

46.9.3 The Carrying value and fair value of financial instruments by each category as at March 31 2016 are as follows
(₹ in lakhs)

Particulars	Financial Assets/ Liabilities at amortised cost	Financial Assets/ Liabilities at FVTPL	Financial Assets/ Liabilities at FVTOCI	Total carrying Value	Total fair value
Financial Assets					
Investment - In PCKL	251.00	-	-	251.00	251.00
Loans	711.20	-	-	711.20	711.20
Trade Receivables	53669.86	-	-	53669.86	53669.86
Cash and Cash equivalents	4148.42	-	-	4148.42	4148.42
Other receivables	130743.34	-	-	130743.34	130743.34
Financial Liabilities					
Long Term Loans	48353.51	-	-	48353.51	48353.51
Short Term Loans	11731.98	-	-	11731.98	11731.98
Trade payables	22541.85	-	-	22541.85	22541.85
Other Financial Liabilities	137344.97	-	-	137344.97	137344.97

46.10 Financial Risk Management

MESCOM, a GoK owned organization functions under the ambit of various statutory Acts and Regulations. As per Electricity Act 2003, Tariff filing for each year is carried by the Company for Annual Performance Review (APR) and Revision in Annual Revenue Requirement (ARR) with KERC (Regulator) and hence is subject to regulatory risk. Each of its activity attributable to Credit risk, Liquidity risk and Market risk undergoes consistent monitoring by Regulator (KERC) annually.

There is a steady growth in number of consumers and demand for electricity from existing and new consumers. Hence, no demand risk is anticipated.

The company's senior management oversees the risk management policies and systems regularly.

The company has exposure to the following risks from its use of financial instruments:

46.10.1 Credit Risk

Credit risk is the risk of financial losses to the company if a customer or counter party to a financial instrument fails to meet its contractual obligation and arises principally from the Company's trade receivables, employee loans and deposits with Banks and others.

Trade receivable majorly comprises sundry debtors for sale of power from various class of consumers and Receivable from other ESCOMs. Risk element involving sundry debtors is adequately covered by security deposit held against such consumers by way of collection of 2 months minimum deposit (as per mandatory stipulation of regulatory governance). Other major contributor of receivable is from inter ESCOM energy balancing, all being sovereign government flagship organizations risk element of turning those to bad debts is not foreseen. Further, provision for expected credit loss is made as a percentage of doubtful debts to the extent of 4% of trade receivables.

The Company has diversified its bank deposits and placed the same only with reputed and creditworthy nationalized banks.

46.10.2 Liquidity Risk:

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the company reputation, typically the company ensures that it has sufficient cash on demand to meet expected operational expenses, servicing of financial obligations.

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents including bank deposits and availability of funding through an adequate amount of committed credit facilities to meet the obligations when due. In addition to this, liquidity management also involves projecting cash flows at the beginning of each year considering the level of liquid assets necessary to meet obligations by matching the maturity profiles of financial assets and liabilities.

Loans and Trade payable is adequately covered by securitization of Assets and Receivables. Major contributor of trade payable is for KPC against power purchase

46.10.3 Market Risk:

Market risk is the risk of loss of future earnings or fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign exchange rates and other market changes that affect market risk sensitive instruments. The Company is mainly exposed to interest rate risk since it has availed borrowings at fixed and floating interest rates.

46.11 Taxation:

46.11.1 Current Taxation:

The provision for Minimum Alternate Tax (MAT) under Section 115 JB of Income Tax Act 1961 has been created in the Accounts and credit has been recognised to the extent available for future set off.

46.11.2 Deferred Taxation:

The Company is evaluating the tax holiday/ exemptions available to it and accordingly has not recognized Deferred Tax Asset/Liability for the year. The quantum of non provisioning is not readily ascertainable.

46.12 Estimated amount of contracts remaining to be executed on capital account and not provided for:

Estimated amount of capital works remaining to be executed as on 31.03.2018 in respect of Projects amounts to ₹.10941.98 Lakh.

