

# Lovelock & Lewes

Chartered Accountants

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF CESC Infrastructure Limited

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of **CESC Infrastructure Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



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INDEPENDENT AUDITORS' REPORT  
To the Members of CESC Infrastructure Limited  
Report on the Financial Statements  
Page 2 of 3

## Opinion

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

## Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on March, 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March, 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
  - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
    - i. The Company does not have any pending litigations as at March, 31, 2017 which would impact its financial position.
    - ii. The Company did not have any foreseeable loss on any long term contracts including derivative contracts as at March, 31, 2017.



# Lovelock & Lewes

Chartered Accountants

INDEPENDENT AUDITORS' REPORT  
To the Members of CESC Infrastructure Limited  
Report on the Financial Statements  
Page 3 of 3

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

iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 2.22.

For Lovelock & Lewes  
Firm Registration Number: 301056E  
Chartered Accountants



Sougata Mukherjee  
Partner  
Membership Number 057084

Kolkata  
May 18, 2017

# Lovelock & Lewes

Chartered Accountants

## Annexure A to Independent Auditors' Report

Referred to in paragraph 10 (f) of the Independent Auditors' Report of even date to the members of CESC Infrastructure Limited on the financial statements for the year ended March 31, 2017

Page 1 of 2

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

1. We have audited the internal financial controls over financial reporting of CESC Infrastructure Limited ("the Company") as of March 31, 2017 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

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

### Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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



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Chartered Accountants

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Referred to in paragraph 10 (f) of the Independent Auditors' Report of even date to the members of CESC Infrastructure Limited on the financial statements for the year ended March 31, 2017

Page 2 of 2

(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.

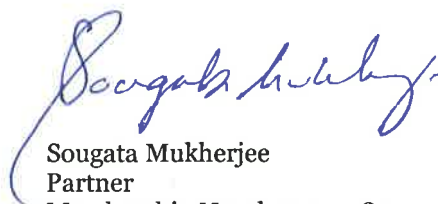
### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

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

For Lovelock & Lewes  
Firm Registration Number: 301056E  
Chartered Accountants



Sougata Mukherjee  
Partner  
Membership Number 057084

Kolkata  
May 18, 2017

# Lovelock & Lewes

Chartered Accountants

## Annexure B to Independent Auditors' Report

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

Page 1 of 2

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.  
  
(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.  
  
(c) The Company does not own any immovable properties as disclosed in Note 2.6 on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. 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. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, professional tax, income-tax, service tax though there has been a slight delay in one instance each in depositing provident fund and professional tax, and is regular in depositing other undisputed statutory dues, as applicable, with the appropriate authorities.  
  
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax and service-tax which have not been deposited on account of any dispute.
- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.



# Lovelock & Lewes

Chartered Accountants

## Annexure B to Independent Auditors' Report

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

Page 2 of 2

- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Lovelock & Lewes  
Firm Registration Number: 301056E  
Chartered Accountants



Sougata Mukherjee  
Partner  
Membership Number 057084

Kolkata  
May 18, 2017

**CESC Infrastructure Limited**  
Registered Office: CESC House, Chowringhee Square, Kolkata-700001  
CIN: U70101WB2011PLC159584  
Telephone: +91 33 2225 6040  
E-mail: cescinfra@rp-sg.in

**Balance Sheet as at 31st March, 2017**

Particulars	Note No.	As at 31st March 2017 Rs.	As at 31st March 2016 Rs.
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share Capital	2.1	2688,05,00,000	2688,05,00,000
Reserves and surplus	2.2	4,58,28,926	(2,66,22,508)
Share application money pending allotment	2.21	210,00,00,000	-
<b>Non-current liabilities</b>			
Long term provisions	2.3	72,21,557	66,47,945
<b>Current liabilities</b>			
Other current liabilities	2.4	917,22,41,823	210,40,14,723
Short term provisions	2.5	13,578	46,652
<b>TOTAL</b>		<b>3820,58,05,884</b>	<b>2896,45,86,812</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	2.6	1,03,383	4,42,497
Capital Work In Progress		1,23,90,740	-
<b>Non-current investments</b>			
Long term loans and advances	2.7	2790,06,00,060	2690,06,00,060
	2.8	967,00,00,000	160,17,49,708
<b>Current assets</b>			
Current investments	2.9	-	29,72,85,000
Cash and bank balances	2.10	46,51,32,788	6,17,20,204
Short term loans and advances	2.11	15,75,78,913	10,27,89,343
<b>TOTAL</b>		<b>3820,58,05,884</b>	<b>2896,45,86,812</b>

