



## INDEPENDENT AUDITOR'S REPORT

To the Members of M/s. BSES KERALA POWER LIMITED, UDYOGAMANADAL

### Report on the Financial Statements

We have audited the accompanying financial statements of M/s. BSES KERALA POWER LIMITED, UDYOGAMANADAL, ("the Company") which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

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

## Emphasis of Matter

We draw attention to Note No.1 of financial statements which describes expiry of Power Purchase Agreement (PPA) with Kerala State Electricity Board (KSEBL) and action taken by the company to revive the same. The PPA with the sole customer, KSEBL, of the company expired on October 31, 2015 and proper extension of the same not received till the date of this report. However the Company has filed several petitions with the relevant authorities for the extension of the PPA for two more years, final decisions of which are pending.

Our opinion is not modified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the balance sheet, statement of profit and loss, statement of changes in equity and cash flow statement dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act;
  - e. on the basis of written representations received from the directors as on March 31, 2017, taken on record by the board of directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'; and
  - g. with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
    - (ii) The company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, and as required on long-term contracts including derivative contracts; and
    - (iii) There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For KANNAN & KASSIM  
CHARTERED ACCOUNTANTS

P. B. VIJAYABHASKAR  
(PARTNER)

Membership No. 206038  
Firm Reg No. 008896S

Place: Kochi  
Date: April 12, 2017

## **ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" in the Independent Auditor's Report of even date on the financial statements of M/S. BSES KERALA POWER LIMITED, UDYOGAMANADAL for the year ended 31.03.2017)

- i)
  - a. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. The fixed assets of the company have been physically verified by the management at reasonable intervals. In our opinion and according to the information and explanations given to us, the discrepancies noticed on such verification during the year under audit are not material and the same have been properly dealt with in the books of accounts.
  - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties, other than self constructed properties disclosed as fixed assets in the books of accounts of the company as on 31.03.2017, are held in the name of the company.
- ii) Physical verification of inventory of the company has been conducted at reasonable intervals by the management and in our opinion and according to the information and explanations given to us, the discrepancies noticed on physical verification of inventory were not material and have been properly dealt with in the books of accounts.
- iii)
  - a. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 and hence in our opinion, the requirement to report whether the terms and conditions of the grant of such loans are not prejudicial to the company's interest, whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular and if the amount is overdue, state the total amount overdue for more than ninety days, and whether reasonable steps have been taken by the company for recovery of the principal and interest are not applicable to the company.
- iv) In our opinion and according to the information and explanations given to us, in respect of loans, investments, guarantees, and security the provisions of section 185 and 186(1) of the Act have been complied with. Further as the company is engaged in the business of providing infrastructure facilities the provisions of section 186, except its sub section 1, of the Act are not applicable to the company.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted during the year under audit any deposit and hence the requirement to report in case the company has accepted deposits whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, where applicable, have been complied with and if an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not are not applicable to the company.
- vi) We have broadly reviewed the books of accounts maintained by the company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and the rules framed thereunder and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

- vii) a. According to the information and explanation given to us, the company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities and there are no arrears of outstanding undisputed statutory dues as on the last day of the financial year under audit for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute except for the below demands.

Name of the Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending	Remarks
Wealth Tax Act, 1957	Wealth Tax	2.55	AY 2006-07	Commissioner of Appeals (Wealth Tax)	Next hearing posted on 15.05.2017

- viii) According to the information and explanations given to us, the company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.
- ix) In our opinion, the requirement to report whether moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised are not applicable to the company as there were no such moneys raised during or related to the year under audit.
- x) According to the information and explanations given to us, any fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year under audit.
- xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, managerial remuneration has been paid or provided by the company in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, reporting requirements for a Nidhi company is not applicable to the company.
- xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit and hence the requirement to report whether provisions of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised are not applicable to the company for the year under audit.



- xv) According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him.
- xvi) According to the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place: Kochi  
Date: April 12, 2017

For KANNAN & KASSIM  
CHARTERED ACCOUNTANTS

P. B. VIJAYABHASKAR  
(PARTNER)

Membership No. 206038  
Firm Reg No. 0088965

## **ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2(f) under "Report on Other Legal and Regulatory Requirements" in the Independent Auditor's Report of even date on the financial statements of M/S. BSES KERALA POWER LIMITED, UDYOGAMANADAL for the year ended 31.03.2017)

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

We have audited the internal financial controls over financial reporting of M/s. BSES KERALA POWER LIMITED, UDYOGAMANADAL as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



### **Meaning of Internal Financial Controls over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

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

Place: Kochi  
Date: April 12, 2017

**For KANNAN & KASSIM  
CHARTERED ACCOUNTANTS**

**P. B. VIJAYABHASKAR  
(PARTNER)**

Membership No. 206038

Firm Reg No. 0088965

**BSES KERALA POWER LIMITED**  
Balance Sheet as at March 31, 2017

Rs. in lakhs

Particulars	Note	As at March 31, 2017	As at March 31, 2016	Opening balance As at April 1, 2015
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	9.1	30,207.41	32,518.02	35,105.44
Capital work in progress	9.2	-	-	15.86
Intangible assets	9.3	7.87	15.03	1.32
<b>Financial assets:</b>				
Investments	14.1	-	-	-
Other financial assets	10.1	48.89	2.88	1.54
<b>Current assets</b>				
Inventories	11	4,029.29	5,854.27	6,564.39
<b>Financial assets:</b>				
Cash and cash equivalents	12.1	9.06	11.22	6.09
Trade receivables	13	726.21	946.19	1,433.72
Investment in fixed deposits	12.2	1,073.00	518.00	883.62
Investments	14.2	56.20	2,446.17	605.00
Other financial assets	10.2	444.55	985.51	141.51
Intercorporate deposits	10.3	3,970.50	9,850.00	9,100.00
Other current assets	10.4	29.40	192.92	379.30
<b>Total assets</b>		<b>40,602.38</b>	<b>53,340.21</b>	<b>54,237.79</b>
<b>Equity and Liabilities</b>				
Share capital	15	6,276.00	12,776.00	12,776.00
Other equity	16	33,611.28	40,031.59	40,150.55
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
<b>Financial Liabilities:</b>				
Borrowings		-	-	-
Trade and other payables		-	-	-
Deferred income tax liabilities		-	-	-
Provisions	19.1	57.43	57.98	59.16
Other non-current liabilities		-	-	-
<b>Current liabilities</b>				
<b>Financial liabilities:</b>				
Borrowings	17	-	-	129.43
Trade and other payables	18	466.84	263.48	183.58
Current income tax liabilities	20	-	35.51	778.37
Provisions	19.2	10.69	10.14	8.50
Other current liabilities	21	180.14	165.51	152.20
<b>Total Equity and Liabilities</b>		<b>40,602.38</b>	<b>53,340.21</b>	<b>54,237.79</b>
Significant Accounting Policies	2			

Accompanying notes form an integral part of the financial statements.

In terms of our report of even date attached

For Kannan & Kassim  
Chartered Accountants  
ICAI Firm Registration No. 008896S

P.B. Vijayabhaskar  
Partner  
Membership No. 206038

For and on behalf of Board of Directors

Santa Gupta Director

Robin Sebastian Whole Time Director

T P Sasidharan CFO & Company Secretary

Place: Kochi  
Date : April 12, 2017



**BSES KERALA POWER LIMITED**  
**Statement of Profit and Loss for the year ended March 31, 2017**

Rs. in lakhs

Particulars	Note	Year ended	Year ended
		March 31, 2017	March 31, 2016
Revenue - (i)	22	-	4,910.50
Expenses : - (ii)			
Cost of Fuel Consumed		23.78	710.18
Diminution in value of fuel	31(a)	1,812.24	
Cost of stores, spares and consumables consumed		34.46	184.68
Employee benefit expenses	23	481.60	594.50
Depreciation and amortization expenses	9	2,317.68	2,536.71
Other expenses	24	1,297.43	1,541.94
Other Income - (iii)	25	257.55	244.43
<b>Operating profit / (loss) (iv) = (i-ii+iii)</b>		<b>(5,709.63)</b>	<b>(413.08)</b>
Finance income - (v)	26	653.89	985.11
Finance cost - (vi)	27	41.30	47.09
<b>Finance Income, net (vii) = (v-vi)</b>		<b>612.59</b>	<b>938.02</b>
<b>Profit / (Loss) before income tax (viii) = (iv+vii)</b>		<b>(5,097.04)</b>	<b>524.94</b>
Income tax credit / (charge) - (ix)	3.c	-	(850.19)
<b>Profit / (Loss) for the year (x) = (viii-ix)</b>		<b>(5,097.04)</b>	<b>(325.25)</b>
<b>Profit/ (Loss) for the year attributable to :</b>			
Equity shareholders of the Company		(5,097.04)	(325.25)
Non-controlling interest		-	-
<b>Total</b>		<b>(5,097.04)</b>	<b>(325.25)</b>
<b>Profit/ (Loss) per share attributable to Equity Shareholders :</b>			
Basic (in Rs.)	28	(6.19)	(0.25)
Diluted (in Rs.)	28	(6.19)	(0.25)
The accompanying notes form an integral part of the financial statements.			

