 Related Parties and their Relationship

A. Parent- under de facto control as defined in Ind AS - 110

Rainbow Investments Limited

B. Subsidiary / Joint Venture / Associates

| Name | Relationship |
|-----------------------------------|--------------|
| Spencer's Retail Limited (SRL) | Subsidiary # |
| Quest Properties India Limited | Subsidiary # |
| CESC Infrastructure Limited (CIL) | Subsidiary # |
| Surya Vidyut Limited | Subsidiary |
| Nalanda Power Company Limited | Subsidiary |
| CESC Projects Limited | Subsidiary |
| Bantal Singapore Pte. Limited | Subsidiary |

Notes forming Part of Financial Statements (Contd.)

| Name | Relationship |
|---|----------------------------------|
| Ranchi Power Distribution Company Limited | Subsidiary |
| Pachi Hydropower Projects Limited | Subsidiary |
| Papu Hydropower Projects Limited | Subsidiary |
| Spen Liq Private Limited | Subsidiary # |
| Crescent Power Limited (CPL) | Subsidiary |
| Kota Electricity Distribution Limited (KEDL) | Subsidiary |
| Bikaner Electricity Supply Limited (BKESL) | Subsidiary |
| Bharatpur Electricity Services Limited (BESL) | Subsidiary |
| RP-SG Retail Limited | Subsidiary #(w.e.f 13 May 2017) |
| RP-SG Business Process Services Limited | Subsidiary # (w.e.f 13 May 2017) |
| CESC Green Power Limited | Subsidiary (w.e.f 13 May 2017) |
| Au Bon Pain Café India Limited | Subsidiary ** |
| Haldia Energy Limited (HEL) | Subsidiary ** |
| Dhariwal Infrastructure Limited (DIL) | Subsidiary ** |
| Music World Retail Limited | Step Down Subsidiary # |
| Omnipresent Retail India Private Limited | Step Down Subsidiary # |
| Metromark Green Commodities Pvt. Ltd | Step Down Subsidiary # |
| New Rising Promoters Private Limited | Step Down Subsidiary # |
| Guiltfree Industries Limited | Step Down Subsidiary # |
| Firstsource Solutions Limited | Step Down Subsidiary # |
| Firstsource Group USA, Inc. | Step Down Subsidiary # |
| MedAssist Holding, LLC | Step Down Subsidiary # |
| Firstsource Solutions USA, LLC | Step Down Subsidiary # |
| Firstsource Transaction Services, LLC | Step Down Subsidiary # |
| Firstsource Business Process Services, LLC | Step Down Subsidiary # |
| Firstsource Advantage, LLC | Step Down Subsidiary # |
| Firstsource BPO Ireland Ltd. | Step Down Subsidiary # |
| Firstsource Solutions UK Ltd. | Step Down Subsidiary # |
| Firstsource Solutions S.A. | Step Down Subsidiary # |
| Firstsource-Dialog Solutions Pvt. Ltd. | Step Down Subsidiary # |
| One Advantage LLC | Step Down Subsidiary # |
| Firstsource Process Management Services Limited | Step Down Subsidiary # |
| ISGN Solutions Inc. | Step Down Subsidiary # |
| ISGN Fulfillment Services, Inc. | Step Down Subsidiary # |
| ISGN Fulfillment Agency, LLC | Step Down Subsidiary # |
| Bowlopedia Restaurants India Limited | Step Down Subsidiary # |
| Apricot Foods Private Limited | Step Down Subsidiary # |
| Mahuagarhi Coal Company Private Limited | Joint Venture |
| Noida Power Company Limited | Associate |
| NPCL Solar Energy Pvt. Ltd | Associate (w.e.f 23rd May 2017) |
| Nanobi Data and Analytics Private Limited | Associate # |

Subsidiary / Step Down Subsidiary / Associate upto 30th September 2017.