The accompanying notes are an integral part of these financial statements

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

For Lovelock & Lewes  
 Firm Registration Number - 301056E  
 Chartered Accountants

  
 Sougata Mukherjee  
 Partner  
 Membership Number :057084

Place: Kolkata  
 Date: 18th May 2017

For and on behalf of the Board of Directors

   
 Director (S. Talukdar) Director (R. Chowdhury)  
   
 Chief Financial Officer Company Secretary  
 (D. Bhattacharya) (A. Chakravorty)



**CESC Infrastructure Limited**

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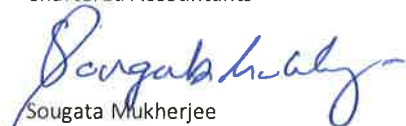
**Statement of Profit and Loss for the year ended 31st March, 2017**

Particulars	Note No.	2016-17 Rs.	2015-16 Rs.
Income from Investments	2.12	7,84,01,753	4,46,67,917
<b>Total Revenue</b>		<b>7,84,01,753</b>	<b>4,46,67,917</b>
<b>Expenses</b>			
Employee benefits expense	2.13	40,54,595	82,50,139
Depreciation and amortisation expense	2.6	1,85,408	5,27,788
Other expenses	2.14	17,10,316	23,34,481
<b>Total Expenses</b>		<b>59,50,319</b>	<b>1,11,12,408</b>
Profit for the Year		<b>7,24,51,434</b>	<b>3,35,55,509</b>
Earning per equity share (Face value of Rs. 10 per share)			
Basic and Diluted	2.17	0.027	0.014

The accompanying notes are an integral part of these financial statements

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

For Lovelock & Lewes  
Firm Registration Number - 301056E  
Chartered Accountants

  
Sougata Mukherjee  
Partner  
Membership Number: 057084

Place: Kolkata  
Date: 18th May 2017

For and on behalf of the Board of Directors

  
Director  
(S. Talukdar)

  
Director  
(R. Chowdhury)

  
Chief Financial Officer  
(D. Bhattacharya)

  
Company Secretary  
(A. Chakravorty)

**CESC Infrastructure Limited**

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**Cash Flow Statement for the year ended 31st March, 2017**

	2016-17	2015-16
	(Rs.)	(Rs.)
<b>A. Cash Flow from Operating Activities</b>		
Profit/(Loss) for the year	7,24,51,434	3,35,55,509
Adjustment for :		
Depreciation and Amortisation	1,85,408	5,27,788
Income from Current Investments	(7,84,01,753)	(4,46,67,917)
Operating Loss before Working Capital Changes	(57,64,911)	(1,05,84,620)
Adjustment for:		
(Increase) in Loans and Advances	(5,28,86,156)	(2,91,33,001)
Increase/(Decrease) in Current Liabilities and Provisions	706,87,67,638	210,29,94,947
<b>Net Cash used in Operating Activities</b>	<b>7,01,01,16,571</b>	<b>206,32,77,326</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(1,23,90,740)	(2,58,012)
Dividend on current investments received /Mutual funds	7,43,21,250	4,45,92,750
Investments in Subsidiaries	(1,00,00,00,000)	(2,90,00,00,000)
Advance to subsidiary for share subscription	(8,07,00,00,000)	(1,60,00,00,000)
Investments in Mutual Fund	(17,00,00,000)	(3,00,00,000)
Redemption of Mutual Fund	17,40,80,503	3,00,75,167
Sale of Current Investment (Net)	29,72,85,000	-
<b>Net Cash used in Investing Activities</b>	<b>(8,70,67,03,987)</b>	<b>(4,45,55,90,095)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Issue of Share Capital	-	245,00,00,000
Share Application money received	210,00,00,000	-
<b>Net Cash Flow from Financing Activities</b>	<b>210,00,00,000</b>	<b>245,00,00,000</b>
<b>Net Increase of Cash and Cash Equivalents</b>	<b>40,34,12,584</b>	<b>5,76,87,231</b>
<b>Cash and Cash Equivalents - Opening Balance (Refer Note 2.10)</b>	<b>6,17,20,204</b>	<b>40,32,973</b>
<b>Cash and Cash Equivalents - Closing Balance (Refer Note 2.10)</b>	<b>46,51,32,788</b>	<b>6,17,20,204</b>


Notes:

1 The Cash Flow Statement has been prepared under the indirect method as given in the Accounting Standard on Cash Flow Statement (AS-3) as per Companies (Accounting Standard) Rules, 2006.

