



Annexure

# ANNEXURE - 1

**BSES Rajdhani Power Limited**

BSES Bhawan, Nehru Place,  
New Delhi - 110 019, India.  
CIN : U40109DL2001PLC111527  
GST : 07AAGCS3187H2Z3  
Tel. : +91 11 3009 9999  
Fax : +91 11 3999 7888  
www.bsesdelhi.com

Ref: RA/2018-19/01/A/477

November 26, 2018

To,

The Secretary  
Delhi Electricity Regulatory Commission  
Viniyamak Bhawan, "C" Block, Shivalik,  
Malviya Nagar,  
New Delhi-110017

**Subject: Submission of Annual Audited Accounts for FY 2017-18**

Sir,

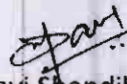
Please find enclosed BRPL's Annual Audited Accounts for Financial Year 2017-18 for perusal and record of the Hon'ble Commission.

Kindly acknowledge the same.

Thanking you,

Yours faithfully,

**For BSES Rajdhani Power Limited**

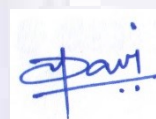
  
Ravi Shandilya  
Sr. Manager (Regulatory Affairs)

Encl.: As above

# ANNUAL ACCOUNTS

FINANCIAL YEAR

2017-18



**HARIBHAKTI & CO. LLP**

Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT****To the Members of BSES Rajdhani Power Limited****Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of BSES Rajdhani Power Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information, (hereinafter referred to as "Ind AS Financial Statements").

**Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the (state of affairs) financial position, profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS 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



Haribhakti & Co. LLP, Chartered Accountants Regn. No. AAC-3768, a limited liability partnership registered in India (converted on 17th June, 2014 from firm Haribhakti & Co. FRN: 103523W)  
 3rd Floor, 52-B Okhla Industrial Area, Phase III, New Delhi - 110 020, India. Tel: +91 11 4711 9999 Fax: +91 11 4711 9998  
 Registered office: 705, Leela Business Park, Andheri-Kurla Road, Andheri (E), Mumbai - 400 059, India.  
 Other offices: Ahmedabad, Bengaluru, Chennai, Coimbatore, Hyderabad, Kolkata, Mumbai, Pune.





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requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

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

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2018, its profit (financial performance including other comprehensive income), its cash flows and changes in equity for the year ended on that date.

## Emphasis of Matter

We draw attention to the following matters in the notes to the Ind AS financial statements:

- i. Note 17 to the accompanying Ind AS financial statements with regard to Delhi Electricity Regulatory Commission ("DERC") Tariff Order received by the Company wherein DERC has trued up revenue gap up to March 31, 2014 vide its Tariff Order dated September 29, 2015 with certain disallowances. The Company has preferred an appeal before Honourable APTEL against such disallowances. Based on a legal opinion, the impact of these disallowances, which are subject matter of the appeal, has not been considered in the carrying value of Regulatory Deferral Account Balance as at March 31, 2018 in the accompanying Ind AS financial statements.

DERC has further undertaken truing-up of revenue gap of FY 2014-15 and FY 2015-16 vide, Tariff Order dated August 31, 2017 and of FY 2016-17 vide Tariff Order dated March 28, 2018 with certain disallowances. The Company has preferred an appeal or is in the process of filing an appeal before Honourable APTEL against certain disallowances. Based on the legal opinion, the Company has not



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considered the impact of such disallowances in the computation of Regulatory Deferral Account Balance as at March 31, 2018 in the accompanying Ind AS financial statements;

- ii. Note 50 to the accompanying Ind AS financial statements with regard to outstanding balances payable to various electricity generating companies and timely recovery of Accumulated Regulatory Deferral Account Balance, for which matter is pending before Honourable Supreme Court and the judgement is reserved; and
- iii. Note 51 to the accompanying Ind AS financial statements with regard to audit conducted by Comptroller and Auditor General of India.

Our opinion is not modified in respect of these matters.

**Report on Other Legal and Regulatory Requirements**

(1) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(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 purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, the Statement of Profit and Loss, Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;
- e. The matter described in sub-paragraph (i) and (ii) under the Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the cash flows of the Company and consequently on the functioning of the Company;
- f. On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;



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- g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".
- h. With respect to the other matters to be included in the Auditor's 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 Ind AS financial statements - Refer Note 48 on Contingent Liabilities and Note 49 on other matters under litigation to the Ind AS financial statements;
- (ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise; and
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Haribhakti &amp; Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W /W100048




Raj Kumar Agarwal

Partner

Membership No.074715

New Delhi: April 21, 2018





**HARIBHAKTI & CO. LLP**

Chartered Accountants

**ANNEXURE 1 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 to the members of BSES Rajdhani Power Limited on the financial statements for the year ended March 31, 2018]

- (i)(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) During the year, the fixed assets of the Company have been physically verified by the management, other than underground cables/ overhead lines due to technical reasons, as per the regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, material discrepancies identified on such verification have been properly dealt with in the books of account.
- (c) According to the information and explanations given to us, immovable properties comprising buildings recorded in the books of account of the Company were transferred to, and vested in, the Company pursuant to unbundling of Delhi Vidyut Board and in accordance with Delhi Electricity Reform (Transfer Scheme) Rules, 2001 read with the Delhi Electricity Reform Act, 2000. No title deeds in respect of these immovable properties were handed over by the Government of the NCT of Delhi to the Company at the time of such unbundling.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. As informed, no material discrepancy was noticed on physical verification carried out during the year.
- (iii) 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 Act. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.
- (iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) We have broadly reviewed the books of account 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 Act and the rules framed there under and we are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made any detailed examination of cost records maintained by the Company.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, electricity tax, cess and any other material statutory dues applicable to it, however, few delays in deposit have not been serious.



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According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, electricity tax, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us, the dues outstanding with respect to, income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount of demand Rs (In Crores)	Amount paid Under protest (Rs In Crores)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Interest u/s 201(1A)	1.20	1.20	Assessment Year 2008-09	Commissioner of Income Tax (Appeals)
	Demand u/s 143(3)	4.62	0.50	Assessment Year 2011-12	Commissioner of Income Tax (Appeals)
	Demand u/s 154/143(3)	0.92	-	Assessment Year 2013-14	Income Tax Appellate Tribunal
	Demand u/s 154/143(3)	1.33	-	Assessment Year 2015-16	Commissioner of Income Tax (Appeals)

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks and government. The Company has no dues in respect of debenture holders during the year.
- (ix) In our opinion and according to the information and explanations given to us, there was no money raised by way of initial public offer/further public offer (including debt instruments) during the year. Further, the term loans have been applied by the Company for the purposes for which they were raised.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management during the year.
- (xi) According to the information and explanations given to us, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable Indian Accounting Standards (IndAS).

- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph (xiv) of the Order is not applicable to the Company.



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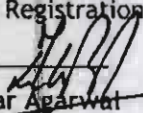


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- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.
- (xvi) According to the information and explanation given to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

For Haribhakti & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No. 103523W/W100048

  
Raj Kumar Agarwal  
Partner  
Membership No. 074715



Date: April 21, 2018  
Place: New Delhi







**HARIBHAKTI & CO. LLP**

Chartered Accountants

**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of BSES Rajdhani Power Limited on the financial statements for the year ended March 31, 2018]

**Report on the Internal Financial Controls over Financial Reporting 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 BSES Rajdhani Power Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the 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 ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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



A handwritten signature in blue ink, possibly reading "S. Puri".





# HARIBHAKTI & CO. LLP

Chartered Accountants

## 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, 2018, 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 ICAI.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W/W100048

Raj Kumar Agarwal

Partner

Membership No. 074715



Date: April 21, 2018

Place: New Delhi

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**BSES RAJDHANI POWER LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2018**

	Note	As at March 31, 2018 (₹) In Crores	As at March 31, 2017 (₹) In Crores
<b>Assets</b>			
<b>Non - Current Assets</b>			
(a) Property, Plant and Equipment	3	3,787.86	3,525.15
(b) Capital Work In Progress		342.03	323.90
(c) Other Intangible Assets	4	13.50	8.30
(d) Financial Assets			
i) Restricted Deposits With Banks	5	32.50	6.84
ii) Loans	6	0.30	0.32
iii) Other Financial Assets	7	1.29	1.85
(e) Other Non Current Assets	8	10.80	27.79
		<b>4,188.28</b>	<b>3,894.15</b>
<b>Current Assets</b>			
(a) Inventories	9	28.15	23.59
(b) Financial Assets			
i) Trade Receivables	10	304.50	312.10
ii) Cash and Cash Equivalents	11	219.69	269.10
iii) Bank Balances other than (ii) above	12	7.52	9.84
iv) Loans	13	162.77	354.87
v) Other Financial Assets	14	415.39	405.11
(c) Current Tax Asset	15	53.08	27.82
(d) Other Current Assets	16	120.27	21.18
		<b>1,311.37</b>	<b>1,423.61</b>
<b>Total Assets Before Regulatory Assets</b>		<b>5,499.65</b>	<b>5,317.76</b>
<b>Regulatory deferral accounts debit balances and related deferred tax balances</b>	17	<b>8,469.75</b>	<b>8,306.27</b>
<b>Total Assets</b>		<b>13,969.40</b>	<b>13,624.03</b>
<b>Equity &amp; Liabilities</b>			
<b>Equity</b>			
(a) Equity Share Capital	18	1,040.00	1,040.00
(b) Other Equity	19	437.45	292.07
<b>Total Equity</b>		<b>1,477.45</b>	<b>1,332.07</b>
<b>Liabilities</b>			
<b>Non Current Liabilities</b>			
(a) Financial Liabilities			
i) Borrowings	20	535.26	572.99
ii) Other Financial Liabilities	21	721.49	733.92
(b) Provisions	22	54.29	43.14
(c) Consumer Contribution for Capital Works	23	558.13	521.25
(d) Service Line Deposits	24	266.73	256.98
(e) Grant-In-Aid	25	8.79	9.47
(f) Other Non Current Liabilities	26	182.18	175.84
		<b>2,327.87</b>	<b>2,313.59</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
i) Borrowings	27	52.32	210.19
ii) Trade Payables	28	9,122.57	8,463.48
iii) Other Financial Liabilities	29	396.63	911.41
(b) Other Current Liabilities	30	399.08	279.48
(c) Provisions	31	162.24	93.96
(d) Current Tax Liabilities	32	31.24	19.85
		<b>10,164.08</b>	<b>9,978.37</b>
<b>Total Equity and Liabilities</b>		<b>13,969.40</b>	<b>13,624.03</b>

The above Balance Sheet should be read in conjunction with the accompanying note nos. 1 to 58.

For and on behalf of the Board of Directors

As per our report of even date

Lalit Jalan  
Chairman  
(DIN 00270338)

Virender Singh Verma  
Director  
(DIN 07843461)

Raj R Ral  
Director  
(DIN 01625853)

For Haribhakti & Co. LLP

ICAI Firm Registration No.

103523W / W100048

Chartered Accountant

Raj Kumar Saxena

Partner

M.No. 0747

Place : New Delhi

Date : April 21, 2018

Gopal K

Saxena

Director

(DIN 00760036)

Amar Singh

CEO

Amarjeet Singh

CFO

(FCA - 094254)

Ajit K Ranade

Director

(DIN 00918651)

Ryna Z Karani

Director

(DIN 00116930)

Anjali K Sharma

Director

(DIN 01180722)

Pankaj Tandon

Company Secretary

(FCS- 7248)

Place : New Delhi

Date : April 21, 2018





## BSES RAJDHANI POWER LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

Particulars	Notes	YEAR ENDED	
		March 31, 2018 (₹) In Crores	March 31, 2017 (₹) in Crores
I. Revenue From Operations	33	9,444.49	8,896.31
II. Other Income	34	81.04	97.17
III. Total Income (I+II)		9,525.53	8,993.48
IV. Expenses			
Cost of Power Purchased	35	6,926.66	6,983.25
Employee Benefits Expense	36	529.07	389.87
Finance Costs	37	1,313.36	1,150.86
Depreciation and Amortization Expense	38	298.01	197.66
Other Expenses	39	440.36	379.57
Total Expenses (IV)		9,507.46	9,101.21
V. Profit/(Loss) before Rate Regulated Activities and Tax		18.07	(107.73)
VI. Net movement in Regulatory deferral account balances and related deferred tax	40	158.26	235.73
VII. Profit/(Loss) before tax (V+VI)		176.33	128.00
VIII. Tax Expense :			
(1) Current Tax	41	31.22	19.79
(2) Deferred Tax			
Provision for the Year		(473.12)	(6.99)
Less:- Adjustable in future tariff		473.12	6.99
IX. Profit/(Loss) for the Year (VII-VIII)		145.11	108.21
X. Other Comprehensive Income (OCI)			
Items that will not be reclassified to Profit & Loss			
Re-measurement of defined benefit plan : Gains/(loss)		(4.88)	(1.43)
Net movement in Regulatory deferral account balances related to items recognised in OCI		5.22	1.53
Income Tax relating to above Items	42	0.07	0.02
Other Comprehensive Income		0.27	0.08
XI. Total Comprehensive Income for the Year (IX+X)		145.38	108.29
XII. Earnings Per Equity Share of ₹10 Each	43		
Basic (₹ per share)		1.40	1.04
Diluted (₹ per share)		1.40	1.04
Basic before Net movement in Regulatory Deferral Account balances (₹ per share)		(0.13)	(1.24)
Diluted before Net movement in Regulatory Deferral Account balances (₹ per share)		(0.13)	(1.24)

The above Statement of Profit and Loss should be read in conjunction with the accompanying note nos. 1 to 58.

As per our report of even date

For Haribhakti & Co. LLP  
ICAI Firm Registration No.  
103523W / W100048  
Chartered Accountants

Raj Kumar  
Partner  
M. No. 074

Place : New Delhi  
Date : April 21, 2018

For and on behalf of the Board of Directors

Lalit Jalan  
Chairman  
(DIN 00270338)

Gopal K Saxena  
Director  
(DIN 00760036)

Amal Sinha  
CEO

Amarjeet Singh  
CFO  
(FCA - 094254)

Virender Singh Verma  
Director  
(DIN 07843461)

Ajit K Ranade  
Director  
(DIN 00918651)

Rana R Ral  
Director  
(DIN 01625853)

Ryna Z Karani  
Director  
(DIN 00116930)

Anjali K Sharma  
Director  
(DIN 01180722)

Pankaj Tandon  
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(F)





A. Cash Flow From Operating Activities	Amounts (₹) in Crores	
	For the Year Ended	
	March 31, 2018	March 31, 2017
Profit Before Income Tax	176.33	128.00
Adjustments For :		
Depreciation and Amortization Expense	298.01	197.66
Interest Income	(57.92)	(53.19)
Loss on Sale of Property, Plant and Equipment	17.89	13.34
Transfer from Consumer Contribution for Capital Work	(35.02)	(17.26)
Transfer from Service Line Deposit	(37.94)	(36.45)
Provision for Doubtful Debts	9.33	4.10
Provision for Retirement of Inventory and Fixed Assets	1.91	1.01
Excess Provisions Written Back	(3.54)	(2.23)
Adjustment for Regulatory Deferral Account Balances	(158.26)	(235.73)
Adjustment for Other Comprehensive Income	(4.88)	(1.43)
Interest and Finance Charges	191.78	270.21
LPSC on Power Purchase	1,113.37	875.82
Operating Profit Before Working Capital Changes	1,511.06	1,143.86
Adjustments for (Increase)/Decrease in Assets		
Inventories	(4.57)	5.58
Trade Receivables	(1.72)	46.53
Other Current and Non Current - Financial Assets	158.87	145.43
Other Current and Non Current Assets	(82.10)	(57.00)
Adjustments for Increase / (Decrease) in Liabilities		
Other Current and Non Current - Financial Liabilities	54.31	51.23
Service Line Deposit	47.69	47.03
Other Current and Non Current Liabilities	125.94	(131.36)
Trade Payables	(454.28)	302.86
Provisions	81.06	9.45
	(74.80)	419.75
Cash Generated From Operations	1,436.26	1,563.60
Income Tax Paid (Including Tax deducted at source)	45.16	8.34
Net Cash from/ (used in) Operating Activities (I)	1,391.10	1,555.26
B. Cash Flow From Investing Activities :-		
Purchase of Property, Plant and Equipment	(602.08)	(504.21)
Sale of Property, Plant and Equipment	0.13	0.16
Consumer Contribution for Capital Works	89.62	58.16
Interest Received	58.14	53.77
Net Cash from/ (used in) Investing Activities (II)	(454.19)	(392.12)
C. Cash Flow From Financing Activities :-		
Interest Charges	(191.50)	(270.49)
Net (Repayment)/ Proceeds from Cash credit	(157.87)	(94.08)
Repayment of Long Term Borrowings	(1,174.91)	(727.49)
Proceeds from Long Term Borrowings	537.96	96.55
Net Cash from/ (used in) Financing Activities (III)	(986.32)	(995.51)
Total (I+II+III)	(49.41)	167.63
Cash and Cash Equivalents as at the Commencement of the Year	269.10	101.47
Cash and Cash Equivalents as at the End of the Year	219.69	269.10
Net (Decrease)/Increase as Disclosed Above	(49.41)	167.63

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**BSES RAJDHANI POWER LIMITED**  
**CASH FLOW STATEMENT**

**Disclosure of changes in liabilities arising from financing activities**

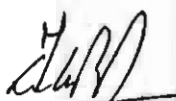
Particulars	Term Loans including current maturities	Short Term Loans-CC	Total
Opening Balance	1,172.21	210.19	1,382.40
Add:- Proceeds from long term borrowings	537.96	-	537.96
Less:- Repayment of borrowings	(1,181.20)	(157.87)	(1,339.07)
Non Cash Items :-			
i) Acquisition	6.29	-	6.29
ii) Foreign exchange movements	-	-	-
iii) Fair value changes	-	-	-
Closing Balance	535.26	52.32	587.58

The above Cash Flow Statement should be read in conjunction with the accompanying note nos. 1 to 58.

For and on behalf of the Board of Directors

As per our report of even date

For Haribhakti & Co. LLP  
 ICAI Firm Registration No.  
 103523W / W100048  
 Chartered Accountants


  
 Raj Kumar Agarwal  
 Partner  
 M. No. 074715

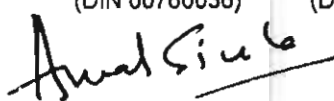


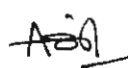
Place : New Delhi  
 Date : April 21, 2018

Lalit Jalan

Chairman  
 (DIN 00270338)

  
 Gopal K Saxena  
 Director  
 (DIN 00760036)

  
 Amal Sinha  
 CEO

  
 Amarjeet Singh  
 CFO  
 (FCA - 094254)

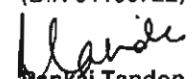
  
 Virender Singh  
 Verma  
 Director  
 (DIN 07843461)

Ajit K Ranade  
 Director  
 (DIN 00918651)

  
 Rana R Rai  
 Director  
 (DIN 01625853)

Ryna Z Karani  
 Director  
 (DIN 00116930)

  
 Anjani K Sharma  
 Director  
 (DIN 01180722)

  
 Pankaj Tandon  
 Company Secretary  
 (FCS- 7248)



**BSES RAJDHANI POWER LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**

**A. Equity share capital**

Particulars	Amount ₹ In Crores
Balance as at April 01, 2016	1,040.00
Changes in equity share capital during the year	-
Balance as at March 31, 2017	1,040.00
Changes in equity share capital during the year	-
Balance as at March 31, 2018	1,040.00

**B. Other equity**

(Amount in ₹ Crores)

Particulars	Reserves and Surplus		Total
	General Reserve	Retained Earnings	
Balance as at April 01, 2016	-	183.73	183.73
Others	-	0.05	0.05
Profit as per statement of profit and loss for the year	-	108.21	108.21
Other comprehensive income for the year net of income tax	-	0.08	0.08
Total comprehensive income for the year	-	108.29	108.29
Balance as at March 31, 2017	-	292.07	292.07
Profit as per statement of profit and loss for the year	-	145.11	145.11
Other comprehensive income for the year net of income tax	-	0.27	0.27
Total comprehensive income for the year	-	145.38	145.38
Balance as at March 31, 2018	-	437.45	437.45

The above Statement of Change in Equity should be read in conjunction with the accompanying note nos. 1 to 58.

For and on behalf of the Board of Directors

As per our report of even date

For Haribhakti & Co. LLP  
 ICAI Firm Registration No.  
 103523W / W100048  
 Chartered Accountants

Raj Kumar Agarwal  
 Partner  
 M. No. 074715



Lalit Jalan  
 Chairman  
 (DIN 00270338)

Rana R Rai  
 Director  
 (DIN 01625853)

Gopal K Saxena  
 Director  
 (DIN 00760036)

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Anjani K Sharma  
 Director  
 (DIN 01180722)

Pankaj Tandon  
 Company Secretary  
 (FCS- 7248)

Place : New Delhi  
 Date : April 21, 2018

*Signature*





**BSES RAJDHANI POWER LIMITED**

Notes to Financial Statements for the Year Ended March 31, 2018

**Corporate Information**

BSES RAJDHANI POWER LIMITED ( "BRPL" or " The Company " ) is a limited Company incorporated in India having registered office at BSES Bhawan , Nehru Place , New Delhi - 110019.

The Delhi Electricity Distribution Model is a unique model based on Public Private Partnership (between Reliance Infrastructure Limited and Government of National Capital Territory of Delhi) acclaimed by various International bodies like World Bank, ADB, USAID etc. The Government of National Capital Territory of Delhi (hereinafter referred to as "GoNCTD") initiated an enabling and futuristic step of privatising the erstwhile Delhi Vidyut Board (DVB) with effect from July 1, 2002. Result of the privatization culminated in formation of BSES Rajdhani Power Limited (hereinafter referred to as "BRPL"), under the provisions of the then Companies Act, 1956, which also is, inter-alia, a distribution licensee within the ambit of the Electricity Act, 2003 (hereinafter referred to as "Act") which ensured that provisions of the enactments specified in the Delhi Electricity Reforms Act, 2000 (hereinafter referred to as "DERA") (Delhi Act No. 2 of 2001), not inconsistent with the provisions of the Act remained applicable to Delhi, as it was part of the Schedule referred to in Section 185 of the Act.

The Company is primarily engaged in the business of distribution of electricity in South and West district in the National Capital Territory. The Company has been granted a license for distribution and retail supply of electricity by the Hon'ble DERC in March 2004. The License is valid for a period of 25 years.

Since the privatization, BRPL has traversed a long and successful journey to become one of the most respected utilities in the country. Over a period of time, BRPL had been awarded certifications like ISO 14001:2004 & OHSAS 18001:2007, while becoming an entity to be reckoned with. BRPL today serves about 24 lakh satisfied consumers in South and West Delhi.

These Financial Statement of the Company for the year ended March 31, 2018 are authorized for issue by the Board of Directors on April 21, 2018.