**Step Down Subsidiary upto 30th September 2017 and Subsidiary from 1st October 2017.

Notes forming Part of Financial Statements (Contd.)

C. Other Related Parties having transaction during the year

i) Entities under common control

RPG Power Trading Company Limited
 Integrated Coal Mining Limited
 Open Media Network Limited
 Harrison Malayalam Limited
 Phillips Carbon Black Limited
 Saregama India Ltd
 Woodlands Multispeciality Hospital Limited
 Sarala Real Estate Limited
 Dotex Merchandise Private Limited
 Kolkata Metro Networks Limited
 Kolkata Games And Sports Private Limited (KGSPL)
 Stel Holdings Limited
 RP-SG Retail Limited (w.e.f 01 October 2017)
 RP-SG Business Process Services Limited (w.e.f 01 October 2017)
 Castor Investments Limited

ii) Key Management Personnel (KMP)

| Name | Relationship |
|-----------------------|--|
| Mr. S. Goenka | Chairman |
| Mr. P. Chaudhuri | Director |
| Mr. C .K Dhanuka | Director |
| Mr. K. Jairaj | Director |
| Mr. B .M Khaitan | Director |
| Mr. P.K. Khaitan | Director |
| Ms. R.Sethi | Director |
| Mr. Aniruddha Basu | Managing Director (till 28 May 2018) |
| Mr. Subhasis Mitra | Company Secretary |
| Mr. Rajarshi Banerjee | Executive Director & Chief Financial Officer |

iii) Other Related Parties

Ms.Preeti Goenka (Shareholder and Relative of KMP)
 Mr.Shashwat Goenka (Shareholder and Relative of KMP)
 Khaitan & Co LLP
 Khaitan & Co. (Mumbai)
 Khaitan & Co. (New Delhi)
 Khaitan & Co. AOR
 Khaitan & Co. (Kolkata)
 Khaitan Consultants Ltd.
 CESC Limited Provident Fund
 Calcutta Electric Supply Coporation (I) Ltd. Senior Staff Pension Fund
 CESC Executive Gratuity Fund
 CESC Limited Employee's Gratuity Fund

Notes forming Part of Financial Statements (Contd.)

| D. | Details of transactions between the Company and related parties and status of outstanding balances | | | | | | | | | | ₹ in crore | |
|----|---|--|--|---|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|--|--|
| | Sl. No. | Nature of Transactions | Parent having Control in terms of Ind AS -110, Subsidiaries, Joint Venture & Associate | | Entities under common control | | Key Management Personnel | | Other Related Parties | | Total | |
| | | | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 |
| 1. | Acquisition of investment : RPSG Business Process Services Limited from Haldia energy Limited Spencers Retail Limited Kota Electricity Distribution Limited Bikaner Electricity Supply Limited Noida Power Company Limited from CESC Infrastructure Limited Others | 575.05 236.32 224.03 40.00 - 7.20 | - (0.83) 1.39 0.62 29.70 3.23 | - - - - - - | - - - - - - | - - - - - - | - - - - - - | - - - - - - | - - - - - - | - - - - - - | 575.05 236.32 224.03 40.00 - 7.20 | - (0.83) 1.39 0.62 29.70 3.23 |
| 2. | Advance for Share Subscription : Spencers Retail Limited CESC Infrastructure Limited Dharawal Infrastructure Limited (DIL) Surya Vidyut Limited Kota Electricity Distribution Limited Others | 1.40 - (48.00) - - - | 690.00 210.00 - 41.27 40.00 36.31 | - - - - - - | - - - - - - | - - - - - - | - - - - - - | - - - - - - | - - - - - - | - - - - - - | 1.40 - (48.00) - - - | 690.00 210.00 - 41.27 40.00 36.31 |
| 3. | Short Term Advance : RP-SG Retail Limited RPSG Business Process Services Limited Haldia Energy Limited | 44.11 29.40 48.00 | - - - | - - - | - - - | - - - | - - - | - - - | - - - | - - - | 44.11 29.40 48.00 | - - - |
| 4. | Expense Recoverable / (Payable) : | 25.49 | (5.97) | 21.97 | (1.03) | - | - | - | - | - | 47.46 | (7.00) |
| 5. | Income from sale / services : Crescent Power Limited Quest Properties India Limited Others | 34.58 14.35 1.04 | 27.47 25.49 11.71 | - 11.22 0.10 | - - 0.08 | - - - | - - - | - - - | - - - | - - - | 34.58 25.57 1.14 | 27.47 25.49 11.79 |
| 6. | Expenses incurred : Haldia Energy Limited (Purchase of Power) Integrated Coal Mining Limited RPG Power Trading Company Limited (Purchase of Power) RPSG Business Process Services Limited KGSPL Others | 2,217.17 - - - - 18.39 | 2,032.47 - - - - 23.28 | - 274.44 171.84 22.50 47.38 7.43 | - 251.45 179.02 - - 5.24 | - - - - - - | - - - - - - | - - - - - - | - - - - - - | - - - - - - | 2,217.17 - - - - 18.39 | 2,032.47 - - - - 23.28 |

