

**Independent Auditors' Report**

**To the Members of Parbati Koldam Transmission Company Limited**

**Report on the Ind AS Financial Statements**

1. We have audited the accompanying financial statements of Parbati Koldam Transmission Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, 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 the significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").

**Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of state of affairs (financial position), profit (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) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Ind AS 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 Ind AS financial statements based on our audit.
4. 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.
5. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's 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 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 Ind AS 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 Ind AS financial statements.

#### Opinion

8. 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, 2017, and its profits (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### Other Matters

9. The comparative financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by us whose report for the year ended March 31, 2016 and March 31, 2015 dated May 10, 2016 and April 28, 2015 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of above said matters.

#### Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. As required by Section 143(3) of the Act, we report that:
- 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;
  - 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;
  - The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - 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;
  - With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";

- g) 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 as at March 31, 2017 on its financial position in its Ind AS financial statements. - Refer Note 21 on Contingent Liabilities of the Ind AS financial statements;
  - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
  - 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 did not have any holdings or dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 - Refer Note 32 of the Ind AS financial statements.

For Pathak H. D. & Associates  
Chartered Accountants  
Firm Registration No: 107783W

Vishal D. Shah  
Partner  
Membership No. 119303

Place : Mumbai  
Date : April 13, 2017

**Annexure A to Auditors' Report**

Referred to in our Auditors' Report of even date to the members of Parbati Koldam Transmission Company Limited on the financial statements for the Year ended March 31, 2017

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of its Property, Plant and Equipment.
- (b) As informed to us, the Property, Plant and Equipment have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) As explained to us, there is no physical inventory in existence and hence, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) The Company has not granted any loan, secured or unsecured, to any company, firm Limited Liability Partnerships or other parties covered in the register maintained under section 189 of Act. Accordingly, provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable.
- (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(1) of the Act. Further, as the Company is engaged in the business of providing infrastructural facilities, the provisions of Section 186[except for sub-section(1)] are not applicable to it.
- (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 meaning of Sections 73 to 76 or any other relevant provisions of the Act and rules framed there under.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under sub-section (1) of Section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (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 the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable, with the appropriate authorities.
- (b) 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, wealth tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable were outstanding, at the period end, for a period of more than six months from the date they became payable.
- (c) 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, sales-tax, wealth-tax, service-tax, customs duty, excise duty, value added tax and cess as at March 31, 2017 which have not been deposited on account of a dispute.

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- (viii) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank. The Company has not availed any loans from debenture holders.
- (ix) The Company has raised money through term loans from financial institutions and banks and the terms loans have been applied for the purpose it has been obtained. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year.
- (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 instance by the management.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ 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) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and section 188 of the Act where applicable.
- The details of related party transactions as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, have been disclosed in the Ind AS financial statements.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence the provision of clause 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (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 Pathak H D & Associates  
Chartered Accountants  
Firm's Registration No. 107783W

Vishal D. Shah  
Partner  
Membership No. 119303  
Place: Mumbai  
Date: April 13, 2017

**Annexure - B to Auditor's report**

[Annexure to the Independent Auditor's Report referred to in paragraph "11(f)" under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the Ind AS financial statements of Parbati Koldam Transmission Company Limited for year ended March 31, 2017.]

**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 Parbati Koldam Transmission Company Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS 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 Act.

**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 Companies Act, 2013, 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 Ind AS 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.

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#### 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

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

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

#### Opinion

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

For Pathak H. D. & Associates  
Chartered Accountants  
Firm Registration No: 107783W

Vishal D. Shah  
Partner  
Membership No. 119303

Place : Mumbai  
Date : April 13, 2017

Parbati Koldam Transmission Company Limited  
Balance Sheet as at March 31, 2017  
(All amounts in INR Lakh, unless otherwise stated)