**Note 1 Significant Accounting Policies**

This note provides a list of the Significant Accounting Policies adopted in the preparation of the Financial Statements of the Company. These policies have been consistently applied to all the years presented, unless otherwise stated.

**a) Basis of Preparation****(i) Statement of Compliance**

The financial statements comply with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) to be read with relevant rules and other accounting principles and other relevant provisions of the Act.

Further, the provisions of the Delhi Electricity Reform (Transfer Scheme) Rules, 2001 (hereinafter referred to as 'Transfer Scheme') and other relevant documents / agreements have also been taken into account while preparing the Financial Statements.

Financial Statements have been prepared in accordance with the requirements of the information and disclosures mandated by Schedule III of the Companies Act 2013, applicable Ind AS, the applicable provisions of the Electricity Act, 2003 and other applicable pronouncements and regulations.

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crores as per the requirement of Schedule III, unless otherwise stated.

**(ii) Basis of Measurement**

The Financial Statements have been prepared on a historical cost basis and, except for the following :

- Certain Financial Assets and Liabilities (including derivative instruments) that is measured at fair value; and
- Defined benefit plans - plan assets measured at fair value;

**(iii) New standards and Interpretations not yet effective**

The MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 on March 28 2018, whereby "Ind AS-115 relating to Revenue from Contracts with Customers" ( Ind AS 115) has been made applicable from financial year 2018-19 (i.e. April 01, 2018 onwards) . Ind AS 115 supersedes existing revenue recognition guidance, including Ind AS 18 Revenue and Ind AS 11 Construction Contracts.

Ind AS 115 Standard brings in a comprehensive and robust framework ('5 Step' Model) for recognition, measurement and disclosure of revenue. Ind AS 115 prescribes only one underlying principle for revenue recognition i.e. transfer of control over goods/services and replaces the 'fair value' concept with 'Transactions Price' which is better suited for measurement of revenue. It also provides guidance to bring in clarity in areas such as multiple element contracts/bundled products, licensing, royalties for intellectual properties, financing components, variable consideration; and requires more improved disclosures to help investors and analysts better under standard entity's revenue. The standard also permits the use of either the retrospective or cumulative effect transition period.

The Company is evaluating the requirements of Ind AS 115 and has not yet determined the impact on the financial statements.

**(iv) Others**

Financial Statements has been prepared on a going concern basis in accordance with the applicable accounting standards prescribed in the Companies (Indian Accounting Standards) Rules, 2015 read with subsequent amendments issued by the Central Government .

The Company does not have any investment in or control over the other entities. Therefore, the Company does not require any consolidated financial statement. Hence, these financial statement prepared are on standalone basis.

**b) Current versus Non-Current Classification**

The Company presents assets and liabilities except regulatory assets in the Financial Statement based on current/ non-current classification.



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An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- held primarily for the purpose of trading.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- held primarily for the purpose of trading.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

Regulatory Assets are presented as separate line item distinguished from assets and liabilities as per Ind AS 114.

#### c) Foreign Currency Translation

##### (i) Functional and Presentation Currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the entity operates i.e. 'the functional currency'. The Financial Statements are presented in Indian rupee (₹ INR), which is Company's functional and presentation currency.

##### (ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions, and from translation of monetary assets and liabilities at the reporting date exchange rates are recognised in the Statement of Profit and Loss.

#### d) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and revenue can be reliably measured.

Revenue from sale of power is recognised on the basis of billing to consumers based on billing cycles followed by the Company which is inclusive of Power Purchase Adjustment Charges (PPAC) and unbilled revenue for the year. Consumers are billed on the basis of recording of consumption of electricity by installed meters. Where meters have stopped or are faulty, the billing is done based on the assessment of past consumption, usage of appliances, etc. Unbilled revenue is recognised on supply of energy to various consumers accrued upto the end of reporting period, which is billed to respective consumers in the subsequent billing cycle falling in the next reporting period.

Revenue from Late Payment Surcharge (LPSC) on electricity billed and dishonest abstraction of power are recognised on collection basis.

#### Other Income:

Insurance and other claims are recognised as revenue on certainty of receipt on prudent basis.

Income from advertisements, rentals and others is recognised in accordance with terms of the contracts with customers based on the period for which the facilities have been used.

Revenue from a contract to provide consultancy services is recognised by reference to the stage of the completion of the contract. Foreseeable losses on such contracts are recognised when probable.

Interest income is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Lease in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

The Company determines revenue gaps (i.e. surplus/shortfall in actual returns over returns entitled) in respect of its regulated operations in accordance with the provisions of Ind AS 114 "Regulatory Deferral Accounts" read with the Guidance Note on Rate Regulated Activities issued by ICAI and based on the principles laid down under the relevant Tariff Regulations / Tariff Orders notified by the Electricity Regulator and the actual or expected actions of the regulator under the applicable regulatory framework. Appropriate adjustments in respect of such revenue gaps are made in the revenue of the respective year for the amounts which are reasonably determinable and no significant uncertainty exists in such determination. These adjustments / accruals representing revenue gaps are carried forward as Regulatory deferral accounts debit balances and related deferred tax balances as the case may be in the financial statements, which would be recovered / refunded through future billing based on future tariff determination by the regulator in accordance with the electricity regulations.

Revenue from Street Light maintenance is recognised on the basis of numbers of poles maintained for Municipal Corporations of Delhi.



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**BSES RAJDHANI POWER LIMITED**

Notes to Financial Statements for the Year Ended March 31, 2018

**e) Banking Arrangements of Power**

The Company enters into banking arrangements of powers with other power generators/traders to bank power and vice versa and take back or return the banking power over agreed period. The power banking transactions both way are recorded in conformity with the rates promulgated by DERC directives as applicable.

**f) Government Grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the statement of profit and loss on a straight-line basis over the expected lives of the related assets and presented within other income.

**g) Consumer Contribution for Capital Works and Service Line Charges**

Consumer's contribution towards cost of capital assets is treated as capital receipt and credited in liabilities until transferred to a separate account on capitalization of the assets. An amount equivalent to the depreciation on such assets is appropriated from this account as income to the statement of profit and loss over the useful life of the assets.

The amount received from consumers on account of service line deposits are treated as capital receipt and is credited to separate account and amount equivalent to the depreciation on such assets is appropriated from this account as income to the statement of profit and loss over the useful life of the assets.

**h) Income Tax**

Income tax expense for the year comprises of current tax and deferred tax. Income tax is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised in 'Other comprehensive income' or directly in equity and Regulatory Assets, in which case the tax is recognised in 'Other comprehensive income' or directly in equity and Regulatory Assets respectively. First time adoption adjustments as on April 01, 2015 under Ind AS considered for computation of MAT liability as per section 115JB equally for five years starting from Financial Year 2016-17.

The Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax rates enacted or substantively enacted at the end of the reporting period. The Company establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

In accordance with the Multi Year Tariff (MYT) Regulations issued by DERC from time to time for determination of power tariff, the Income-Tax liability shall be considered for tariff determination. The same will be adjusted in future as and when the deferred tax converts to current tax.

**i) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, (or contains), a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**As a lessee**

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) are charged to the Statement of profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.





**j) Impairment of Non-Financial Assets**

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Indefinite-life intangibles are subject to a review for impairment annually or more frequently if events or circumstances indicate that it is necessary.

For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or group of assets is considered as a cash generating unit. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Asset/cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognizing the impairment loss as an expense in the Statement of Profit and Loss. The impairment loss is allocated first to reduce the carrying amount of any goodwill (if any) allocated to the cash generating unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Recoverable amount is higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognised. An impairment loss recognised for goodwill is not reversed in subsequent periods.

**k) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

**l) Trade Receivables**

Trade receivables are recognised initially at transaction value less provision for impairment.

The Company's trade receivable are generally non interest bearing if paid within the due dates. However, the Company charges LPSC if paid after due dates.

**m) Inventories**

Inventories are stated at the lower of cost or net realizable value. Costs are assigned to individual items of inventory on weighted average basis. Cost includes purchase price, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The comparison of cost and net realizable value is made on an item by item basis. Provisions are made for obsolete and non moving inventories.

**n) Financial Instruments**

The Company recognizes financial assets and liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognised at fair values on initial recognition, except for trade receivables which are initially measured at transaction price.

**Financial Assets****(i) Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortized cost.

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

For assets measured at fair value, gains and losses will either be recorded in Statement of profit and loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. This election is not permitted if the equity investment is held for trading.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.



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**BSES RAJDHANI POWER LIMITED****Notes to Financial Statements for the Year Ended March 31, 2018****(ii) Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**Subsequent****Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

• **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognised in statement of profit and loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

• **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method. At present no Financial Assets fulfil this condition.

• **Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the statement of profit and loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

**Equity instruments**

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the statement of profit and loss. Dividends from such investments are recognised in the statement of profit and loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**(iii) Impairment of Financial Assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 "Financial Instruments", which requires expected credit loss allowance to be recognised for initial recognition of the receivable. The Company has also used a practical expedient i.e provision matrix for their determination as per Ind AS 109.

**(iv) Derecognition of Financial Assets**

A financial asset is derecognized only when:

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**c) Financial Liabilities****Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

**Subsequent measurement****Financial liabilities at amortized cost**

After initial measurement, such financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the profit or loss.



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**a) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit and loss over the period of the borrowings using the EIR. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit and loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

**b) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortized cost using the effective interest method.

**Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

**p) Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring and non-recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.



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**BSES RAJDHANI POWER LIMITED**

Notes to Financial Statements for the Year Ended March 31, 2018

**q) Derivatives****(i) Derivatives that are not designated as hedges**

Derivatives including forward contracts are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The Company does not designate their derivatives as hedges and such contracts are accounted for at fair value through profit or loss and are included in statement of profit and loss.

**(ii) Embedded derivatives**

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

The Company currently does not have any such derivatives which are not closely related.

**r) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**s) Property plant and equipment**

Tangible assets except assets transferred from erstwhile DVB are stated at cost less accumulated depreciation and amortization, if any. Cost comprises the purchase price, any cost attributable to bringing the assets to its working condition for its intended use and initial estimate of costs of dismantling and removing the item and restoring the site, if any.

Assets transferred from erstwhile DVB are stated at the transaction value as notified by the GoNCTD under the transfer scheme. Values assigned to different heads of individual fixed assets as on the date of the transfer i.e. July 01, 2002 are as per independent valuer's certificate.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

All project related expenditure viz. Civil works, Machinery under erection, construction and erection materials, preoperative expenditure incidental / attributable to the construction of projects, borrowing cost incurred prior to the date of commercial operations and trial run expenditure are shown under Capital Work in Progress.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**Transition to Ind AS - Deemed cost**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 01, 2015 measured as per the Indian GAAP and use that carrying value as the deemed cost of the Intangible Assets.

**t) Intangible Assets**

Intangible assets are stated at cost of acquisition less accumulated amortization and impairment losses, if any. Cost comprises the purchase price and any cost attributable to bringing the assets to its working condition for its intended use. An intangible asset is recognised when it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

**Transition to Ind AS - Deemed cost**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at April 01, 2015 measured as per the Indian GAAP and use that carrying value as the deemed cost of the property, plant and equipment.



## BSES RAJDHANI POWER LIMITED

Notes to Financial Statements for the Year Ended March 31, 2018

## u) Depreciation and amortization methods, estimated useful lives and residual value

In accordance with Part B of Schedule II of the Companies Act 2013, depreciation/amortization on fixed assets has been computed based on rate or useful life given in DERC regulations. However, in case of assets where no useful life is prescribed in DERC regulation, the useful life and residual value as given in Part C of Schedule II of the Companies Act, 2013 is followed. Further, in case of any class of asset where useful life as estimated by management and/ or certified by Independent valuer is lower than DERC or Part C of Schedule II of the Companies Act, 2013 then such lower useful life is followed for computing depreciation on such asset.

Depreciation on refurbished/revamped assets which are capitalized separately is provided for over the reassessed useful life.

Residual value is taken at the rate of 10% of assets based on DERC regulations or based on independent valuer assessment, as applicable.

Till March 31, 2017, depreciation has been computed based on straight line method following the useful life's mentioned as under:

Description of Assets	Useful Life of Asset (In Years)
I. Buildings:	
a) Buildings & Pucca Roads	50
b) Temporary Structures	5
II. Plant & Machinery :	
a) Transformers & Switchgears	25
b) Lightning Arrestors	25
c) Batteries	5
d) Energy Meters*	10
e) Distribution Systems :	
- Overhead Lines	25
- Underground Cables	35
III. Furniture & Fixtures	15
IV. Office Equipments	
a) Communication Equipments*	10
b) Office Equipments & Others	15
V. Computers #	
a) Hardware	3
b) Software, Servers & Networking Equipment	6
VI. Vehicles	5

\* Useful life of assets is determined based on independent valuer's certificate

On February 1, 2017, DERC has notified DERC Tariff Regulations, 2017 ("New Regulations") which is effective from April 1, 2017. New regulations has revised the rate of computation of depreciation for certain block of assets and has also revised the useful life for certain block of assets. Details of changes made by New Regulations are as follows:

## a) Asset class where the useful life has been revised

Assets Class	Old Useful Life	New Useful Life
Furniture & Fixture	15	10
Office Equipment	15	10
Vehicles	5	10
Temporary Structure	5	Nil
Computer - Hardware#	3	6

## b) Asset class where the rate of computation of depreciation has been revised (useful life remain constant)

Assets Class	Old Rates	Rate** ( for initial 12 years)
Transformer, switchgear lightning arrestors and Overhead Lines including cable supports	3.60%	5.83%
Underground cable including joint boxes and disconnected boxes	2.57%	5.83%
Computer - Software#	15%	16.67%

\*\*Rate after 12 years shall be computed based on the balance depreciable value spread over remaining useful life of assets

# For Computers Hardware and Computer Software, salvage value has been considered as Nil in the New Regulations.

As a result of the above, the increase in depreciation expenses for the year ended March 31, 2018 is ₹ 93.93 Crore.

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Signature of the authorized signatory.





**BSES RAJDHANI POWER LIMITED**

Notes to Financial Statements for the Year Ended March 31, 2018

**Depreciation/ amortization methods, estimated useful lives and residual value**

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and non technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the assets.

The residual values are not more than 10% of the original cost of the assets.

The Company reviews, at the end of each reporting date, the useful life of Property, Plant and Equipment and residual value thereof and changes, if any, are adjusted prospectively, as appropriate.

**v) Borrowing Costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

**w) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expense relating to a provision is presented in the statement of Profit and Loss net of reimbursements, if any.

**x) Contingent Liabilities and Contingent Assets:**

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 notes to financial statements. A Contingent asset is not recognised in financial statements, however, the same is disclosed where an inflow of economic benefit is probable.

**y) Employee Benefits :****(i) Short-term obligations**

Liabilities for salaries and wage, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**(ii) Other long-term employee benefit obligations****Employees other than Erstwhile DVB Employees**

The liabilities for earned leave and sick leave which are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of profit and loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.



**Erstwhile DVB Employees**

The liability for retirement pension payable to the Special Voluntary Retirement Schemes optees till their respective dates of superannuation or death (whichever is earlier) is provided on the basis of an actuarial valuation done by an independent actuary at the year end.

The half pay leave liability, consisting of encashment, avallment, lapse and compensated absence, while in service and on exit as per rules of the Company, is calculated in accordance with Ind AS-19. The liability is provided on the basis of actuarial valuation done by an independent actuary at the year end.

They are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

**(iii) Post-employment obligations**

**Employees other than Erstwhile DVB Employees**

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity, leave encashment; and
- (b) defined contribution plans such as provident fund, superannuation fund etc.

**Defined benefit plans**

**Gratuity obligations**

The liability or asset recognised in the financial statement in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Remeasurement of gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the financial statement. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost. The Company contributes to a Trust set up by the Company which further contributes to plans taken from Insurance Regulatory and Development Authority (IRDA) approved Insurance Companies.

**Leave encashment**

Long-term leave encashment is provided for on the basis of an actuarial valuation carried out at the end of the year on the projected unit credit method. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the statement of profit and loss.

**Defined Contribution plans**

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The Company contributes towards Superannuation to a Trust set up by the Company which further contributes to plans taken from Insurance Regulatory and Development Authority (IRDA) approved insurance Companies. The Company makes monthly contributions based on a specified percentage of each eligible employee's salary.

**Employees of Erstwhile Delhi Vidyut Board (DVB) (presently employees of the Company)**

In accordance with the stipulation made by the GoNCTD in its notification dated January 16, 2001 the contributions on account of the general provident fund, pension, gratuity and earned leave as per the Financial Rules and Service Rules applicable in respect of the employees of the erstwhile DVB, is accounted for on due basis and are paid to the Delhi Vidyut Board – Employees Terminal Benefit Fund 2002 (DVB ETBF 2002). Further the retirement benefits are guaranteed by GoNCTD. All such payments made to the DVB ETBF 2002 are charged off to the statement of profit and loss.

**z) Contributed equity**

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**aa) Earnings Per Share**

Basic Earnings per Equity Share (BEPS) is computed by dividing the net profit attributable to Equity Shareholders of the Company by the Weighted Average Number of Equity Shares outstanding during the financial year.

For the purpose of calculating Diluted Earnings Per Share (DEPS), the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Both BEPS and DEPS have been calculated with and without considering income from rate regulated activities in the Net Profit attributable to Equity Shareholders.

- ab) Financial Guarantee Contracts recognised as financial assets on the date of transition to Ind AS. The same is measured at estimated fair value based on the saving in interest cost and subsequently amortized over the tenure of the loan.



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Signature of the authorized signatory.





**BSES RAJDHANI POWER LIMITED**  
**Notes to Financial Statements for the Year Ended March 31, 2018**

**Note 2 Critical estimates and judgements**

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

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates and judgments are:

**i. Useful life of property, plant and equipment**

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The Company reviews, at the end of each reporting date, the useful life of property, plant and equipment and changes, if any, are adjusted prospectively, if appropriate.

**ii. Recoverable amount of property, plant and equipment**

The recoverable amount of property, plant and equipment is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

**iii. Estimation of defined benefit obligation**

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have a material impact on the resulting calculations.

**iv. Estimation of Deferred tax assets for carry forward losses and current tax expenses**

The Company review carrying amount of deferred tax assets and liabilities at the end of each reporting period. The policy for the same has been explained under Note no 1(h).

**v. Impairment of Trade Receivables**

The Company review carrying amount of trade receivables at the end of each reporting period and provide for expected credit loss. The policy for the same is explained in the Note no.1(n) (iii).

Refer note 54 on financial risk management where credit risk and related impairment disclosures are made.

**vi. Regulatory Assets**

The Company determines revenue gap for the year (i.e. shortfall in actual returns over assured returns) based on the principles laid down under the MYT Regulations and Tariff Orders issued by DERC. At the end of each accounting period, Company also determines regulatory assets/regulatory liabilities in respect of each accounting period on self true up basis on principles specified in accounting policy Note 1(d) wherever regulator is yet to take up formal true up process.

Estimates and judgments 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.

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**BSES RAJDHANI POWER LIMITED**

Notes to Financial Statements for the Year Ended March 31, 2018

Note 3: Property, Plant and Equipment

	BUILDINGS	PLANT & EQUIPMENTS							OFFICE EQUIPMENTS		COMPUTERS	VEHICLES	TOTAL	CAPITAL WORK IN PROGRESS
		TRANSFORMERS & SWITCHGEARS	LIGHTENING ARRESTOR	BATTERIES	ENERGY METERS	UNDERGROUND CABLE	OVERHEAD LINES	FURNITURE AND FIXTURES	COMMUNICATION EQUIPMENT	OTHER OFFICE EQUIPMENTS				
Year ended March 31, 2017														
Gross carrying amount														
Opening gross carrying amount	146.55	1,159.85	10.62	4.01	412.07	1,360.53	343.79	17.30	1.30	11.55	16.83	8.04	3,489.34	
Additions during the year	7.23	102.07	0.34	0.99	84.01	109.29	31.43	0.88	0.47	3.14	5.97	4.64	351.93	
Additions on account of interest/overhead	1.72	21.17	0.05	0.19	0.22	22.89	8.22	0.02	-	0.28	0.83	0.01	33.51	
Disposals	-	4.25	0.07	-	12.23	-	-	-	0.96	0.08	0.02	0.01	18.72	
Closing gross carrying amount	155.50	1,278.84	10.94	4.89	496.07	1,492.61	381.44	18.17	1.81	15.00	23.21	9.68	3,878.06	
Accumulated depreciation and impairment														
Opening accumulated depreciation and impairment	3.50	50.63	0.29	0.48	35.58	42.21	18.50	1.81	0.04	0.82	5.19	0.85	160.89	
Depreciation charge during the year	3.56	87.04	0.85	0.90	87.38	48.38	20.39	1.80	0.20	4.96	1.28	1.38	185.57	
Disposals	-	0.45	0.01	-	2.75	-	-	-	-	0.02	-	-	3.25	
Closing accumulated depreciation and impairment	7.06	137.21	0.83	1.38	90.18	88.47	39.89	3.71	0.24	1.79	10.13	2.13	352.51	
Net carrying amount as at March 31, 2017	148.45	1,171.62	10.01	3.51	395.89	1,404.14	341.55	14.46	1.57	13.21	13.08	7.55	3,525.55	200.81
Year ended March 31, 2018														
Gross carrying amount														
Opening gross carrying amount	155.50	1,278.84	10.94	4.89	496.07	1,492.61	381.44	18.17	1.81	15.00	23.21	9.68	3,878.06	
Additions during the year	3.41	137.86	0.86	1.58	98.45	196.72	32.02	2.11	0.70	4.48	8.33	0.84	487.89	
Additions on account of interest/overhead	0.64	28.95	0.16	0.28	2.83	45.63	7.37	0.18	-	0.57	1.07	0.07	87.55	
Disposals	-	11.81	0.11	0.03	11.40	8.27	-	0.01	0.18	-	0.02	0.00	23.89	
Closing gross carrying amount	159.55	1,433.89	11.78	6.70	575.35	1,734.49	421.83	20.42	2.47	20.05	32.59	10.59	4,429.61	
Accumulated depreciation and impairment														
Opening accumulated depreciation and impairment	7.06	137.21	0.83	1.38	90.18	88.47	39.89	3.71	0.24	1.79	10.13	2.13	352.51	
Depreciation charge during the year	9.68	94.77	0.80	1.00	60.05	97.97	25.95	2.47	0.24	1.98	3.09	1.34	294.72	
Disposals	-	1.66	0.02	-	4.11	0.03	-	0.00	0.03	-	0.01	0.00	5.88	
Closing accumulated depreciation and impairment	12.13	200.30	1.61	2.38	146.12	168.41	65.84	6.18	0.45	3.75	13.21	3.47	441.75	
Net carrying amount as at March 31, 2018	147.42	1,233.59	10.17	4.32	429.23	1,566.08	355.99	14.24	2.02	16.30	19.38	7.12	3,787.86	181.71
Add:- Inventory for Capital Works including Goods in Transit (GIT)														170.00
Less:- Provision for Non Moving Inventories for Capital Works														9.64
Net OWP including Capital Inventory														342.03

(i) The Company has elected to measure all of its Property, Plant and Equipments at their previous GAAP carrying value as at April 01, 2015 (date of transition to Ind AS).