Notes forming Part of Financial Statements (Contd.)

| D. | Details of transactions between the Company and related parties and status of outstanding balances (Contd.) | | | | | | | | | | ₹ in crore | |
|-----|---|------------------------|--|-----------|-------------------------------|-----------|--------------------------|-----------|-----------------------|-----------|------------|-----------|
| | Sl. No. | Nature of Transactions | Parent having Control in terms of Ind AS -110, Subsidiaries, Joint Venture & Associate | | Entities under common control | | Key Management Personnel | | Other Related Parties | | Total | |
| | | | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 |
| 7. | Sale of Shares of Integrated Coal Mining Limited | - | 0.01 | - | - | - | - | - | - | - | - | 0.01 |
| 8. | Provident Fund & Retiral funds : CESC Limited Provident Fund | - | - | - | - | - | - | - | 174.41 | 182.30 | 174.41 | 174.41 |
| | CESC Limited Employee's Gratuity Fund | - | - | - | - | - | - | - | 31.20 | 37.70 | 31.20 | 31.20 |
| | Others | - | - | - | - | - | - | - | 19.98 | 20.43 | 19.98 | 19.98 |
| 9. | Balances written off / Provided | 7.10 | 11.10 | - | - | - | - | - | - | 7.10 | 11.10 | 11.10 |
| 10. | Security Deposit Received / (Refunded) | - | 0.02 | - | - | - | - | - | - | - | - | 0.02 |
| 11. | Dividend paid : Rainbow Investments Limited | 70.56 | 58.80 | - | - | - | - | - | - | - | - | 58.80 |
| | Others | - | - | 8.51 | 5.16 | 0.16 | 0.26 | 0.16 | 0.03 | 0.16 | 0.03 | 5.45 |
| 12. | Remuneration of Key Mangerial Personnel : Short Term Employee Benefits | - | - | - | - | 7.46 | 6.02 | 7.46 | - | 7.46 | - | 6.02 |
| | Post Employment Benefits | - | - | - | - | 1.84 | 1.43 | 1.84 | - | 1.84 | - | 1.43 |
| 13. | Remuneration of Directors : Sitting Fees and Commission | - | - | - | - | 33.37 | 24.55 | 33.37 | - | 33.37 | - | 24.55 |
| | Outstanding Balance : | - | 1,782.66 | 39.88 | 14.29 | - | - | - | - | - | - | 1,796.95 |
| | 1. Debit | - | 1,782.66 | 39.88 | 14.29 | - | - | - | - | - | - | 1,796.95 |
| | 2. Credit | 1,498.83 | - | - | - | 34.31 | 33.44 | 15.50 | 15.01 | 1,548.64 | 15.01 | 48.45 |

a. Shares allotted during the year in respect of Share Application money paid in earlier years are : KEDL- ₹ 40 crore (31.03.17 : Nil) and Others - ₹ 75.58 crore (31.03.17 : Nil).