In terms of our report of even date attached

For Kannan & Kassim  
Chartered Accountants  
ICAI Firm Registration No.008896S-

For and on behalf of Board of Directors

Santa Gupta Director

P.B.Vijayabhaskar  
Partner  
Membership No. 206038

Robin Sebastian Whole Time Director

T P Sasidharan CFO & Company Secretary

Place: Kochi  
Date : April 12, 2017

**BSES KERALA POWER LIMITED**

**Statement of Comprehensive Income for the year ended March 31, 2017**

	Year ended	Year ended
	March 31, 2017	March 31, 2016
<b>Profit / (Loss) for the year</b>	(5,097.04)	(325.25)
<b>Other Comprehensive Income</b>		
<i>Items that will be reclassified subsequently to Income statement</i>		
Foreign currency translation difference	-	-
Financial assets through OCI	-	-
Actuarial gain or loss	-	-
Cash flow hedges	-	-
Income tax relating :		
Foreign currency translation difference	-	-
Available for sale financial assets	-	-
Actuarial gain or loss	-	-
Cash flow hedges	-	-
<b>Total Other Comprehensive Income, net of taxes</b>	-	-
<b>Total Comprehensive income/(loss) for the year</b>	<b>(5,097.04)</b>	<b>(325.25)</b>
<b>Total Comprehensive Income/(loss) for the year attributable to:</b>		
Equity shareholders of the Company	(5,097.04)	(325.25)
Non-controlling interest	-	-
<b>Total</b>	<b>(5,097.04)</b>	<b>(325.25)</b>

The accompanying notes form an integral part of the financial statements.  
In terms of our report of even date attached

For Kannan & Kassim  
Chartered Accountants  
ICAI Firm Registration No. 008896S

For and on behalf of Board of Directors

Santa Gupta Director

P.B. Vijayabhaskar  
Partner  
Membership No. 206038

Robin Sebastian Whole Time Director

T P Sasidharan CFO & Company Secretary

Place: Kochi  
Date : April 12, 2017

**BSES KERALA POWER LIMITED**  
**Statement of Changes in Equity for the year ended March 31, 2017**

**A. EQUITY SHARE CAPITAL**

Rs. in lakhs

Particulars	Balance at the beginning of the year	Changes in equity share capital during the year	Balance at the end of the year
2015-16	12,776.00	-	12,776.00
2016-17	12,776.00	(6,500.00)	6,276.00

**B OTHER EQUITY**

Rs. in lakhs

Particulars	Retained Earnings	Other Reserves	Total
As at April 1, 2015	6,399.67	33,750.88	40,150.55
Comprehensive income /(loss) for the year	(325.25)	-	(325.25)
Reversal of Deferred Tax Asset	255.04	-	255.04
<b>Total comprehensive income/ (loss) for the year</b>	<b>(70.21)</b>	<b>-</b>	<b>(70.21)</b>
Reversal on Disposal of Asset	-	(48.75)	(48.75)
<b>As at March 31, 2016</b>	<b>6,329.46</b>	<b>33,702.13</b>	<b>40,031.59</b>
Comprehensive income /(loss) for the year	(5,097.04)	-	(5,097.04)
<b>Total comprehensive income/ (loss) for the year</b>	<b>(5,097.04)</b>	<b>-</b>	<b>(5,097.04)</b>
Dividend distribution tax	(1,323.27)	-	(1,323.27)
<b>As at March 31, 2017</b>	<b>(90.85)</b>	<b>33,702.13</b>	<b>33,611.28</b>

In terms of our report of even date attached

For Kannan & Kassim  
Chartered Accountants  
ICAI Firm Registration No.008896S

For and on behalf of Board of Directors

Santa Gupta Director

P.B.Vijayabhaskar  
Partner  
Membership No. 206038

Robin Sebastian ~~Whole Time Director~~

P Sasidharan CFO & Company Secretary

Place: Kochi  
Date : April 12, 2017

**BSES KERALA POWER LIMITED**
**Cash Flow Statement for the year ended March 31, 2017**

Particulars	for the year ended March 31, 2017		for the year ended March 31, 2016	
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before extraordinary items and tax		(5097.04)		524.94
<i>Adjustments for:</i>				
Depreciation and amortisation	2317.68		2536.71	
Diminution in value of inventory	1812.24		-	
(Profit) / loss on sale / write off of assets	0.08		2.25	
Finance costs	41.30		47.09	
Interest income	(653.89)		(985.11)	
Net (gain) / loss on sale of investments	(225.26)		(50.17)	
Liabilities / provisions no longer required written back	(4.90)		(1.39)	
Expenditure incurred on CWIP written off	-		15.86	
<b>Sub Total</b>	3287.26		1565.24	
Operating profit / (loss) before working capital changes		(1809.79)		2090.18
<i>Changes in working capital:</i>				
<i>Adjustments for (Increase) / decrease in operating assets:</i>				
Inventories	12.74		710.12	
Trade receivables	219.98		487.53	
Short-term loans and advances	-		185.58	
Other non-current assets/current assets	658.47		(1.34)	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	208.26		81.29	
Other current liabilities	14.63		13.31	
Short-term provisions	(0.55)		1.64	
Long-term provisions	0.55		(1.18)	
<b>Sub Total</b>		1114.08		1476.95
Cash generated from operations		(695.70)		3567.13
Net income tax (paid) / refunds		(35.51)		(1337.99)
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>(731.22)</b>		<b>2229.14</b>
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets, including capital advances	-		(14.02)	
Inter-corporate deposits given/ closed	5879.50		(750.00)	
Bank Deposits not considered as Cash and cash equivalents	(600.00)		(428.00)	
- Placed	-		-	
Current investments not considered as Cash and cash equivalents				
- Purchased	-		(3201.00)	
- Proceeds from sale	2,615.24		1410.00	
Interest received				
- Others	653.89		141.91	
<b>Sub Total</b>		8548.63		(2841.11)
<b>Net cash flow from / (used in) Investing activities (B)</b>		<b>8548.63</b>		<b>(2841.11)</b>
<b>C. Cash flow from financing activities</b>				
Proceeds from long-term borrowings				
Repayment of long-term borrowings	-		-	
Net increase / (decrease) in working capital borrowings	-		-	
Proceeds from other short-term borrowings/Capital reduction	(6500.00)		(129.43)	
Repayment of other short-term borrowings	0.00		(47.09)	
Finance cost	(41.30)		-	
Dividends paid	-		-	
Tax on dividend	(1323.27)		-	
<b>Sub Total</b>	(7864.57)		(176.52)	
Cash flow from extraordinary items				
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>(7864.57)</b>		<b>(176.52)</b>
<b>Net Increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>(47.16)</b>		<b>(788.49)</b>
Cash and cash equivalents at the beginning of the year		101.22		889.71
<b>Cash and cash equivalents at the end of the year</b>		<b>54.06</b>		<b>101.22</b>
<b>Cash and cash equivalents (refer Note 12.1)</b>		<b>9.06</b>		<b>11.22</b>
<b>Fixed deposits (refer Note 12.2)</b>		<b>45.00</b>		<b>90.00</b>
<b>Total</b>		<b>54.06</b>		<b>101.22</b>

In terms of our report of even date attached

 For Kannan & Kassim  
 Chartered Accountants  
 ICAI Firm Registration No.008896S

 P.B.Vijayabhaskar  
 Partner  
 Membership No. 206038

 For and on behalf of Board of Directors  
 Santa Gupta Director

Robin Sebastian Whole Time Director

T P Sasidharan CFO &amp; Company Secretary

 Place: Kochi  
 Date : April 12, 2017

**1 Corporate Information**

BSES Kerala Power Limited (BKPL) was incorporated on April 4, 1996 with registered office in Kochi, Kerala. The entire shares of BKPL is owned by Reliance Infrastructure Limited.