46.13 Considering the financial implications involved, insurance on fixed assets or current assets has not been made as it is not economical.

46.14 Contingent Liabilities:
Claims against the company not acknowledged as debt

46.15.1 The Company was subjected to EPF Inspection during the year 2006-07 and thereby a demand of ₹ 4.44 Crores was raised on the Company towards the dues for EPF of Contract Employees. The Company has disputed the same in view of the error in calculation of demand and also with regard to applicability of the regulations to contractors' employees. A deposit of ₹ 1.77 Crores has already been made with the EPF department and the case has been remanded to PF Office Mangaluru for hearing once again in the year 2011-12. Details along with the contention of the Company are submitted to APFC Mangaluru on 10.03.2014. The Company is hopeful of a positive outcome on the said issue. No provision has been made in the accounts for the disputed demand.

46.15.2 The Regional Provident Commissioners have issued Notices to various Accounting Units of the Company for payment of interest and damages for the belated remittances under Section 7Q and 14B of the Employees' Provident Fund and Miscellaneous Provision Act, 1952. Company has deposited the said amounts with PF authorities under protest and filed appeals before the Employees' Provident fund Appellate Tribunal at New Delhi. No provision is made in the Accounts for the expenditure. MESCOM may be contingently liable for this amount if the cases are not decided in favour of MESCOM. The details are as follows:

(Amount in ₹)

Name of the Accounting Unit	Demand raised	Paid	Appeal No & Date
1. O & M Division Mangaluru	19021111	19021111	ATA No. 1275(6)/2014
2. O & M Division Puttur	14780708	14780708	ATA No. 630(6)/2013
3. O & M Division Udupi	5419453	5419453	ATA No. 793(6)/2013
4. O & M Division Shivamogga	1141347	1141347	ATA No. 114(6)/2014
5. O & M Division Sagar	7205712	6361372	ATA No. 1084(6)/2015
6. O & M Division Chikkamagaluru	14040413	14040413	ATA No. 742(6)/2014
7. O & M Division Kadur	1704953	1704953	ATA No. 743(6)/2014
Total	63313697	62469357	

46.15.3 The appeal No. ITA/1118/Bang/09 AY 2006-07 preferred by MESCOM against the order CIT(A) Mangalore in respect of disallowance of 80 IA claim of MESCOM relating to AY 2006-07 is disposed by the Hon'ble ITAT Bangalore on 31.10.2012 stating that the appeal of the Company is partly allowed for statistical purpose. As the major claim of disallowance of 80IA was not considered by the ITAT, an appeal has been preferred before the Hon'ble High Court of Karnataka at Bengaluru. The case is not yet come for hearing as on date. The entire demand pertaining to the Assessment Year 2006-07 has been paid and treated as deposit in view of the pending appeal for disposal before the Hon'ble High Court of Karnataka.

46.15.4 The Commissioner of Central Excise and Service tax, Mangaluru has passed two orders bearing No. C.No. IV/09/114/2010 Hqrs. Adjn 1/2295 on 28.01.2011 and order No. IV/09/114/2010/Hqrs Adj(1)/17109 dated 26.10.2010 for ₹ 6,37,250/- and for ₹ 85,53,406/- which includes service tax of ₹ 3,18,625/- and ₹ 42,76,703/- respectively and penalty of ₹ 3,18,625/- u/s. 76 and penalty of ₹ 42,76,703/- u/s. 78 respectively excluding penalty u/s. 77 and rule 7(c). Further interest amount u/s. 75 has not been quantified. These orders have been passed in respect of service tax on Goods transport Agency Service since 2005 being not paid to the Department. The Company has got stay against the demand raised by the department from CESTAT Bangalore. The case is not come up for hearing so far.

46.15.5 The table given below indicates the number of pending cases before various authorities and courts as on 31.03.2018 and corresponding amount involved in it.