b. Refer Note. 31(b) above relating to commitments (letter of comfort) provided to banks towards borrowing obligations as on 31.03.2018 in respect of DIL, HEL, BESL, BKESL, KEDL and CPL amounting to ₹ 862.35 crore (31.03.17: ₹ 761.03 crore), ₹ 105.45 crore, (31.03.2017: ₹ 400.00 crore), ₹ 64.22 crore (31.03.2017: ₹ 64.72 crore), ₹ 161.23 crore (31.03.2017: ₹ 95 crore), ₹ 204.30 crore (31.03.2017: ₹ 229.30 crore) and ₹ 100 crore (31.03.2017 : Nil) respectively.

c. Outstanding balances are unsecured and settlement occurs in cash.

Notes forming Part of Financial Statements (Contd.)

₹ in Crore

NOTE - 43 Miscellaneous expenses shown in Note no. 38 (m) , include Auditors' Remuneration and expenses :

| | 2017-18 | 2016-17 |
|--|---------|---------|
| As Statutory Auditors : | | |
| Statutory audit and Limited reviews | 1.83 | 1.69 |
| Other services * | 0.98 | 0.23 |
| As a Tax Auditor | 0.10 | 0.10 |
| Others | 0.06 | 0.12 |
| Reimbursement of expenses including applicable taxes | 0.56 | 0.33 |

*paid to previous auditors of the Company ₹ 0.74 crore.

NOTE - 44 The major components of Deferred Tax Assets / (Liabilities) based on the temporary difference as at 31st March, 2018 are as under :

a) Deferred tax assets and liabilities (Net)

Deferred tax relates to the following :

₹ in Crore

| | April 1, 2017 | Recognised through P&L | Recognised through OCI | March 31, 2018 |
|--|-------------------|---------------------------|---------------------------|-------------------|
| Liabilities | | | | |
| Difference in WDV of Property, Plant and Equipment | (3,568.88) | 49.32 | – | (3,519.56) |
| Fair Valuation of Equity Investment as per IND AS | – | – | (1.76) | (1.76) |
| Others | (30.62) | 5.33 | – | (25.29) |
| Assets | | | | |
| Items covered under section 43B of Income Tax Act, 1961 | 3.91 | 0.70 | – | 4.61 |
| Others including items covered under section 35DDA of Income Tax Act, 1961 | 40.83 | 13.97 | – | 54.80 |
| Total Deferred Tax Liabilities (Net) | (3,554.76) | 69.32 | (1.76) | (3,487.21) |

| | April 1, 2016 | Recognised through P&L | Recognised through OCI | March 31, 2017 |
|--|-------------------|---------------------------|---------------------------|-------------------|
| Liabilities | | | | |
| Difference in WDV of Property, Plant and Equipment | (3,523.43) | (45.45) | – | (3,568.88) |
| Others | (28.91) | (1.71) | – | (30.62) |
| Assets | | | | |
| Items covered under section 43B of Income Tax Act, 1961 | 3.82 | 0.09 | – | 3.91 |
| Others including items covered under section 35DDA of Income Tax Act, 1961 | 42.51 | (1.68) | – | 40.83 |
| Total Deferred Tax Liabilities (Net) | (3,506.01) | (48.75) | – | (3,554.76) |

b) Income tax expense

i) Income tax recognised in profit or loss

| | March 31, 2018 | March 31, 2017 |
|---|-------------------|-------------------|
| Current tax expense | | |
| Continuing Operations | (237.72) | (237.84) |
| Discontinued Operations | 0.80 | (0.53) |
| Deferred tax expense | | |
| Deferred tax-(Income) / expense | 69.32 | (48.75) |
| Regulatory (Income) / expense -deferred tax | (69.32) | 48.75 |
| Total income tax expense | (236.92) | (238.37) |

Notes forming Part of Financial Statements (Contd.)