The Company is engaged in Electricity Generation and had a Power Purchase Agreement (PPA) with Kerala State Electricity Board Limited (KSEBL) which expired on October 31, 2015 and Government of Kerala has given in principle approval for extension of PPA for 2 years w.e.f. November 01, 2015. Both KSEBL & Govt. of Kerala (GoK) had issued formal letter/order for 2 year extension of PPA with BKPL wef 01.11.2015. Till date, there is no official communication either from KSEBL or Government of Kerala (GoK) with regard to the 2 year period of extension of the PPA wef 01.11.2015 is withdrawn. The petition filed by BKPL before the Hon'ble Kerala State Electricity Regulatory Commission (KSERC) on 06.10.2015 for seeking (i). extension of the PPA for 2 more years from 01.11.2015; & (ii). fixation of tariff for the above said period has dismissed by KSERC vide its order dated 26.10.2016.

The Company has filed a writ petition before the Hon'ble High Court of Kerala in December 2016 for seeking its directive against the order of KSERC to adjudicate the petition and final order for which is pending as on date.

**2 Significant accounting policies**

**2.1 Basis of accounting and preparation of financial statements**

The financial statements have been prepared to comply with all material respects with the prescribed accounting standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ('the Act') and other relevant provisions of the Act. The financial statements have been prepared under the historical cost convention (except for certain fixed assets which are carried at revalued amount) on an accrual basis of accounting and in accordance with the generally accepted accounting principles in India. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous Generally accepted Accounting Policies (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. The Company adopt Ind AS first time for the financial year 2016-17 and the date of transition to Ind AS is April 1, 2015.

**2.1.1 New and revised Ind ASs issued but not yet effective**

The following amendments have been issued but are not yet effective:

**Amendments to IndAS 7**

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendments apply prospectively for annual periods beginning on or after April 1, 2017. The directors of the Company do not anticipate that the application of these amendments will have a material impact on the company's financial statements.

**2.2 Revenue Recognition Policy**

a) Sale of Electricity: Revenue from sale of power is accounted for on the basis of billing to Kerala State Electricity Board Limited (KSEBL) on the basis of recording of supply of energy by installed meters. Sale value includes both variable charges (fuel cost) and fixed charges. Fixed charges also include fixed charge on account of "deemed generation" as provided in the Power Purchase Agreement (PPA) with the bulk customer i.e. KSEBL.

b) Others: Insurance and other claims, including interest, are recognized as revenue on certainty of receipt on prudent basis.

**2.3 Foreign Currency Transactions**

Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transaction. Gains and losses, if any, at the year-end in respect of monetary assets and monetary liabilities not covered by the forward contracts are recognized in the Statement of Profit and Loss. Exchange differences arising on repayment/restatement of liabilities incurred prior to 01.04.2004 for the purpose of acquiring fixed assets are adjusted with the carrying amount of the respective fixed assets.

**2.4 Fixed Assets**

The gross block of Fixed Assets is stated at cost of acquisition or construction, including any cost attributable to bringing the assets to their working condition for their intended use.

All pre-operative expenditure and trial run expenditure (net of income) are accumulated as capital work-in-progress and is allocated to the relevant fixed assets on a pro-rata basis depending on the prime cost of the assets.

**2.5 Depreciation:**

Fixed assets are depreciated under the 'Straight line method' at the rates and in the manner prescribed under Central Electricity Regulatory

**Name of the Asset**

Building

**Rate per annum (%)**

Over the lease period

(Refer Note 4)

Office Equipment

12.77

Air conditioners

33.40

Vehicles

33.40

Furniture & Fixtures

12.77

Depreciation on additions/deletions of assets is provided on pro-rata basis. Depreciation on revalued assets is charged over the balance residual life of the assets.

Intangible assets comprising computer software are amortised over a period of 3 years

**2.6 Investments:**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. On initial recognition, all investments are recognized at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

**Note 2. Significant accounting policies (contd.)**

**2.7 Inventories**

Inventories are stated at lower of cost or net realizable value. In case of fuel, stores and spares "Cost" means weighted average cost. Unserviceable/damaged stores and spares are identified and written down based on technical evaluation. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**2.8 Employee Benefits**

**2.8.1 Retirement benefit costs and termination benefits**

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to statement of profit and loss. Past service cost is recognised in the Statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The company presents the first two components of defined benefit costs in the Statement of profit and loss in the line item 'Employee benefits expense'.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

**2.8.2 Short-term and other long-term employee benefits**

A liability is recognised for short-term employee benefits accruing to employees in respect of wages and salaries, annual and sick leave expected to be availed / encashed in the next 12 months, in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

**2.9 Borrowing Costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**2.10 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

**2.10.1 Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates existing at the end of the reporting period.

**2.10.2 Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**2.10.3 Current and deferred tax for the year**

Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.



## 2.11 Policy for MAT Credit

Minimum Alternate Tax (MAT) credit is recognized, as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the Statement of Profit and Loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified year.

## 2.12 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The unwinding of the time value of money is recognised as a finance cost.

## 2.13 Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the assets. If the carrying amount of fixed assets / cash generating unit exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flows.

## 2.14 Cash and bank balances

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

## 2.15 Contingent Liabilities:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is probable that an outflow of resources will not be required to settle the obligation. However, if the possibility of outflow of resources, arising out of present obligation, is remote, it is not even disclosed as contingent liability. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

## 2.16 Operating Cycle:

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in Schedule III to the Act.

## 2.17 Financial Instruments

Financial assets and financial liabilities are recognised when a company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through statement of profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through statement of profit and loss are recognised immediately in the statement of profit and loss.

## 2.18 Financial assets

All recognised financial assets are subsequently measured in their entirety at amortised cost

### 2.18.1 Classification of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost (except for financial assets that are designated as at fair value through statement of profit and loss on initial recognition):

- (i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- (ii) the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

### 2.18.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in the statement of profit and loss and is included in the "Other income" line item.

### 2.18.3 Impairment of financial assets

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables and other financial assets, the Company has used a practical expedient as permitted under Ind AS 109. The expected credit loss allowance has been made taking into account historical credit loss experience and adjusted for forward-looking information.

### 2.18.4 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

## 2.19 Financial liabilities and equity instruments

### 2.19.1 Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### 2.19.2 Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity.

### 2.19.3 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

### 2.19.4 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income' except for foreign currency gains and losses arising on long-term monetary liabilities which are adjusted in the cost of the intangible asset as per the previous GAAP.

### 2.19.5 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

## 2.20 Earning per Share

The Company reports basic and diluted Earnings per Share (EPS) in accordance with Ind AS 33 on Earnings per Share.

Basic EPS is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

## 2.21 First-time adoption

### 2.21.1 Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the optional exemptions available by the Company as per Ind AS 101 as detailed below. The company's estimates in accordance with Ind ASs at the date of transition to Ind ASs are consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies).

### 2.22 Figures for the previous year have been regrouped/reclassified wherever necessary to make them comparable to those for the current year. Figures in bracket indicate negative figures.