(ii) Property, plant and equipment pledged as security

Tangible assets (including capital work in progress) are subject to first pari passu charge to secure the Company's borrowings referred in notes as secured term loan from banks and bank overdrafts in the current and previous year. (Refer Note 20 &amp; 27)

(iii) Contractual obligations

Refer Note 47 for disclosure of contractual commitments for the acquisition of Property, Plant and Equipments

(iv) The amount of borrowing costs capitalised to gross block of fixed assets during the year ended March 31, 2018 is ₹ 20.81 Crores (March 31, 2017 ₹13.76 Crores). The rate used to determine the amount of borrowing costs eligible for capitalisation for the year ended March 31, 2018 13.01% (March 31, 2017 13.56%) which is weighted average interest rate of borrowing



**BSES RAJDHANI POWER LIMITED**

Notes to Financial Statements for the Year Ended March 31, 2018

**(iv) Property, plant and equipment contributed by customers**

The Entity recognises any contribution towards property, plant and equipment made by various Govt. agencies/ others to be utilised in the transmission and distribution process and that meets the definition of an asset. The initial gross amount is estimated at fair value by reference to the market price of these assets on the date in which control is obtained. Refer Note 23 for amount that the Company has recognised as property, plant and equipment and Note 33 for revenue recognised during the year.

**(vi) CWIP Movement**

Capital work in progress as at March 31, 2018 comprises expenditure for the Property, plant and equipment in the course of construction. Borrowing cost amounting to ₹ 7.36 Crores (March 31, 2017 ₹ 7.01 Crores) and personnel cost amounting to ₹ 25.26 Crores (March 31, 2017 ₹ 26.09 Crores) have been added to CWIP.

Particulars	Year	Amounts in ₹ Crores			
		Opening	Addition	Capitalisation	Closing
CWIP Movement	2017-18	200.81	443.71	462.81	181.71
CWIP Movement	2016-17	122.71	371.73	293.63	200.81

vi) Further, CWIP also includes capital inventory of ₹ 170.00 Crores (Previous Year March 31, 2017 ₹ 133.63 Crores) and a net of provision for non moving for the year ended March 31, 2018 ₹ 9.80 Crores (March 31, 2017 ₹ 10.54 Crores)

**Break-up of CWIP :-**

Particular	2017-18	2016-17
CWIP Scheme	181.71	200.81
Add - Inventory for Capital Works (including OIT)	170.00	133.63
Less - Provision for Non Moving Inventory for Capital Works	(9.65)	(10.54)
Total CWIP	342.01	323.90

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**BSES RAJDHANI POWER LIMITED****Notes to Financial Statements for the Year Ended March 31, 2018****Note 4: Other Intangible Assets**

Amounts in ₹ Crores

	Computer software	Total
<b>Year ended March 31, 2017</b>		
Gross carrying amount		
Opening gross carrying amount	11.60	11.60
Additions during the year	0.90	0.90
Closing gross carrying amount	12.50	12.50
Accumulated amortisation and impairment	1.81	1.81
Amortisation charge for the year	2.39	2.39
Closing accumulated amortisation and impairment	4.20	4.20
Net carrying amount as at March 31, 2017	8.30	8.30
<b>Year ended March 31, 2018</b>		
Gross carrying amount		
Opening gross carrying amount	12.50	12.50
Additions during the year	8.49	8.49
Closing gross carrying amount	20.99	20.99
Accumulated amortisation and impairment	4.20	4.20
Amortisation charge for the year	3.29	3.29
Closing accumulated amortisation and impairment	7.49	7.49
Net carrying amount as at March 31, 2018	13.50	13.50

(i) The Company has elected to measure all of its Intangible Assets at their previous GAAP carrying value as at April 01, 2015 (date of transition to Ind AS).

(ii) Internally generated Computer Softwares as at March 31, 2018 ₹ Nil ( March 31, 2017 ₹ Nil)

(iii) Intangible assets are subject to first charge to secure the Company's borrowings referred in notes as secured term loan from banks and bank overdrafts in the current and previous year. ( Refer Note 20 & 27)

(iv) Land

Under the provisions of Delhi Electricity Reforms (Transfer Scheme 2001) Rules, vide Delhi Gazette Notification dated November 20, 2001 the successor utility companies are entitled to use certain Lands as a licensee of the Government of Delhi, on "Right to Use" basis on payment of a consolidated amount of ₹ 1/- per month.

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## Notes to Financial Statements for the Year Ended March 31, 2018

Note 5 Restricted Deposits With Banks	As at March 31, 2018	As at March 31, 2017
Margin Money with Banks	32.50	6.84
<b>Total</b>	<b>32.50</b>	<b>6.84</b>

**Nature**

The restrictions are primarily on account of fixed deposit held as security against debt servicing coverage which can not mature till the loans has been repaid.

**Terms & Conditions**

The deposits maintained by the Company with banks comprise of time deposits, which can be withdrawn by the Company at any point subject to compliance of restrictions.

Note 6 Non Current Loans	As at March 31, 2018	As at March 31, 2017
<b>Unsecured, considered good</b>		
Loans to Staff	0.30	0.32
<b>Total</b>	<b>0.30</b>	<b>0.32</b>

For explanation on the Company credit risk management process Refer Note 46

Note 7 Other Non Current Financial Assets	As at March 31, 2018	As at March 31, 2017
Recoverable from SVRS Trust ((Refer Note 48 B (k))	1.29	1.85
<b>Total</b>	<b>1.29</b>	<b>1.85</b>

For explanation on the Company credit risk management process Refer Note 46

Note 8 Other Non Current Assets	As at March 31, 2018	As at March 31, 2017
Capital Advances	-	8.76
Advance other than Capital Advance :-		
i) Advance Tax	9.10	9.10
ii) Income Tax deposited under protest	1.70	1.70
iii) Financial Guarantee received	-	8.23
<b>Total</b>	<b>10.80</b>	<b>27.79</b>



## Notes to Financial Statements for the Year Ended March 31, 2018

Note-9 Inventories	As at March 31, 2018	As at March 31, 2017
Stores & Spares	32.24	27.66
Less: Provision for Non moving Inventories	4.70	4.68
	<b>27.54</b>	<b>22.98</b>
Loose Tools	0.61	0.61
<b>Total</b>	<b>28.15</b>	<b>23.59</b>

Inventories comprises stores and spares and loose tools which are consumable in repair and maintenance of service lines and other equipments (Refer Note 39)

Inventories includes Goods in Transit as at March 31, 2018 ₹ Nil Crores (March 31, 2017 ₹ 0.71 Crores)

Provision of inventories on account of non- moving items for the year ended March 31, 2018 ₹ 0.02 Crores (March 31, 2017 ₹ 0.29 Crores).

Note-10 Current Trade Receivables	As at March 31, 2018	As at March 31, 2017
<b>(A) Trade Receivables - Sale of Power</b>		
(i) Secured, Considered good	142.73	128.03
(ii) Unsecured Considered good	147.27	160.32
(iii) Doubtful	233.31	232.91
	<b>523.31</b>	<b>521.26</b>
Less : Allowance for bad & doubtful debts*	233.31	232.91
	<b>290.00</b>	<b>288.35</b>
<b>(B) Trade Receivables - Bulk sale of Power</b>		
Unsecured Considered good	9.54	14.07
	<b>9.54</b>	<b>14.07</b>
<b>(C) Trade Receivables - Open Access</b>		
Unsecured Considered good	4.96	9.68
<b>Total</b>	<b>304.50</b>	<b>312.10</b>

\* The Company has measured Expected Credit Loss of trade receivable based on simplified approach as per Ind AS 109 "Financial Instruments". (Refer Note 46)

1. Trade Receivable are subject to second pari passu charge to secure the Company's borrowings referred in notes as secured loan from financial institution and banks in the current and previous year. (Refer Note 20 & 27)

2. No Trade or other receivable are due from director or other officer of the Company and firms or private companies in which any director is a partner, a director or a member either jointly or severally with other persons except normal utility bills. (Refer Note 45)

3. Trade receivables are non-interest bearing and are generally receivable on terms of 15 to 30 days. The Company charge LPSC as per the DERC directives after the due date.

4. For explanation on the Company credit risk management process (Refer Note 46)

5. For terms and condition of trade receivable owing from related parties, (Refer Note 45)

Note-11 Cash and Cash Equivalents	As at March 31, 2018	As at March 31, 2017
Balances with Bank - Current Accounts	163.36	214.60
Cheques, draft on hand	54.32	52.48
Cash on hand	2.01	2.02
<b>Total</b>	<b>219.69</b>	<b>269.10</b>

1. For explanation on the Company credit risk management process (Refer Note 46)

Note-12 Bank Balances other than Cash and Cash Equivalents	As at March 31, 2018	As at March 31, 2017
Restricted Balance with Bank	7.24	9.58
Restricted Balance with Others	0.28	0.26
<b>Total</b>	<b>7.52</b>	<b>9.84</b>



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## Notes to Financial Statements for the Year Ended March 31, 2018

1. The restriction are primarily on account of fixed deposits held as a security against mortgage charges and debt servicing coverages. As at March 31, 2018, the Company had available ₹ 7.24 crores (March 31, 2017 ₹ 9.58 crores) under deposit with maturity of less than twelve months and held with Banks as restricted deposit for the debt servicing coverage for non fund base credit facilities. As at March 31, 2018 the Company had repaid the term loans availed from banks however the restriction is yet to be discharged.

2. Restricted balance with others are fixed deposited matured with in twelve months are submitted with courts against various legal cases.

## 3. Terms &amp; Conditions

The deposits maintained by the Company with banks comprise of time deposits, which can be withdrawn by the Company at any point subject to compliance of restrictions.

4. For explanation on the Company credit risk management process (Refer Note 46)

Note-13 Current Loans	As at March 31, 2018	As at March 31, 2017
<b>Unsecured, considered good</b>		
Loans to Staff	2.33	1.50
Loans to Related Party <sup>1</sup>	160.44	353.37
<b>Total</b>	<b>162.77</b>	<b>354.87</b>

1. The Company has given interest bearing unsecured loan of Nil Crores for the year ended March 31, 2018 ( March 31, 2017 ₹ Nil Crore ) to BSES Yamuna Power Limited for meeting their working capital requirement. The interest is charged for the year ended March 31, 2018 @ 14.94% p.a. (March 31, 2017 @ 15.26% p.a.). Closing balance (including interest) of loan as at March 31, 2018 is ₹ 160.44 Crores (March 31, 2017 ₹ 353.37 Crores),

2. For explanation on the Company credit risk management process Refer Note 46

3. For Loans given to related party, Refer Note 45

Note-14 Other Current Financial Assets	As at March 31, 2018	As at March 31, 2017
Recoverable from DVB ETBF 2002 Trust ((Refer Note 46 B (k))	65.00	63.76
Recoverable from SVRS Trust ((Refer Note 46 B (k))	0.56	1.24
Recoverable on account of GST (Refer Note 54)	25.26	-
Security Deposit	3.67	3.29
Unbilled Revenue for Sale of Energy <sup>1</sup>	320.70	336.40
Interest accrued but not due on Fixed Deposits	0.20	0.42
<b>Total</b>	<b>415.39</b>	<b>405.11</b>

## 1. Unbilled Revenue for Sale of Energy

Unbilled Revenue represents accrued income pertaining to units consumed by the consumers from the last billed cycle upto the Balance Sheet date.

2. For explanation on the Company credit risk management process Refer Note 46

Note-15 Current Tax Assets	As at March 31, 2018	As at March 31, 2017
Advance Taxes & TDS	33.32	8.06
TDS Refund Receivable	1.74	1.74
Income Tax Refund Receivable	18.02	18.02
<b>Total</b>	<b>53.08</b>	<b>27.82</b>

Note-16 Other Current Assets	As at March 31, 2018	As at March 31, 2017
<b>Advance other than Capital Advance :-</b>		
Pension Trust Surcharge Recoverable <sup>1</sup> (Refer Note 55)	60.93	-
Prepaid Expenses	13.13	8.48
Advances to Suppliers and Others	12.95	10.20
Recoverable for Barter Transaction	33.26	2.50
<b>Total</b>	<b>120.27</b>	<b>21.18</b>

## 1. Reconciliation of Pension Trust Surcharge

Particular	As at March 31, 2018	As at March 31, 2017
Collection in respect of Pension Trust Surcharge	133.35	-
Recoverable from Future Tariff/True up	60.93	-
Total Payable (Upto Mar 2018) as per Tariff Order	194.28	-
Amount Paid to Pension Trust	166.52	-
Net Payable	27.76	-





Note 17 Regulatory deferral account balances		As at March 31, 2018	As at March 31, 2017
Tariff Adjustment Account		8,469.75	8,306.27
Deferred Tax associated with Regulatory deferral account balances		8,469.75	8,306.27
Tariff Adjustment Account			
Opening Balance	(A)	8,306.27	8,069.01
Revenue GAP during the year			
Cost			
Power Purchase Cost		6,717.58	6,844.98
Others		1,668.71	1,259.50
(Includes other costs & charges in accordance with MYT Regulations, tariff orders from DERC and orders of Appellate Authorities)			
Carrying Cost for the year		1,106.89	1,140.85
Less: Carrying cost recovered during the year through tariff		(428.00)	(450.61)
	(B)	9,065.18	8,794.72
Revenue			
Revenue collected		8,063.86	7,736.80
Non Tariff Income		150.84	171.47
	(C)	8,214.70	7,908.27
Income recoverable/(reversible) from future tariff /Revenue GAP for the year $D=(B-C)$		850.48	886.45
8% surcharge collected during the year			
- Recovery towards opening balance *	(E)	(687.00)	(649.19)
Net movement during the year $F=(D-E)$		163.48	237.26
Tariff Adjustment Account		8,469.75	8,306.27
Related Deferred Tax on Regulatory deferral account balances (Refer Note 44 )		(2,437.08)	(2,172.86)
Deferred Tax associated with Regulatory deferral account balances			
Opening :- Deferred Tax Liability		(2,172.86)	(1,883.10)
Add : Deferred Tax (Liabilities) during the year		(264.22)	(289.76)
Less:- Recoverable from future tariff		2,437.08	2,172.86
	(G)	-	-
Balance as at the end of the Year	TOTAL (A+F+G)	8,469.75	8,306.27

The Company is a rate regulated entity. The Retail Supply Tariff (RST) chargeable to consumers by the Company is regulated by Delhi Electricity Regulatory Commission (DERC or Commission). These regulations provides for segregating of costs into controllable and uncontrollable costs. Financial losses arising out of the under-performance with respect to the targets specified by the DERC for the "controllable" parameters is to be borne by the Licensee's.

On May 30, 2007, the DERC notified regulations specifying terms and conditions for determination of tariff for the period 2007 to 2011 (MYT Regulations, 2007). Subsequently, DERC vide its order dated May 10, 2011 extended the MYT Regulations 2007, and the Control Period for a further period of one year, i.e. upto March 31, 2012. Subsequent to the culmination of First Control Period, to March 31, 2012, DERC issued further MYT regulations vide notification dated January 19, 2012 and specified the terms and conditions for determination of tariff for regulated entities for Second Control Period (FY 2012-15) (MYT Regulations, 2011). Further DERC vide its Tariff Order dated July 13, 2012 specified the "controllable" parameters for the F.Y. 2012-13 to 2014-15. Subsequently, DERC vide its Order dated October 22, 2014 extended the MYT Regulations 2011 and the Control Period for a further period of one year up to March 31, 2016. DERC on January 31, 2017 notified the DERC (Terms & Condition for determination of Tariff) Regulations, 2017 (MYT Regulations, 2017) wherein it was stated that the performance review and adjustment for FY 2016-17 would be considered in accordance with MYT Regulation 2011. In terms of MYT Regulations 2017, DERC on September 01, 2017 issued the DERC (Business Plan) Regulations, 2017 (Business Plan Regulations) which is in force for a period of three years upto FY 2019-20 and provides trajectory for various controllable parameters for the aforesaid period.

The revenue gap/surplus is represented by balance of Regulated Deferral Account which is based on principle stated in respective MYT Regulations for that period, tariff orders and other applicable laws (except for certain disallowances\*\*). In respect of such revenue gaps, appropriate adjustments, have been made for the respective years in accordance with Ind AS 114 read with the Guidance Note on Regulatory Assets issued by the ICAI. Further for the current year self truing up has been conducted as per the principles laid down in the Business Plan Regulations.

\*\*DERC has trued up revenue gap for period upto March 31, 2014 vide its Tariff Order dated September 29, 2015 with certain dis-allowances. The Company has preferred an appeal before Hon'ble Appellate Tribunal for Electricity (APTEL) against the said order, challenging issues that are contrary to statutory regulations, unjustified and arbitrary, DERC's own findings in previous tariff orders and regarding non-implementation of previous APTEL Judgments. However, based on the legal opinion taken by the Company, the in disallowances, which are subject matter of appeal, has not been included in the computation of Regulatory Deferral Account Balances.



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**BSES RAJDHANI POWER LIMITED****Notes to Financial Statements for the Year Ended March 31, 2018**

On same basis and duly supported by the legal opinion, impact of similar disallowances made by DERC while truing up for FY 2014-15, 2015-16 and FY 2016-17 in the subsequent Tariff Orders dated August 31, 2017 and March 28, 2018 have not been considered in the computation of Regulatory Deferral Account Balance for the respective years. The Company has preferred an appeal before Hon'ble APTEL against such disallowances made vide order dated August 31, 2017 and is also in the process of filing an appeal before Hon'ble APTEL against such disallowances made vide order dated March 28, 2018.

\* DERC has allowed recovery of 8% surcharge on the applicable tariff since July 13, 2012 towards Accumulated Regulatory Deferral Account Balance and carrying cost. DERC vide its true-up order dated July 25, 2014, September 29, 2015, August 31, 2017 and March 28, 2018 has allowed adjustment of such recovery of surcharge only towards principal amount of Regulatory Assets and has separately allowed carrying cost in the Annual Revenue Requirement of the respective years. Accordingly, the same is being recovered from the consumers.

The percentage of existing surcharge towards recovery of accumulated Regulatory Assets is subject to review by DERC in the future tariff orders.

The Company has also taken up the matter of timely recovery of Accumulated Regulatory assets through a writ before the Hon'ble Supreme Court and the judgment is reserved (Refer Note 50).

Accordingly, 8% surcharge of ₹ 687.00 Crores is recovered during the current year (March 31, 2017 ₹ 649.19 Crores) has been adjusted against opening Regulatory Deferral Account Balance.

Regulatory deferral amount debit balances are subject to first pari-passu charge to secure the Company's borrowings referred in Notes as Secured Term Loan from Financial Institution in the current year (Refer Note 20).

**Regulatory Risk Management**

DERC (Delhi Electricity Regulatory Authority) is the Regulator as per Electricity Act.

**Market Risk**

The Company is in the business of Supply of Electricity being an essential and life line for consumers, therefore no demand risk anticipated. There is regular growth in the numbers of consumers and demand of electricity from existing and new consumers.

**Regulatory Risk**

The Company is operating under regulatory environment governed by DERC. Tariff is subject to Rate Regulated Activities.

Refer note 1 (d) on Company policy relating to determination of regulatory assets/regulatory liabilities.

The Company's risk for Regulatory Assets is reviewed by the Risk Management Committee supported by regulatory team under policies approved by the Board of Directors. The team identifies, evaluates and makes plans to mitigate associated risks in close coordination with the Company's operating units and the same is quarterly submitted to the board / audit committee for their review.

Regulatory Assets recognized in the financial statement of the company are subject to true up by DERC as per Regulation and disallowances of past assessments are pending in courts / authorities.

DERC issued Tariff Order for FY 2017-18 on August 31, 2017 which is applicable from September 01, 2017 to March 31, 2018. On March 28, 2018 DERC issued another Tariff Order for FY 2018-19 which will remain in force from April 01, 2018 and will remain in force till replaced by a subsequent tariff order and/or is amended, reviewed or modified in accordance with the provisions of the Electricity Act, 2003 and the Regulations made there under.

**Other Risk**

For explanation on the Other risk management process Refer Note 46.





Note-18 Equity Share Capital				
Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares (In Crores)	Amount	No. of Shares (In Crores)	Amount
<u>Authorised</u>				
Equity Shares of ₹ 10 each (March 31, 2017 ₹ 10 each)	120.00	1,200.00	120.00	1,200.00
<u>Issued, Subscribed &amp; Fully Paid Up</u>				
Equity Shares of ₹ 10 each (March 31, 2017 ₹ 10 each)	104.00	1,040.00	104.00	1,040.00
<b>Total</b>		<b>1,040.00</b>		<b>1,040.00</b>
<b>(a) Reconciliation of number of shares outstanding at the beginning and at the end of the year</b>				
Particulars	No. of Shares (In Crores)	Amount	No. of Shares (In Crores)	Amount
Balance at the beginning of the year	104.00	1,040.00	104.00	1,040.00
Balance at the end of the year	104.00	1,040.00	104.00	1,040.00
<b>b) Rights, preference and restrictions attached to Equity Shares</b>				
<b>Voting</b>				
The Company has one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share held.				
<b>Dividend/ Liquidation</b>				
The Company has not declared/distributed any dividend in the current year and previous year. In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such distribution amounts will be in proportion to the number of equity shares held by the shareholders.				
<b>(c) Shares held by holding company or ultimate holding company and their subsidiaries or associates (w.e.f September 30, 2016)</b>				
Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of Shares (In Crores)	% of Shareholding	No. of Shares (In Crores)	% of Shareholding
Reliance Infrastructure Limited (Immediate and Holding Company)	53.04	51.00%	53.04	51.00%
<b>Total</b>	<b>53.04</b>	<b>51.00%</b>	<b>53.04</b>	<b>51.00%</b>
<b>(d) Details of Shares held by Shareholders Holding more than 5% of the total equity shares of the Company</b>				
Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of Shares (In Crores)	% of Shareholding	No. of Shares (In Crores)	% of Shareholding
Reliance Infrastructure Limited (Immediate and Ultimate Holding Company)	53.04	51.00%	53.04	51.00%
Delhi Power Company Limited	50.96	49.00%	50.96	49.00%
<b>(e) As per the records of the Company, including its register of shareholders / members, the above shareholding represents both legal and beneficial ownership of shares.</b>				
<b>(f) No class of shares have been issued as bonus shares and shares issued for consideration other than cash and bought back by the Company during the period of five years immediately preceding the reporting date.</b>				

Note-19 Other Equity	As at March 31, 2018	As at March 31, 2017
Retained Earning		
Closing Balance	437.45	292.07



## Notes to Financial Statements for the Year Ended March 31, 2018

Note -20 Non Current Borrowings	As at March 31, 2018		As at March 31, 2017	
<b>Secured</b>				
(i) Term Loan from Banks		-		564.30
(ii) Term Loans from Other				-
(a) Power Finance Corporation Limited ( PFC)		535.26		-
(b) Under Accelerated Power Development & Reforms Programme of the Govt. of India		-		8.69
<b>Closing Balance</b>		<b>535.26</b>		<b>572.99</b>

## 1. Bank Wise Long Term Borrowing

Name of the Bank	Non Current	Current	Non Current	Current
IDBI Bank Ltd	-	-	364.80	300.33
Punjab National Bank	-	-	71.46	95.81
Bank of Baroda	-	-	40.14	53.47
Axis Bank Ltd.	-	-	61.11	38.89
Dena Bank	-	-	13.63	27.00
South Indian Bank	-	-	-	29.34
The Federal Bank Ltd	-	-	1.49	25.31
State Bank of Hyderabad	-	-	4.17	14.59
Karnataka Bank	-	-	5.59	10.50
State Bank of Mysore	-	-	4.80	9.00
<b>Total</b>	-	-	<b>567.19</b>	<b>604.24</b>

1. Borrowings is netted off of Loan Processing charges amounting to ₹ 2.70 Crores year ended March 31, 2018 (March 31, 2017 ₹ 2.89 Crores)

## 2. Term Loans (From PFC) are secured as under:-

## a) Primary Security

- (i) First pari-passu charge on all movable and immovable properties and assets of the Company.
- (ii) First pari-passu charge on the regulatory assets of the Company.
- (iii) First pari-passu charge on present and future revenue of whatsoever nature and wherever arising.
- (iv) Second pari-passu charge on the receivable of the Company.