Particulars	No. of pending cases	Amount involved in lakh ₹
1. Revenue	29	402.75
2. Labour	210	279.25
3. Miscellaneous	82	271.30
Total	321	953.30

There may be contingent liability for the said amount if the cases are not decided in favour of MESCOM.

46.15.6 Letter of Credits issued:

As per the conditions of Power purchase Agreements entered with various Power generators, company has provided LC to the Generators as a payment security and availing rebate as per the rebate clause. Status of LC provided as on 31.03.2018 is furnished as below:

(₹ in crores)

Sl.No.	Name of the Bank	Comprehensive LC limit	Amount of LC availed
1	Union Bank of India	167.50	69.84
2	Vijaya Bank		26.21
3	Corporation Bank	7.50	4.44
	Total	175.00	100.49

46.15.7 Power Purchase related Contingent Liabilities

Sl.No.	Particulars	Amount of Liability (₹ in Lakhs)	Ref. to Note No.
1	M/s J.K. Cements	5.69	38.6.4
2	M/s Himathsingka Seide Ltd.	18.76	38.6.4
3	M/s TATA Power Ltd	300.00	38.6.5
4	M/s KPCL	Not ascertained	38.6.7
5	M/s NTPC Simhadri STPS	Not ascertained	38.6.10
6	M/s KPTCL (Transmission Charges)	1974.00	38.6.14
	Total	2298.45	

46.15.8 The Company had given effect to GO No EN 3 PSR 2016/P3, dated :31.03.2017 by transferring its dues as of 31.03.2015 from Gram Panchayats together with interest upto 31.03.2015 amounting to ₹ 21959.00 Lakhs to PCKL for securitization of such receivables by PCKL in order to get Loans from Banks and utilize the proceeds of such Loans to clear the Company's dues of KPCL. The GO mentioned above also contained a clause for providing commission on Government guarantee that may have to be furnished to effectuate the securitisation of Receivables. As the entire Receivables were transferred to PCKL and PCKL had availed Loans against these Receivables, the Company has not provided any guarantee Commission. The Company is contingently liable for guarantee Commission, in case PCKL passes on the Commission to the Company.

46.16 Disclosure in respect of IND AS - 7: Statement of Cash Flows

The table below details change in the Company's liabilities arising from financing activities, including both cash and non cash changes. Liabilities arising from financing activities are those for which cash flows where, or future cash flows will be, classified in the Company's statement of cashflows as cashflows from financing activities. The cash flows bank loans, loans from related parties and other borrowings make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

(₹ in Lakhs)

Sl.No.	Particulars	Opening balance as at 01/04/2017	Financing cash Flows	Non-cash changes	Closing balance as at 31/03/2018
I	Borrowing - Long Term				
A	Secured				
	From Banks	41946.70	13080.09	-	55026.79
	From Others	3480.03	182.04	-	3662.07
B	Unsecured				
	From Govt.	56.15	-7.66	-	48.49
	From Others	559.75	598.65	-	1158.41
	Sub-Total	46042.64	13853.12	-	59895.76
II	Borrowing - Short Term				
	From Banks	26412.14	5006.58	-	31418.72
	From Others	-	-	-	-
	Sub-Total	26412.14	5006.58	-	31418.72
	Grand Total	72454.77	18859.70	-	91314.48

46.17 Others:

46.17.1 The details of energy purchase, sale of energy and distribution losses during the year 2017-18 are as follows:

Particulars	Units	For the year 2017-18	For the year 2016-17
Energy purchased at Generation point	Mus	5,258.74	5,435.70
Energy Balancing Adjustments	Mus	407.95	233.14
Net energy	Mus	5,666.69	5,668.84
Energy at interface point	Mus	5,504.81	5,411.61
Energy Sales	Mus	4881.91	4,794.42
Distribution Loss	Mus	622.90	617.19
Percentage of Distribution Loss	%	11.32	11.40