Particulars	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
a. Property, Plant and Equipment	3	89,672.04	92,930.01	88,094.04
b. Capital Work-in-Progress	3	-	-	7,380.99
c. Financial Assets				
- Other Financial Assets	4	625.01	593.28	61.42
d. Other Non - Current Assets	5	45.40	309.10	86.28
<b>Total Non-Current Assets (A)</b>		<b>90,342.45</b>	<b>93,832.39</b>	<b>95,624.73</b>
<b>Current Assets</b>				
a. Financial Assets				
(i) Trade Receivables	6 (a)	3,748.13	3,875.76	5,867.42
(ii) Cash and Cash Equivalents	6 (b)	1,560.66	1,314.50	2,018.05
(iii) Bank Balances other than (ii) above	6 (c)	2,838.23	1,384.50	-
(iv) Other Financial Assets	4	5,633.71	62.27	13.70
b. Current Tax Assets (Net)	7(a)	-	217.68	283.08
c. Other Current Assets	5	2.59	8.56	5.59
<b>Total Current Assets (B)</b>		<b>13,783.32</b>	<b>6,863.47</b>	<b>8,187.84</b>
Regulatory deferral account debit balances and related deferred tax balances (C)	8 (a)	50.40	-	-
<b>Total Assets and Regulatory Deferral Account debit balances (A+B+C)</b>		<b>1,04,176.17</b>	<b>1,00,695.86</b>	<b>1,03,812.57</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
a. Equity Share Capital	9 (a)	27,283.70	27,283.70	27,283.70
b. Other Equity	9 (b)	14,338.58	8,339.36	7,199.28
<b>Total Equity (D)</b>		<b>41,622.28</b>	<b>35,623.05</b>	<b>34,482.98</b>
<b>LIABILITIES</b>				
<b>Non-Current Liabilities</b>				
a. Financial Liabilities				
- Borrowings	10	54,208.76	53,656.97	57,491.21
b. Provisions	13	62.89	52.41	48.87
c. Deferred Tax Liability (Net)	15 (e)	-	-	-
<b>Total Non-Current Liabilities (E)</b>		<b>54,271.65</b>	<b>53,709.38</b>	<b>57,540.08</b>
<b>Current Liabilities</b>				
a. Financial Liabilities				
(i) Trade Payables	14	23.81	26.40	25.55
(ii) Other Financial Liabilities	11	7,415.83	11,205.95	11,571.49
b. Other Current Liabilities	12	101.61	128.86	183.03
c. Provisions	13	2.18	2.22	9.44
d. Current Tax Liabilities (Net)	7(b)	84.86	-	-
<b>Total Current Liabilities (F)</b>		<b>7,628.09</b>	<b>11,363.43</b>	<b>11,789.51</b>
<b>Total Liabilities (G=E+F)</b>		<b>61,899.74</b>	<b>65,072.81</b>	<b>69,329.59</b>
Regulatory deferral account credit balances and related deferred tax balances (H)	8 (b)	654.15	-	-
<b>Total Equity, Liabilities and Regulatory Deferral Account credit balances (D+G+H)</b>		<b>1,04,176.17</b>	<b>1,00,695.86</b>	<b>1,03,812.57</b>

The above balance sheet should be read in conjunction with the accompanying notes (1 - 32).

As per our attached Report of even date

For and on behalf of the Board

For Pathak H.D.& Associates  
Chartered Accountants  
Firm Registration No.107783W

Alok K. Roy  
Director  
DIN:01952393

Arvind K. Sharma  
Director  
DIN: 06514783

Vishal D. Shah  
Partner  
Membership No. 119303  
Place: Mumbai  
Date : April 13, 2017

Vikas Gupta  
Chief Financial Officer  
Place: Gurugram  
Date : April 13, 2017

Maanas Srivastava  
Company Secretary



**Parbatl Koldam Transmission Company Limited**  
**Statement of Profit and Loss for the year ended March 31, 2017**  
(All amounts in INR Lakh, unless otherwise stated)