## b) Collateral Security

- (i) Pledge of 51% of ordinary equity share of the Company.
- (ii) DSRA equivalent to interest and principal dues of ensuing two quarters in the form of fixed deposit.
- (c) The interest rate is 12.00% to 13.00% p.a.
- (d) The Company is in the process of creating charge on the securities such as mortgage, hypothecation etc. required as per sanction terms. Simultaneously, the Company is in the process of satisfaction of charge from the lenders to whom the Company has repaid the term loans by year end. The sanction letter allows three months from the first disbursement to create the charge in favour of PFC.
- (e) As per the terms of "The BSES Rajdhani Distribution and Retail Supply of Electricity License (License No. 2/DIST of 2004)", the Company is required to obtain permission of the DERC for creating charges for loans and other credit facilities availed by it. As on March 31, 2018 the required permission from DERC is sought and is under process.

## Repayment terms of Term Loan from PFC

Name of Financial Institution	Loan Amount (Disbursed)	Year	No. of Installments	Installment amount
Power Finance Corporation Limited	537.96	1st Year	0	Nil
		2nd Year	4	5.38
		3rd to 10th Year	32	16.14

Repayment starting date: April 15, 2019

Frequency of Installment : Quarterly

## Term Loan from Banks

- a) The Company has repaid the term loan from banks by the year end.
- b) Term Loans from Banks were secured by first pari-passu charge on the fixed assets, Regulatory assets, residual pari-passu charge on the receivables and pledge of 30% shares of the Company. The Company is in the process of discharging the security as at year end.
- c) The interest rate range is between 12.00% to 14.65% p.a. (March 31, 2017 12.10% to 15.25% p.a.).



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Note -21 Non Current Other Financial Liabilities	As at March 31, 2018		As at March 31, 2017	
Consumer Security Deposit		721.49		733.92
Closing Balance		721.49		733.92

**1) Consumer Security Deposit**

i) Security deposit is an amount paid by consumer at the time of applying for new connection with the Company for supply of power or subsequently in case of revision. The security deposit shall be returned to the consumer only after the termination/ disconnection of the agreement and after adjustment of outstanding dues, if any, within a period as prescribed by DERC from the date of termination.

ii) The amount of Consumer Security Deposit (CSD) transferred to the Company by virtue of Part II of Schedule E of the Transfer Scheme was ₹ 11.00 Crores. The Transfer Scheme as well as erstwhile Delhi Vidyut Board (DVB) did not furnish consumer wise details of amount transferred to it as CSD. The Company, compiled from the consumer records, the amount of security deposit as on June 30, 2002 which works out to ₹ 90.43 Crores. The Company is of the opinion that its liability towards CSD is limited to ₹ 11.00 Crores as per the Transfer Scheme. Therefore, the liability towards refund of consumer deposits in excess of ₹ 11.00 Crores and interest thereon is not to the account of the Company. The Company had also filed a petition during the year 2004-05 with the Delhi Electricity Regulatory Commission (DERC) to deal with the actual amount of CSD as on date of transfer and the DERC had advised the Government of NCT of Delhi (GoNCTD) to transfer the differential amount of deposits to the Company. The GoNCTD did not abide by the advice and hence the Company has filed a writ petition and the case is pending before Hon'ble High Court of Delhi. In the last hearing held on October 19, 2011 the matter was placed in the category of 'Rule' matters and the case shall get listed in due course.

iii) Interest @ 6% p.a. is provided to the consumers (upto August 31, 2017) as per notification of DERC, dated April 18, 2007. With effect from September 01, 2017 the interest is provided at MCLR (Marginal Cost of Fund Based) as notified by SBI prevailing on the April 01, 2017 on consumer security deposit received from all consumers. The MCLR rate as on April 01, 2017 is @ 8 %. Accordingly, the Company has booked interest amounting to ₹ 56.63 Crores (March 31, 2017 ₹ 48.62 Crores). The Company is of the view that interest on deposit value in excess of ₹ 11 Crores on date of transfer i.e. June 30, 2002, would be recoverable from Delhi Power Company Limited (DPCL) if the Company's contention is upheld by the Hon'ble High Court.

iv) Pursuant to certain clarification issued by ICAI, on treatment of Consumer Security Deposit (CSD) and in line with the Company's practice till March 31, 2016, CSD is disclosed as non-current financial liability. Accordingly, comparative CSD pertaining to previous financial year amounting to ₹ 733.92 Crore has been reclassified to conform to the current year classification and appropriate presentation

Note -22 Non Current Provisions	As at March 31, 2018		As at March 31, 2017	
Provision for employee benefits		54.29		43.14
Total		54.29		43.14

It represents Company's liability for sick and earned leave.

Note-23 Consumer Contribution for Capital Works	As at March 31, 2018		As at March 31, 2017	
Opening Balance		521.25		470.97
Add: Received during the year		72.22		67.08
Less: Transferred to the Statement of Profit & Loss		34.34		16.80
Closing Balance		559.13		521.25

Note-24 Service Line Deposits	As at March 31, 2018		As at March 31, 2017	
Opening Balance		256.98		246.40
Add: Received during the year		47.69		47.03
Sub Total		304.67		293.43
Less: Transferred to the Statement of Profit & Loss		37.94		36.45
Closing Balance		266.73		256.98

Note-25 Grant-In-Aid	As at March 31, 2018		As at March 31, 2017	
Under Accelerated Power Development & Reforms Programme of Govt. of India (APDRP)				
Opening Balance		9.47		9.92
Less: Transferred to the Statement of Profit & Loss		0.68		0.45
Closing Balance		8.79		9.47



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Note -26 Other Non Current Liabilities	As at March 31, 2018	As at March 31, 2017
Consumer Contribution for Capital Works	182.18	175.84
<b>Total</b>	<b>182.18</b>	<b>175.84</b>

Note -27 Current Borrowings	As at March 31, 2018	As at March 31, 2017
<b>Secured</b>		
<b>From Bank</b>		
<b>Loan Repayable on Demand</b>		
-Cash credit	52.32	178.19
- Others (Purchase bill discounting facility)	-	32.00
	<b>52.32</b>	<b>210.19</b>

i) Cash credit are cash credit facilities repayable on demand, availed from consortium of bankers, are secured by

- first pari-passu charge on stores & spares,
- second pari-passu charge on receivables and regulatory assets
- second pari-passu charge on fixed assets of the Company as collateral security.

ii) The Company had availed Purchase Bill discounting facility under Letter of Credit (LC) of ₹ 32 Crores from ICICI Bank with usance period of 30 days and same is secured by post acceptance of bills by the LC issuing Bank.

iii) The interest rate range for above borrowings is between 8.45% p.a to 16.00% p.a (March 31, 2017 range was 8.45% p.a to 17.00% p.a.) and is computed on monthly basis on the actual amount utilized.





## Notes to Financial Statements for the Year Ended March 31, 2018

Note-28 Current Trade Payable		As at March 31, 2018	As at March 31, 2017
Power Purchase Creditors (A)		8,711.18	8,086.85
Other Creditors			
- Micro, Small and Medium Enterprises (B)		7.08	4.67
- Other (C)		151.81	204.87
D= (B+C)		158.89	209.54
Acceptances (E)		252.50	167.09
Total F= (A+D+E)		9,122.57	8,463.48

1 Other Creditors are non interest bearing and are normally settled in normal trade cycle.

2 For terms and conditions with related parties, refer note no. 45

3 For explanation on the Company credit risk management process refer note no. 46

4 Refer Note 50 with regards to dues to Power Suppliers related parties

5 Refer Note 56 with regards to dues to Micro, Small and Medium Enterprises (MSME).

Note-29 Other Current Financial Liabilities	As at March 31, 2018	As at March 31, 2017
Current Maturities of Long Term Borrowings (Refer Note 20)	-	599.22
Interest Accrued but not due	1.14	0.86
Other Payables		
Payable on purchase of Fixed Assets	109.11	47.86
Other Creditors	23.65	17.17
Works and Earnest Money Deposits	1.03	1.00
Expenses Payable	9.64	4.48
Employee Benefits Payable	2.66	2.48
Consumer Contribution for Capital Works	249.40	238.34
{ Including interest payable of ₹ 4.56 Crores (March 31, 2017 ₹ 3.73 Crores.)}		
Total	396.63	911.41

1. Borrowings are netted off of Loan processing charges for the year ended March 31, 2018 ₹ Nil Crores (March 31, 2017 ₹ 6.10 Crores).

2 Refer Note 56 with regards to dues to Micro, Small and Medium Enterprises

3 Refer Note 21 for Consumer Security Deposit recalcification.

Note-30 Other Current Liabilities	As at March 31, 2018	As at March 31, 2017
Advances from Consumers	229.67	171.66
Subsidy received in advance*	8.24	11.56
Statutory dues	114.38	83.39
Other Payables	46.70	12.78
Creditors for Barter Transactions	0.09	0.09
Total	399.08	279.48

\* Subsidy passed to the consumers as per the scheme announced by GoNCTD.

Subsidy Account Statement	As at March 31, 2018	As at March 31, 2017
Opening Subsidy Received in Advance	(11.56)	(35.87)
Subsidy passed to consumers	723.41	672.46
Subsidy Received (Including rebate on subsidy)	720.09	648.15
Closing Subsidy Received in Advance	(8.24)	(11.56)



**BSES RAJDHANI POWER LIMITED**

Amounts in ₹ Crores

**Notes to Financial Statements for the Year Ended March 31, 2018**

<b>Note-31 Current Provisions</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Provision for Employee Benefits (A)	124.49	58.82
<b>Other Provisions</b>		
Provision for Legal Claims		
As per last balance sheet	1.73	1.47
Provision made during the year	0.70	0.26
(B)	2.43	1.73
Provision for Retirement of Fixed Assets/others		
As per last balance sheet	33.41	34.51
Provision during the year	1.91	-
Amount reversed during the year	-	(1.10)
(C)	35.32	33.41
<b>Total (A+B+C)</b>	<b>162.24</b>	<b>93.96</b>

<b>Note-32 Current Tax Liabilities</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Provision for Tax	31.24	19.85
<b>Total</b>	<b>31.24</b>	<b>19.85</b>





Amounts in ₹ Crores

Note -33 Revenue from operations	Year Ended March 31, 2018	Year Ended March 31, 2017
A) Sale of Power		
i) Gross Revenue from Sale of Power	9,722.17	9,081.69
Less: Tax on Electricity	404.65	384.64
Less: Pension Trust Surcharge Recovery (Refer Note 55)	142.82	-
Net Revenue from Sale of Power	9,174.70	8,697.05
(In the current year, net revenue from sale of power includes ₹ 686.49 Crores, (March 31, 2017 ₹ 648.41 Crores) billed against 8% surcharge allowed for recovery of opening Revenue Gap)		
ii) Bulk Sale of Power	89.23	61.97
B) Open Access Income	52.12	27.55
C) Other Operating Revenues		
i) Service Line Deposits & Development Charges	37.94	36.45
ii) Delayed Payment Charges (LPSC)	24.82	27.86
iii) Electricity Tax Collection Charges	12.15	11.57
iv) Consumer Contribution for Capital Works & APDRP	35.02	17.26
v) Miscellaneous Operating Income	18.51	16.60
Total (C)	128.44	109.74
Total (A+B+C)	9,444.49	8,896.31
<b>Gross Revenue from Sale of Power</b>		
1. Gross revenue from sale of power is net of rebate of ₹ Nil during the year (March 31, 2017 ₹ 37.36 Crores).		
2. Power Purchase cost is net of barter sale in the current year ₹ 439.56 crores. (March 31, 2017 ₹ 94.08 crores)		

Note -34 Other Income	Year Ended March 31, 2018	Year Ended March 31, 2017
Interest:-		
i) Fixed Deposits	0.72	0.98
ii) Short Term Loans	57.16	52.17
iii) Government Securities & others	0.04	0.04
Consultancy Income (Net)	-	0.41
Sale of Scrap	9.80	7.61
Street Light Maintenance & Material Charges (Net)	0.55	24.44
Excess Provisions Written Back	3.54	2.88
Profit on Sale of Fixed Assets	-	0.02
Other Miscellaneous Income	9.23	8.62
Total	81.04	97.17

**Consultancy Income**

Consultancy Income is net of expenses of ₹ Nil Crores during the year (March 31, 2017 ₹ 1.78 Crores).

**Street Light Maintenance & Material Charges**

Income from Street Light Maintenance &amp; Material Charges during the year is net of direct cost of ₹ 4.54 Crores relating to maintenance cost (March 31, 2017 ₹ 7.68 Crores) and ₹ 1.58 Crores relating to Stores and Spares consumed (March 31, 2017 ₹ 3.29 Crores).

Note -35 Cost of Power Purchased	Year Ended March 31, 2018	Year Ended March 31, 2017
Purchase of Energy	5,752.41	5,821.86
Transmission Charges	1,174.25	1,161.39
Total	6,926.66	6,983.25

**Power Purchase Cost:**

a. The cost of long term power purchases for the earlier years are subject to revision based on tariff orders notified by Central Electricity Regulatory Commission (CERC) / Delhi Electricity Regulatory Commission (DERC) for respective Power Generators. Such revision is accounted for as and when the revised bills/demands are received from the Power Generators.

b. Power Purchase cost for the year is net of rebate of ₹ 38.77 Crores (March 31, 2017 ₹ 1.44 Crores)

**c. Banking/ Exchange of Power**

The Company takes and returns back power under the banking arrangement and accounts for the same as power purchase (net) in the books of accounts at ₹ 4.00 per unit, being the applicable rate provided by DERC. As at March 31, 2018 the Company has to receive 82.94 Million Units (net) of energy under banking arrangement. (March 31, 2017, 6.03 Million Units were receivable) which will be received back during subsequent year.

**d. Barter Sale**

Power Purchase cost is net of barter sale in the current year ₹ 439.56 crores. (March 31, 2017 ₹ 94.08 crores)



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## BSES RAJDHANI POWER LIMITED

Notes to Financial Statements for the Year Ended March 31, 2018

Amounts in ₹ Crores

Note -36 Employee Benefits Expense	Year Ended March 31, 2018	Year Ended March 31, 2017
Salaries and wages	415.76	343.80
Contribution to Provident and other funds	87.44	24.86
Staff welfare expense	25.87	21.41
<b>Total</b>	<b>529.07</b>	<b>389.87</b>

i) Employee benefits expense are net of ₹ 67.54 Crores (March 31, 2017 ₹ 50.45 Crores) being amount capitalized / charged to the capital expenditure (including impact of 7th Pay Commission amounting to ₹ 11.84 Crores (March 31, 2017 ₹ Nil)).

ii) Employee benefits expense includes GST ₹ 10.28 Crores (March 31, 2017 ₹ Nil) and Service Tax ₹ 2.75 Crores (March 31, 2017 ₹ 9.22 Crores) and incremental Minimum Wages impact ₹ 7.79 Crores (March 31, 2017 ₹ Nil)

iii) 7th Pay Commission Recommendations

A Wage Revision Committee was constituted by the GoNCTD vide office memorandum bearing No. F.11(62)/2015/Power/271 dated January 25, 2016 to examine and recommend to the Government for the Pay Revision of the employees of the Transmission & Generation Companies. Such recommendations become applicable on the Company as per the Tripartite agreement.

The recommendations are yet to be accepted and notified by the GoNCTD in the Gazette. However, the Committee had given recommendation vide order no DTL/108/04/2017-HR(Policy)/101 dated July 28, 2017 for payment of Interim Relief (IR) to the eligible employees at the rate of 2.57 times of Basic pay + Grade Pay w.e.f. January 01, 2016. Accordingly Company disbursed payment of ₹ 55.52 Crores. as interim relief during the FY 2017-18 along with arrears w.e.f. from January 01, 2016 and also provided ₹ 49.00 Crores towards Leave Salary Contribution, Pension Contribution etc corresponding to the interim relief.





**BSES RAJDHANI POWER LIMITED**

Notes to Financial Statements for the Year Ended March 31, 2018

Amounts in ₹ Crores

Disclosure under Ind AS-19 "Employee Benefits"

The Company has classified various employee benefits as under:

- a) Defined contribution plans
  - i.) Employees Provident fund
  - ii.) Superannuation fund
  - iii.) Pension and Leave Salary Contribution

**Regular Employees i.e. other than from Erstwhile DVB Employees**

The provident fund (including Family Pension Contribution) for 'regular' employees is deposited with the Regional Provident Fund Commissioner. The Superannuation Fund contribution for 'regular' employees is deposited with the Trustees of the 'BSES Rajdhani Power Ltd Employees Superannuation Scheme' which is recognised by the Income Tax Authorities. Contribution to National Pension System (NPS) for 'regular' employees is deposited with ICICI Securities Limited.

**Erstwhile DVB Employees**

Pension contribution and leave salary contributions applicable to erstwhile DVB employees, are paid to the DVB ETBF – 2002 Trust as per FRSR rules.

The Company has recognized the following amounts in the Statement of Profit and Loss for the year. (Refer Note 36)

S No	Particulars	March 31,2018	March 31,2017
a	Contribution to Provident Fund	4.59	3.68
b	Contribution to Employee's Superannuation Fund	0.91	0.71
c	Contribution to Pension and leave Salary	63.92	17.95
	<b>Total</b>	<b>69.42</b>	<b>22.34</b>

- b) Defined benefit plans
  - i.) Gratuity
  - ii.) Leave encashment

Gratuity is payable to eligible employees as per the Company's policy and amount is paid as per provisions of the Payment of Gratuity Act 1972. The Company makes contribution to Gratuity Fund (BSES Rajdhani Power Limited Employees Group Gratuity Scheme) which is recognized by Income Tax authorities. The fund has taken a group policy with ICICI Prudential Life Insurance Company Limited, Bajaj Allianz, SBI Life Insurance, India First Life Insurance and Reliance Nippon Life Insurance Company Limited to meet its obligation towards gratuity.

Earned leave and sick leave are payable to eligible employees who have accumulated leaves, during the employment and/or on separation as per the Company's policy.

Liability with respect to the gratuity, leave encashment and sick leave is determined based on an actuarial valuation done by an independent actuary at the year end and any differential between the fund amount and the actuarial valuation is charged to Statement of Profit and Loss.

Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognized immediately in the Statement of Profit and Loss as income or expense.

Principal Actuarial Assumption as at Balance Sheet date

S No	Particulars	March 31,2018	March 31,2017
a	Discount Rate (per annum)	7.55% - 7.80%	7.75%
b	Rate of increase in Compensation Levels	6.00% - 8.00%	5.5% - 7.00%
c	Expected Rate of Return on Plan Asset ( in case of Gratuity)	6.00%	7.75%
d	Retirement age	58-60 years	
e	Mortality Table	100% of IALM (2006-08)	
f	Average Withdrawal Rate	Withdrawal Rate	Withdrawal Rate
	a) Upto 30 Years	2%	3%
	b) From 31 to 44 Years	1%	1%
	c) Above 44 Years	1%	1%

The discount rate has been assumed at 7.55% to 7.80% p.a. (Previous year 7.75% p.a.) which is determined by reference to market yield at the balance sheet date on government securities for remaining life of employees. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market on long term basis.