₹ in Crore

 ii) **Income tax recognised in OCI**

| | March 31, 2018 | March 31, 2017 |
|---|-------------------|-------------------|
| Current tax expense | | |
| Remeasurements of defined benefit plans | 4.50 | 10.62 |
| Deferred tax expense | | |
| Deferred Tax on Gain on fair value of Investment | (1.76) | – |
| Regulatory (Income) / expense -deferred tax | 1.76 | – |
| Total income tax expense relating to OCI items | 4.50 | 10.62 |

₹ in Crore

 c) **Reconciliation of tax expense and accounting profit**

| | March 31, 2018 | March 31, 2017 |
|---|-------------------|-------------------|
| Accounting profit before tax after Comprehensive Income | 1,077.79 | 1,051.50 |
| Tax using the Company's domestic tax rate (Current year 34.608% and Previous Year 34.608%) | 373.00 | 363.90 |
| Tax effect of amounts adjustable in calculating taxable Income/expenses not considered for tax purpose including difference in depreciation | (97.58) | (172.34) |
| Incentive & deduction allowed under Income Tax | (32.67) | (37.75) |
| MAT Adjustments | (10.33) | 73.94 |
| INCOME TAX EXPENSE | 232.42 | 227.75 |

NOTE - 45 Liability in respect of the security deposit collected by the company, in terms of applicable regulations of the WBERC, has been classified as non – current, given the nature of its business in the license area, excepting to the extent of the sum refundable / payable within a year, based on experience.

NOTE - 46 Outstanding foreign currency loans as on 31st March, 2018 as disclosed in Note 21, stands fully hedged in Indian Rupee.

NOTE - 47 Future rentals payable in respect of non-cancellable leases for assets comprising various equipment and vehicles acquired under operating leases for the period ranging between 36-60 months work out to ₹ 0.39 crore (as on 31.03.17 : ₹ 2.39 crore) and ₹ 1.29 crore (as on 31.03.17 : ₹ 3.01 crore) during next one year and thereafter till five years respectively. There are no restrictions in respect of such leases.

NOTE - 48 Earnings per share :

 (i) **Computation of Earnings per share from continuing operations**

| Particulars | 2017-18 | 2016-17 |
|---|--------------|--------------|
| Profit for the year from continuing operations after tax (₹ in Crore) (A) | 864.66 | 860.88 |
| Weighted Average no. of shares for Earnings per share (B) | 13,25,57,043 | 13,25,57,043 |
| Basic and Diluted Earnings per share of ₹ 10/- = [(A) / (B)] (₹) | 65.23 | 64.94 |

Computation of Earnings per share from discontinued operations

| Particulars | 2017-18 | 2016-17 |
|--|--------------|--------------|
| Profit/ (loss) from discontinued operations after tax for EPS (₹ in Crore) (A) | -2.95 | 1.98 |
| Weighted Average no. of shares for Earnings per share (B) | 13,25,57,043 | 13,25,57,043 |
| Basic and Diluted Earnings per share of ₹ 10/- = [(A) / (B)] (₹) | -0.22 | 0.15 |

Computation of Earnings per share - from discontinued & continuing operations (net of tax)

| Particulars | 2017-18 | 2016-17 |
|--|--------------|--------------|
| Profit after tax for EPS (₹ in Crore) (A) | 861.71 | 862.86 |
| Weighted Average no. of shares for Earnings per share (B) | 13,25,57,043 | 13,25,57,043 |
| Basic and Diluted Earnings per share of ₹ 10/- = [(A) / (B)] (₹) | 65.01 | 65.09 |

Notes forming Part of Financial Statements (Contd.)