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**3 Deferred Tax**

a The details of deferred tax are as under;

Particulars	Rs. in lakhs		
	As on March 31, 2016	For the year 2016-17	As on March 31, 2017
<b>Deferred tax assets</b>			
Unabsorbed Losses and Depreciation	-	1,164.50	1,164.50
Provision for leave encashment	23.57	(23.57)	-
Difference between depreciation on block of assets	89.93	(256.37)	(166.45)
<b>Net deferred tax asset</b>	<b>113.50</b>	<b>884.55</b>	<b>998.05</b>

b The company has deferred tax asset of Rs. 998.05.85 lakhs as on 31.03.2017 (Rs. 113.50 lakhs) (Rs. 255.04 lakhs) on account of deductible temporary differences and unused tax losses. The same has not been recognized during the year 2016-17 as the probability of taxable profit in foreseeable future against which the deductible temporary differences and unused tax losses can be utilized is little due to the matters mentioned in Note No. 1 of financial statements and the company expect taxable profit only in long run after implementation of further expansion of the plant or new projects. Based on the above reason, the company has derecognized the deferred tax assets disclosed in the financial statements of previous years.

c Income tax credit / (charge)

Particulars	Rs. in lakhs	
	2016-17	2015-16
(1) Current tax	-	800.43
(2) MAT Credit Utilised	-	(205.28)
(3) Deferred tax charge / (credit)	-	255.04
Total	-	850.19

**4 Land Lease Agreement**

The plant Building has been constructed on plot of land which has been leased to the Company for a period of 15 years and the same expired on 31st March 2012. The Lease Agreement provides for extension of the lease period as per mutual agreement between Lessor (TCCL) & the Company on the order of the Government of Kerala. This issue was considered by Govt. of Kerala and in the meeting convened by Additional Chief Secretary (Industries), GoK on 18th December, 2012, the matter was discussed and it was decided that the land lease agreement between the Company and TCCL is to be extended upto October 2015, i.e. till the expiry of the present PPA.

GoK vide its order dated 4th October, 2014 granted further permission to extend the lease agreement period upto 31st October, 2030 for the purpose of generation and supply of power to KSEBL. However, as explained in Note 1, pending renewal of PPA from KSEBL, the Company continues to depreciate building at higher rate within the validity of existing PPA upto October 31, 2015.

**5 Revaluation of fixed assets**

Based on the valuation made by approved valuer, the Company revalued its freehold land, building and plant & machinery with effect from April 01, 2013 as per the replacement cost method and incremental value on revaluation amounting to Rs.36,756.41 lakhs has been added to Gross Block of Fixed assets and credited to Revaluation Reserve. During the year, consequent to revaluation, the additional charge of depreciation on revalued portion of assets amounts to Rs.2,263.75 lakhs.

Pursuant to Application guide on the provisions of Schedule II to the Companies Act, 2013, the depreciation provided on revalued portion of fixed assets was debited to Statement of Profit and Loss and the corresponding amount is withdrawn from Revaluation Reserve and credited to General Reserve and not into Statement of Profit and Loss during the year.

**6 Segment Reporting: Basis of Preparation**

The Company has only one business segment and one geographical segment viz. Generation and Sale of Energy in Kerala State. In view of this, no further disclosures are required to be given in accordance with Ind AS.

**7 Note on demonetization as per MCA Notification**

	Rs. in lakhs		
	SBNs	Other denomination notes	Total
Closing Cash in hand as on 08.11.2016	0.03	0.15	0.18
(+) Permitted Receipts	-	0.004	0.004
(-) Permitted Payments	-	0.14	0.14
(-) Amount deposited in Banks	0.03	-	0.03
Closing Cash in hand as on 30.12.2016	-	0.015	0.015

**8 Movement of provision**

Nature of provision	Rs. in lakhs				
	Carrying amount at the beginning of the year	Additional provisions made in the year	Amount used during the year	Unused amounts reversed during the year	Closing balance as at the end of the year
Provision for Leave encashment	68.12	13.05	13.05	-	68.12
Provision for Superannuation	0.57	0.38	0.57	-	0.38
Provisn for Income Tax	35.51	0	27.62	7.89	-

Particulars	Gross Block				Accumulated Depreciation				Rs. in Lakhs		
	Balance as at April 1, 2016	Normal Additions	Addition on account of revaluation	Adjustment/ Deduction	Balance as at March 31, 2017	Balance as at April 1, 2016	Normal Depreciation charge for the year	Depreciation charge for the year on account of revaluation	Depreciation on adjustments/deductions	Balance as at March 31, 2017	Balance as at March 31, 2016
9.1 Property, Plant & Equipment											
Land	5,909.23	-	-	-	5,909.23	-	-	-	-	-	5,909.23
Buildings	5,483.76	-	-	-	5,483.76	4,365.98	-	-	-	4,365.98	5,483.76
Plant and Equipment	82,018.12	-	-	-	82,018.12	55,958.74	42.17	2,263.75	-	58,280.66	52,777.77
Furniture and Fixtures	52.76	-	-	-	52.76	40.65	2.87	-	-	43.52	26,060.38
Vehicles	18.82	-	-	-	18.82	17.88	-	-	-	17.88	12.13
Office equipment	22.67	-	-	-	22.67	15.11	1.74	-	-	16.85	0.94
Total	93,506.59	-	-	-	93,506.59	60,988.36	46.78	2,263.75	-	63,298.89	32,513.02
9.3 Intangible Assets											
Computer software	40.13	-	-	-	40.13	25.10	7.15	-	-	32.25	15.03
Total	40.13	-	-	-	40.13	25.10	7.15	-	-	32.25	15.03
9.2 Capital Work In Progress											
Total	-	-	-	-	-	-	-	-	-	-	-
Total	93,546.52	-	-	-	93,546.44	61,013.46	53.93	2,263.75	-	63,331.14	30,215.28
Previous Year	93,583.50	14.02	-	-	93,546.52	58,476.75	272.86	2,263.75	-	61,013.46	32,533.04

Note  
1. Plant & Machinery and Building are erected in 20 acres of land taken on lease from TCCL by virtue of an agreement dated 08.11.2014 at an annual lease rent of Rs. 472.72 lakhs (Rs. 472.72 lakhs) (excluding service tax)  
2. According to the requirement of Companies Act, 2013, company has changed the depreciation on revalued asset to the tune of Rs. 2263.75 lakhs (Rs. 2263.75 lakhs), (Rs.3,006.53 lakhs) in P&L account and similar amount has been removed from Revaluation Account and transferred to General Reserve Account.

Particulars	Gross Block				Accumulated Depreciation				Rs. in Lakhs		
	Balance as at April 1, 2015	Additions	Addition on account of revaluation	Adjustment/ Deduction	Balance as at March 31, 2016	Balance as at April 1, 2015	Normal Depreciation charge for the year	Depreciation charge for the year on account of revaluation [Refer Note 35]	Depreciation on adjustments/deductions	Balance as at March 31, 2016	Balance as at March 31, 2015
9.1 Property, Plant & Equipment											
Land	5,909.23	-	-	51.00	5,909.23	-	-	-	-	-	5,909.23
Buildings	5,483.76	-	-	-	5,483.76	4,733.95	222.03	-	-	4,955.98	749.82
Plant and Equipment	82,018.90	0.22	-	-	82,019.12	55,649.05	45.34	2,263.75	-	58,068.74	28,369.86
Furniture and Fixtures	52.79	-	-	-	52.79	37.63	3.02	-	-	40.65	12.13
Vehicles	18.82	-	-	-	18.82	17.88	-	-	-	17.88	15.06
Office equipment	22.59	-	-	-	22.67	13.15	1.96	-	-	15.11	0.94
Total	93,587.09	0.30	-	51.00	93,506.39	58,451.66	272.95	2,263.75	-	60,988.36	32,513.02
9.3 Intangible Assets											
Computer software	26.41	13.72	-	-	40.13	25.09	0.01	-	-	25.10	15.03
Total	26.41	13.72	-	-	40.13	25.09	0.01	-	-	25.10	15.03
9.2 Capital Work In Progress											
Total	-	-	-	-	-	-	-	-	-	-	-
Total	93,583.50	-	-	51.00	93,546.52	58,476.75	272.96	2,263.75	-	61,013.46	32,533.06
Previous Year	93,579.05	4.45	-	-	93,583.50	54,849.31	621.91	3,006.53	-	58,476.75	35,122.82