46.17.2 Reconciliation of Energy sales

Particulars	Units	For the year 2017-18	For the year 2016-17
Energy sales as per DCB	Mus	4878.72	4707.31
Add: Wheeled energy	Mus	133.79	81.21
Add: KPCL Colony consumption	Mus	3.20	5.90
Total Sales considered for Energy Audit	Mus	5015.71	4794.42

46.18 The Balances in respect of Sundry Debtors, Sundry Creditors, Loans, Advances to Supplies and other borrowings are subject to confirmation and other reconciliation if any.

46.19 The previous figures have been regrouped/ reclassified, wherever necessary to conform to the current year presentation.

46.20 All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakh rupees except as otherwise stated.

46.21 Current year's figures of assets and liabilities have been grouped as financial and non-financial assets under current and non-current as required under Schedule III (Division II) effective from 01-04-2017.

47 First-time adoption of Ind AS - Reconciliation between previous GAAP and Ind AS

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

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2017			As at April 1, 2016		
		As per previous GAAP	Effect of transition to Ind AS	As per Ind AS	As per previous GAAP	Effect of transition to Ind AS	As per Ind AS
ASSETS							
I Non Current Assets							
(a) Property, plant and equipment	5	1,15,352.73	4,669.54	1,20,022.28	1,01,490.28	(960.85)	1,00,529.43
(b) Capital work-in-progress	6	14,655.74	-	14,655.74	11,814.35	-	11,814.35
(c) Intangible assets under development	7	425.41	-	425.41	316.99	-	316.99
(d) Financial assets							
(i) Investments	8	251.00	-	251.00	251.00	-	251.00
(ii) Loans	9	683.06	-	683.06	633.33	-	633.33
(iii) Other financial assets	10	17,149.60	-	17,149.60	9,427.60	-	9,427.60
(e) Non-current tax assets	11	2,864.20	-	2,864.20	2,675.63	-	2,675.63
(f) Other non-current assets	12	6,423.84	-	6,423.84	4,833.82	-	4,833.82
Total Non-current Assets (I)		1,57,805.59	4,669.54	1,62,475.13	1,31,443.00	(960.85)	1,30,482.15
II Current Assets							
(a) Inventories	13	3,772.41	-	3,772.41	5,659.88	-	5,659.88
(b) Financial assets							
(i) Trade receivables	14	31,604.71	-	31,604.71	53,669.86	-	53,669.86
(ii) Cash and cash equivalents	15	3,672.72	-	3,672.72	3,873.28	-	3,873.28
(iii) Bank Balances other than (ii) above	16	3,585.84	-	3,585.84	275.14	-	275.14