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## BSES RAJDHANI POWER LIMITED

Notes to Financial Statements for the Year Ended March 31, 2018

Amounts in ₹ Crores

## i) Changes in the Present Value of Obligation

S No	Particulars	Year Ended March 31, 2018		Year Ended March 31, 2017	
		Leave Encashment	Gratuity Funded	Leave Encashment	Gratuity Funded
a	Present Value of Obligation as at the beginning of the year	43.47	17.62	35.31	12.93
b	Acquisition Adjustment	-	0.75	-	0.59
c	Interest Cost	3.37	1.37	2.82	1.03
d	Past Service Cost	-	12.93	-	-
e	Current Service Cost	4.56	3.58	3.55	1.82
f	Contribution by Plan Participants	-	-	-	-
g	Curtailment Cost/(Credit)	-	-	-	-
h	Settlement Cost/(Credit)	-	-	-	-
i	Benefit Paid	(2.34)	(0.87)	(1.62)	(0.82)
j	Actuarial (Gains)/Loss	6.73	4.67	3.40	2.05
k	Present Value of Obligation as at the End of the Year	55.79	40.05	43.47	17.62
l	Current Liability	1.83	1.80	1.46	0.88
m	Non Current Liability	53.96	38.25	42.01	16.94

## ii) Changes in the Fair value of Plan Assets

S No	Particulars	Year Ended March 31, 2018		Year Ended March 31, 2017	
		Leave Encashment	Gratuity Funded	Leave Encashment	Gratuity Funded
a	Present Value of Plan Asset as at the Beginning of the Year	-	14.00	-	8.33
b	Acquisition Adjustment	-	0.75	-	0.59
c	Expected Return on Plan Assets	-	1.09	-	0.67
d	Actuarial Gain/(Loss)	-	(0.21)	-	0.62
e	Employers Contribution	-	3.62	-	4.60
f	Employees Contribution	-	-	-	-
g	Benefit Paid	-	(0.87)	-	(0.82)
h	Fair Value of Plan Assets as at the End of the Year	-	18.38	-	14.00

## iii) Percentage of Each Category of Plan Assets to Total Fair Value of Plan Assets as at the End of the Year

S No	Particulars	Year Ended March 31, 2018		Year Ended March 31, 2017	
		Leave Encashment	Gratuity Funded	Leave Encashment	Gratuity Funded
a	Fund Managed by Insurance Company	-	100%	-	100%

## iv) Reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets

S No	Particulars	Year Ended March 31, 2018		Year Ended March 31, 2017	
		Leave Encashment	Gratuity Funded	Leave Encashment	Gratuity Funded
a	Present Value of Funded Obligation as at the end of the year	-	40.05	-	17.62
b	Fair Value of Plan Assets as at the End of the Year	-	18.38	-	14.00
c	Funded (Asset)/Liability recognized in the Balance Sheet	-	21.67	-	3.62
d	Present Value of Unfunded Obligation as at the End of the Year	55.79	-	43.47	-
e	Unfunded Net Liability Recognized in the Balance Sheet	55.79	-	43.47	-





## BSES RAJDHANI POWER LIMITED

Notes to Financial Statements for the Year Ended March 31, 2018

Amounts in ₹ Crores

## v) Expenses recognized in the Statement of Profit and Loss Account

S No	Particulars	Year Ended March 31, 2018		Year Ended March 31, 2017	
		Leave Encashment	Gratuity Funded	Leave Encashment	Gratuity Funded
a	Current Service Cost	4.56	3.58	3.55	1.82
b	Past Service Cost	-	12.93	-	-
c	Acquisition Adjustment	-	-	-	-
d	Interest Cost	3.37	1.37	2.82	1.03
e	Expected Return on Plan Assets	-	(1.09)	-	(0.67)
f	Curtailment Cost/(Credit)	-	-	-	-
g	Settlement Cost/(Credit)	-	-	-	-
h	Benefit Paid	-	-	-	-
i	Net actuarial (Gains)/Loss	6.73	-	3.40	-
j	Employers Contribution	-	-	-	-
k	Total Expenses Recognized in the Statement of Profit and Loss	14.66	16.79	9.77	2.19

vi) Other Comprehensive Income (OCI)		Year Ended March 31, 2018	Year Ended March 31, 2017
S No	Particulars	Gratuity Funded	Gratuity Funded
a	Net cumulative unrecognized actuarial gain/(loss) opening	(4.52)	(3.09)
b	Actuarial gain / (loss) for the year on PBO	(4.67)	(2.05)
c	Actuarial gain /(loss) for the year on Asset	(0.21)	0.62
d	Unrecognized actuarial gain/(loss) at the end of the year	(9.40)	(4.52)

## vii) Experience Adjustment:

S No	Particulars	Year Ended March 31, 2018		Year Ended March 31, 2017	
		Leave Encashment	Gratuity Funded	Leave Encashment	Gratuity Funded
a	On Plan Liability (Gain)/ Loss	1.40	2.47	2.27	1.49
b	On Plan Assets (Gain) / Loss	-	0.21	-	(0.62)
c	Expected Employer Contribution for the Next Year	9.22	5.20	6.69	2.30



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## BSES RAJDHANI POWER LIMITED

Notes to Financial Statements for the Year Ended March 31, 2018

Amounts in ₹ Crores

S No	Maturity Profile of Defined Benefit Obligation	Year Ended March 31, 2018		Year Ended March 31, 2017	
		Leave Encashment	Gratuity Funded	Leave Encashment	Gratuity Funded
a	0 to 1 Year	3.78	1.80	1.09	0.68
b	1 to 2 Year	0.49	0.50	0.35	0.23
c	2 to 3 Year	0.47	0.47	0.38	0.25
d	3 to 4 Year	0.48	0.48	0.87	0.81
e	4 to 5 Year	0.81	0.78	0.61	0.35
f	5 to 6 Year	1.10	1.32	0.93	0.64
g	6 Year onwards	30.73	34.69	22.39	14.66

## ix) Sensitivity Analysis of the Defined Benefit Obligation:-

S No	Particulars	Leave Encashment	Gratuity Funded
		2017-18	
	Impact of change in discount rate		
	Present Value of obligation at the end of the year	55.79	40.04
1	a) Impact due to increase of 0.50%	(3.04)	(1.17)
	b) Impact due to decrease of 0.50%	3.31	1.19
	Impact of change in Salary rate		
	Present Value of obligation at the end of the year	55.79	40.04
2	a) Impact due to increase of 0.50%	2.07	1.18
	b) Impact due to decrease of 0.50%	(1.94)	(1.20)

## Description of risk exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow-

- Salary increases - Actual salary increase will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
- Investment Risk - If plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
- Discount Rate - Reduction in discount rate in subsequent valuations can increase the plan's liability.
- Mortality & disability - Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
- Withdrawals - Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability

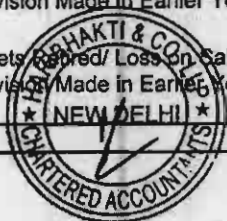




Note -37 Finance Costs	Year Ended March 31, 2018	Year Ended March 31, 2017
<b>Interest:-</b>		
i) Borrowings	107.28	205.91
ii) Consumer Security Deposit	56.63	48.62
iii) Other Interest	4.10	4.59
<b>Other Borrowing Costs :-</b>		
i) Late Payment Surcharge (LPSC) on Power Purchase & Transmission Charge	1,113.37	875.82
ii) Amortization of Financial Guarantee	8.23	4.83
iii) Others	23.75	11.09
<b>Total</b>	<b>1,313.36</b>	<b>1,160.86</b>
Interest on borrowings related to borrowing are net of ₹ 21.19 Crores (March 31, 2017 ₹ 14.07 Crores) being amount capitalized / transferred to capital work in progress.		
The LPSC is recognized by the Company based on the allocation methodology as per Power Purchase Agreements (PPA), applicable regulations of CERC/DERC and / or reconciliation/ agreed terms with Power Generators / Transmission companies. ( Refer Note 48 (q))		

Note -38 Depreciation and Amortization Expense	Year Ended March 31, 2018	Year Ended March 31, 2017
Total Depreciation (Refer Note 3 & 4)	298.01	197.66
<b>Total</b>	<b>298.01</b>	<b>197.66</b>

Note -39 Other Expenses	Year Ended March 31, 2018	Year Ended March 31, 2017
<b>1) Repair</b>		
- Machinery	129.22	110.30
- Buildings	4.33	2.85
-Others	8.94	8.83
-Stores and Spares consumed (Net of recoveries)- Refer Note 34	35.74	38.93
	<b>178.23</b>	<b>160.91</b>
<b>2) Administration Expenses</b>		
Vehicle Hire & Running Expenses	35.21	29.08
Travelling, Conveyance, Boarding & Lodging	6.88	6.29
Insurance	2.42	2.24
Rates and Taxes	15.63	16.39
Bill Collection Charges	9.78	15.10
Communication Expenses	7.01	8.03
Printing and Stationery	8.37	7.07
Meter Reading & Bill Distribution Expenses	42.13	32.91
Call Centre Expenses	14.18	10.76
House Keeping Charges	13.80	9.49
Security Expenses	22.45	16.48
Advertisement Expenses	2.17	1.40
Legal Claims	2.68	0.44
Professional Consultancy Charges	39.07	33.56
Corporate Social Responsibilities <sup>3</sup>	2.53	2.68
Remuneration to Auditors <sup>4</sup>	0.48	0.65
Directors' Sitting Fees	0.21	0.15
Loss on Foreign Exchange Fluctuation	-	0.01
Bank Charges	0.83	1.81
Miscellaneous Expenses	7.17	4.99
	<b>233.00</b>	<b>199.53</b>
<b>3) Others</b>		
Provisions For :		
- Retirement of Fixed Assets	1.91	-
- Non Moving Inventory	-	1.01
- Doubtful Debts <sup>5</sup>	9.33	4.76
	<b>11.24</b>	<b>5.77</b>
<b>Amount Written Off :</b>		
Bad Debts Written Off	8.59	4.56
Less: Provision Made in Earlier Years	8.59	4.56
	-	-
Fixed Assets Repaired/ Loss on Sale	17.89	14.46
Less: Provision Made in Earlier Years	-	1.10
	<b>17.89</b>	<b>13.36</b>
<b>Total</b>	<b>440.36</b>	<b>379.55</b>



*Signature*



Amounts in ₹ Crores

**1. Effect due to Increase in Minimum Wages**

Other expenses includes expenses related to manpower based contract which has an incremental effect of minimum wages, for year under consideration amounting ₹ 32.42 Crores. This amount does not includes the incremental impact of work based contracts.

2. Other expenses are inclusive of GST amounting ₹ 35.20 Crores (March 31, 2017 ₹ Nil) (excluding GST on Stores & Spare Consumed), and Service Tax amounting ₹ 10.39 Crores (March 31, 2017 ₹ 9.22 Crores).

**3. Corporate Social Responsibilities**

The board of directors approved CSR Policy of the Company at its meeting held on September 25, 2014. In accordance with the provisions of Section 135 of the Companies Act, 2013, the Company was required to spend ₹ 7.71 Crores (₹ 1.78 Crores for F.Y. 2014-15, ₹ 1.68 Crores for F.Y. 2015-16, ₹ 1.76 Crores for F.Y 2016-17 & ₹ 2.49 Crores for F.Y 2017-18 ) till F.Y 2017-18 on prescribed CSR activities. Amount related to Corporate Social Responsibility as per Section 135 of the Act, read with Schedule VII thereof upto FY 2017-18 is ₹ 7.64 Crores (₹ 0.20 Crores in F.Y 2014-15, ₹ 2.23 Crores in F.Y. 2015-16, ₹ 2.68 Crores in F.Y. 2016-17 & ₹ 2.53 Crores in F.Y 2017-18). Further, the Company has already committed ₹ 0.07 Crores which will be incurred during the next financial year.

Cumulative Amount incurred till FY 2017-18

Particulars	Amount Paid	Yet to be Paid	Total
Construction/acquisition of any asset	-	-	-
Other purposes	6.64	1.00	7.64
Total	6.64	1.00	7.64

4. Remuneration To Auditors (Including Service Tax/GST)	Year Ended March 31, 2018	Year Ended March 31, 2017
Audit & Limited Review Fees	0.26	0.35
Tax Audit Fees	0.05	0.09
Certification Work	0.11	0.15
Taxation & Other Matters	0.04	0.04
Out of Pocket Expenses	0.02	0.02
Total	0.48	0.65

**5. Provision for Doubtful Debts**

Provision for doubtful debts (cumulative) as on March 31, 2018 includes ₹ 108.72 Crores (March 31, 2017 ₹ 119.78 Crores) against dues from MCD and others which has been provided in the books of accounts based on provisional reconciliation and pending final settlement with them. Expected credit loss from simplified approach were applied for Other customers as per Ind AS 109.





Note -40 Net movement in Regulatory Deferral Account Balances and related deferred tax balances	Year Ended March 31, 2018	Year Ended March 31, 2017
Regulatory deferral account balances (Refer Note 17)	845.26	884.92
Less: Recovered during the year (Refer Note 17)	687.00	649.19
<b>Total</b>	<b>158.26</b>	<b>235.73</b>
Deferred tax relating to net movements in regulatory assets	54.77	81.58
Effect of reversal of temporary differences during tax holiday period & tax rate difference	209.45	208.18
Less:- Recoverable from future tariff determination	(264.22)	(289.76)
<b>Total</b>	<b>158.26</b>	<b>235.73</b>

Note -41 Current Tax	Year Ended March 31, 2018	Year Ended March 31, 2017
Income Tax for the current year	31.17	19.87
Income Tax for the earlier years	0.05	(0.08)
<b>Total</b>	<b>31.22</b>	<b>19.79</b>

Note -42 Income Tax effect on OCI	Year Ended March 31, 2018	Year Ended March 31, 2017
Income tax effect on OCI	0.07	0.02
<b>Total</b>	<b>0.07</b>	<b>0.02</b>

Note 43 Earnings per equity share	Year Ended March 31, 2018	Year Ended March 31, 2017
I Profit/(Loss) for Earning Per Share		
Profit for the year (After Tax )	145.11	108.21
Profit for the year (After Tax ) (Net movement in Regulatory Deferral Account balances)	(13.15)	(127.52)
II No. of Equity Shares (In Crores)		
Opening	104.00	104.00
Closing	104.00	104.00
Weighted Average No. of Equity Shares	104.00	104.00
Earning Per Share Basic (₹)	1.40	1.04
Earning Per Share Diluted (₹)	1.40	1.04
Earning per share Basic (Before Net movement in Regulatory Deferral Account balances)	(0.13)	(1.24)
Earning per share Diluted (Before Net movement in Regulatory Deferral Account balance)	(0.13)	(1.24)
Face Value Of Equity Shares (₹)	10.00	10.00



## BSES RAJDHANI POWER LIMITED

Notes to Financial Statements for the Year Ended March 31, 2018

Amounts in ₹ Crores

## Note No 44 Income tax expense

	March 31, 2018	March 31, 2017
(a) Income tax expense		
Current tax		
Current tax on profits for the year	31.24	19.87
Adjustments for current tax of prior year	0.05	(0.08)
Total current tax expense (A)	31.29	19.79
Deferred tax		
Decrease/(increase) in deferred tax assets	(435.82)	(146.06)
(Decrease)/increase in deferred tax liabilities	226.92	428.82
Total deferred tax expense/(benefit)	(208.89)	282.77
Less: Liability/Income Payable/Recoverable from future tariff	208.89	(282.77)
Net deferred tax expense/(benefit) (B)	-	-
Income tax expense (A+B)	31.29	19.79

Income tax expense is attributable to:

	March 31, 2018	March 31, 2017
Profit as per Ind AS from continuing operations before income tax expense	(A) 176.67	128.13
Income tax rate applicable	(B) 34.61%	34.61%
Income tax expense (A*B)	(A)*(B) 61.14	44.34
Tax effects of the items that are not deductible (taxable) while calculating taxable income:		
Tax Effect of Permanent timing differences	0.97	1.22
Movement in tax losses (net of recoverable from future tariff)	(62.11)	(45.56)
Current tax on Profit for Year	31.24	19.87
Prior Year Tax Adjustment	0.05	(0.08)
Total Tax Expense	31.29	19.79

## (b) Deferred tax balances

The balance comprises temporary differences attributable to:

	March 31, 2018	March 31, 2017
Deferred tax liability on account of:		
Depreciation difference	548.38	582.89
Regulatory Deferral Account Balances	2437.08	2172.86
Loan Processing Costs	1.75	1.78
Measurement of Financial Guarantee	-	2.75
Deferred tax asset on account of:		
Provision for Doubtful Debts	80.74	79.18
Provision for Retirement of Assets	12.22	11.23
Provision for Leave Encashment	19.31	14.87
Provision for Non moving Inventories	4.98	0.00
Unabsorbed losses (including unabsorbed depreciation)	2689.30	2265.45
Net deferred tax liability/(Asset)	180.66	389.66
Less: (Recoverable)/Payable from future tariff	(180.66)	(389.66)

## (c) Movement in deferred tax balances:

	Depreciation difference	Regulatory Deferral Account Balances	Unabsorbed losses (including unabsorbed depreciation)	Others	Total
At March 31, 2016	439.85	1,883.10	2,121.81	(94.55)	106.79
(Charged)/credited:					
- to profit or loss	143.04	289.76	143.84	(8.19)	282.77
At March 31, 2017	582.89	2,172.86	2,265.45	(100.74)	389.58
(Charged)/credited:					
- to profit or loss	(34.51)	264.22	423.84	(14.76)	(208.90)
At March 31, 2018	548.38	2,437.08	2,689.29	(115.50)	180.66

Note: In line with the requirements of Ind AS 114, Regulatory Deferral Accounts, the entity presents the resulting deferred tax asset (liability) and the related movement in that deferred tax asset (liability) with the related regulatory deferral account balances and movements in those balances, instead of within that presented above in accordance with Ind AS 12 Income Taxes. Refer note 17 for disclosures as per Ind AS 114.





**BSES RAJDHANI POWER LIMITED**

Notes to Financial Statements for the Year Ended March 31, 2018

Amounts in ₹ Crores

**Note-45 : Related party transactions**

Related parties with whom transactions have taken place during the year:

I)	Parent Company	Reliance Infrastructure Limited (RInfra Ltd) (w.e.f September 30, 2016)
II)	Company having Substantial Interest	Delhi Power Company Limited
III)	Fellow Subsidiary Companies & Associates	BSES Yamuna Power Limited (BYPL) Sasan Power Limited (SPL) Reliance IDC Limited (RIDCL) Reliance General Insurance Company Limited (RGICL) Reliance Energy Trading Limited (RETL)
IV)	Post Employment Benefit Plan	BSES Rajdhani Power Limited Employees Group Gratuity Assurance Scheme BSES Rajdhani Power Limited Employees Superannuation Scheme

**Key Management Personnel**

Name	Category	Period
Shri Lalit Jalan - Chairperson	Non - executive director	2017-18 2016-17
Shri Rana Ranjit Rai		2017-18 2016-17
Shri Gopal K Saxena		2017-18 2016-17
Shri Virendra Singh Verma (w.e.f. 20.07.2017)		2017-18
Shri Sanjeev Singh (upto 04.08.2016)		2016-17
Shri Prem Prakash (upto 04.08.2016)		2016-17
Shri S. M. Varma (upto 04.08.2016)		2016-17
Shri Ajit Keshav Ranade	Independent Director	2017-18 2016-17
Shri Anjani Kumar Sharma		2017-18 2016-17
Ms. Ryna Zaiwalla Karani		2017-18 2016-17
Shri Surinder Singh Kohli (upto 17.03.2018)		2017-18 2016-17
Shri Alok Kumar Roy (w.e.f. 24.04.2017 upto 20.07.2017)	Additional Director	2017-18
Shri Amal Sinha (upto 23.05.2016)		2016-17
Shri Amal Sinha	Chief Executive Officer (w.e.f. 23.05.2016)	2017-18 2016-17
Shri Arvinder S Gujral	Chief Executive Officer (upto 22.05.2016)	2016-17

**(a) Key Management Personnel Compensation**

Particulars	March 31, 2018	March 31, 2017
Short - term employee benefits	1.23	0.89
Post - employment benefits	0.10	0.08
Long - term employee benefits	0.11	0.54
Director Sitting Fee	0.21	0.15
Total compensation	1.65	1.66



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**BSES RAJDHANI POWER LIMITED**  
**Notes to Financial Statements for the Year Ended March 31, 2018**

Amounts in ₹ Crores

**b) Transactions with related parties**

The following transactions occurred with related parties:

Particulars	March 31, 2018	March 31, 2017
<b>Statement of profit and loss heads</b>		
<b>1. Income:</b>		
Sale of Power		
- BSES Yamuna Power Limited (BYPL)	0.29	3.36
Interest earned		
- BSES Yamuna Power Limited (BYPL)	57.16	52.17
Reimbursement of Expenses Claimed		
- Reliance Infrastructure Limited (R Infra)	-	0.02
<b>2. Expenses:</b>		
Purchase of Power (Including open access charges - Net of rebate)		
- BSES Yamuna Power Limited (BYPL)	1.69	17.32
- Sasan Power Limited (SPL)	141.19	46.96
Receiving of services		
- Reliance IDC Limited (RIDCL)	2.36	1.74
- Reliance Infrastructure Limited (R Infra)*	-	0.21
- Reliance General Insurance Ltd (RGIL)	-	3.94
Trust Contribution		
- BSES Rajdhani Power Limited Employees Group Gratuity Assurance Scheme	21.67	3.62
- BSES Rajdhani Power Limited Employees Superannuation Scheme	0.91	0.71
For Securitised- Pledge of 21% Shares of the Company held by R Infra (Refer Note 20)		

**c) Loans to related parties**

	March 31, 2018	March 31, 2017
<b>Loan</b>		
- BSES Yamuna Power Limited (BYPL)	(192.92)	23.25

<b>d) Balance sheet heads (Closing balances):</b>	March 31, 2018	March 31, 2017
<b>Payable:-</b>		
- Delhi Power Company Limited (DPCL)	1.28	1.55
- Reliance Energy Trading Limited (RETL)	0.06	0.06
- Sasan Power Limited (SPL)	20.39	-
- Reliance IDC Limited (RIDCL)	-	0.56
- BSES Rajdhani Power Limited Employees Group Gratuity Assurance Scheme	21.67	3.62
- BSES Rajdhani Power Limited Employees Superannuation Scheme	0.08	0.07
<b>Receivable:-</b>		
- Reliance General Insurance Company Limited (RGICL)	-	0.05
- Sasan Power Limited (SPL)	-	4.70
- Reliance IDC Limited (RIDCL)	0.62	-
<b>Loan and Advance Receivable</b>		
- BSES Yamuna Power Limited (BYPL)	160.44	353.37

**(e) Terms and conditions**

**Note 1 :** The above disclosure does not include transactions with / as public utility service providers, viz. electricity, telecommunication, in the normal course of business.

**Terms & conditions**

- For terms and condition relating to Loan to BYPL, Refer Note 13
- All outstanding balances are unsecured and repayable/ recoverable on demand.
- The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (Year ended March 31, 2017: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.



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**BSES RAJDHANI POWER LIMITED**

Notes to Financial Statements for the Year Ended March 31, 2018

**Note no 46:- Financial Risk Management**

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The key risks and mitigating actions are also placed before the Audit Committee of the Company. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Risk Management Committee of the Company is supported by the Finance team and experts of respective business divisions that provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The activities are designed to:

- protect the Company's financial results and position from financial risks
- maintain market risks within acceptable parameters, while optimizing returns; and
- protect the Company's financial investments, while maximizing returns.

The Treasury department provides funding for the Company's operations. In addition to guidelines and exposure limits, a system of authorities and extensive independent reporting covers all major areas of treasury's activity.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortized cost.	Ageing analysis Credit rating	Diversification of bank deposits, credit limits and letters of credit
Liquidity Risk	Borrowings, Trade Payable and other liabilities	Rolling cash flow forecasts	Monitoring of committed credit lines and borrowing facilities
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps

The Company's financial risk management is carried out by the treasury department (Company treasury). It identifies, evaluates financial risks in close cooperation with the Company's operating units, covering interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

**(A) Credit risk**

Credit risk refers to the risk of default on its obligation by the counter party resulting in financial loss. Credit risk arises from cash and cash equivalents, investments carried at amortized cost or fair value through profit & loss and deposits with banks and financial institutions, as well as credit exposures to trade/non-trade customers including outstanding receivables.

**(i) Credit risk management**

Credit risk is managed at Company level depending on the framework surrounding credit risk management.

The concentration of credit risk is limited since the customer base is large and widely dispersed and secured with security deposit. For banks and financial institutions, only high rated banks/institution are accepted.

The maximum exposure to the credit risk at the reporting date is primarily from trade receivable. The Company follows simplified approach method wherein it recognises impairment loss allowance based on lifetime Expected Credit Loss (ECL) at reporting date.

Trade Receivable are written off when there is no reasonable expectation of recovery after disconnection and past due, as per policy of the Company and debtor failing to engage in a repayment plan with the Company. However, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

For trade receivable (other than street light unmetered connections) the Company uses the provision matrix method under simplified approach. The provision matrix is based on its historically observed default rates over the expected life of these trade receivable and is adjusted for forward looking estimates. At every reporting date, the historically observed default rates are updated and changes in the forward looking estimates are analysed.