**BSES KERALA POWER LIMITED**  
Notes forming part of financial statements

**Note 10.1 - Other non current financial assets**

Rs. in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	Opening balance as at April 1, 2015
(Unsecured, Considered good unless otherwise stated) Long term deposits and advance	48.89	2.88	1.54
<b>Total</b>	<b>48.89</b>	<b>2.88</b>	<b>1.54</b>

**10.2 - Other Current Financial assets**

Rs. in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	Opening balance as at April 1, 2015
(Unsecured, Considered good unless otherwise stated) Short Term advance	0.30	0.80	-
Interest receivable	437.41	984.71	141.51
Other current Financial Assets	6.84	-	-
<b>Total</b>	<b>444.55</b>	<b>985.51</b>	<b>141.51</b>

**Note 10.3 - Intercompany Deposits**

Rs. in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	Opening balance as at April 1, 2015
Intercompany deposits	3,970.50	9,850.00	9,100.00
<b>Total</b>	<b>3,970.50</b>	<b>9,850.00</b>	<b>9,100.00</b>

**Note 10.4 - Other current assets**

Rs. in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	Opening balance as at April 1, 2015
Advance to employees	1.86	0.39	0.16
Advances to Vendors	0.89	7.27	28.36
Prepaid expenses	26.65	185.26	350.78
<b>Total</b>	<b>29.40</b>	<b>192.92</b>	<b>379.30</b>

**Note 11 - Inventories:**

Rs. in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	Opening balance as at April 1, 2015
Fuel :			
Gross amount	4,895.55	4,893.65	5582.27
Less: Diminution in value of fuel	1,812.24	-	-
Net amount	3,083.31	4,893.65	5,582.27
Stores and Spares	945.98	960.62	982.12
<b>Total</b>	<b>4,029.29</b>	<b>5,854.27</b>	<b>6,564.39</b>

During the year under review the company has reduced Rs.1,812.24 lakhs from the closing stock of the inventory (fuel) to match with the market value of fuel as at the end of the year, Rs.0.43 lakhs/MT which is below the cost of fuel purchased.

**Note 12 - Cash and Bank Balances:**

Rs. in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	Opening balance as at April 1, 2015
12.1 Cash & Cash equivalents			
Balance with banks	8.85	11.02	5.61
Cash on hand	0.21	0.20	0.48
	9.06	11.22	6.09
12.2 Investment in fixed deposits			
Fixed Deposit Account	45.00	90.00	883.62
Restricted deposit with banks (*)	1,028.00	428.00	-
Total	1,073.00	518.00	883.62

\* Restricted deposit with banks consists of Fixed Deposits in lien with Canara Bank towards bank guarantee issued in favour of Indian Oil Corporation Limited.

**Note 13 - Trade Receivables**

Rs. in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	Opening balance as at April 1, 2015
(Secured unless otherwise stated)			
Outstanding for a period less than six months from the date they are due for payment			
Considered good	-	365.27	1,433.72
Outstanding for a period exceeding six months from the date they are due for payment*			
Considered good	726.21	580.92	-
Total	726.21	946.19	1,433.72



Note 14 - Investments

14.1 - Non current Investments (Non-Trade)

Particulars	Rs. in lakhs		
	As at March 31, 2017	As at March 31, 2016	Opening balance as at April 1, 2015
Investment in equity shares	0.03	0.03	0.03
Total	0.03	0.03	0.03
Less : Provision for diminution in the value of Investments	0.03	0.03	0.03
Total	-	-	-

Details of Non Current Investments

Name of the Body Corporate	No. of Shares / Units				Rs. in lakhs			Basis of Valuation
	As at March 31, 2017	As at March 31, 2016	Opening balance as at April 1, 2015	As at March 31, 2017	As at March 31, 2016	Opening balance as at April 1, 2015		
<b>Investments in Equity shares</b>								
(i) North Eastern Electricity Supply Company of Orissa Limited 100 (100) Equity Shares of Rs.10 each fully paid up	100.00	100.00	100.00	0.01	0.01	0.01	Provision for diminution in value created for full amount	
ii) Western Electricity Supply Company of Orissa Limited 100 (100) Equity Shares of Rs. 10 each fully paid up	100.00	100.00	100.00	0.01	0.01	0.01	"	
iii) Southern Electricity Supply Company of Orissa Limited 100 (100) Equity Shares of Rs. 10 each fully paid up	100.00	100.00	100.00	0.01	0.01	0.01	"	
Total				0.03	0.03	0.03		

14.2 - Current Investments (Non-trade)

Particulars	Rs. in lakhs		
	As at March 31, 2017	As at March 31, 2016	Opening balance as at April 1, 2015
Investments in Mutual Funds	56.20	2,446.17	605.00
Total	56.20	2,446.17	605.00

Details of Current Investments

Name of the Body Corporate	No. of Shares / Units				Rs in Lakhs			Basis of Valuation
	As at March 31, 2017	As at March 31, 2016	Opening balance as at April 1, 2015	As at March 31, 2017	As at March 31, 2016	Opening balance as at April 1, 2015		
<b>Investments in Reliance Mutual Funds</b>								
Floating Short Term Fund-Growth option (NAV as on 31.03.2017 is Rs. 65.47 lakhs, 31.03.2016 is Rs.2025.59 lakhs an 31.03.2015 is Rs. 610.41 lakhs)	212,463.304	7,163,070.117	2,329,255.474	56.20	1,880.00	605.00	Cost or market value whichever is lower	
Money Manager Fund-Growth option (NAV as on 31.03.2017 is nil,31.03.2016 is 589.45 and 31.03.2015 is nil)	-	28,409.034	-	-	566.17	-	"	
Total	212,463.304	7,191,479.151	2,329,255.474	56.20	2,446.17	605.000		

	Market Value			Book Value		
	As at March 31, 2017	As at March 31, 2016	Opening balance as at April 1, 2015	As at March 31, 2017	As at March 31, 2016	Opening balance as at April 1, 2015
Aggregate value of Quoted Investments	65.47	2,615.04	610.41	56.20	2,446.17	605.00

**Note 15 - Share Capital**

Particulars	As at March 31, 2017		As at March 31, 2016		Opening balance as at April 1, 2015	
	Number	Rs in Lakhs	Number	Rs in Lakhs	Number	Rs in Lakhs
<b>Authorised</b> 14,50,00,000 Equity Shares of Rs. 10 each	145,000,000	14,500.00	145,000,000	14,500.00	145,000,000	14,500.00
<b>Issued</b> 6,27,60,000 Equity Shares of Rs. 10 each 12,77,60,000 Equity Shares of Rs. 10 each	62,760,000 -	6,276.00 -	127,760,000 -	12,776.00 -	127,760,000 -	12,776.00 -
<b>Subscribed &amp; Paid up</b> 6,27,60,000 Equity Shares of Rs. 10 each fully paid 12,77,60,000 Equity Shares of Rs. 10 each	62,760,000 -	6,276.00 -	127,760,000 -	12,776.00 -	127,760,000 -	12,776.00 -
<b>Total</b>	<b>62,760,000</b>	<b>6,276.00</b>	<b>127,760,000</b>	<b>12,776.00</b>	<b>127,760,000</b>	<b>12,776.00</b>

**15.a Reconciliation of shares outstanding at the beginning and at the end of the reporting period**

Particulars	Equity Shares (2016-17)		Equity Shares (2015-16)		Equity Shares (2014-15)	
	Number	Rs in Lakhs	Number	Rs in Lakhs	Number	Rs in Lakhs
Shares outstanding at the beginning of the year	127,760,000	12,776.00	127,760,000	12,776.00	127,760,000	12,776.00
Less: Buy back of shares	65,000,000	6,500.00	-	-	-	-
Shares outstanding at the end of the year	62,760,000	6,276.00	127,760,000	12,776.00	127,760,000	12,776.00

**15.b Shares held by Holding Company and shareholders holding more than 5 % shares in the Company**

Name of Shareholder	As at March 31, 2017		As at March 31, 2016		Opening balance as at April 1, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Reliance Infrastructure Limited - Holding Company	62,760,000	100.00	127,760,000	100.00	127,760,000	100.00

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the 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.