Particulars	Note No.	As at March 31, 2017			As at April 1, 2016		
		As per previous GAAP	Effect of transition to Ind AS	As per Ind AS	As per previous GAAP	Effect of transition to Ind AS	As per Ind AS
(iv) Loans	17	117.33	-	117.33	77.87	-	77.87
(iv) Other financial assets	18	1,33,625.56	-	1,33,625.56	1,21,315.74	-	1,21,315.74
(c) Current Tax Assets (Net)	19	403.30	-	403.30	369.99	-	369.99
(d) Other current assets	20	173.72	-	173.72	236.60	-	236.60
Sub-Total (II)		1,76,955.59	-	1,76,955.59	1,85,478.36	-	1,85,478.36
Assets held for sale	21	450.80	-	450.80	639.61	-	639.61
Total Current Assets (II)		1,77,406.39	-	1,77,406.39	1,86,117.97	-	1,86,117.97
Total Assets (I+II)		3,35,211.98	4,669.54	3,39,881.52	3,17,560.97	(960.85)	3,16,600.12
III Regulatory Deferral Account Debit Balance	22	90,770.93	-	90,770.93	44,954.00	-	44,954.00
Total Assets & Regulatory account balance (I+II+III)		4,25,982.90	4,669.54	4,30,652.45	3,62,514.97	(960.85)	3,61,554.12
EQUITY AND LIABILITIES							
I Equity							
(a) Equity Share Capital	23	35,807.02	-	35,807.02	26,636.02	-	26,636.02
(b) Other Equity	24	13,939.57	(960.85)	12,978.73	15,793.51	(960.85)	14,832.66
Total Equity (I)		49,746.60	(960.85)	48,785.75	42,429.53	(960.85)	41,468.68
II Liabilities							
Non Current Liabilities							
(a) Financial Liabilities							
(i) Borrowings	25	46,042.64	-	46,042.64	48,353.51	-	48,353.51
(ii) Trade payables	26	89,098.86	-	89,098.86	84,625.34	-	84,625.34
(iii) Other financial liabilities	27	1,00,560.94	-	1,00,560.94	93,255.19	-	93,255.19
(b) Provisions	28	4,186.83	-	4,186.83	3,382.25	-	3,382.25
(c) Deferred Income	29	4,034.99	5,630.39	9,665.38	998.33	-	998.33
(d) Other non-current liabilities	30	68.59	-	68.59	78.70	-	78.70
Total Non-current Liabilities (II)		2,43,992.85	5,630.39	2,49,623.24	2,30,693.32	-	2,30,693.32
III Current Liabilities							
(a) Financial Liabilities							
(i) Borrowings	31	26,412.14	-	26,412.14	11,731.98	-	11,731.98
(ii) Trade payables	32	34,436.10	-	34,436.10	22,541.85	-	22,541.85
(iii) Other financial liabilities	33	59,065.54	-	59,065.54	44,089.79	-	44,089.79
(b) Other Current Liabilities	34	10,993.79	-	10,993.79	9,829.68	-	9,829.68
(c) Provisions	35	890.84	-	890.84	1,046.15	-	1,046.15
(d) Deferred Income	29	445.05	-	445.05	152.67	-	152.67
Total Current Liabilities (III)		1,32,243.46	-	1,32,243.46	89,392.12	-	89,392.12
Total Liabilities		3,76,236.31	5,630.39	3,81,866.70	3,20,085.44	-	3,20,085.44
TOTAL EQUITY AND LIABILITIES		4,25,982.91	4,669.54	4,30,652.45	3,62,514.97	(960.85)	3,61,554.12

The Previous GAAP Figures have been reclassified to conform to Ind-AS presentation requirements for the purpose of this note.

47.1.1 Explanatory notes to Balance sheet reconciliation:

a. Reclassification of Government Grants related to Capital Expenditure: Under previous GAAP, grants related to fixed assets were reduced from the value of fixed assets. Under Ind AS, these should be set up as Deferred Income and recognized in the statement of profit & loss on a systematic basis over the useful life of the asset. Accordingly, on transition date an amount of ₹ 1,151 lakhs (as at 31.03.2017 ₹ 4,480.04 lakhs) has been reclassified from Unutilized grants under Reserves to Deferred Income. This reclassification has no impact on equity as on the transition date.

b. Reclassification of Consumer contribution related to Capital Expenditure: Under previous GAAP, consumer contribution related to fixed assets were reduced from the value of fixed assets. Under Ind AS, these should be set up as Deferred Income and recognized in the statement of profit & loss on a systematic basis over the useful life of the asset. Accordingly, on transition date an amount of ₹ Nil (as at 31.03.2017 ₹ 5,783.06 lakhs) has been reclassified from consumer contributions under Reserves to Deferred Income. This reclassification has no impact on equity as on the transition date.