(ii) Computation of Earnings per share from continuing operations-excluding regulatory Income (net of tax)

| Particulars | | 2017-18 | 2016-17 |
|--|-----|--------------|--------------|
| Profit After Tax excluding regulatory income (₹ in Crore) | (A) | 700.08 | 711.27 |
| Weighted Average no. of shares for Earnings per share | (B) | 13,25,57,043 | 13,25,57,043 |
| Basic and Diluted Earnings per share of ₹ 10/- = [(A) / (B)] (₹) | | 52.81 | 53.66 |

Computation of Earnings per share from discontinued & continuing operations- excluding regulatory Income (net of tax)

| Particulars | | 2017-18 | 2016-17 |
|--|-----|--------------|--------------|
| Profit After Tax excluding regulatory income (₹ in Crore) | (A) | 697.13 | 713.24 |
| Weighted Average no. of shares for Earnings per share | (B) | 13,25,57,043 | 13,25,57,043 |
| Basic and Diluted Earnings per share of ₹ 10/- = [(A) / (B)] (₹) | | 52.59 | 53.81 |

NOTE - 49 The Company is primarily engaged in generation and distribution of electricity which is the only reportable business segment in line with the segment wise information which is being presented to the CODM. There are no reportable geographical segments, since all business is within India.

The Company is also running a single retail store in state of Gujarat which is not significant for the CODM and hence not considered as reportable segment.

NOTE - 50 Part A of Schedule II to the Companies Act, 2013 (the Act), inter alia, provides that depreciable amount of an asset is the cost of an asset or other amount substituted for cost. Part B of the said Schedule deals with the useful life or residual value of an asset as notified for accounting purpose by a Regulatory Authority constituted under an act of Parliament or by the Central Government for calculating depreciation to be provided for such asset irrespective of the requirement of Schedule II. In terms of applicable Regulations under the Electricity Act, 2003, depreciation on tangible assets other than freehold land is provided on straight line method on a pro-rata basis at the rates specified therein, the basis of which be considered by the West Bengal Electricity Regulatory Commission (Commission) in determining the Company's tariff for the year, which is also required to be used for accounting purpose as specified in the said Regulations. Based on legal opinions and independent accounting opinions obtained, the Company continues with the consistently followed practice of recouping from the retained earnings an additional charge of depreciation relatable to the increase in value of assets arising from fair valuation, which for the current year amounts to ₹ 306.25 crore (previous year- ₹ 318.41 crore) and corresponding withdrawal of ₹ 5.18 crore (previous year : ₹ 23.09 crore) consequent to sale / disposal of such assets and the same will be followed in subsequent years.

NOTE - 51 In terms of the provisions of Companies Act, 2013, the required Corporate Social Responsibility (CSR) spending for the year works out to ₹ 19.35 crore (previous year : ₹ 17.47 crore). The said requirement of CSR spending was met by way of contribution to a trust set up for the said purpose and direct expenditure of ₹ 17.10 crore (previous year : ₹ 15.00 crore) and ₹ 2.25 crore (previous year : ₹ 2.47 crore) respectively. Expenditure on account of CSR activities shown under Note no. 38 also include a sum of ₹ 0.07 crore relates to an adjustment pursuant to the Scheme of Arrangement. (refer note 52)

NOTE - 52 In order to lay specific focus on its operations and investments in the areas, inter alia, of power distribution, generation, organised retail (Retail Undertaking) and other sundry areas including business process outsourcing & property (IT Undertaking) by way of due alignment, the Board of Directors of CESC Limited ("Parent", "the Company") at its meeting held on 18th May, 2017 had approved, subject to necessary approvals, a composite scheme of arrangement (Scheme) under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 involving the Parent and nine of its subsidiaries (Scheme Companies). The Scheme provides for restructuring of the Parent and its undertakings (all under common control as per Ind-AS 103) referred to in the Scheme into four listed entities, focussed on the above referred four verticals, the appointed date being 1st October 2017("the Appointed Date")