The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

**15.c Note on reduction in Capital**

During the year 2015-16, the Company has filed a petition for capital reduction before the Hon'ble High Court of Kerala for seeking its sanction to reduce Rs. 6500 lakhs from its paid up share capital of Rs. 12776 lakhs and to retain the paid up capital volume at Rs. 6276 lakhs. The Court has approved the scheme of Capital reduction applied for vide its Order dtd 20th May 2016. Accordingly the company has filed the required documents/ forms with MCA/ROC office and MCA has issued Certificate of Registration of Order dated 19th July 2016 confirming reduction of capital. The Company has paid Dividend distribution Tax of Rs. 1323.27 lakhs during the year.

Note 16 - Other Equity

Rs. in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	Opening balance as at April 1, 2015
<b>Reserves &amp; Surplus</b>			
Opening balance	6,329.46	6,399.67	6,399.67
(+) Total Comprehensive income/(loss) for the year	(5,097.04)	(325.25)	-
(+) Reversal of deferred tax	-	255.04	-
(-) Tax on Dividend	1,323.27	-	-
(+) Closing Balance	(90.85)	6,329.46	6,399.67
<b>b. Revaluation reserve</b>			
(+) Opening Balance	31,438.38	33,750.88	33,750.88
(+) Addition during the year	-	-	-
(-) Reversal on Disposal of Asset	-	48.75	-
(-) Credit to General Reserve	-	2,263.75	-
(+) Closing Balance	31,438.38	31,438.38	33,750.88
<b>c. General reserve</b>			
(+) Opening Balance	2,263.75	-	-
(+) Addition during the year	-	2,263.75	-
(-) Credit to P&L account	-	-	-
(+) Closing Balance	2,263.75	2,263.75	-
<b>Total</b>	<b>33,611.28</b>	<b>40,031.59</b>	<b>40,150.55</b>

**Note 17 - Borrowings**

Particulars	As at March 31, 2017	As at March 31, 2016	Opening balance as at April 1, 2015
<b>Secured:</b>			
Working capital facility from banks	-	-	129.43
Total	-	-	129.43

Working capital facilities from Banks are Secured by Hypothecation of Stocks and by First Charge on Book Debt & collateral security on fixed assets . This loan was closed during the year 2015-16

**Note 18 - Trade and other payables**

Rs. in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	Opening balance as at April 1, 2015
Trade and other payables	466.84	263.48	183.58
Total	466.84	263.48	183.58

**Note 19 - Provisions**

Rs. in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	Opening balance as at April 1, 2015
<b>19.1 - Non-Current</b>			
Provision for leave encashment	57.43	57.98	59.16
Total	57.43	57.98	59.16
<b>19.2 - Current</b>			
Provision for Leave encashment	10.69	10.14	8.50
Total	10.69	10.14	8.50

Refer Note No. 8 for movement of provision

**Note 20 - Current Income Tax liabilities**

Rs. in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	Opening balance as at April 1, 2015
Provision for Income Tax	-	35.51	778.37
Total	-	35.51	778.37

**Note 21 - Other current liabilities**

Rs. in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	Opening balance as at April 1, 2015
Outstanding Liability for Expenses	54.22	8.12	27.14
Employee Payments	73.12	109.17	98.48
Other employee benefits payable	0.38	0.57	0.57
Statutory Liabilities	45.67	39.33	15.07
Short Term Security Deposits of vendors	6.75	8.32	10.94
Total	180.14	165.51	152.20

**Note 22 - Revenue**  
**Revenue from operations**

Particulars	Rs. in lakhs	
	for the year ended March 31, 2017	for the year ended March 31, 2016
a. Sale of Electricity	-	4,910.50
b. Other Operating Income	-	-
<b>Total</b>	<b>-</b>	<b>4,910.50</b>

**Note 23 - Employee Benefit Expense**

Particulars	Rs. in lakhs	
	for the year ended March 31, 2017	for the year ended March 31, 2016
(a) Salaries and incentives	367.33	449.42
(b) Contributions to Provident Fund and other funds	32.58	46.94
(c) Staff welfare expenses	81.69	98.14
<b>Total</b>	<b>481.60</b>	<b>594.50</b>

**Note 24 - Other Expenses**

Particulars	Rs. in lakhs	
	for the year ended March 31, 2017	for the year ended March 31, 2016
Electricity charges	219.97	232.68
Prompt Payment Rebate (net)	-	78.33
Rent (Refer Note 4)	545.98	540.50
Repairs to buildings	-	0.01
Repairs to machinery	132.42	216.20
Insurance	152.83	155.71
Rates and taxes, excluding taxes on income	2.19	3.77
Loss on Sale of assets	0.08	2.25
Expenditure incurred on CWIP written off	-	15.86
Miscellaneous expenses including payments to auditor	243.96	296.63
<b>Total</b>	<b>1,297.43</b>	<b>1,541.94</b>

**24.a** Miscellaneous expenses include expenditure related to Corporate Social Responsibility  
(Refer Note No. 33)

**24.b Details of payments to the auditor**

Particulars	Rs. in lakhs	
	for the year ended March 31, 2017	for the year ended March 31, 2016
(a) Audit fee including service tax	2.58	6.52
(b) for reimbursement of expenses	0.03	0.03
<b>Total</b>	<b>2.61</b>	<b>6.55</b>



**Note 25 - Other income**

Rs. in lakhs

Particulars	for the year ended March 31, 2017	for the year ended March 31, 2016
Net gain/(loss ) on sale of investments	225.26	50.17
Unclaimed liabilities written back	4.90	1.39
Exchange Fluctuation Income (Net)	-	3.09
Insurance Claim on Fixed Assets	26.85	140.10
Other non-operating income	0.54	49.68
Total	257.55	244.43

**Note 26 - Finance Income**

Particulars	for the year ended March 31, 2017	for the year ended March 31, 2016
Interest Income	653.89	985.11
Total	653.89	985.11

**Note 27 - Finance Cost**

Rs. in lakhs

Particulars	for the year ended March 31, 2017	for the year ended March 31, 2016
Interest expense on working capital and other borrowings	35.77	24.02
Other borrowing costs	5.53	23.07
Total	41.30	47.09

**Note 28 - Earnings Per Equity Share**

Particulars	for the year ended March 31, 2017	for the year ended March 31, 2016
Net Profit / (Loss) after taxation (Rs in Lakhs)	(5,097.04)	(325.25)
Nominal Value of equity shares (in Rs.)	10	10
No of Equity shares (opening)	127,760,000	127,760,000
No of Equity shares (closing)	62,760,000	127,760,000
Weighted average number of Equity shares	82,349,041	127,760,000
Basic earnings per share (Rs.)	(6.19)	(0.25)
Diluted earnings per share (Rs.)	(6.19)	(0.25)

**29 C.I.F Value of Imports** Rs in Lakhs

Particulars	2016-17	2015-16
(i) Components and Spare parts	-	76.68
(ii) Capital Goods	-	-
<b>Total</b>	-	76.68

**30 Expenditure in Foreign Currency:** Rs in Lakhs

Particulars	2016-17	2015-16
(i) Interest	-	-
(ii) Repair & Maintenance	-	42.74
(iii) Foreign Travel & Training fee	-	-
<b>Total</b>	-	42.74

**Earnings in Foreign Currency**

Particulars	2016-17	2015-16
	Nil	Nil

**31 (a) Details of fuel Consumption/Diminution value** Rs in Lakhs

Particulars	2016-17	2015-16
Naphtha	14.12	687.38
Diminution in value of fuel	1,812.24	-
HSD	9.66	22.80
<b>Total</b>	1,836.02	710.18

**31 (b) Value of components, stores and spare parts consumed: (including fuel consumed & diminution in value)**

Particulars	2016-17		2015-16	
	Rs in Lakhs	% to Total Consumption	Rs in Lakhs	% to Total Consumption
Imported	0.11	0.01%	61.06	6.82%
Indigenous	1,870.36	99.99%	833.80	93.18%
<b>Total</b>	1,870.47	100.00%	894.86	100.00%