2 Previous year's figures have been regrouped/rearranged wherever necessary

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

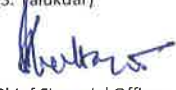
For Lovelock & Lewes  
Firm Registration Number - 301056E  
Chartered Accountants

  
Sougata Mukherjee  
Partner  
Membership Number: 057084


Place: Kolkata  
Date: 18th May 2017

For and on behalf of the Board of Directors

  
Director  
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Chief Financial Officer  
(D. Bhattacharya)

  
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**1. Significant Accounting Policies**

**i) Accounting Convention**

The financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211 (3C) {Companies (Accounting Standard) Rules, 2006, as amended } and other relevant provisions of the Companies Act, 2013.

**ii) Tangible Assets**

**a) Cost**

Tangible Assets are stated at cost of acquisition together with any incidental expenses for acquisition/installation. An impairment loss is recognized where applicable, when the carrying value of tangible assets of cash generating unit exceed its market value or value in use, whichever is higher. Profit and Loss on disposal of tangible assets is recognized in the Statement of Profit and Loss.

**b) Depreciation**

Depreciation on tangible assets is provided on written-down value method based on useful life as prescribed under Schedule II of the Companies Act, 2013.

**iii) Taxes on Income**

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

Deferred Tax is recognized, for all the timing differences subject to consideration of prudence, in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company reassesses unrecognised deferred tax assets, if any.

**iv) Investments**

Non-current Investments are stated at cost. Provision is made where there is a decline, other than temporary, in the value of non-current Investments. Current Investments are stated at lower of cost and fair value.



**CESC Infrastructure Limited**

**Registered Office: CESC House, Chowringhee Square, Kolkata-700001**

**CIN: U70101WB2011PLC159584**

**Telephone: +91 33 2225 6040**

**E-mail: cesclnfra@rp-sg.in**

**v) Revenue Recognition**

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

**vi) Employee Benefits**

Provident Fund is accounted for on accrual basis and is contributed to the fund maintained with the Regional Provident Fund Commissioner, West Bengal. Provision for gratuity liability and leave encashment liability are made on the basis of actuarial valuation done at the end of the year by an independent actuary.

**vii) Leasing**

Lease rentals in respect of vehicle under operating lease have been charged off to Statement of Profit and Loss.



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**Note - 2.1 : Share Capital**

Particulars	As at	As at
	31st March 2017	31st March 2016
	Rs.	Rs.
<b>Authorised Share Capital</b>		
3,000,000,000 (Previous Year: 3,000,000,000) Equity Shares of Rs 10/- each	3000,00,00,000	3000,00,00,000
<b>Issued, Subscribed and Paid up capital</b>		
2,68,80,50,000 (Previous Year: 2,688,050,000) Equity Shares of Rs 10/- each, fully paid up	2688,05,00,000	2688,05,00,000
	<b>2688,05,00,000</b>	<b>2688,05,00,000</b>

(a) **Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs 10/- per share. Each holder of equity is entitled to one vote per share. The Company has not declared any dividend to its shareholders since inception. In the event of liquidation of the Company the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) **Details of shareholders holding more than 5 % shares in the Company**

Name of shareholder	As at 31st March, 2017		As at 31st March, 2016	
	No. of shares	%	No. of shares	%
CESC Limited	268,80,50,000	100	268,80,50,000	100

CESC Limited is the Holding Company of CESC Infrastructure Limited and percentage of shares held is stated above.