- c. Treatment of Government grant and consumer contribution related to fixed assets received during the year:** In accordance with Ind AS, deferred income has been set up for Govt. Grants received during the year. Similarly consumer contribution received during the year has been credited to the deferred income setup. This deferred income shall be transferred to profit & loss on a systematic basis based on useful life of the relevant fixed asset. In this regard ₹ 5,783.06 lakhs consumer contribution related to fixed assets has been credited to deferred Income and out of ₹ 152.67 lakhs has been taken to other Income on the basis of depreciation charged on the corresponding asset. Therefore as on 31.03.2017 the deferred Income has a balance of ₹ 5,630.39 lakhs pertaining to consumer contributions received. (₹ 5,783.06 lakhs - ₹ 152.67 lakhs)
- d. Reclassification of Released assets:** As on transition date, faulty/dismantled assets of ₹ 1,224.02 lakhs (as at 31.03.2017 ₹ 1,509.20 lakhs) that have been released from use are reclassified from Other non-current assets to Property, plant and equipment.
- e. Reclassification of leasehold land :** Under Previous GAAP, up front premium paid for leasehold land was recognised as "property, plant and equipment". Under Ind AS, leasehold land where the ownership of the land will not be transferred to Company at the end of lease period are classified as operating leases. Consequently, on the transition date, an amount of ₹ 129.77 lakhs (as at 31.03.2017 ₹ 208.55 lakhs) has been reclassified from "property, plant and equipment" and shown as 'Prepayments' (other assets) under Ind AS. This reclassification has no impact on equity as on the transition date.
- f. Reclassification of Cash and Cash Equivalents and Other Bank Balances:** Under Previous GAAP, margin money and restricted bank balances were shown as 'Cash and cash equivalents'. Under Ind AS, the same is re-classified to "other bank balances". Accordingly, on transition date an amount of ₹ 275.14 lakhs (as at 31.03.2017 ₹ 3,585.84 lakhs) has been reclassified from cash and cash equivalents to other bank balances. This reclassification has no impact on equity as on the transition date.
- g. Reclassification of Assets held for sale:** As at transition date, an amount of ₹ 639.61 Lakhs (as at 31.03.2017 ₹ 450.80 lakhs) has been reclassified from Inventories to Non-current assets held for sale. This reclassification has no impact on equity.
- h. Prior period error:** Depreciation error of ₹ 960.85 lakhs pertaining to prior period is adjusted in the balance sheet as at 1st April 2016 by restating the carrying amount of Property, plant and equipment with corresponding adjustment effected in Retained Earnings in the Statement of changes in equity.

47.2 Reconciliation of total equity as at March 31, 2017 and April 1, 2016

Particulars	As at March 31, 2017	As at April 1, 2016
Total equity (shareholders' funds) under Previous GAAP	49,746.60	42,429.53
Adjustments:		
Prior period income/(expense)	(960.85)	(960.85)
Total equity under Ind AS	48,785.75	41,468.68

47.3 Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended March 31, 2017

Sl. No.	Particulars	As per previous GAAP	Ind AS adjustments	As per Ind AS
I	Revenue from operations	2,77,978.35	-	2,77,978.35
II	Other Income	11,602.25	152.67	11,754.92
III	Total income (I + II)	2,89,580.60	152.67	2,89,733.27
IV	Expenses			
	Purchase of Power	2,54,382.13	-	2,54,382.13
	Employee Benefits Expense	26,733.70	-	26,733.70
	Finance Costs	8,856.54	-	8,856.54
	Depreciation and amortization expenses	7,837.25	152.67	7,989.92
	Other Expenses	16,490.23	-	16,490.23
	Total expenses (IV)	3,14,299.85	152.67	3,14,452.52
V	Profit before exceptional items and tax (III-IV)	(24,719.26)		(24,719.25)
VI	Exceptional items (income)/expenses (net)	19,804.00	-	19,804.00
VII	Profit/(Loss) before tax (V + VI)	(44,523.26)	-	(44,523.25)
VIII	Tax expense:			
	(1) Current tax	307.01	-	307.01
	(2) Deferred tax	-	-	-
	Less: MAT credit entitlement	(307.01)	-	(307.01)
	Total tax expense (VIII)	-	-	-