**32 Particulars of derivative instruments:**

- No derivative instruments are acquired for hedging purposes
- No derivative instruments are acquired for speculation purposes
- Foreign currency exposures that are not hedged by derivative instrument or otherwise  
Rs. 30.93 lakhs ( P.Y. Rs.30.93 lakhs )

**33 Expenditure related to Corporate Social Responsibility as per Section 135 of the Act, read with Schedule VII thereof is Rs. 5.95 lakhs. (Previous year 18.24 lakhs)**

**BSES Kerala Power Limited**

**Note 34 - RELATED PARTY DISCLOSURES**

As per IND AS 24 Related Parties, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

**(i) List of related parties where control exists and related parties with whom transactions have taken place and relationships**

Sr. No.	Name	Relationship
1	Reliance Infrastructure Limited	Holding Company
2	T P Sasidharan	Key Managerial Person
3	Robin Sebastian	Key Managerial Person

**(ii) Transactions during the year with related parties :**

Sr. No.	Nature of transaction	Rs. in lakhs			
		Holding Company	Associate	Key Managerial person	Others
1	Insurance premium-Group Mediclaim and Hospitalisation & term insurance	14.40	-	-	-
2	Payment to Key Managerial Personnel	-	-	71.69	-
					<b>Total</b>
					14.40
					71.69

**35. a Ind AS "Employee benefits" disclosure**(i) Defined contribution plans

- a. Provident fund
- b. Superannuation fund
- c. State defined contribution plans

Employers' Contribution to Employees' State Insurance

Employers' Contribution to Employees' Pension Scheme 1995

The provident fund and the state defined contribution plan are operated by the Regional Provident Fund Commissioner, the superannuation fund is administered by the Trustees of the BSES Kerala Power Limited Officers' Superannuation Scheme Trust and the Gratuity fund is administered by the Trustees of the BSES Kerala Power Limited Employees Group Gratuity Assurance Scheme Trust. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits. These funds are recognized by the Income tax authorities.

The Company has recognised the following amounts in the Profit and Loss Account for the year ended:

Particulars	Rs. in lakhs	
	March 31, 2017	March 31, 2016
Contribution to Provident Fund	16.89	16.11
Contribution to Employee's Superannuation Fund	6.56	7.49
Contribution to Employee's State Insurance Scheme	-	-
Contribution to Employee's Pension Scheme 1995	5.64	6.72

(ii) Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

- i. Gratuity
- ii. Leave Encashment

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial

Particulars	Rs in Lakhs			
	for the year ended March 31, 2017		for the year ended March 31, 2016	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
<b>Components of employer expense</b>				
Current service cost	5.84	3.83	7.20	0.75
Interest cost	7.81	5.62	5.92	5.24
Expected return on plan assets	(11.43)	0.00	(11.03)	0.00
Curtailment cost / (credit)	-	-	-	-
Settlement cost / (credit)	-	-	-	-
Past service cost	-	-	-	-
Actuarial losses/(gains)	(8.72)	(13.22)	12.73	(0.43)
Benefits paid in respect of employees in service	-	0.00	-	0.00
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>(6.50)</b>	<b>(3.77)</b>	<b>14.82</b>	<b>5.56</b>
<b>Actual contribution and benefit payments for year</b>				
Actual benefit payments	(16.32)	(6.73)	(7.51)	(5.10)
Actual contributions	0.00	-	0.00	-
<b>Net (asset) / liability recognised in the Balance Sheet</b>				
Present value of defined benefit obligation	83.32	57.61	94.71	68.12
Fair value of plan assets	(137.81)	-	(140.71)	-
Funded status [Surplus / (Deficit)]	-	-	-	-
Unrecognised past service costs	-	-	-	-
<b>Net (asset) / liability recognised in the Balance Sheet</b>	<b>(54.49)</b>	<b>57.61</b>	<b>(46.01)</b>	<b>68.12</b>

Contd..

Note No.35 Contd...				
<b>Change in Defined Benefit Obligations (DBO) during the year</b>				
Present value of DBO at beginning of the year	94.71	68.12	76.36	67.66
Current service cost	5.84	3.83	7.20	0.75
Interest cost	7.82	5.62	5.92	5.24
Curtailment cost / (credit)	-	-	-	-
Settlement cost / (credit)	-	-	-	-
Plan amendments	-	-	-	-
Acquisitions	-	-	-	-
Actuarial (gains) / losses	(8.72)	(13.22)	12.73	(0.43)
Past service cost	-	-	-	-
Benefits paid	(16.32)	(6.73)	(7.51)	(5.10)
Present value of DBO at the end of the year	<b>83.32</b>	<b>57.61</b>	<b>94.70</b>	<b>68.12</b>
<b>Change in fair value of assets during the year</b>				
Plan assets at beginning of the year	140.71	-	136.20	-
Acquisition adjustment	-	-	-	-
Expected return on plan assets	11.43	-	11.03	-
Actual company contributions	1.99	-	0.99	-
Actuarial gain / (loss)	-	-	-	-
Benefits paid	(16.32)	-	(7.51)	-
Plan assets at the end of the year	<b>137.81</b>	-	<b>140.71</b>	-
Actual return on plan assets	-	-	-	-
<b>Composition of the plan assets is as follows:</b>				
Government bonds	-	-	-	-
Administered by Life Insurance Corporation Of India	100%	-	100%	-
Equity mutual funds	-	-	-	-
Others	-	-	-	-
<b>Actuarial assumptions</b>				
Discount rate	7.50%	7.50%	8.25%	8.25%
Expected return on plan assets	8.25%	0.00%	8.35%	0.00%
Salary escalation	7.00%	7.00%	6.50%	6.50%
Attrition	1.00%	1.00%	1.00%	1.00%
Mortality tables	-	-	-	-
Performance percentage considered	-	-	-	-
Estimate of amount of contribution in the immediate next year	-	-	-	-

Sr. No	Particulars	Gratuity				
		2016-17	2015-16	2014-15	2013-14	2012-13
(i)	Present Value of the Defined Benefit Obligation	83.32	94.71	76.36	72.60	75.93
(ii)	Fair Value of the Plan Assets	(137.81)	(140.71)	(135.66)	(133.25)	(126.87)
(iii)	(Surplus)/Deficit in the plan	(54.49)	(46.01)	(59.30)	(60.65)	(50.94)
(iv)	Experience adjustments on Plan Liabilities (Gain)/Loss	(17.10)	17.63	(12.00)	(3.74)	(3.32)
(v)	Experience adjustments on Plan Assets (Gain)/Loss	0.00	0.00	0.00	0.00	0.00
Sr. No	Particulars	Leave Encashment				
		2016-17	2015-16	2014-15	2013-14	2012-13
(i)	Present Value of the Defined Benefit Obligation	57.61	68.12	67.66	56.59	59.89
(ii)	Fair Value of the Plan Assets	0	0	0	0	0
(iii)	(Surplus)/Deficit in the plan	57.61	68.12	67.66	56.59	59.89
(iv)	Experience adjustments on Plan Liabilities (Gain)/Loss	(19.31)	3.45	(3.94)	(4.56)	(0.96)

The estimates of future salary increases considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

35. b As per actuarial valuation as on March 31, 2017, the company has net gain of Rs.18.99 lakhs in respect of gratuity and leave encashment which is mainly due to reduction in number of employees.

In the opinion of the Management, the number of employees may increase in future and hence the liability in respect of Gratuity and Leave encashment recognised in the books of accounts need not be reduced and hence the above mentioned gain is not recognised for the year.

- 36 The company has written to all its creditors to confirm whether they fall under Micro, Small and Medium Enterprises Creditors category. From responses received and the information available with the Company, there are no dues payable to Micro Small and Medium Enterprises Creditors.