For street light unmetered connection, in addition to recognising impairment loss provision under lifetime expected credit loss model, specific provision is made for cases under dispute with the consumer.

For recognition of impairment loss on loans and other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increase significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increase significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.



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## BSES RAJDHANI POWER LIMITED

## Notes to Financial Statements for the Year Ended March 31, 2018

## Provision for expected credit losses

Amounts in ₹ Crores

As at March 31, 2018:

Expected credit loss for trade receivables of metered connections

Aging	Not due	0-90 days past due	90 - 180 days past due	180 - 270 days past due	270 - 360 days past due	360 - 450 days past due	More than 450 days past due	Total
Gross carrying amount	141.18	92.84	22.19	15.73	9.03	6.42	93.80	381.20
Expected loss rate	3%	5%	23%	42%	62%	80%	100%	33%
Expected credit losses (Loss allowance provision)	3.97	4.33	5.10	6.67	5.58	5.15	93.80	124.59
Carrying amount of trade receivables (net of impairment)	137.21	88.50	17.10	9.06	3.48	1.27	-	256.61

As at March 31, 2017:

Expected credit loss for trade receivables of metered connections

Aging	Not due	0-90 days past due	90 - 180 days past due	180 - 270 days past due	270 - 360 days past due	360 - 450 days past due	More than 450 days past due	Total
Gross carrying amount	130.08	57.25	21.82	15.68	8.48	6.36	86.84	326.30
Expected loss rate	2%	4%	21%	41%	61%	79%	100%	35%
Expected credit losses (Loss allowance provision)	2.85	2.23	4.51	6.45	5.18	5.06	86.84	113.14
Carrying amount of trade receivables (net of impairment)	127.22	55.02	17.10	9.22	3.29	1.31	-	213.16

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(iii) Reconciliation of loss allowance provision – Trade receivables

Reconciliation of loss allowance	
Loss allowance on April 1, 2016	233.57
Changes in loss allowance	(0.66)
Loss allowance on March 31, 2017	232.91
Changes in loss allowance	0.40
Loss allowance on March 31, 2018	233.31

Significant estimates and judgements

Impairment of financial assets

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Company do not anticipate any material credit risk for loans and other financial assets.

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. The Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting year:

	March 31, 2018	March 31, 2017
<b>Floating rate</b>		
Term Loan	462.04	-
Expiring within one year (Cash Credit)	207.67	86
Expiring beyond one year (Bank Loans)	-	-

Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR.

(ii) Maturities of financial liabilities

\*The tables below analyze the Company's financial liabilities into relevant maturity based on their contractual maturities for all non-derivative financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows carrying balance with interest not due. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Carrying Value	within 1 year	*more than 1 year	Total
<b>March 31, 2018</b>				
<b>Non-derivatives</b>				
Borrowings	587.58	52.32	843.84	896.16
Trade payables	9,082.14	9,082.14	-	9,082.14
Retention payable	40.43	40.43	-	40.43
Creditors for capital expenditure	109.11	109.11	-	109.11
Other finance liabilities	287.52	287.52	-	287.52
<b>Total non-derivative liabilities</b>	<b>10,106.78</b>	<b>9,571.52</b>	<b>843.84</b>	<b>10,415.36</b>

(C) Market risk

(i) Foreign currency risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency (INR). The Company operates in a business that have insignificant exposure to foreign exchanges/ foreign currency transactions.

(b) Sensitivity

In view of insignificant exposure to forex, Sensitivity Analysis on Foreign exchange risk is not required.

(ii) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During March 31, 2018 and March 31, 2017 the Company's borrowings at variable rate were primarily dominated in INR. In view of reduction in bank rate and improvement in Credit Rating, Company is not exposed to any material interest rate risk due to borrowing at Variable Rate.

The Company's borrowings are carried at amortized cost.

(a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting year are as follows:

	March 31, 2018	March 31, 2017
Variable rate borrowings	587.58	1,382.41
Fixed rate borrowings	-	-
<b>Total borrowings</b>	<b>587.58</b>	<b>1,382.41</b>



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**(b) Sensitivity**

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

	Impact on profit after tax	
	March 31, 2018	March 31, 2017
Interest rates – increase by 50 basis points (50 bps)*	(3.72)	(6.21)
Interest rates – decrease by 50 basis points (50 bps)*	3.72	6.21

\*Holding all other variables constant

**(iii) Price risk****(a) Exposure**

The Company does not have any investment in equity. Therefore there is no Price risk to the Company on Financial instruments. Tariff of the Company is regulated by DERC. Refer Note 17. About the Price risk management on account of tariff determination.

**(iv) Capital Risk Management**

The Company considers the following components of Balance Sheet to manage Capital :

1. Total equity- retained profit ,general reserve and other reserve,share capital
2. Working Capital

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company's aim to translate profitable growth to superior cash generation through efficient capital management.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditor, and market confidence and to sustain future development and growth of its business.

The Company's focus is on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the group. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The management monitors the return on capital as well as the level of dividends to shareholders.

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**BSES RAJDHANI POWER LIMITED**

Notes to Financial Statements for the Year Ended March 31, 2018

Amounts in ₹ Crores

**(a) Fair Value measurements**

Particulars	Level	March 31, 2018		March 31, 2017	
		FVTPL	Amortized	FVTPL	Amortized
<b>Financial assets</b>					
Restricted Deposits With Banks	3	-	32.50	-	6.84
Non Current Loans	3	-	0.30	-	0.32
Other Non Current Financial Assets	3	-	1.29	-	1.85
Trade Receivables	3	-	304.50	-	312.10
Cash and cash equivalents	3	-	219.69	-	269.10
Bank Balances other than Cash and Cash Equivalents	3	-	7.52	-	9.84
Current Loans	3	-	162.77	-	354.87
Other Current Financial Assets	3	-	415.39	-	405.11
Financial Guarantee Received	2	-	-	8.23	-
		-	1,143.96	8.23	1,360.03
<b>Financial liabilities</b>					
Non Current Borrowings	3	-	535.26	-	572.99
Non Current Other Financial Liabilities	3	-	721.49	-	733.92
Current Borrowings	3	-	52.32	-	210.19
Trade payables	3	-	9,122.57	-	8,465.47
Current Maturities of Long Term Borrowings	3	-	-	-	599.22
Employee related liabilities	3	-	2.66	-	2.48
Payable for expenses	3	-	9.64	-	4.48
Others	3	-	134.93	-	66.90
Consumer Contribution for Capital Works	3	-	249.40	-	238.34
<b>Total</b>		-	10,828.27	-	10,893.99

**Notes:**

- a. Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.
- b. Fair Value of non current financial assets and liabilities has not been disclosed as there is no significant differences between the carrying value and fair value.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The fair value of financial assets and liabilities included in Level 3 is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes of similar instruments.

There are no transfers between any levels during the year.

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**BSES Rajdhani Power limited****Notes to Financial Statements for the Year Ended March 31, 2018****47 Commitment**

Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 259.66 Crores (March 31, 2017 ₹ 211.80 Crores).

The Company had entered into Long Term Power Purchase Agreements with various Power Generators in accordance with capacity allocated to the Company by the Ministry of Power / GoNCTD for respective plants.

**48 Contingent Liabilities**

A) Bank Guarantee outstanding as on March 31, 2018 ₹ 0.99 Crores ( March 31, 2017 ₹ 5.37 Crores).

B) Claims not acknowledged as debts and other major matters under litigation.

a) (Amount ₹ in Crores)

S. No.	Particulars	As at 31.03.2018	As at 31.03.2017
i	Legal cases related to consumers and others	42.46	34.71
ii	Legal cases related to employees	2.03	6.59
iii	Property Tax demands raised by Municipal authorities (Net of expenses provided for)	-	0
iii	Claim by DPCL on account of events relating to erstwhile DVB period	87.96	92.59

**i. Legal cases related to consumers and others**

Consumers in the ordinary course of business, challenge the conviction orders passed by the special courts seeking setting aside of orders and recovery of payment already made by them. Also in case of billing disputes, the consumers allege excess recovery and seek refund of the same. Apart from the above, the recovery cases are also filed against the Company by the vendors, third parties etc.

**ii. Legal cases related to employees**

The aggrieved employees have filed cases before the various forums on account of denial of time bound promotion scale, delay in promotion, setting aside of disciplinary proceedings with consequential benefits, etc.

**iii. Suit filed by DPCL Vs BRPL (Suit no.1093/2013)**

A recovery suit has been filed by DPCL in 2013 against the Company before the Hon'ble High Court of Delhi for recovery of ₹ 92.59 Crores along with interest @ 18% p.a.. This suit has been filed on the ground that the amounts were paid by DPCL directly on account of payments to the contractors, works, supplies, services, past employees and to the third party during the period of 2002-2006 for liabilities arising from events prior to 01.07.2002 (DVB period). It also includes the adjustments made by the Company for discharging such DVB liabilities (prior to 01.07.2002) from the amounts payable to DPCL (for revenue collected from consumers towards power supplied during the DVB period). The matter at present is in before the Registrar of Delhi High Court for admission and denial of documents and is scheduled for hearing on July 09, 2018.

b) The Company has received claim from Delhi Transco Limited of ₹ 2.38 Crores (Previous Year ₹ 2.38 Crores) mainly on account of events relating to erstwhile DVB period. The same is disputed by the Company, and pending dispute/reconciliation the same has not been provided in the books.



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**BSES Rajdhani Power limited****Notes to Financial Statements for the Year Ended March 31, 2018**

- c) The Company had received TDS assessment orders for Financial Years 2007-08, 2008-09 and 2009-10 wherein a total demand of ₹ 2.95 Crores (P. Y. ₹ 2.95 Crores) was raised primarily on account of interest u/s 201(1A) of the Income Tax Act, 1961 for non/late deduction of TDS on power transmission charges u/s 194J. The Company had contested this demand and has appealed against the said TDS assessment orders before the CIT(A). Appeal for F.Y. 2008-09 & 2009-10 have been decided by the CIT(A) in favor of the Company, whereby it was held that TDS u/s 194J is not applicable on payments for transmission / wheeling/ open access charges etc. Appeal for F.Y. 2007-08 against demand of ₹ 1.20 Crores (Previous Year ₹ 1.20 Crores) is still pending.

During pendency of aforesaid appeals, the Company had deposited entire demand of ₹ 2.95 Crores (Previous Year ₹ 2.95 Crores) under protest. Further, the Company had taken decision in November 2009 to deduct and deposit TDS on Power Transmission charges from the F.Y. 2009-10 onwards under protest. The Company is confident that appeal for F.Y. 2007-08 will be decided in line with orders passed for F.Y.'s 2008-09 & 2009-10 and entire demand will be reduced to NIL. Accordingly the Company has not provided for any liability, in this regard in the books of accounts. Further, the Company is following up with the Income Tax Authorities for refund / adjustment of the amount paid against the demand for F.Y.'s 2008-09 & 2009-10.

In the meanwhile, the Income Tax Department appealed against the order of CIT (A), before ITAT for the F.Y.'s 2008-09 and 2009-10, contesting decision of the CIT (A). These appeals of the department have been dismissed by ITAT and decided in favour of the Company.

The issue of applicability of section 194J on power transmission/ wheeling charges have recently been set at rest by the Hon'ble Supreme Court, whereby a Special Leave Petition (SLP) filed by the Income Tax Department against a Delhi High Court decision in case number ITA No. 341/2015, pertaining to Delhi Transco Limited was dismissed. The High Court had held that the provisions of section 194J are not applicable on power transmission/ wheeling charges.

- d) Income Tax assessment for the Assessment Year (A.Y.) 2010-11 u/s 143(3) of the Income Tax Act, 1961 was concluded and a demand of ₹ 407.45 Crores was raised, which was subsequently rectified to ₹ 367.97 Crores. The Company had filed an appeal before CIT (A) against the said order, which has been decided in favour of the Company and the demand has been reduced to NIL. However, the Income Tax Department has filed an appeal before ITAT against the said order of CIT (A). The Company had earlier deposited ₹ 50.83 Crores against the demand pursuant to the orders of the Hon'ble Delhi High Court and the Supreme Court in the related writ petition and SLP filed by the Company in this regard. The demand, so paid has been refunded to the Company including interest except for ₹ 17.52 Crores which was adjusted owing to a demand u/s 271(1)(c) for the A.Y. 2006-07. In view of the favorable order of ITAT whereby the penalty for A.Y. 2006-07 has been deleted, the Company has applied for refund of the said amount.
- e) Income Tax assessment for the A.Y. 2011-12 was concluded u/s 143(3) of the Income Tax Act, 1961 whereby a demand of ₹ 4.62 Crores was raised under MAT provisions. The Company has filed an appeal before CIT(A) against the said order. The appeal has been heard and the order is pending. Meanwhile, the Company has paid an amount of ₹ 0.50 Crores against the said demand and has filed an application for stay of the balance demand on the ground that the issues in respect of which the demand has been raised are decided in favour of the Company in the appeals for earlier years. Accordingly, no provision has been made in the books of accounts against such demand.



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## BSES Rajdhani Power limited

## Notes to Financial Statements for the Year Ended March 31, 2018

- f) Income Tax assessment for A.Y. 2012-13 was concluded u/s 143(3) of the Income Tax Act, 1961. In the Assessment Order, various additions were made and a demand of ₹ 69 Crores was raised. The Company had filed an appeal before the CIT (A) against the said order. During the current year the appeal before CIT(A) has been decided in favour of the Company in which most of the additions made in the assessment order have been deleted and the demand has been reduced to Nil.
- g) Income Tax assessment for A.Y. 2013-14 was concluded u/s 143(3) of the Income Tax Act, 1961. In the assessment order, various additions were made and a demand of ₹ 119.25 Crores was raised. The Company's appeal before the CIT (A), against the said order, has been partly allowed. The Company has filed an appeal before ITAT against the order of CIT (A) on the issues which have been decided against the Company. Meanwhile, the Company has received orders of CIT(A) for A.Y. 2012-13, in which a loss of ₹ 1,602.94 Crore has been determined. Considering the carry forward loss of A.Y. 2012-13, the taxable income for the A.Y. 2013-14 has been revised to Nil after considering brought forward losses and the related demand under normal provision of the Act has been reduced to Nil. However demand of ₹ 0.92 crore has been raised under MAT. The issue relating to additions made under MAT provisions are covered in favour of the Company by the CIT (A) order's of earlier years. Accordingly, no provision has been made in the books of accounts against such demand.
- h) Income Tax assessment u/s 147 (re-opened assessment) of the Income Tax Act, 1961 for A.Y. 2007-08 was concluded by the AO in which a demand of ₹ 24.25 Crores was raised. However, the said demand has subsequently been rectified to Nil, after allowing relief for brought forward losses of earlier years. Accordingly, the Company has not made any provision in the books against the said demand. During the current year, the Company's appeal before CIT(A) against the said reassessment order was decided against the Company. The Company has filed an appeal before ITAT against the CIT(A) order which is yet to be heard.
- i) Income Tax assessment for A.Y. 2014-15 was concluded u/s 143(3) of the Income Tax Act, 1961. In the assessment order passed u/s 143(3), various additions were made and a demand of ₹ 104.35 Crores has been raised. The Company has filed an appeal before the CIT(A) against the said order. Meanwhile, the Company has received the CIT(A) order for A.Y. 2012-13, in which a loss of ₹ 1,602.94 Crore has been determined. Considering the carry forward loss of A.Y. 2012-13, the taxable income for the A.Y. 2014-15 has been revised to Nil after considering brought forward losses and the related demand has been deleted. Accordingly, no provision has been made in the books of accounts against such demand.
- j) Income Tax assessment for A.Y. 2015-16 is concluded u/s 143(3) of the Income Tax Act, 1961. In the assessment order passed u/s 143(3), various additions have been made and a demand of ₹ 41.24 Crores has been raised. The Company has filed an appeal before CIT(A) against the said order. Meanwhile, the Company has received the CIT(A) order for A.Y. 2012-13, in which a loss of ₹ 1,602.94 Crore has been determined. Considering the carry forward loss of A.Y. 2012-13, the taxable income for the A.Y. 2015-16 has been revised to Nil after considering brought forward losses and the related demand under normal provision of the Act has been reduced to Nil. However demand of ₹ 1.33 crore has been raised under MAT. The issue relating to additions made under MAT provisions are covered in favour of the Company by the CIT(A) order's of earlier years. Accordingly, no provision has been made in the books of accounts against such demand.



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**BSES Rajdhani Power limited****Notes to Financial Statements for the Year Ended March 31, 2018**

- k) The Company had in December-2003, announced a Special Voluntary Retirement Scheme (SVRS). The Company had taken the stand that terminal benefit to SVRS optees was the responsibility of DVB Employees Terminal Benefits Fund - 2002 Trust (DVB ETBF – 2002 or the Pension Trust) and the amount was not payable by the Company. The DVB ETBF – 2002 Trust had contended that terminal benefits to the SVRS optees did not fall in its purview as the employees had not attained the age of superannuation.

For resolution of the issue through the process of law, the Company had filed a writ petition before the Hon'ble Delhi High Court. The Hon'ble Court has pronounced its judgment on this issue on July 02, 2007 whereby it has provided two options to the Discoms for paying terminal benefits and residual pension to the Trust :-

I) Terminal benefits to the SVRS optees to be paid by Discoms which shall be reimbursed to Discoms by the Trust without interest on normal retirement / death (whichever is earlier) of such SVRS optees. In addition, the Discoms shall pay the Retiral Pension to SVRS optees till their respective dates of normal retirement, after which the Trust shall commence payment to such optees, OR;

II) The Trust to pay the terminal benefits of the SVRS optees on reimbursement by Discoms of 'Additional Contribution' required on account of premature payout by the Trust which shall be computed by an Arbitral Tribunal. The liability to pay residual pension i.e. monthly pension shall be borne by the Company.

The Arbitral Tribunal shall be comprised of a nominee of the Institute of Actuaries Mumbai, a nominee from DISCOM and a nominee from GoNCTD & Pension Trust. Institute of Actuaries and DISCOMS have appointed their respective nominees while GoNCTD & Pension Trust have not appointed their nominee and have filed their respective Appeals before the Division Bench of the High Court of Delhi.

The Company has opted for option (II) above, which require determination of additional contribution to be funded by DISCOM as determined by the Arbitral Tribunal. However, the Company in order to mitigate the financial hardships being faced by the SVRS optees, pending determination and actuarial valuation and without prejudice to their rights, contentions and claims, opted to pay the terminal benefits to the SVRS optees and the same was taken on record by the High Court in its order dated January 25, 2008. As such, the Company has paid leave encashment, gratuity, and commuted pension amounting to ₹ 85.07 Crores (including interest of ₹ 20.26 Crores) (Previous Year ₹ 85.07 Crores, including interest of ₹ 20.26 Crores.) vide Court direction dated January 25, 2008 and shown it as advance recoverable from the Trust. The company has adjusted ₹ 18.22 Crores from leave salary and pension contribution payable to the Trust, against amount recoverable in respect of the SVRS Optees who have expired or attained the age of superannuation till March 31, 2010.

On August 31, 2015, the Division Bench of Delhi High Court dismissed the Appeals filed by the GoNCTD/Pension Trust and directed constituting the Arbitral Tribunal.

DERC has approved the aforesaid retiral pension amount in its Annual Revenue Requirement (ARR) and the same has been charged to statement of profit and loss.

Both GoNCTD and Pension Trust have challenged the dismissal of their respective appeals by filing Special Leave Petitions no CC No. 11594/2016 and 18280/2016 before the Hon'ble Supreme Court of India. Both the SLPs came for hearing before the Hon'ble Supreme Court on January 02, 2017 wherein both the SLPs have been admitted. Thereafter matter was listed with Registrar on various



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**BSES Rajdhani Power limited****Notes to Financial Statements for the Year Ended March 31, 2018**

dates, last date being March 12, 2018, when the Registrar has directed the matter to be listed before the Court. These SLPs will now come up for hearing on their turn, as and when listed by the Court.

- l) During the F.Y. 2011-12, the Company had received a claim from Reliance Infrastructure Limited for ₹ 231.17 Crores against Sales Tax dues (including interest upto March 31, 2018, Previous Year March 31, 2017 ₹ 219.53 Crores) on purchases made by it from Reliance Infrastructure Limited during the F.Y. 2003-04 against Sales Tax exemption certificates issued under Rule 11 (XII) of the Delhi Sales Tax Rules. The Sales Tax Authorities have disputed the exemption certificates issued by our Company and raised a demand for the Sales Tax along-with interest on Reliance Infrastructure Limited, who has appealed against the related assessment order and the matter is subjudice before the Hon'ble High Court of Delhi. The Company is of the view that it is entitled to the Sales Tax exemption under Rule 11 (XII) of the Delhi Sales Tax Rules, 1975 as it had stepped into the shoes of erstwhile DVB, which was entitled to issue the said exemption certificates. The said matter is subjudiced. No development in this case during the year.
- m) Delhi Electricity Regulatory Commission (DERC) vide its letter dated December 3, 2009 directed all the DISCOMs to refund the unspent consumer contribution with interest @ 12% per annum from the date of completion of work as per Electrical Inspector's Certificate (EIC). The Licensee, aggrieved by the direction, submitted review Petition before DERC requesting to implement the principle of refunding the unspent consumer contribution prospectively as DERC itself has utilised the unspent consumer contribution as a means of finance in its various Tariff Orders.

DERC in its interim Order dated August 23, 2012 directed the DISCOMs to refund the unutilised consumer contribution scheme-wise from F.Y. 2012-13 onwards to the consumers along with interest from the date of issuance of EIC. However, DERC vide its order dated March 11, 2014 observed that consumer contribution was considered as a source of finance by the Commission for the capital expenditure schemes in various tariff Orders. DERC still maintained its direction to refund the unspent consumer contribution with interest @ 12% per annum from the date of completion of work as per EIC. The Licensee, aggrieved by the Order, submitted an appeal before Appellate Tribunal for Electricity (ATE). The ATE, vide its Judgment dated February 23, 2015 remanded the matter to DERC giving liberty to the DISCOMs to furnish the accounts showing that the excess amount of consumers contribution has been duly considered in the ARR from F.Y. 2002-03 onwards in reducing the retail supply tariffs. Meanwhile, DERC in its order dated December 23, 2015 directed the Company to provide within the next two months the details of balance of consumer contribution in each case and from which date it has to be refunded. The Company had duly submitted such details to the DERC. DERC vide letter dated January 12, 2017 directed DISCOMs (without allowing impact in ARR) to refund consumer contribution otherwise face penalty u/s-142 of EA 2003. The Company challenged the aforesaid letter of DERC before ATE. In the judgment pronounced by APTEL on May 15, 2017 it has made it clear that the DERC should take into account the submissions made by the DISCOMS contending that since the entire amounts received by the DISCOMS against Consumer Contributions for Capital Works upto FY 2006-07 had been considered as Means of Finance by the DERC and therefore, the Commission cannot ask for the unutilised amounts to be refunded to the consumers without recomputing the ARR for those years. The matter has accordingly been remanded back to DERC and the order dated January 12, 2017 issued by the DERC asking the DISCOMS to make refund of all unutilised amounts within 15 days or face action u/s 142 of the Electricity Act 2003 has been set aside.