The Company on 5th October, 2018 has received from Hon'ble National Company Law Tribunal (NCLT) (the appropriate authority), the certified copy of the order dated 28 March, 2018 sanctioning the Scheme, subject to a condition that demerger of the Generation Undertaking shall be effective upon approval of the Hon'ble West Bengal Electricity Regulatory Commission (WBERC) to the Power Purchase Agreement (PPA) between the Company and Haldia Energy Limited (One of the Scheme Companies) . Pending the said approval, with necessary legal consultation, the Board of Directors at its meeting held on 12 October, 2018 has decided to give effect to the Scheme as below :

- a) Demerger of the Generation undertaking to be given effect after receipt of necessary approvals from WBERC.
- b) the remaining parts of the Scheme to be given effect from the Appointed Date in terms of the order of Hon'ble NCLT, whereby,
 - i) the said Retail Undertaking (Retail undertaking 1 as per the scheme) and IT Undertaking have been demerged into two entities as stipulated in the Scheme, viz. RP-SG Retail Limited (RSRL) and RP-SG Business Process Services Limited (RSBP) respectively.
 - ii) the three wholly owned subsidiaries, viz; CESC Infrastructure Limited (CIL) (engaged in the business of promoting and supporting entities engaged in infrastructure sector including power), Spencer's Retail Limited (SRL) post demerger of its retail undertaking (Retail undertaking 2 as per the scheme) (engaged in developing and conducting organized retail business) and Music World Retail Limited (MWL) (engaged in the business of organised music retailing stores and selling of music accessories) have been merged with the Company. The balances and transactions of CIL, have been merged on the basis of audited financials of CIL for the six months ended 30th September, 2017 and year ended 31st March, 2018.

- c) Each shareholder of the Company registered on the record date of 31 October, 2018 in respect of every 10 shares is entitled to additional 6 fully paid up equity shares of Rs. 5 each in RP-SG Retail Limited and additional 2 fully paid up equity shares of Rs. 10 each in the RP-SG Business Process Services Limited. CESC Limited is entitled to 500000 fully paid up 0.01% non-cumulative compulsorily redeemable preference shares of Rs. 100 each by RP-SG Retail Limited. Three entities merged with the Company, as stated above, were wholly owned subsidiaries of the Company and hence no consideration was to be given in lieu of transfer of said undertakings.
- d) Necessary accounting effect of the above has been given in these financial statements in terms of the above NCLT order, in the manner detailed herein :
- i) The assets and liabilities as at the Appointed Date acquired/transferred by the Company in terms of the Scheme at book value are summarized below :

| Particulars | ₹ in Crore | |
|--|---|---|
| | Acquired pursuant to Merger of CIL, SRL and MWL | Transferred pursuant to Demerger of Retail and IT undertaking |
| ASSETS | | |
| Non-current Assets | | |
| Property, Plant and Equipment | 2.23 | - |
| Capital work-in-progress | 1.61 | - |
| Intangible Assets | - | (86.25) |
| Financial assets | | |
| Investments | 3,597.06 | (733.97) |
| Others | 208.36 | - |
| Other Non current assets | 1.87 | (23.38) |
| | <u>3,811.13</u> | <u>(843.60)</u> |
| Current Assets | | |
| Inventories | 3.00 | - |
| Financial assets | | |
| Investments | 47.42 | (575.10) |
| Cash and cash equivalent | 0.30 | (130.00) |
| Others | 15.16 | (114.80) |
| Current Tax Assets (Net) | 3.12 | - |
| Other current assets | 0.19 | (0.35) |
| | <u>69.19</u> | <u>(820.25)</u> |
| Total Assets | <u>3,880.32</u> | <u>(1,663.85)</u> |
| LIABILITIES | | |
| Non-current Liabilities | | |
| Financial Liabilities | | |
| Borrowings | 20.39 | - |
| Provisions | 0.12 | (2.90) |
| | <u>20.51</u> | <u>(2.90)</u> |
| Current Liabilities | | |
| Financial Liabilities | | |
| Trade Payables | | |
| (a) Total outstanding dues to Micro Enterprises & Small Enterprises | - | - |
| (b) Total outstanding dues of Creditors other than Micro Enterprises & Small Enterprises | 3.72 | - |
| Others | 965.90 | - |
| Other current liabilities | 1.56 | (0.12) |
| Provisions | 0.22 | (4.25) |
| | <u>971.40</u> | <u>(4.37)</u> |
| Total liabilities | <u>991.91</u> | <u>(7.27)</u> |
| Difference between Asset and Liability acquired / transferred | 2,888.41 | (1,656.58) |
| Add : Impact on cancellation of investments pursuant to the Scheme | (5,458.66) | - |
| Less: Consideration (Preference shares) receivable pursuant to scheme of arrangement at fair value | - | 0.74 |
| Net Difference arising pursuant to scheme of arrangement | (2,570.25) | (1,655.84) |