(c) **Reconciliation of shares outstanding at the beginning and at the end of the reporting year**

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	No. of shares	Rs.	No. of shares	Rs.
Opening balance at the beginning of the year	268,80,50,000	2688,05,00,000	244,30,50,000	2443,05,00,000
Add: Equity shares issued during the year	-	-	24,50,00,000	245,00,00,000
Shares outstanding at the end of the year	268,80,50,000	2688,05,00,000	268,80,50,000	2688,05,00,000



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**Note - 2.2 : Reserves and Surplus**

Particulars	As at 31st March 2017 Rs.	As at 31st March 2016 Rs.
Surplus in the Statement of Profit and Loss		
Debit balance at the beginning of the year	(2,66,22,508)	(6,01,78,017)
Add: Profit for the year	7,24,51,434	3,35,55,509
Credit/(Debit) balance at the end of the year	<b>4,58,28,926</b>	<b>(2,66,22,508)</b>

**Note 2.3: Long Term Provisions**

Particulars	As at 31st March 2017 Rs.	As at 31st March 2016 Rs.
Provision for Employee benefits	72,21,557	66,47,945
	<b>72,21,557</b>	<b>66,47,945</b>

**Note - 2.4: Other Current Liabilities**

Particulars	As at 31st March 2017 Rs.	As at 31st March 2016 Rs.
Payable to Subsidiary Company	917,00,00,000	210,00,00,000
Other payables	22,41,823	40,14,723
	<b>917,22,41,823</b>	<b>210,40,14,723</b>

- (a) There is no amount due to Micro and Small Enterprises as referred in the Micro, Small and Medium Enterprise Development Act, 2006 based on the information available with the Company.
- (b) Other payables include employee related liability, professional fees, creditors towards contractual obligations, etc.

**Note 2.5: Short Term Provisions**

Particulars	As at 31st March 2017 Rs.	As at 31st March 2016 Rs.
Provision for Employee benefits	13,578	46,652
	<b>13,578</b>	<b>46,652</b>



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NOTE:2.6 Tangible Assets

PARTICULARS	GROSS BLOCK AT COST			DEPRECIATION			NET BLOCK	
	As at 1st April, 2016 Rs.	Additions /Adjustments Rs.	Withdrawals /Adjustments Rs.	As at 1st April, 2016 Rs.	Additions /Adjustments Rs.	Withdrawals/ Adjustments Rs.	As at 31st March, 2017 Rs.	As at 31st March, 2016 Rs.
Computers	14,40,435	-	55,325	11,67,636	1,69,586	47,840	95,728	2,72,799
Furniture	76,700	-	76,700	23,907	3,407	27,314	-	52,793
Office Equipment	2,10,401	-	1,82,379	93,496	12,415	85,544	7,655	1,16,905
<b>TOTAL</b>	<b>17,27,536</b>	<b>-</b>	<b>3,14,404</b>	<b>12,85,039</b>	<b>1,85,408</b>	<b>1,60,698</b>	<b>13,09,749</b>	<b>4,42,497</b>
Previous Year	14,69,524	2,58,012	-	7,57,251	5,27,788	-	12,85,039	7,12,273



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**Note 2.7: Non Current Investments**

Particulars	As at 31st March 2017 Rs.	As at 31st March 2016 Rs.
<b>Other than Trade Investments - Unquoted</b>		
Investments in Equity Instruments		
Subsidiary Companies		
1,203,441,049 (Previous Year: 1,203,441,049) Equity Shares of Haldia Energy Limited of Rs 10 each, fully paid up	1203,54,10,520	1203,54,10,520
1,275,768,954 (Previous year : 1,175,768,954) Equity Shares of Dhariwal Infrastructure Limited of Rs 10 each, fully paid up	1586,51,89,540	1486,51,89,540
	<b>2790,06,00,060</b>	<b>2690,06,00,060</b>

- (a) All non-current investments are long term in nature.
- (b) In spite of present losses in respect of one of its subsidiaries, the management on the basis of recent positive developments, does not foresee any diminution other than temporary, in the value of the Company's non-current investments

**Note 2.8: Long Term Loans and Advances**

Particulars	As at 31st March 2017 Rs.	As at 31st March 2016 Rs.
Unsecured, considered good		
Loan to employees	-	17,19,708
Other deposits	-	30,000
Share application money to subsidiary	967,00,00,000	160,00,00,000
	<b>967,00,00,000</b>	<b>160,17,49,708</b>