Particulars	Note	Year ended March 31, 2017	Year ended March 31, 2016
(I) Revenue from Operations	16	16,027.79	14,703.67
(II) Other Income	17	7,620.62	544.95
<b>(III) Total Income (I+II)</b>		<b>23,648.41</b>	<b>15,248.62</b>
<b>(IV) Expenses</b>			
Employee Benefits Expense	18	369.56	337.33
Finance Costs	19	10,313.68	7,885.23
Depreciation Expense	3	3,154.72	5,133.58
Other Expenses	20	386.21	359.17
<b>Total Expenses (IV)</b>		<b>14,224.17</b>	<b>13,715.31</b>
<b>(V) Profit before Rate Regulated Activities and Tax (III-IV)</b>		<b>9,424.24</b>	<b>1,533.31</b>
Add: Regulatory Expense (Net)	8	(603.75)	-
Deferred Tax Asset		(208.95)	-
Less: Payable to Beneficiaries		208.95	-
<b>(VI) Profit before tax</b>		<b>8,820.49</b>	<b>1,533.31</b>
<b>(VII) Income Tax Expense</b>			
1. Current Tax	15 (a)	2,000.00	407.52
2. Deferred Tax Liability	15 (a)	3,221.38	672.68
Less: Recoverable from Beneficiaries		(3,221.38)	(672.68)
3. Income tax for earlier years	15 (a)	(7.10)	(9.70)
		1,992.90	397.82
<b>(VIII) Profit for the Year (VI-VII)</b>		<b>6,827.59</b>	<b>1,135.49</b>
<b>(IX) Other Comprehensive Income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of Net Defined Benefit Plans : (Gains) / Loss		9.42	(5.82)
Income tax relating to above		(2.01)	1.24
<b>Total Other Comprehensive Income/(Loss) for the year (IX)</b>		<b>7.41</b>	<b>(4.58)</b>
<b>Total Comprehensive Income for the year (VIII+IX)</b>		<b>6,820.18</b>	<b>1,140.07</b>
<b>Earnings per Equity Share of Rs . 10/- each (before Rate Regulated Activities):</b>	29	<b>INR</b>	<b>INR</b>
Basic		2.72	0.42
Diluted		2.72	0.42
<b>Earnings per Equity Share of Rs . 10/- each:</b>	29		
Basic		2.50	0.42
Diluted		2.50	0.42

The above statement of profit and loss should be read in conjunction with the accompanying notes (1 - 32).

As per our attached Report of even date

For and on behalf of the Board

For Pathak H.D.& Associates  
Chartered Accountants  
Firm Registration No.107783W

Alok K. Roy  
Director  
DIN:01952393

Arvind K. Sharma  
Director  
DIN: 06514783

Vishal D. Shah  
Partner  
Membership No. 119303

Vikas Gupta  
Chief Financial Officer

Maanas Srivastava  
Company Secretary

Place: Mumbai  
Date : April 13, 2017

Place: Gurugram  
Date : April 13, 2017

**Parbati Koldam Transmission Company Limited**  
**Statement of Cash Flows for the Year ended March 31, 2017**  
(All amounts in INR Lakh, unless otherwise stated)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
<b>A. Cash Flow from Operating Activities</b>		
Profit before Tax	8,820.49	1,539.13
<b>Adjustments for:</b>		
Depreciation	3,154.72	5,133.58
Interest Expenses	10,313.68	7,885.23
Provision for Leave Encashment and Gratuity	10.44	(3.67)
Regulatory Expense (Net)	603.75	-
Filing Fees	0.20	0.45
Interest Income	(306.15)	(374.24)
<b>Cash Generated from Operations before Working Capital Changes</b>	<b>22,597.13</b>	<b>14,180.48</b>
<b>Working Capital Adjustments :</b>		
Increase in Other Financial Assets	(6,138.90)	(580.44)
Decrease in Trade Receivables	731.38	2,780.56
(Increase) / Decrease in Other Assets	269.67	(223.78)
Decrease in Current Liabilities	(17.13)	(54.18)
Increase / (Decrease) in Provisions	(10.44)	3.67
Decrease in Trade Payables	(2.59)	(2.26)
<b>Cash Generated from Operations</b>	<b>17,429.12</b>	<b>16,104.05</b>
Income Taxes Paid (Net of Refund)	(1,697.46)	(288.01)
<b>Net Cash Generated from Operating Activities</b>	<b>15,731.65</b>	<b>15,816.04</b>
<b>B. Cash Flows from Investing Activities</b>		
Payments for Acquisition of Property, Plant and Equipment	(2,263.25)	(4,645.53)
Proceeds from Sale of Property, Plant and Equipment	-	0.75
Investment in Bank Deposits (Net)	(1,501.87)	(1,945.65)
Interest Income	266.27	320.50
<b>Net Cash Used in Investing Activities</b>	<b>(3,478.85)</b>	<b>(6,269.93)</b>
<b>C. Cash Flow From Financing Activities</b>		
Filing Fees	(0.20)	(0.45)
Proceeds from Long Term Borrowings	61,926.11	1,788.00
Repayment of Long Term Borrowings	(62,125.42)	(4,123.37)
Interest Expenses	(10,986.19)	(7,913.28)
Dividends Paid to Shareholders Including Tax	(820.95)	-
<b>Net Cash Used in Financing Activities</b>	<b>(12,006.65)</b>	<b>(10,249.10)</b>
<b>Net Increase / (Decrease) In Cash and Cash Equivalents (A+B+C)</b>	<b>246.16</b>	<b>(702.99)</b>
Cash and Cash Equivalents at the Beginning of the Year	1,314.50	2,017.49
Cash and Cash Equivalents at End of the Year	1,560.66	1,314.50
<b>Net Increase / (Decrease) as disclosed above</b>	<b>246.16</b>	<b>(702.99)</b>