ii) Pursuant to the Scheme, adjustment of difference arising on application of the Scheme is given in following manner : ₹ in Crore

| Particulars | Acquired pursuant to Merger of CIL, SRL and MWL | Transferred pursuant to Demerger of Retail and IT undertaking |
|--|---|---|
| Adjusted with Capital Redemption reserve | (20.13) | – |
| Adjusted with Security premium | (1,738.02) | – |
| Adjusted with Retained earnings (represents negative capital reserve arising on merger which has been adjusted with retained earnings) | (812.10) | (1,655.84) |
| | (2,570.25) | (1,655.84) |

iii) Authorised share capital of the Company has been increased pursuant to the Scheme of Arrangement.

The above accounting from the Appointed date is as per the Order of the Hon'ble NCLT rather than from effective date for the demergers and first day of the previous period presented for the mergers

e) Further, in respect of discontinued operation for the period upto 30th September 2017 following has been disclosed : ₹ in Crore

| Particulars | April 1, 2017 to September 30, 2017 | 2016-17 |
|--|-------------------------------------|-----------------|
| Other income | – | 10.01 |
| Expenses | 3.75 | 7.50 |
| Profit / (Loss) before tax | (3.75) | 2.51 |
| Cash flows : | | |
| Cash flow (used in) /from investing activity | (311.33) | (610.00) |

NOTE - 53 Quantitative information :

(Million kWh)

| | Particulars | 2017-18 | 2016-17 |
|-----|--|---------|---------|
| (a) | Total number of units generated during the year | 6337 | 6053 |
| (b) | Total number of units consumed in Generating Stations | 499 | 498 |
| (c) | Total number of units sent out | 5838 | 5556 |
| (d) | Total number of units purchased during the year | 5638 | 5146 |
| (e) | Total number of units through Unscheduled Interchange (Net) | 20 | 52 |
| (f) | Total number of units delivered | 11496 | 10753 |
| (g) | Total number of units sold as per meter readings | 9739 | 9370 |
| (h) | Total number of units sold to persons other than own consumers and WBSEDCL | 611 | 139 |
| (i) | Total number of units consumed in Company's premises | 47 | 24 |
| (j) | Total number of Units sold to WBSEDCL | 38 | 40 |

NOTE - 54 The derated installed capacity of the Generating Stations of the Company (as per certification of technical expert) as on 31st March, 2018 was 1125000 kW (31st March, 2017 : 1125000 kW).

NOTE - 55 The Company has reclassified previous year's figures to conform to this year's classification alongwith other regrouping / rearrangement wherever necessary.

For S. R. BATLIBOI & CO LLP
 Chartered Accountants
 Firm Registration Number - 301003E/E300005

Kamal Agarwal
 Partner
 Membership No. : 058652
 Kolkata, 14th November, 2018

For and on behalf of Board of Directors

Chairman Sanjiv Goenka
 Managing Director - Generation Rabi Chowdhury
 Managing Director - Distribution Debasish Banerjee
 Company Secretary Subhasis Mitra
 Executive Director & CFO Rajarshi Banerjee