	Particulars	As per previous GAAP	Ind AS adjustments	As per Ind AS
IX	Profit/(Loss) for the year before movement in regulatory deferral account balance (VIII - IX)	(44,523.26)	-	(44,523.25)
X	Net Movement in Regulatory Deferral account Balance related to Profit or Loss	45,816.93	-	45,816.93
XI	Profit for the year and movement in regulatory deferral account balance (IX + X)	1,293.68	-	1,293.68
XII	Other comprehensive income			
	A (I) items that will not be reclassified to Profit & Loss	-	-	-
	(ii) Income tax relating to items that will not be reclassified to Profit & Loss	-	-	-
	B (I) Items that will be reclassified to Profit or Loss	-	-	-
	(ii) Income tax relating to items that will be reclassified to Profit & Loss	-	-	-
	Total other comprehensive income (XII)			
XIII	Total comprehensive income for the year (XI+XII)	1,293.68	-	1,293.68

The Previous GAAP Figures have been reclassified to conform to Ind-AS presentation requirements for the purpose of this note.

47.2.1 Explanatory notes to Statement of Profit and Loss reconciliation:

Reclassification of leasehold land: Under Previous GAAP, upfront premium paid for leasehold land was recognised as "property, plant and equipment". Under Ind AS, leasehold land where the ownership of the land will not be transferred to Company at the end of lease period are classified as operating leases. Consequently, on the transition date, an amount of ₹ 129.77 lakhs (for year ended 31.03.2017 ₹ 208.55 lakhs) has been reclassified from "property, plant and equipment" and shown as 'Prepayments' (other assets) under Ind AS. This reclassification has resulted in decrease in depreciation expense by ₹ 7.29 lakhs with corresponding increase in other expenses.

Deferred Income: Government grant and consumer contribution set up as deferred income are credited to the statement of profit and loss in proportion to depreciation charged on the related asset i.e. ₹152.67 lakhs and presented within Other Income.

Reclassification of Net movement in Regulatory Deferral Account Balance: Income on account of Regulatory asset ₹ 45,816.93 lakhs is reclassified from Revenue from operations to a separate line item on statement of profit and loss as 'Net movement in Regulatory Deferral Account Balance'.

Prior period items: Certain items that were classified as prior period items under previous GAAP have been reclassified under exceptional and other respective heads under Ind AS.

48 The companies Accounts that are approved by the Board on 25.08.2018 have been revised in the light of observations made by the Comptroller and Auditor General of India. The said revision has resulted in increase in Property Plant and Equipment by ₹ 36.41 lakhs, increase in Capital Work in Progress by ₹ 9.41 lakhs, increase in Intangible Assets under development by ₹ 204.96 lakhs, decrease in other non-current assets by ₹ 1666.00 lakhs, decrease in other financial Assets by ₹ 2.14 lakhs, decrease in Regulatory deferral Account by ₹ 562.94 lakh, decrease in Non-current Trade payables by ₹ 2566.14 lakhs, decrease Current Trade payables by ₹ 1297.84 lakhs, increase in other financial liabilities by ₹ 1245.74 lakhs, increase in Other Current liabilities by ₹ 637.94 lakhs. As a result the total assets and liabilities have decreased ₹ 1980.30 lakhs.

49 The financial statements are approved for issue by the Company's Board of Directors on 18.09.2018.

Sd/-
(D.R. SRINIVAS)
Chief Financial Officer

Sd/-
(M.D.RAVI)
Director, MESCOM

Sd/-
(RAGHUPRAKASH.N)
Managing Director (I/C)

In terms of our Report of even date for
GOPALAIYER & SUBRAMANIAN
Chartered Accountants
Firm Reg. No: 000960 S

Sd/-
CA K.R. SURESH
PARTNER
Membership No. 25453

Place: Mangaluru
Date: 18.09.2018