The above statement of cash flows should be read in conjunction with the accompanying notes (1 - 32).

As per our attached Report of even date

For and on behalf of the Board

For Pathak H.D.& Associates  
Chartered Accountants  
Firm Registration No.107783W

Alok K. Roy  
Director  
DIN:01952393

Arvind K. Sharma  
Director  
DIN: 06514783

Vishal D. Shah  
Partner  
Membership No. 119303

Vikas Gupta  
Chief Financial Officer

Maanas Srivastava  
Company Secretary

Place: Mumbai  
Date : April 13, 2017

Place: Gurugram  
Date : April 13, 2017

Parbati Koldam Transmission Company Limited  
Statement of Changes in Equity  
(All amounts in INR Lakh, unless otherwise stated)

**EQUITY**

**A. Equity Share Capital (Refer Note: 9 (a))**

Particulars	Balance at the beginning of the year	Changes in equity share capital during the year	Balance at the end of the year
As at April 1, 2015	27,283.70	-	27,283.70
As at March 31, 2016	27,283.70	-	27,283.70
As at March 31, 2017	27,283.70	-	27,283.70

**B. Other Equity (Refer Note: 9 (b))**

Particulars	Attributable to Owners of the Company		
	Reserves and Surplus		
	Self Insurance Reserve	Retained Earnings	Total
Balance as at April 01, 2015	84.07	7,115.21	7,199.28
Profit for the year	-	1,135.49	1,135.49
Other Comprehensive income for the year Items that will not be reclassified to profit or loss			
Remeasurement Gain on Defined Benefit Plan (Net of Tax)	-	4.58	4.58
Total Comprehensive Income for the year	-	1,140.07	1,140.07
Transfer to Self Insurance Reserve	94.04	(94.04)	-
Balance as at March 31, 2016	178.11	8,161.24	8,339.35
Balance as at April 01, 2016	178.11	8,161.24	8,339.35
Profit for the year	-	6,827.59	6,827.59
Other Comprehensive income for the year Items that will not be reclassified to profit or loss			
Remeasurement Loss on Defined Benefit Plan (Net of Tax)	-	(7.41)	(7.41)
Total Comprehensive Income for the year	-	6,820.18	6,820.18
Transfer to Self Insurance Reserve	100.60	(100.60)	-
Transaction with owners, recorded directly in equity			
Dividend Paid	-	(682.09)	(682.09)
Tax on Dividend	-	(138.86)	(138.86)
Balance as at March 31, 2017	278.71	14,059.87	14,338.58

The above statement of changes in equity should be read in conjunction with the accompanying notes (1 - 32).

As per our attached Report of even date

For and on behalf of the Board

For Pathak H.D.& Associates  
Chartered Accountants  
Firm Registration No.107783W

Alok K. Roy  
Director  
DIN:01952393

Arvind K. Sharma  
Director  
DIN: 06514783

Vishal D. Shah  
Partner  
Membership No. 119303

Vikas Gupta  
Chief Financial Officer

Maanas Srivastava  
Company Secretary

Place: Mumbai  
Date : April 13, 2017

Place: Gurugram  
Date : April 13, 2017

## **Parbati Koldam Transmission Company Limited**

### **Notes forming part of Financial Statements**

#### **Note 1: Corporate Information**

Parbati Koldam Transmission Company Limited (PKTCL) is a Company limited by shares, incorporated and domiciled in India. The registered office of the Company is located at B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi- 110016.