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**BSES Rajdhani Power limited****Notes to Financial Statements for the Year Ended March 31, 2018**

Therefore, pending the final order of DERC, no interest has been provided in the books for deposit received till 31st March 2012. The Company is refunding consumer deposits for deposits received after 31st March 2012 with interest.

- n) Under the Delhi Electricity Regulatory Commission (DERC), {Renewable Purchase Obligation (RPO) and Renewable Energy Certificate (REC) Framework Implementation} Regulations, 2012, the Company is an Obligated Entity which is mandated to purchase from renewable sources a defined annual minimum quantum to meet the RPO targets w.e.f. F.Y.. 2012-13.

During the F.Y. 2017-18, DERC has imposed a penalty of ₹ 28.43 Crores in its Tariff Order dated March 31, 2017 for the period of FY 2012-13 to FY 2015-16. Therefore, the Company has considered the impact of ₹ 28.43 Crores while computing the revenue gap for F.Y. 2017-18.

For the F.Y. 2016-17, DERC in its tariff order dated March 28, 2018 has observed that the matter of RPO penalty is pending adjudication before the commission and the quantum of penalty would be considered based on the outcome of the petition. As regards, F.Y. 2017-18 the RPO targets have been specified in the Business Plan Regulation, 2017. Hence any consequential impact due to shortfall on account of non fulfillment of the same has been considered while computing the revenue gap for F.Y. 2017-18.

- o) North Delhi Municipal Corporation ("NDMC") by a communication dated June 19, 2015 has raised an aggregate demand of ₹ 173 Crores on the Company for the years 2007 to 2015 purportedly on account of the License Fee for installation of transformers in their control area and also towards security equivalent to 3 months license fee at the current rate.

NDMC has also sought to recover way leave charges from all service providers of services like Telecom, Water Supply etc. including the Company, who are using the Land / Property of NDMC whether underground or overhead to lay their cables including other electrical installation. NDMC has asked for payment of usage charges of ₹ 75,162/- per running meter upto 1 mtr. width per annum.

The Company has informed NDMC that the imposition of license fees and way leave charges is misconceived and against the mandate of the transfer scheme. The matter was also raised with the Regulator and the GoNCTD.

DERC vide its letter dated November 16, 2015 has requested Secretary (Power), GoNCTD to take up the matter with NDMC to review the policy as imposition of aforesaid charges (license fee and way leave charges) would cost an additional burden on the power utilities which will result in increase in tariff. The Company has also sent letter to Secretary (Power), GoNCTD on November 18, 2015 followed by reminders on January 07, 2016 and January 15, 2016.

NDMC revised the charges to ₹ 684/- per meter(one time) in August 2016. The matter was brought to the knowledge of DERC and GONCTD . GONCTD has taken note of the same and has taken up the matter with NDMC in December 2016 stating that the proposed levy be withdrawn as it shall result in increasing tariff and create unnecessary burden on consumers. In the last co-ordination meeting held on February 03, 2017, it was agreed by NDMC to defer the demand / levy of way charges and allow the Discoms to carry out their work till the matter is sorted out.



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**BSES Rajdhani Power limited****Notes to Financial Statements for the Year Ended March 31, 2018**

p) The Hon'ble Supreme Court of India, in its order dated August 10, 2015 had stayed the operation and implementation of the Bombay High Court order dated December 15, 2014 which had dismissed the petition filed by the Bombay Bar Association of challenging the applicability of the Service Tax on Lawyer's fees. In view of the said decision of the Hon'ble Supreme Court, the Company decided not to deposit service tax on lawyer's fees w.e.f. October, 2015 till the matter is decided by the Hon'ble Supreme Court. In case the matter were to be ultimately decided in favour of Revenue by the Hon'ble Supreme Court, the amount of such service tax that would be payable under reverse charge on lawyer's fees upto June 30, 2017 would be ₹ 3.76 crores (March 31, 2017 ₹ 3.38 crores) plus interest, if any. W.e.f July 01, 2017 GST has been implemented and Company is paying GST on above services under GST reverse charge mechanism.

q) **Late Payment Surcharge on Power Purchase Overdue**

Due to financial conditions of the Company it could not service dues of various Power Generators / Transmission companies on time. Due to delays in payment, these companies are entitled to levy Late Payment Surcharge (LPSC) on the Company. The LPSC is recognized by the Company based on the allocation methodology as per Power Purchase Agreements (PPA), applicable regulations of CERC/DERC or reconciliation with Power Generators / Transmission companies. There are differences in LPSC recognized in the books of account and amount claimed by some of the generators / transmitters as per the reconciliation statements. These differences, amounting ₹ 336 Crores, are primarily on account of interpretation of applicable regulations of CERC/DERC or terms of PPA's where there are no defined payment allocation methodology.

r) In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial condition.

Based on the interpretations of the provisions of the relevant statutes involved, the Company is of the view that the demands referred above are likely to be deleted or substantially reduced and penalty waived off by appellate authorities at higher levels and accordingly no further provision is required.

**49 Legal Cases by the Company**

The Company has a process of enforcement and booking cases of power theft to reduce AT&C losses and improve operational efficiency parameters. In pursuance of same and powers conferred under The Electricity Act, 2003, Company files cases in various legal forums for the recovery of dues from defaulters. The Company is hopeful of favorable outcome of such cases. However, the amount likely to be realized on settlement of such cases is currently not ascertainable. The Company does not expect any adverse impact on the financial position as a consequence of these legal cases. The Company has taken insurance policy for electrification cases. Any order of the Court directing Company to pay compensation is reimbursable by the Insurance Company.

**50 NTPC and Other Generators Dues**

The Company has received a notice from NTPC Limited on February 01, 2014 for regulation (suspension) of power supply due to delay in power purchase payments. The Company has filed a petition in the Hon'ble Supreme Court praying for keeping the regulation notice in abeyance, giving suitable direction to DERC to provide cost reflective tariff and to give a roadmap for liquidation of the accumulated Regulatory Assets. In the Interim Order dated March 26, 2014 & May 06, 2014 the Hon'ble



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**BSES Rajdhani Power limited****Notes to Financial Statements for the Year Ended March 31, 2018**

Supreme Court had directed the Company to pay its current dues (w.e.f. January 01, 2014) by May 31, 2014 failing which the generating / transmission Companies may regulate supply. On July 03, 2014 the court took note that Company paid 100% payment of its current dues. All contentions and disputes were kept open to be considered later. Further, direction was made to pay the recurring amount as per earlier orders dated March 26, 2014 & May 06, 2014. In the meantime, an application has been filed before Hon'ble Supreme Court seeking modification of aforesaid orders so as to allow the Company to pay 70% of the current dues. All arguments were concluded on February 18 & 19, 2015. Judgment is reserved.

Delhi Power Utilities had filed contempt case in January 2015 against Senior Officials of the Company alleging non compliance of the Supreme Court regarding payment off the dues. No notice has been issued so far, however, on an interim application filed by them praying for payment of outstanding dues, notice was issued In December 2015. Thereafter, the matter was listed on few occasions but was simply adjourned. However, on May 12, 2016, the Court directed the Company to pay 70% of the current dues till further orders. New contempt petitions have been filed by Delhi power utilities in November 2016 alleging non compliance of order dated May 12, 2016. No notice has been issued so far. Thereafter, the matter was listed on various dates, last hearing being on March 19, 2018. Next date of hearing is May 02, 2018.

**51 CAG Audit**

Pursuant to the letter dated January 07, 2014 from Department of Power (GoNCTD), The Comptroller Auditor General of India (CAG) commenced audit of all the three Electricity Distribution Companies of Delhi w.e.f. January 27, 2014. The Company has filed a writ petition in the Hon'ble High Court praying for staying the said audit, however, the said prayer has been declined by the Court. The Company has filed an appeal before the Division Bench of High Court against the said Order. Both writ petition and appeal have been tagged together along with PIL (Public Interest Litigation) filed by United Resident Welfare Association (URWA) on the same matter. All arguments were concluded on March 04, 2015.

In August / September, 2015, the Company filed interim applications in aforesaid appeals requesting for directions to CAG to not share the draft audit report with any third party and the same cannot be cited or acted upon in any manner whatsoever. CAG counsel submitted that they will take no action on the basis of the same. Further, consolidated draft report of all discoms was furnished by CAG to BSES discoms pursuant to direction of the Court.

Another set of applications were filed seeking breakup of alleged loss etc. as stated in draft audit report and stay on Exit Conference. The same were listed on October 01, 2015. The Court did not grant any stay on holding of Exit Conference and stated that the replies be submitted on whatever material is available to BSES discoms and seek additional details in the Exit Conference and apprise the court on the next date of hearing i.e. October 15, 2015.

On October 15, 2015 the Company apprised the court that 1100 pages have been provided for the first time at the Exit Conference held on October 13, 2015 and time is required to respond for the same. CAG counsel stated that this information has been shared in the past during the audit process and therefore it is not a new information. The Court, after hearing the parties, recorded the submission and said that similar matter in the case of Tata Power Delhi Distribution Limited (TPDDL) is coming up on October 30, 2015. These applications along with the matter would be listed along with Writ on October 30, 2015.

The Court has also granted time to the Company till October 30, 2015 to respond to the documents provided at the Exit Conference, if it so desires.



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**BSES Rajdhani Power limited****Notes to Financial Statements for the Year Ended March 31, 2018**

The matter was listed for October 30, 2015 and Hon'ble Court has pronounced its judgment wherein Hon'ble court has concluded with "directions to set aside all actions taken pursuant to the January 07, 2014 order and all acts undertaken in pursuance thereof are infructuous".

CAG, GoNCTD and URWA have filed an appeal against the Hon'ble court judgment and the matter was listed on January 18, 2016 wherein notices were issued. BSES discoms have submitted their replies. Matter was last listed on July 25, 2016 and court directed the parties to complete the pleadings. The case was slated to be heard on October 19, 2016 but it did not figure in the cause list, hence, did not get listed on that date. Last hearing was on December 07, 2016 when parties were given further four weeks to complete the pleadings. Matter was listed on various occasions in Feb/ March 2017, last hearing being on March 09, 2017. When Court has reserved its order on the issue whether it would like to hear the matter or transfer it to the constitutional bench where matter between GONCTD powers vis – a vis LG powers is pending. On July 03, 2017 the court has held that it shall hear the matter. Next date of hearing is not yet fixed.

**52 Segment Reporting**

The Company is engaged in the business of distribution and supply of electricity in the specified area in Delhi. Chief Operating Decision Maker (CODM) reviews the business as one operating Segment only. Therefore, Segmental disclosure as required by Ind AS 108 "Segment Reporting" is not applicable.

There is no individual customer contributing more than 10 % of revenue. The company operates in certain areas of Delhi as per license issued by DERC and hold assets at one geographical area i.e. Delhi. The Company does not derive revenue from foreign countries on account of distribution business. The Company does not hold any non current asset in foreign country.

**53 Service Tax / GST on Street Light Maintenance**

The Company raises bills for Street Light Maintenance on the Municipal Corporation of Delhi (MCD) along-with the applicable service tax (till June 30, 2017) and GST thereafter (in line with provisions of notification Nos. 24/2017-CT(R) dated September 21, 2017 and 2/2018-CT(R) dated January 25, 2018). However, MCD is not adhering to its statutory obligation to bear the Service Tax/GST and has not been paying the Service Tax/GST component of the bills. Aggrieved by the actions of the MCD, the Company had filed a writ petition before the Delhi High Court on August 24, 2009 seeking directions against MCD for recovery of the service tax dues. The total amount of Service Tax claimed in the writ petition for the period June 16, 2005 to June 30, 2009 was ₹ 6.53 crores which is still pending adjudication and the total amount of Service Tax/GST recoverable from MCD in this regard has increased to ₹ 25.78 crores as on March 31, 2018 (March 31, 2017 ₹ 24.24 crores) MCD has since been split into South Delhi Municipal Corporation (SDMC), North Delhi Municipal Corporation (NDMC) & East Delhi Municipal Corporation (EDMC) based on their area of functionality in the different parts of Delhi. The three Municipal Corporations (MCDs) have been impleaded in the Writ Petition. On the last date of hearing in the matter, i.e. on April 03, 2018, the Court had directed the MCDs to file their counter-affidavits within 3 days. North MCD has served its Counter Affidavit to the Writ Petition. South MCD and East MCD have not served any Response/Counter Affidavit to the Writ Petition. The Company is in the process of filing Rejoinder to the Counter Affidavit filed by the North MCD. The matter is now directed to be listed before the Hon'ble High Court on September 20, 2018.

**54 Applicability of GST on Distribution Utilities Circular No 34/08/2018**

Recently Govt. of India, Department of revenue, New Delhi has issued a circular bearing no. 34/8/2018 dated March 01, 2018 clarifying therein that some of the activities carried out by discoms are chargeable



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**BSES Rajdhani Power limited****Notes to Financial Statements for the Year Ended March 31, 2018**

to GST which is contrary to the spirit of law as the transmission and distribution of electricity has all along been a non taxable service. Therefore the company along with other Discoms proposes to file a writ petition before the Delhi High Court to stop the operation of this circular and challenge the levy of GST on such services which are necessary adjunct of Distribution of electricity.

**55 Pension Trust Surcharge**

As per DERC directives in the Tariff order dated August 31, 2017, there is change in the mechanism for the contribution made by the Company to DVB ETBF Pension Trust 2002. Earlier, the contribution was made through DTL as Transmission cost. Effective September 1, 2017 as per new mechanism, the Company is required to contribute a predetermined amount to DVB ETBF Pension Trust 2002 on monthly basis and the same is recoverable through the customers by way of 3.70% surcharge. As per DERC directive, any under recovery/over recovery from customers shall be trued up by the DERC at the time of true up for FY 2017-18, therefore, no impact on profit or loss for the period is envisaged by the Company.

**56 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 :**

S No	Particulars	2017-18	2016-17
a	Principal amount along with the interest due thereon, at the end of the accounting year	7.08	4.67
b	Amount of interest paid as specified in MSMED Act, 2006 along with the amount paid to the suppliers beyond the appointed date	Nil	Nil
c	Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest, specified in this Act	Nil	Nil
d	The amount of interest accrued and remaining unpaid at the end of the year	Nil	Nil
e	The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues, specified in this Act are actually paid	Nil	Nil

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Signature of the authorized signatory.



BSES Rajdhani Power Limited  
Notes to Financial Statements for the Year Ended March 31, 2018

Note no 57 :- Category Wise Details of Revenue Billed and Revenue Collected (Billed and Unbilled) During the Year 2017-18 and 2018-17 in Compliance to Directive 6.10(h) Specified in DERC Tariff Order Dated August 31, 2017 are Given in Tables Below:

Directive 5.10(h) Specified in UERC Form Order dated August 31, 2017 are Given in Table Below:																	
(A) Financial Year 2017-18		REVENUE BILLED															Total Collection
		Energy Sales	Fixed Charges	Energy Charges	Other Charges	PPAC	RA Surcharge (Fixed)	RA Surcharge (Energy)	PT Surcharge (Fixed)	PT Surcharge (Energy)	Peak Surcharge	Off Peak Rebate	Subsidy	Electricity Duty	Total Revenue (Billed) Excl. Subsidy		
S. No	Particulars	MU	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	
1	Domestic	6,924.15	275.03	3,703.90	(0.87)	(0.18)	22.02	298.27	6.56	55.96	-	-	723.26	201.91	4,559.92	3,775.14	
2	Non - Domestic	3,140.68	361.65	2,764.70	1.20	(0.12)	29.12	230.93	7.57	49.10	58.08	(28.27)	0.13	152.50	3,856.44	3,745.86	
3	Industrial	499.75	45.99	411.72	0.82	-	3.65	33.39	0.95	7.34	10.00	(4.32)	-	22.60	532.28	523.96	
4	Agriculture	18.62	0.81	8.31	0.02	-	0.05	0.43	0.01	0.11	-	-	-	0.29	6.83	6.58	
5	Mushroom Cultivation	0.19	-	0.08	-	-	-	0.01	-	-	-	-	-	-	0.09	0.12	
6	Public Lighting	153.47	-	113.80	(0.04)	0.14	-	8.91	-	1.97	-	-	-	1.95	126.73	128.40	
7	DUB-Delhi Jal Board	228.18	18.50	182.18	(0.89)	-	1.33	14.48	0.33	3.34	2.87	(3.38)	-	8.82	226.78	229.17	
8	DIAL-Delhi International Airport Limited	198.71	8.57	156.78	(4.16)	-	0.72	14.05	0.19	2.94	5.84	(4.40)	-	8.32	188.66	188.71	
9	Railway Tract/Other than DMRC	21.81	2.79	14.58	(0.38)	-	0.22	1.18	0.05	0.30	0.37	(0.25)	-	-	19.28	19.14	
10	DMRC-Delhi Metro Rail Corporation	330.80	9.01	205.43	(5.99)	-	0.72	16.25	0.18	3.69	6.00	(2.48)	-	0.59	232.90	231.55	
11	Temporary	92.45	9.28	100.20	0.37	-	0.74	8.08	0.19	1.81	1.53	(1.08)	0.02	5.47	126.91	-	
12	Advertisement & Hoardings	2.11	1.43	2.52	-	-	0.12	0.20	0.03	0.05	-	-	-	0.14	4.62	4.50	
13	Self Consumption	14.63	(0.08)	(1.16)	0.05	(0.02)	-	(0.07)	-	-	0.13	(0.08)	-	(0.06)	(1.29)	-	
14	Net Metering	3.15	-	1.64	-	-	-	-	-	-	-	-	-	-	1.64	-	
15	Charging Points for E-Rickshaw / Vehicle	3.19	-	1.72	-	-	-	0.14	-	0.08	-	-	-	0.09	2.01	2.54	
16	Enforcement	58.34	-	48.44	-	-	-	3.52	-	0.10	-	-	-	1.83	51.99	51.99	
	Sub Total	11,688.49	736.78	7,740.59	(9.37)	(0.16)	64.72	427.77	16.56	126.77	84.80	(44.74)	723.41	494.63	9,738.67	8,907.64	
Add (Deemed Collection):																	
	SD Interest															56.63	
	Subsidy (OTSS, Levy & GSI)															0.06	
	Subsidy															723.33	
	SD Adjustment															96.90	
	Adjustment of Recoverable Job Deposit															12.38	
	Legal Claims															0.03	
	Amount credited to Net Metering Consumers															0.18	
	Net Metering Sales for Units ad - Deemed coll.															1.84	
	Grand Total														8,738.67	8,908.84	

Note:

(A) Net Metering Units grossed up in Sales & Collection:

- According to Delhi Electricity Regulatory Commission (Net Metering for renewable energy) Regulations 2014, During any billing cycle, the distribution licensee shall raise an invoice for the net electricity consumption, as per applicable Tariff, only after adjusting/ netting off the units injected by net metering consumers during the month and unadjusted energy credits of the previous billing cycle(s). Therefore units adjusted at the time of billing during the financial year has been grossed up to arrive at the total sales made through distribution system of the company.
- Electricity Duty on the sales amount is already included in the respective category being recoverable from the consumer.

(B) The collection figure of ₹ 9860.8 Crores include the following:

- ₹ 24.8 Crores collected towards Late Payment Surcharge and ₹ 403.1 Crores collected towards Electricity Duty
- ₹ 683.5 Crores collected towards RA surcharge for recovery of past accumulated deficit, ₹ 133.2 Crores collected towards Pension Trust surcharge.
- ₹ 52.0 Crores collected by the company against the bills raised by "Enforcement Department." The amount of ₹ 52.0 Crores includes Electricity Duty of ₹ 1.9 Crores and RA surcharge of ₹ 3.5 Crores and PT surcharge of ₹ 0.1 Crores.
- The amount of collections through Cheques which were in hand or in clearing as on March 31, 2018 and were credited to bank account of the company subsequent to March 31, 2018.

(C) The collection figures mentioned above exclude the following:

- Collection made on account of bulk sale of power i.e. trading energy.
- Collection from consumers on account of non-energy collection.
- Collection against temporary connections is included in respective category of consumer.

(D) Total energy billed of 11688.5 MU mentioned above includes 58.3 MU billed against enforcement.



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BSES Rajdhani Power Limited  
Notes to Financial Statements for the Year Ended March 31, 2018

(B) Financial Year 2016-17		REVENUE BILLED													Total	
S. No	Particulars	Energy MU	Fixed ₹ Crs	Energy ₹ Crs	Other ₹ Crs	PPAC ₹ Crs	RA ₹ Crs	RA ₹ Crs	PT ₹ Crs	PT ₹ Crs	Peak ₹ Crs	Off Peak ₹ Crs	Subsidy ₹ Crs	Electricity ₹ Crs	Total ₹ Crs	Collection ₹ Crs
1	Domestic	9,515.85	212.80	3,453.43	(0.87)	0.50	17.07	279.48	-	-	-	-	671.99	186.51	4,101.06	3,499.83
2	Non - Domestic	3,028.21	327.82	2,701.84	(0.20)	3.74	26.25	218.28	-	-	54.75	(25.77)	0.06	145.44	3,452.24	3,545.72
3	Industrial	490.42	40.56	411.83	0.87	0.87	3.26	33.40	-	-	9.57	(4.16)	-	22.51	518.61	521.04
4	Agriculture	15.95	0.81	4.84	0.02	(0.00)	0.05	0.37	-	-	-	-	0.00	0.23	5.94	6.09
5	Mushroom Cultivation	0.21	0.00	0.12	0.00	0.00	0.00	0.01	-	-	-	-	-	0.01	0.14	0.13
6	Public Lighting	192.70	-	130.87	0.19	0.53	1.22	14.19	-	-	-	-	-	1.42	143.32	157.08
7	DUB-Delhi Jail Board	222.06	15.31	178.34	(0.92)	0.42	1.22	14.19	-	-	2.87	(3.14)	-	1.42	217.86	229.38
8	DIAL-Delhi International Airport Limited	218.80	8.03	175.25	(4.25)	0.33	0.84	13.79	-	-	5.29	(3.98)	-	9.32	204.42	204.14
9	Railway Traction Other than DMRC	21.45	2.70	14.79	(0.37)	0.00	0.22	1.17	-	-	0.45	(0.27)	-	-	18.72	18.60
10	DMRC-Delhi Metro Rail Corporation	307.76	8.45	192.09	(5.93)	0.48	0.88	15.31	-	-	8.56	(2.46)	-	0.76	215.94	213.54
11	Temporary	85.49	8.49	94.96	0.26	0.14	0.88	7.64	-	-	1.27	(0.82)	0.00	5.15	117.78	-
12	Advertisement & Hoardings	2.07	1.49	2.55	(0.02)	0.01	0.12	0.20	-	-	-	-	-	0.14	4.50	4.59
13	Self Consumption	11.22	(0.20)	(2.30)	(0.07)	(0.00)	(0.01)	(0.22)	-	-	0.06	(0.04)	(0.00)	(0.13)	(2.90)	-
14	Net Metering	1.21	-	0.64	-	-	-	-	-	-	-	-	-	-	0.64	-
15	Enforcement	65.66	-	56.46	-	1.41	-	4.24	-	-	-	-	-	1.88	63.81	63.81
	Sub Total	11,189.13	626.29	7,455.47	(11.50)	8.48	50.18	598.23	-	-	80.84	(40.64)	672.05	384.64	9,162.09	8,463.74
	Add (Deemed Collection):															
	SD Interest															48.6
	Subsidy (OTSS)															0.4
	Subsidy															872.1
	Rebate to Consumers for Monthly Billing															29.96
	SD Adjustment															5.8
	Adjustment of Recoverable Job Deposit															1.6
	Legal Claims															0.0
	Amount credited to Net Metering Consumers															9.2
	Net Metering Sales for Units ad. - Deemed cns															0.6
	Grand Total														9,182.08	9,222.63

Note:

(A) Net Metering Units grossed up in Sales & Collection:

1. According to Delhi Electricity Regulatory Commission (Net Metering for renewable energy) Regulations 2014, During any billing cycle, the distribution licensee shall raise an invoice for the net electricity consumption, as per applicable Tariff, only after adjusting/netting off the units injected by net metering consumers during the month and unadjusted energy credits of the previous billing cycle(s). Therefore units adjusted at the time of billing during the financial year has been grossed up to arrive at the total sales made through distribution system of the company.