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**Note 2.9: Current Investments**

Particulars	As at 31st March 2017 Rs.	As at 31st March 2016 Rs.
<b>Other than Trade Investments - Unquoted</b>		
Nil ( Previous Year : 29,728,500) Equity Shares of Noida Power Company Limited of Rs 10 each, fully paid up )	-	29,72,85,000
	-	29,72,85,000

**Note 2.10: Cash and Bank Balances**

Particulars	As at 31st March 2017 Rs.	As at 31st March 2016 Rs.
<b>Cash and Cash equivalents</b>		
Balance with Banks in Current Accounts	46,51,32,788	6,17,20,204
	46,51,32,788	6,17,20,204

**Note 2.11: Short Term Loans and Advances**

Particulars	As at 31st March 2017 Rs.	As at 31st March 2016 Rs.
Unsecured, considered good Advances to related parties	15,66,97,254	10,01,50,808
Other Advances		
Miscellaneous Advance to Bodies Corporate	8,10,000	14,23,077
Prepaid Expenses	34,157	7,02,650
Loan to employees	37,502	5,12,808
	15,75,78,913	10,27,89,343



**Note 2.12 : Income from Investments**

Particulars	2016-17 Rs.	2015-16 Rs.
Dividend income	7,43,21,250	4,45,92,750
Gain on sale of current investments	40,80,503	75,167
	<b>7,84,01,753</b>	<b>4,46,67,917</b>

**Note 2.13 : Employee Benefits Expense**

Particulars	2016-17 Rs.	2015-16 Rs.
Salaries	16,06,20,127	6,21,55,153
Contribution to provident and other funds	9,31,097	28,15,997
Staff Welfare Expenses	8,10,206	15,10,660
	<b>16,23,61,430</b>	<b>6,64,81,810</b>
Less: Transfer to Holding Company /Subsidiaries / Other Body Corporate	15,83,06,835	5,82,31,671
	<b>40,54,595</b>	<b>82,50,139</b>

**Employee Benefits :-**

**Defined Contribution Plan**

The Company maintains a Provident Fund with the Regional Provident Fund authorities where contributions are made by the Company as well as by the employees. An amount of Rs. 9,31,097/- (Previous Year – Rs. 28,15,997/-) has been charged off to Statement of Profit and Loss .

**Defined Benefit Plan**

The Company also provides for gratuity and leave encashment benefit to the employees. Annual actuarial valuations at the end of the each year are carried out by an independent actuary based on the method prescribed in Accounting Standard - 15 - "Employee Benefits" of the Companies (Accounting Standards) Rules 2006.

Net liability recognised in the Balance Sheet are as follows:

	Gratuity					Leave Encashment					Rs.
	2016-17	2015-16	2014-15	2013-14	2012-13	2016-17	2015-16	2014-15	2013-14	2012-13	
Present value of unfunded obligation	7,37,411	17,94,709	11,11,066	3,54,321	41,244	11,89,617	48,99,888	35,26,811	17,62,062	4,27,006	
<b>Net Liability</b>	<b>7,37,411</b>	<b>17,94,709</b>	<b>11,11,066</b>	<b>3,54,321</b>	<b>41,244</b>	<b>11,89,617</b>	<b>48,99,888</b>	<b>35,26,811</b>	<b>17,62,062</b>	<b>4,27,006</b>	

An amount of Rs. 53,08,107/- represents liability with respect to the transferred employees which is yet to be settled.

Amount recognised in the Statement of Profit and Loss and charged to Salaries as follows:

	Gratuity		Leave Encashment		Rs.
	2016-17	2015-16	2016-17	2015-16	
Current Service cost	1,05,611	5,35,488	8,356	2,18,820	
Interest cost	1,40,885	87,441	3,80,904	2,61,545	
Net actuarial Losses recognised during the year	(13,03,794)	60,714	(40,04,313)	12,99,712	
<b>Total</b>	<b>(10,57,298)</b>	<b>6,83,643</b>	<b>(36,15,053)</b>	<b>17,80,077</b>	

Reconciliation of opening and closing balances of the present value of the obligations:

	Gratuity		Leave Encashment		Rs.
	2016-17	2015-16	2016-17	2015-16	
Opening defined benefit obligation	17,94,709	11,11,066	48,99,888	35,26,811	
Current Service cost	1,05,611	5,35,488	8,356	2,18,820	
Interest cost	1,40,885	87,441	3,80,904	2,61,545	
Actuarial Losses	(13,03,794)	60,714	(40,04,313)	12,99,712	
Benefits paid	-	-	(95,218)	(4,07,000)	
<b>Closing Defined Benefit Obligation</b>	<b>7,37,411</b>	<b>17,94,709</b>	<b>11,89,617</b>	<b>48,99,888</b>	

**Principal Actuarial Assumption Used:**

	2016-17	2015-16
Discount Rates	7.16%	7.85%
Expected Salary increase rates	5.00%	5.00%
Mortality Rates	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

The estimates of future salary increase considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors. The contribution expected to be made by the Company for the year ending 31 March, 2018 cannot be readily ascertainable and therefore not disclosed.



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**Note 2.14 : Other Expenses**

Particulars	2016-17 Rs.	2015-16 Rs.
Rates and taxes	5,400	4,400
Car Hire Charges	4,069	7,31,986
Lease Rent	8,00,240	10,74,339
Auditors' Remuneration		
Audit Fee	9,00,000	9,00,000
Tax Audit Fee	2,00,000	2,00,000
Reimbursement of expenses (including applicable Service Tax)	1,90,300	1,59,500
Professional Fees	1,31,800	9,13,749
Travelling Expenses	-	1,60,313
Office Maintenance	10,124	8,92,513
Printing & Stationery	-	1,62,979
Communication Expenses	-	2,31,674
General Charges	38,286	1,30,936
Miscellaneous Expenses	1,937	21,780
	<b>22,82,156</b>	<b>55,84,169</b>
Less: Transfer to Holding Company /Subsidiaries	5,71,840	32,49,688
	<b>17,10,316</b>	<b>23,34,481</b>



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**Note 2.15:**

Since the Company has incurred business loss during the year, no provision for taxation has been made in the Financial Statements.

**Note 2.16:**

The Company is engaged in the business of promoting power development projects through subsidiaries and does not operate in any other reportable segment.

**Note 2.17:**

**Earnings per Share**

Computation of Earnings / (Loss) per Share

Particulars	2016-17	2015-16
	Rs.	Rs.
(i) Number of Equity Shares at the beginning of the year	268,80,50,000	244,30,50,000
(ii) Number of Equity Shares issued during the year	-	24,50,00,000
(iii) Number of Equity Shares at the end of the year	268,80,50,000	268,80,50,000
(iv) Weighted average number of Equity Shares outstanding for the year (A)	268,80,50,000	244,37,21,233
(v) Weighted average number of Equity Shares outstanding for diluted earnings per share for the year (B)	269,72,16,667	244,37,21,233
(vi) Face Value of each Equity Share (in Rs.)	10	10
Earnings attributable to Equity Shareholders (C) (in Rs.)	7,24,51,434	3,35,55,509
Basic Earnings per Share of Rs. 10 (C/A)	0.027	0.014
Diluted Earnings per Share of Rs. 10 (C/B)	0.027	0.014



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**Note 2.18:**  
**Related Party disclosures**

2.18.1. Related Parties and their Relationship

Name of Related Parties		Nature of relationship
i	CESC Limited	Holding Company
ii	Haldia Energy Limited, Dhariwal Infrastructure Limited	Subsidiary Companies
iii	Spent Liq Private Ltd., Firstsource Group USA, Inc., Firstsource BPO Ireland Ltd., Firstsource Solutions UK Ltd., Firstsource Process Management Services Ltd., Firstsource-Dialog Solutions Pvt. Ltd., MedAssist Holding, LLC, Firstsource Business Process Services, LLC, Firstsource Solutions USA, LLC, Firstsource Advantage, LLC, Firstsource Transaction Services, LLC, Firstsource Solutions SA (Argentina), One Advantage LLC, USA, Firstsource Solutions Limited, Spencer's Retail Limited, Quest Properties India Limited, Metromark Green Commodities Private Limited, Music World Retail Limited, Au Bon Pain Café India Limited, Nalanda Power Company Limited, Surya Vidyut Limited, Bantal Singapore Pte Ltd, CESC Projects Limited, Papu Hydropower Projects Limited, Pachi Hydropower Projects Limited, Ranchi Power Distribution Company Limited, Kota Electricity Distribution Limited, Bikaner Electricity Supply Limited, Bharatpur Electricity Services Limited, Crescent Power Limited, Omnipresent Retail India Private Limited, New Rising Promoters Private Limited, Guiltfree Industries Limited, ISGN Fulfillment Agency, LLC, ISGN Fulfillment Services, Inc., ISGN Solutions Inc.	Fellow Subsidiary Companies
iv	Mr. Prabir Kumar Mitra	Key Management Personnel