PKTCL was incorporated on September 02, 2002 by Powergrid Corporation of India Limited (PGCIL). Pursuant to shareholders agreement dated November 23, 2007, between PGCIL and Reliance Infrastructure Limited (R Infra), 74% shareholding of PKTCL has been transferred to R Infra and its nominee shareholders and balance 26% shareholding vests with PGCIL and its nominee shareholders. With this the Company has become a joint venture between RInfra and PGCIL with the object of establishing a suitable power evacuation capacity for Parbati-II Hydro Electric Power Station and Koldam Hydro Electric Power Station, both in the State of Himachal Pradesh, India. The Company has undertaken implementation of these transmission systems/projects on Build, Own and Operate (BOO) basis.

These financial statements of the Company for the year ended March 31, 2017 were authorised for issue by the board of directors on April 13, 2017. Pursuant to the provisions of section 130 of the Act the Central Government, income tax authorities, other statutory regulatory body and section 131 of the Act the board of directors of the Company have powers to amend / re-open the financial statements approved by the board / adopted by the members of the Company.

#### **Note 2: Significant Accounting Policies**

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **(a) Basis of Preparation**

###### **(i) Compliance with Indian Accounting Standard (Ind AS)**

The financial statements of the Company comply in all material aspects with Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with relevant rules and other accounting principles.

The financial statements for all periods up to and including the year ended March 31, 2016 were prepared in accordance with the accounting standards notified under Section 133 of Companies Act, 2013 read together with the Companies (Accounts) Rules, 2014.

As these financial statements for the year ended March 31, 2017 are the first financial statements of the Company prepared in accordance with Ind AS, Ind AS 101, "First-time Adoption of Indian Accounting Standards" has been applied. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows including reconciliations and descriptions of the effect of the transition are provided in note 28 below.

These financial statements are presented in 'Indian Rupees', which is also the Company's functional currency and all amounts, are rounded to the nearest Lakh, unless otherwise stated.

The financial statements have been prepared in accordance with the requirements of the information and disclosures mandated by Schedule III to the Act, applicable Ind AS, other applicable pronouncements and regulations. The tariff in respect of Company's business is subject to approval from Regulatory Authorities. The basis of accounting for regulatory deferral balances of such businesses is in accordance with the provisions of Ind AS 114 "Regulatory Deferral Accounts" read with the Guidance Note on Rate Regulated Activities issued by The Institute of Chartered Accountants of India (ICAI).

###### **(ii) Basis of Measurement - Historical Cost Convention**

The financial statements have been prepared on a historical cost convention on accrual basis, except for certain assets and liabilities measured at fair value.

###### **(iii) New Standards and Interpretations not yet adopted**

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, "Statement of cash flows" The amendments are applicable to the Company from April 1, 2017.

###### **Amendment to Ind AS 7 "Statement of Cash Flows":**

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

(iv) Financial statements have been prepared on a going concern basis in accordance with the applicable accounting standards prescribed in the Companies (Indian Accounting Standards), Rules, 2015 issued by the Central Government.

**Parbatl Koldam Transmission Company Limited**  
**Notes forming part of Financial Statements**

**(b) Current versus Non-Current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Expected to be realised 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.

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

All other liabilities are classified as non-current.

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

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

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

**(c) Foreign currency translation**

**(i) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('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) Rate Regulated Activities**

The Company determines revenue gaps (i.e. surplus / shortfall in actual revenue over revenue entitled) in respect of its operations, as given in the Guidance Note on Rate Regulated Activities and based on the principles laid down under the relevant Tariff Regulations / Tariff Orders notified by the Central Electricity Regulatory Commission (CERC) 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 are as per the principle of Ind AS 114 "Regulatory Deferral Accounts", representing revenue gaps are carried forward as Regulatory Assets / Regulatory Liabilities and the Company presents separate line items in the balance sheet for:

- i. the total of all regulatory deferral account debit balances and related deferred tax balances; and
- ii. the total of all regulatory deferral account credit balances and related deferred tax balances.

A separate line item is presented in the profit or loss section of the statement of profit and loss for the net movement in all regulatory income/(expenses) net of deferred tax for the reporting period.

**(e) Revenue Recognition and Other Income**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of cash discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the economic benefits associated with the transaction will flow to the entity. However, when an uncertainty arises about the collectability of an amount already included in revenue, the uncollectible amount or the amount in respect of which recovery has ceased to be probable is recognised as an expense, rather than as an adjustment of the amount of revenue originally recognised.