Particulars	2016-17	2015-16
	Rs in Lakhs	Rs in Lakhs
Principal amount outstanding as at 31st March	-	-
Interest due on (1) above and unpaid as 31st March	-	-
Interest paid to the supplier	-	-
Payments made to the supplier beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid as at 31st March	-	-
Amount of further interest remaining due and payable in succeeding year	-	-

- 37 **Contingent liabilities and commitments (to the extent not provided for)**

Particulars	for the year ended March 31, 2017	for the year ended March 31, 2016
<b>(i) Contingent Liabilities</b>		
(a) Guarantees / Counter guarantees	1,028.00	428.00
(b) Wealth tax claim	2.55	2.55
<b>(ii) Commitments</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-
<b>Total</b>	<b>1,030.55</b>	<b>430.55</b>

The company has issued 2 Bank Guarantees to M/s. Indian Oil Corporation Limited (fuel Supplier) towards commitment charges and for supply of fuel having validity of April 06, 2017 and September 03, 2017 respectively.

During the year 2015-16, the Company has created charge on the whole of the moveable fixed assets including plant and machinery, machinery spares, tools and accessories and other moveables both present and future (but save and except current assets and book debts) in favour of : (i). M/s. J & K Bank, Mumbai for Rs.15,000 lakhs (Nil) and (ii). M/s.Karnataka Bank Limited, Mumbai for Rs. 5,000 lakhs (Nil) for the loans availed by the Holding company (M/s. Reliance Infrastructure Limited, Mumbai) which were repaid in full and certificate of satisfaction of charge has been received from ROC/MCA on 10.10.2016 & 15.10.2016 respectively.  
(ii). During the year, the company has executed a Deed of Hypothecation for Rs. 18,900 lakhs (Nil) in favour of Yes Bank Limited for the loan availed by Holding company (M/s. Reliance Infrastructure Limited, Mumbai)



**BSES Kerala Power Limited**

Notes to accounts forming part of financial statements for the year ended March 31, 2017

38 First time adoption of Ind AS

a) Effect of Ind AS adoption on the balance sheet as at March 31, 2017 and April 1, 2016

Rs. in lakhs

Particulars	As at March 31, 2017			As at April 1, 2016		
	Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
<b>ASSETS</b>						
<b>Non-current assets</b>						
(a) Tangible asset	30,207.41	-	30,207.41	32,518.02	-	32,518.02
(b) Intangible asset	7.87	-	7.87	15.03	-	15.03
(c) Financial Assets						
(i) Loans	-	-	-	-	-	-
(ii) Other financial assets	48.89	-	48.89	2.88	-	2.88
(d) Deferred Tax assets (net)	113.50	(113.50)	-	113.50	(113.50)	-
<b>Total non-current assets</b>	<b>30,377.67</b>	<b>(113.50)</b>	<b>30,264.17</b>	<b>32,649.43</b>	<b>(113.50)</b>	<b>32,535.93</b>
<b>Current assets</b>						
(a) Financial Assets						
(i) Investments	1,084.20	-	1,084.20	2,874.17	-	2,874.17
(ii) Trade receivables	726.21	-	726.21	946.19	-	946.19
(iii) Cash and cash equivalents	54.06	-	54.06	101.22	-	101.22
(iv) Intercompany Deposits	3,970.50	-	3,970.50	9,850.00	-	9,850.00
(v) Other financial assets	444.55	-	444.55	985.51	-	985.51
(b) Inventory	4,029.29	-	4,029.29	5,854.27	-	5,854.27
(c) Other current assets	29.40	-	29.40	192.92	-	192.92
<b>Total current assets</b>	<b>10,338.21</b>	<b>-</b>	<b>10,338.21</b>	<b>20,804.28</b>	<b>-</b>	<b>20,804.28</b>
<b>Total Assets</b>	<b>40,715.88</b>	<b>(113.50)</b>	<b>40,602.38</b>	<b>53,453.71</b>	<b>(113.50)</b>	<b>53,340.21</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
(a) Equity share capital	6,276.00	-	6,276.00	12,776.00	-	12,776.00
(b) Other equity	33,724.78	(113.50)	33,611.28	40,145.09	(113.50)	40,031.59
<b>Total equity</b>	<b>40,000.78</b>	<b>(113.50)</b>	<b>39,887.28</b>	<b>52,921.09</b>	<b>(113.50)</b>	<b>52,807.59</b>
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
(a) Financial Liabilities						
(i) Borrowings	-	-	-	-	-	-
(ii) Other financial liabilities	-	-	-	-	-	-
(b) Provisions	57.98	-	57.98	57.98	-	57.98
(c) Other non-current liabilities	-	-	-	-	-	-
<b>Total non-current liabilities</b>	<b>57.98</b>	<b>-</b>	<b>57.98</b>	<b>57.98</b>	<b>-</b>	<b>57.98</b>
<b>Current liabilities</b>						
(a) Financial Liabilities						
(i) Borrowings	-	-	-	-	-	-
(ii) Trade payables	501.40	-	501.40	263.48	-	263.48
(b) Current Income Tax liabilities	-	-	-	35.51	-	35.51
(c) Provisions	10.14	-	10.14	10.14	-	10.14
(d) Other current liabilities	145.58	-	145.58	165.51	-	165.51
<b>Total current liabilities</b>	<b>657.12</b>	<b>-</b>	<b>657.12</b>	<b>474.64</b>	<b>-</b>	<b>474.64</b>
<b>Total liabilities</b>	<b>715.10</b>	<b>-</b>	<b>715.10</b>	<b>532.62</b>	<b>-</b>	<b>532.62</b>
<b>Total equity and liabilities</b>	<b>40,715.88</b>	<b>(113.50)</b>	<b>40,602.38</b>	<b>53,453.71</b>	<b>(113.50)</b>	<b>53,340.21</b>

In terms of our report of even date attached

For Kannan & Kassim  
Chartered Accountants  
ICAI Firm Registration No. 008896S

P.B. Vijayabhaskar  
Partner  
Membership No. 206038

Place: Kochi  
Date: April 12, 2017

For and on behalf of Board of Directors

Santa Gupta Director

Robin Sebastian Whole Time Director

T P Sasidharan CFO & Company Secretary

**BSES Kerala Power Limited**

Notes to accounts forming part of financial statements for the year ended March 31, 2017

**First time adoption of Ind AS (contd..)**

**b) Reconciliation of total equity as at March 31, 2017 and April 1, 2016:**

Particulars	Rs. in lakhs	
	As at March 31, 2017	As at April 1, 2016
<b>Equity as reported under previous GAAP</b>	33,724.78	40,145.09
Ind AS: Adjustments increase/(decrease):		
(i) Adjustments relating to application of Appendix A - Service	-	-
(ii) Deemed capital contribution relating to subordinated debt	-	-
(iii) Interest unwinding on subordinated debt	-	-
(iv) Other adjustments	(113.50)	(113.50)
<b>Equity as reported under Ind AS</b>	<b>33,611.28</b>	<b>40,031.59</b>

**c) Reconciliation of total comprehensive income for the year ended March 31, 2017**

Particulars	Rs. in lakhs
	For the year ended March 31, 2017
<b>Loss as per previous GAAP</b>	<b>(5,097.04)</b>
Ind AS: Adjustments increase/(decrease):	
(i) Adjustments relating to application of Appendix A - Service Concession	-
(ii) Interest (time value) recognised on subordinated debt	-
(iii) Reclassification to other comprehensive income	-
(iv) Other adjustment	-
<b>Total adjustment to profit and loss</b>	<b>-</b>
<b>Loss as per Ind AS</b>	<b>(5,097.04)</b>
Other comprehensive income/(loss)	-
<b>Total comprehensive income/(loss) under Ind AS</b>	<b>(5,097.04)</b>

**d) Material adjustments to the statement of cash flows**

Particulars	Rs. in lakhs		
	For the year ended March 31, 2017		
	Previous GAAP	Ind AS adjustments	Ind AS
Net cash flows from operating activities	(731.22)	-	(731.22)
Net cash flows from investing activities	8,548.63	-	8,548.63
Net cash flows from financing activities	(7,864.57)	-	(7,864.57)
Net increase/(decrease) in cash and cash equivalents	(47.16)	-	(47.16)
Cash and cash equivalents at beginning of year	101.22	-	101.22
Cash and cash equivalents at the end of the year	54.06	-	54.06
<b>Net increase / (decrease) in Cash and cash equivalents</b>	<b>(47.16)</b>	<b>-</b>	<b>(47.16)</b>