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2.18.2 Details of transactions between the Company and related parties and status of outstanding balance.

Rs.

	Particulars	2016-17				2015-16			
		Holding Company	Subsidiary Companies	Fellow Subsidiary Companies	Key Management Personnel	Holding Company	Subsidiary Companies	Fellow Subsidiary Companies	Key Management Personnel
i	Share Application Money Received	210,00,00,000	-	-	-	245,00,00,000	-	-	-
ii	Allotment of Equity Shares against (i) above	-	-	-	-	245,00,00,000	-	-	-
iii	Advance to Haldia Energy Limited against issue of Equity Shares	-	-	-	-	-	170,00,00,000	-	-
iv	Allotment of Equity Shares against (iii) above	-	-	-	-	-	170,00,00,000	-	-
v	Advance received from Haldia Energy Limited	-	725,00,00,000	-	-	-	210,00,00,000	-	-
vi	Advance repaid to Haldia Energy Limited	-	18,00,00,000	-	-	-	-	-	-
vii	Advance given to Dhariwal Infrastructure Limited against issue of equity shares	-	925,00,00,000	-	-	-	280,00,00,000	-	-
viii	Advance repaid by Dhariwal Infrastructure Limited	-	18,00,00,000	-	-	-	-	-	-
ix	Allotment of Equity Shares against (vii) above	-	100,00,00,000	-	-	-	120,00,00,000	-	-
x	Remuneration to Mr. Prabir Kumar Mitra	-	-	-	1,20,000	-	-	-	1,20,000
xi	Payable to CESC Limited for expenses	-	-	-	-	42,327	-	-	-
xii	Expense Recovered from CESC Limited	15,39,664	-	-	-	31,16,958	-	-	-
xiii	Amount paid to CESC Limited on account of transfer of Expenses	-	-	-	-	42,327	-	-	-
xiv	Amount received from CESC Limited for sale of investments	29,72,85,000	-	-	-	-	-	-	-
xv	Amount paid to CESC Limited for purchase of investments	97,500	-	-	-	-	-	-	-
xvi	Amount recovered from Haldia Energy Limited on account of transfer of Car Loan	-	16,45,949	-	-	-	-	-	-
xvii	Amount recovered from Dhariwal Infrastructure Limited on account of transfer of Car Loan	-	5,31,851	-	-	-	-	-	-
xviii	Expense Recovered from Haldia Energy Limited	-	4,74,09,522	-	-	-	2,14,87,532	-	-