2. Electricity Duty on the sales amount is already included in the respective category being recoverable from the consumer.

(B) The collection figure of ₹ 9,222.63 Crores include the following:

1. ₹ 27.86 Crores collected towards Late Payment Surcharge and ₹ 385.72 Crores collected towards Electricity Duty.

2. ₹ 649.19 Crores collected towards RA surcharge for recovery of past accumulated deficit.

3. ₹ 63.81 Crores collected by the company against the bills raised by "Enforcement Departments." The amount of ₹ 63.81 Crores includes Electricity Duty of ₹ 1.58 Crores and RA surcharge of ₹ 4.24 Crores. ₹ 21.46 Crores collected towards PPAC.

4. The amount of collections through Cheques which were in hand or in clearing as on March 31, 2017 and were credited to bank account of the company subsequent to March 31, 2017.

(C) The collection figures mentioned above exclude the following:

1. Collection made on account of bulk sale of power i.e. trading energy.

2. Collection from consumers on account of non-energy collection.

(D) Rebate to consumers for monthly billing amounting to ₹ 29.58 Crores posted in consumer accounts pertaining to FY 2016-17 posted in consumer accounts.

(E) Collection against temporary connections is included in respective category of consumer.

(F) Total energy billed of 11189.13 MU mentioned above includes 65.66 MU billed against enforcement.



## BSES Rajdhani Power limited

## Notes to Financial Statements for the Year Ended March 31, 2018

## 58 Quantitative Information :

(In Kwh Million Units)

S No	Particulars	2017-18	2016-17
a	Purchase of Energy (Including UI Trading Units and Barter Exchange of Power)	13975 #	13001 #
b	Sale of Energy		
	Retail Sale		
	-Billed Units	11630 ##	11123 ##
	-Unbilled Units (Net) (Refer Table Below)	0	0
	Bulk Sale excluding Barter Exchange of Power	337 #	291 #

# Provisional data subject to finalisation by SLDC including Net Metering.

## Billed units includes Net Metering and excluding theft units.

(In Kwh Million Units)

S No	Particulars	2017-18	2016-17
a	Closing Unbilled Units	402	417
b	Opening Unbilled Units	417	438
	Unbilled Units (Net) for the Year	-15	-21

The said financials are approved by the Board of Director's in the Board Meeting held on April 21, 2018.

Notes 1 to 58 form an integral part of the Financial Statements

For and on behalf of the Board of the Board

As per our report of even date

Lalit Jalan  
Chairman  
(DIN 00270338)

Virender Singh Verma  
Director  
(DIN 07843461)

Rana R Rai  
Director  
(DIN 01625853)

For Haribhakti & Co. LLP  
ICAI Firm Registration No.  
103523W / W100048  
Chartered Accountants

Gopal K Saxena  
Director  
(DIN 00760036)

Ajit K Ranade  
Director  
(DIN 00918651)

Ryna Z Karani  
Director  
(DIN 00116930)

Raj Kumar  
Partner  
M. No. 074



Amal Sinha  
CEO

Anjani K Sharma  
Director  
(DIN 01180722)

Amarjeet Singh  
CFO  
(FCA - 094254)

Pankaj Tandon  
Company Secretary  
(FCS- 7248)

Place : New Delhi

Date : April 21, 2018





## ANNEXURE - 2


**Energy Input for FY 17-18 by Delhi SLDC**

**Kanishk Khettarpal** to: Arindam K Das, Mayank Ahlawat, Shashi Goyal, Abhishek Mahapatra, Vishnu k Kumar  
Cc: Rajeev Chowdhury

14/06/2018 02:12 PM

Dear All,

Please find attached the Energy input confirmed by Delhi SLDC for FY 2017-18.

**BRPL - 13173.84**

Regards

**Kanishk** (कनिष्क)  
Regulatory Affairs  
Mob:- +91-7428119871

----- Forwarded by Kanishk Khettarpal/REL/RelianceADA on 14-06-2018 14:08 -----

From: Varun Jain/REL/RelianceADA  
To: Kanishk Khettarpal/REL/RelianceADA@INFOCOMM  
Date: 14-06-2018 13:19  
Subject: Fw: Details of Transmission Losses of STU(Delhi) & Delhi Consumption for FY 17-18

With Regards

Varun Jain ( वरुण जैन )  
Contact No. 011-39997249  
e-mail : varun.jain@relianceada.com

----- Forwarded by Varun Jain/REL/RelianceADA on 06/14/2018 01:18 PM -----

From: Energy Account <delhienergydata@gmail.com>  
To: jakir.mansoor@ilfsindia.com, ndmcsldc@gmail.com, Amar jyoti <booksipp@gmail.com>, BAWANA <amitahuja9@yahoo.com>, BAWANA <ishyam@rediffmail.com>, BAWANA <sharmanaveenc@gmail.com>, Bawana Pragati III <pps3bawana@gmail.com>, Bawana Surendra Kumar <ersurendrav@gmail.com>, Bhawna Mangla <dm.financeipgcl@gmail.com>, BRPL <brpl.ia@gmail.com>, BRPL <brpl.ia@relianceada.com>, BRPL Varun <Varun.Jain@relianceada.com>, BRPL Varun Jain <varun10@gmail.com>, BTPS <vsbharti@ntpc.co.in>, "BTPS DSM A/C" <eemgcom1@gmail.com>, BTPS Harsohena Multani <harsohenamultani@ntpc.co.in>, BTPS Mandal <kaushikmandal@ntpc.co.in>, BYPL





Dilip <dilip.pandey@relianceada.com>, BYPL sunil <sunilrkumar007@gmail.com>, GT <mshukla.jpgpp@nic.in>, GT <sahendra.singh@rediffmail.com>, GT satya prakash <spvasundhara@gmail.com>, "IP & RPH" <govindpspragati@gmail.com>, "IP&RPH" <santoshpgcl@rediffmail.com>, MES <geelectric@gmail.com>, mohd shadab <shadab5647@gmail.com>, NDMC <ermadanpalndmc@gmail.com>, NDMC <madanpalndmc@rediffmail.com>, ndmc deepak suchdeva <eesldc.elect@ndmcmail.gov.in>, NDMC sudeep anand <sudeepanand28@gmail.com>, ndmc system <ndmcssystemoperation@gmail.com>, NDMC System Control <ndmcssystemcontrol@gmail.com>, PPCL <devendrasingh0004@gmail.com>, PPCL <sagarneelbasu@yahoo.co.in>, PPCL <vikramrd@rediffmail.com>, PPCL vikas singh <vikasppcl@gmail.com>, Prashant Vyas <ppclcommercial@gmail.com>, RK Yadav <ipgclcommercial@gmail.com>, Suresh Yadav <amfinancebt@gmail.com>, TPDDL saran <sarangapani.goswami@gmail.com>, TPDDL Sujata <sujata.guruj1@gmail.com>, TPDDL Sujata <sujataguruj1@yahoo.co.in>

Cc:  
Date:  
Subject:

Sonali Garg <sonali.garg1@gmail.com>  
06/14/2018 12:24 PM  
Details of Transmission Losses of STU(Delhi) & Delhi Consumption for FY 17-18

Hello Sir/Madam

kindly find the actual data for calculation of ST losses of FY 17-18 attached below .  
please check all the data at your end and verify the same to avoid any discrepancy.  
otherwise this actual data will be consider as a final data for calculating the ST losses and related reports.

Details of Transmission Losses of STU(Delhi) & Delhi Consumption for FY 17-18											
	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb
TPDDL	815.518076	960.367153	940.552836	966.316115	979.0131833	908.0076444	775.0041182	610.526338	628.5173172	642.1018209	568.1018209
BRPL	1129.4189	1420.975962	1399.333857	1454.628494	1430.280892	1275.610651	1058.064589	741.4064695	779.479629	834.0303787	697.1018209
BYPL	647.4897313	791.225141	783.0729545	800.7843348	805.8231243	726.2399611	616.844045	417.4799565	425.230139	441.7184901	38.1018209
NDMC	125.411054	152.445006	150.919123	159.532191	157.3665126	139.971031	117.001602	86.953434	90.092343	99.6429217	79.3018209
MES	19.610008	22.478709	23.061585	23.397032	24.188043	21.86949601	18.85576716	15.95861017	19.22815686	23.113309	15.1018209
IP	-0.003176	-0.003464	-0.004438	-0.005609	-0.005848	-0.008564	-0.007913	-0.004164	-0.00461	-0.005041	-0.005041
Northern Railway											
Consumption	2737.444594	3347.488507	3296.935918	3404.652558	3396.665907	3071.69022	2585.762208	1872.320644	1942.542975	2040.601879	174.1018209
GT	41.139266	48.824981	52.45548	41.126841	39.642132	78.405155	58.230364	50.368013	31.819425	41.605141	3.1018209
RPH	-0.418698	-0.625226	-0.526117	-0.39650188	-0.544969145	-0.4301319	-0.4844572	-0.2856175	-0.321011	-0.183519	-0.183519
PPCL	126.735948	114.959688	120.17694	127.209984	182.60649	188.531777	198.477114	184.45614	196.440714	195.66489	17.1018209
BTPS	172.09782	234.07578	207.945708	230.969868	239.831988	207.643812	111.724596	-2.398104	-1.99517973	-2.067912	-0.1018209
NRPC	2225.792464	2774.542895	2749.185063	2698.14545	2628.672796	2351.932109	1969.990315	1447.339671	1519.667982	1552.899075	134.1018209
Bawana	184.2760529	198.9908476	187.6789828	327.1352002	320.4710596	254.2269079	254.7554795	201.9352446	210.4236379	268.9700296	196.1018209
MSW Bawana	11.489518	3.933927	6.334536	6.756862	7.994033	6.560048	9.510946	7.133564	7.750971	6.568057	6.568057
EDWPCL	1.21134	0.235984	0.774251	0.67108	1.089711	0.614969	1.596524	1.051132	0.771432	0.65352	0.65352
Actual drawal	2762.323711	3374.938877	3324.024844	3431.618783	3419.763241	3087.484646	2603.800881	1889.600043	1964.557971	2064.109282	176.1018209
Lossess in Mus	24.87911731	27.45036993	27.08892632	26.96622551	23.09733338	15.7944262	18.03867331	17.27939892	22.01499616	23.50740221	19.1018209
Lossess in %	0.90	0.81	0.81	0.79	0.68	0.51	0.69	0.91	1.12	1.14	1.14
Rithala(NDPL)	-0.09088	-0.09578	-0.10889	-0.11573	-0.11839	-0.11196	-0.07734	-0.09986	-0.08316	-0.10165	-0.10165
Renewable solar(NDPL)	0.175911	0.165597	0.180570	0.166515	0.156145	0.158107	0.179663	0.119811	0.126513	0.115216	0.115216

*Signature*



Renewable solar(BRPL)	0.060361	0.051259	0.038073	0.031292	0.034413	0.073560	0.042931	0.033399	0.034476	0.037787	0.
Renewable solar(BYPL)	0.033662	0.028990	0.027935	0.027522	0.026344	0.027838	0.022607	0.012625	0.015123	0.016134	0.
Renewable solar(NDMC)											
Non sloar TOWMCL(BRPL)	12.205200	11.535299	11.582063	11.031622	11.071276	10.881805	12.749051	11.662585	11.108808	10.110332	11.
Delhi Consumption	2774.71	3386.62	3335.74	3442.76	3430.93	3098.51	2616.72	1901.33	1975.76	2074.32	1
NDPL(Total consumption)	815.60	960.44	940.62	966.37	979.05	908.05	775.11	610.55	628.56	642.15	5
BRPL(Total Consumption)	1141.68	1432.56	1410.95	1465.69	1441.39	1286.57	1070.86	753.10	790.62	844.18	7
BYPL(Total Consumption)	647.52	791.25	783.10	800.81	805.85	726.27	616.87	417.49	425.25	441.73	3
NDMC(Total Consumption)	125.41	152.45	150.92	159.53	157.37	139.97	117.00	86.95	90.09	99.64	
MES(Total Consumption)	19.61	22.48	23.06	23.40	24.19	21.87	18.86	15.96	19.23	23.11	



Actual file FY17-18(updated).xlsx

*Signature*







DELHI TRANSCO LTD.  
STATE LOAD DESPATCH CENTER  
(REGD. OFFICE : SHAKTI SADAN BUILDING, KOTLA ROAD, NEW DELHI-110002)

### Details of Transmission Losses of STU(Delhi) & Delhi Consumption for FY 17-18

all figures are in Mus

	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Total
TPDDL	815.518076	960.367153	940.552836	966.316115	979.0131833	908.0076444	775.0041182	610.526338	628.5173172	642.1018209	568.6100835	646.1635614	9440.698247
BRPL	1129.4189	1420.975962	1399.333857	1454.628494	1430.280892	1275.610651	1058.064589	741.4064695	779.479629	834.0303787	697.3819296	814.49507	13035.10682
BYPL	647.4897313	791.225141	783.0729545	800.7843348	805.8231243	726.2399611	616.844045	417.4799565	425.230139	441.7184901	380.939931	459.641132	7296.488941
NDMC	125.411054	152.445006	150.919123	159.532191	157.3665126	139.971031	117.001602	86.953434	90.092343	99.6429217	79.35187345	94.02564	1452.712732
MES	19.610008	22.478709	23.061585	23.397032	24.188043	21.86949601	18.85576716	15.95861017	19.22815686	23.113309	15.8110652	14.860637	242.4324184
IP	-0.003176	-0.003464	-0.004438	-0.005609	-0.005848	-0.008564	-0.007913	-0.004164	-0.00461	-0.005041	-0.004217	-0.004247	-0.061291
Northern Railway												0.218995	0.218995
<b>Consumption</b>	<b>2737.444594</b>	<b>3347.488507</b>	<b>3296.935918</b>	<b>3404.652558</b>	<b>3396.665907</b>	<b>3071.69022</b>	<b>2585.762208</b>	<b>1872.320644</b>	<b>1942.542975</b>	<b>2040.601879</b>	<b>1742.090666</b>	<b>2029.400788</b>	<b>31467.59686</b>
GT	41.139266	48.824981	52.45548	41.126841	39.642132	78.405155	58.230364	50.368013	31.819425	41.605141	30.121159	43.34144	557.079397
RPH	-0.418698	-0.625226	-0.526117	-0.39650188	-0.544969145	-0.4301319	-0.4844572	-0.2856175	-0.321011	-0.183519	-0.230204	-0.30717	-4.753622625
PPCL	126.735948	114.959688	120.17694	127.209984	182.60649	188.531777	198.477114	184.45614	196.440714	195.66489	179.067684	94.036674	1908.364043
BTPS	172.09782	234.07578	207.945708	230.969868	239.831988	207.643812	111.724596	-2.398104	-1.99517973	-2.067912	-1.375656	-1.793328	1394.659392
NRPC	2225.792464	2774.542895	2749.185063	2698.14545	2628.672796	2351.932109	1969.990315	1447.339671	1519.667982	1552.899075	1349.952825	1669.562915	24937.68356
Bawana	184.2760529	198.9908476	187.6789828	327.1352002	320.4710596	254.2269079	254.7554795	201.9352446	210.4236379	268.9700296	196.1022423	239.6010403	2844.566725
MSW Bawana	11.489518	3.933927	6.334536	6.756862	7.994033	6.560048	9.510946	7.133564	7.750971	6.568057	6.920283	3.656334	84.609079
EDWPCL	1.21134	0.235984	0.774251	0.67108	1.089711	0.614969	1.596524	1.051132	0.771432	0.65352	0.701274	2.266124	11.637341
<b>Actual drawal</b>	<b>2762.323711</b>	<b>3374.938877</b>	<b>3324.024844</b>	<b>3431.618783</b>	<b>3419.763241</b>	<b>3087.484646</b>	<b>2603.800881</b>	<b>1889.600043</b>	<b>1964.557971</b>	<b>2064.109282</b>	<b>1761.259607</b>	<b>2050.364029</b>	<b>31733.84591</b>
<b>Lossess in Mus</b>	<b>24.87911731</b>	<b>27.45036993</b>	<b>27.08892632</b>	<b>26.96622551</b>	<b>23.09733338</b>	<b>15.7944262</b>	<b>18.03867331</b>	<b>17.27939892</b>	<b>22.01499616</b>	<b>23.50740221</b>	<b>19.16894158</b>	<b>20.96324089</b>	<b>266.2490517</b>
<b>Lossess in %</b>	<b>0.90</b>	<b>0.81</b>	<b>0.81</b>	<b>0.79</b>	<b>0.68</b>	<b>0.51</b>	<b>0.69</b>	<b>0.91</b>	<b>1.12</b>	<b>1.14</b>	<b>1.09</b>	<b>1.02</b>	<b>0.84</b>

Rithala(NDPL)	-0.09088	-0.09578	-0.10889	-0.11573	-0.11839	-0.11196	-0.07734	-0.09986	-0.08316	-0.10165	-0.09387		-1.09751
Renewable solar(NDPL)	0.175911	0.165597	0.180570	0.166515	0.156145	0.158107	0.179663	0.119811	0.126513	0.145349	0.158639	0.245421	1.978241
Renewable solar(BRPL)	0.060361	0.051259	0.038073	0.031292	0.034413	0.073560	0.042931	0.033399	0.034476	0.037787	0.046563	0.054792	0.538906
Renewable solar(BYPL)	0.033662	0.028990	0.027935	0.027522	0.026344	0.027838	0.022607	0.012625	0.015123	0.016134	0.019901	0.021492	0.280173
Renewable solar(NDMC)													0.000000
Non sloar TOWMCL(BRPL)	12.205200	11.535299	11.582063	11.031622	11.071276	10.881805	12.749051	11.662585	11.108808	10.110332	11.562442	12.689030	138.189513
<b>Delhi Consumption</b>	<b>2774.71</b>	<b>3386.62</b>	<b>3335.74</b>	<b>3442.76</b>	<b>3430.93</b>	<b>3098.51</b>	<b>2616.72</b>	<b>1901.33</b>	<b>1975.76</b>	<b>2074.32</b>	<b>1772.95</b>	<b>2063.37</b>	<b>31873.74</b>

NDPL(Total consumption)	815.60	960.44	940.62	966.37	979.05	908.05	775.11	610.55	628.56	642.15	568.67	646.41	9441.58
BRPL(Total Consumption)	1141.68	1432.56	1410.95	1465.69	1441.39	1286.57	1070.86	753.10	790.62	844.18	708.99	827.24	13173.84
BYPL(Total Consumption)	647.52	791.25	783.10	800.81	805.85	726.27	616.87	417.49	425.25	441.73	380.96	459.66	7296.77
NDMC(Total Consumption)	125.41	152.45	150.92	159.53	157.37	139.97	117.00	86.95	90.09	99.64	79.35	94.03	1452.71
<b>MES(Total Consumption)</b>	<b>19.61</b>	<b>22.48</b>	<b>23.06</b>	<b>23.40</b>	<b>24.19</b>	<b>21.87</b>	<b>18.86</b>	<b>15.96</b>	<b>19.23</b>	<b>23.11</b>	<b>15.81</b>	<b>14.86</b>	<b>242.43</b>

## ANNEXURE - 3



A handwritten signature in blue ink, appearing to read "S. Puri".



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# Exercise caution while giving loans to discoms: RBI to banks

BY [SANGITA MEHTA](#), ET BUREAU | UPDATED: MAY 12, 2016, 04.13 PM IST

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MUMBAI: The [Reserve Bank of India](#) (RBI) has cautioned bank from lending more power distribution companies, or discoms.

**Big Change:**

[The end of Five-Year Plans: All you need to know](#)

In a recent letter to select state-owned banks, the regulator has advised banks to "exercise caution in giving new loans to these utilities, reminding them that "any additional exposure to discoms will result in ever-greening" and "invite supervisory measure."

RBI has also directed banks to categorise existing loans to discoms as non-performing assets, or bad loans which attract provisioning.

The central bank's missive would add Rs 1.09 lakh crore to the already large pool of bad loans in the banking sector. As on December 2015, gross NPAs - quantum of bad loans prior to provisioning - of listed banks crossed Rs 4 lakh crore.



Banks total credit outstanding to discoms is Rs 4.37 lakh crore exposure. In November 2015, the government had launched UDAY - or, Ujwal Discom Assurance Yojana scheme - to revive the financially ailing discoms.

According to the scheme, 75% of the loan would be converted into [bonds](#) by end of March 2017 while the balance Rs 1.09 lakh crore would be treated as loans.

The interest return on the bonds and loans would be lowered to 0.1 percentage point mark up over base rates of respective banks, from 14-15%.

Since any concession to a distressed borrower - such as relaxing the repayment terms of loans and reduction in [interest rates](#) -- is considered as 'restructuring', the loan have be classified as NPA, as per RBI rules. Also, banks have to set aside 15% from their [earnings](#) as provisions. In the letter to bank chiefs, RBI has instructed them to provide for loans to discoms (that are not converted into bonds) by March 2017.

A back of the envelope calculation shows that the banking sector will have to provide around Rs 16,000 crore - a direct hit on the bottimline - on account of loans to discoms.

This will also be unusual case where an account -discom- will be classified as standard and sub-standard loan. Senior bank officials who did not want to speak on record that provisions could create a deep hole in their books at a time when they are struggling to recover large value loans from defaulters.

Banks will not be required to make any provisions on the bonds as RBI has allowed them to be parked in the held to maturity category which are not required for mark-to-market. This because respective state governments will takeover the debt from discoms to their books

On April 22, RBI said that 8 states have converted part of their loans into bonds amounting to Rs 98959 crore.

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