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	Particulars	2016-17				2015-16			
		Holding Company	Subsidiary Companies	Fellow Subsidiary Companies	Key Management Personnel	Holding Company	Subsidiary Companies	Fellow Subsidiary Companies	Key Management Personnel
xix	Expense Recovered from Dhariwal Infrastructure Limited	-	4,27,45,764	-	-	-	10,00,000	-	-
xx	Expense Recovered from Quest Properties India Limited	-	-	7,18,299	-	-	-	6,04,415	-
xxi	Amount Recovered from Crescent Power Limited for sale of Investment	-	-	97,500	-	-	-	-	-
xxii	Expense Recovered from Surya Vidyut Limited	-	-	67,06,097	-	-	-	22,66,395	-
xxiii	Expense Recovered from CESC Projects Limited	-	-	10,31,462	-	-	-	23,83,301	-
xxiv	Expense Recovered from Crescent Power Limited	-	-	-	-	-	-	19,71,310	-
xxv	Expense Recoverable from Quest Properties India Limited	-	-	4,05,455	-	-	-	7,18,299	-
xxvi	Expense Recoverable from Surya Vidyut Limited	-	-	59,64,202	-	-	-	67,06,097	-
xxvii	Expense Recoverable from Haldia Energy Limited	-	87,73,478	-	-	-	4,74,09,522	-	-
xxviii	Amount recoverable from Haldia Energy Limited for transfer of assets	-	1,69,820	-	-	-	-	-	-
xxix	Amount payable for expenses to Haldia Energy Limited	-	14,75,351	-	-	-	-	-	-
xxx	Amount recoverable from CESC Projects Limited for transfer of assets	-	-	48,386	-	-	-	-	-
xxxi	Expense Recoverable from Dhariwal Infrastructure Limited	-	32,11,450	-	-	-	25,28,759	-	-
xxxii	Expense Recoverable from CESC Limited	13,95,99,814	-	-	-	15,39,664	-	-	-
xxxiii	Expense Recoverable from CESC Projects Limited	-	-	-	-	-	-	12,19,991	-
xxxiv	Payable to CESC Projects Limited for expenses	-	-	-	-	-	-	1,88,529	-
xxxv	Advance received from Haldia Energy Limited	-	-	-	-	-	37,00,00,000	-	-
xxxvi	Refund of advance against (xxxv) above	-	-	-	-	-	37,00,00,000	-	-
xxxvii	Advance given to Dhariwal Infrastructure Limited	-	-	-	-	-	39,00,00,000	-	-
xxxviii	Refund of advance against (xxxvii) above	-	-	-	-	-	39,00,00,000	-	-
	Outstanding Balance								
	Debit (Rs.)	13,95,99,814	968,06,79,397	64,18,043	-	15,39,664	-	84,55,858	-
	Credit (Rs.)	210,00,00,000	917,00,00,000	-	7,12,403	-	40,98,44,714	-	5,93,723



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**Note 2.19:**

The Company has taken vehicles under operating lease having a tenure upto 36 months. There is no specific obligation for renewal of these agreements.

**Note 2.20: Contingent Liabilities & Commitments (to the extent not provided for)**

The Company has commitment in providing equity support to the subsidiaries for project development and has subjected itself for certain restrictions in transfer of its investments in such subsidiaries. The future Cash outflow in respect of above contract cannot be ascertained at this stage.

Commitments of the Company on account of estimated amount of contracts remaining to be executed on capital account, not provided for amounting to Rs. 4,56,84,978 (Previous year Nil)

**Note 2.21:**

The equity shares are expected to be allotted against the share application money within reasonable period.

**Note 2.22:**

Disclosure on specified bank note (SBN) pursuant to notification No. G.S.R.308 (E) dated 30 March 2017 issued by The Ministry of Corporate Affairs:-

Particulars	SBNs (in Rs.)	Other denomination notes (In Rs.)	Total (In Rs.)
Closing cash in hand as on 08.11.2016	45,000	405	45,405
Add : Permitted receipts	-	70,000	70,000
Less : Permitted payments	-	45,405	45,405
Less : Amount deposited in Banks	45,000	-	45,000
<b>Closing cash in hand as on 30.12.2016</b>	<b>-</b>	<b>25,000</b>	<b>25,000</b>

**Note 2.23:**

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

For Lovelock & Lewes  
Firm Registration Number: 301056E  
Chartered Accountants

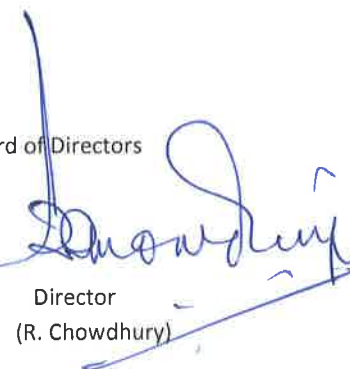
  
Sougata Mukherjee  
Partner

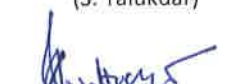
Membership Number: 057084

Place: Kolkata  
Date: 18th May 2017

For and on behalf of Board of Directors

  
Director  
(S. Talukdar)

  
Director  
(R. Chowdhury)

  
Chief Financial Officer  
(D. Bhattacharya)

  
Company Secretary  
(A Chakravorty)