Revenue from Transmission Service Charge is accounted for based on tariff orders issued by the Central Electricity Regulatory Commission (CERC). In case there is no tariff order (provisional / final) but petition has been filed, transmission income is accounted based on the tariff norms and other amendments issued by the CERC in similar cases. Difference, if any, is accounted on issuance of final tariff orders by the CERC. Transmission Service Charges in respect of additional capital expenditure incurred after the date of commercial operation is considered based on actual expenditure incurred on year to year basis as per tariff norms of the CERC tariff regulation.

**Parbati Koldam Transmission Company Limited**  
**Notes forming part of Financial Statements**

Surcharge recoverable from trade receivables are recognized when no significant uncertainty as to measurability and collectability exists.

The Transmission system Incentive/disincentive is accounted for based on the certification of availability by the respective regional power committee and in accordance with the norms notified / approved by the CERC.

**Others:**

Interest Income is recognized using Effective Interest Rate Method.

Dividend on Investment is recognized when the right to receive payment is established.

**(f) Income Tax**

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 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 laws enacted or substantively enacted at the end of the reporting period in the country where the Company generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It 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 (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised 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 utilise those temporary differences and losses.

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 realise the asset and settle the liability simultaneously.

Income tax expense for the year comprises of current tax and deferred tax. Income tax is recognized in the Statement of Profit and Loss except to the extent that it relates to items recognized in 'Other comprehensive income' or directly in equity, in which case the tax is recognized in 'Other comprehensive income' or directly in equity, respectively.

**(g) Operating Leases**

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 lessor) are charged to 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.

**(h) Segment Information**

The Company is engaged in "Transmission of Electrical Energy" which in the context of Ind AS 108 "Operating Segment" is considered as the only segment. The Company activities are restricted within India and hence, no separate geographical segment disclosure is considered necessary.

**(i) 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 groups of assets is considered as a cash generating unit. 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 recognized for an asset in prior accounting periods may no longer exist or may have decreased. An impairment loss recognized for goodwill is not reversed in subsequent periods.

**Parbati Koldam Transmission Company Limited**  
**Notes forming part of Financial Statements**

**(j) Cash and Cash Equivalents**

Cash and Cash Equivalent in the balance sheet comprise cash at Bank and Short Term Deposits with original maturity 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. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

**(k) Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financial activities of the Company are segregated based on the available information.

**(l) Inventories**

Inventories are valued at lower of cost, determined at weighted average and net realizable value. Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable 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.

**(m) Financial Instruments**

The Company recognises 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.

**(l) 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 amortised 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.

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

**(ii) Measurement**

**Initial**

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 of financial assets carried at fair value through profit or loss are expensed in Statement of 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:

• **Amortised 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 amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in Statement of Profit and Loss when the asset is derecognised 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 derecognised, 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.

**Parbati Koldam Transmission Company Limited**  
**Notes forming part of Financial Statements**

• **Fair value through profit or loss:**

Assets that do not meet the criteria for amortised 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.

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 amortised 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 measures the expected credit loss associated with its trade receivables based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

**(iv) De recognition of Financial Assets**

A financial asset is derecognised only when:

- Right to receive cash flow from assets have expired or
- 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 received cash flows in full without material delay to a 3<sup>rd</sup> party under a "pass through" arrangement.

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 derecognised.

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 derecognised 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.

**(II) 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 payable.

**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 Statement of Profit and Loss.

**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 and Loss.

**Trade and Other Payable**

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 amortised cost using the effective interest method.

**(n) 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



**Parbati Koldam Transmission Company Limited**  
**Notes forming part of Financial Statements**

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 categorisation (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.

Disclosures for valuation methods, significant estimates and assumptions of Financial instruments (including those carried at amortised cost) (Refer note 27A(a)) and disclosures of fair value measurement hierarchy (Refer note 27A(b)).

**(o) 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 realise 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.

**(p) Property, Plant and Equipment**

On the date of transition to Ind AS, the Company has considered the fair value of Property, Plant and Equipment to be the deemed cost as per Ind AS 101 "First time adoption of Indian Accounting Standards".

Transmission system assets are considered as ready for intended use after successful completion of trial operation as prescribed under CERC Tariff Regulations and capitalized accordingly.

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.

Revalued assets were carried in the balance sheet on the basis of fair valuations performed.

In the case of commissioned assets, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount are included in statement of profit and loss.

## **Parbati Koldam Transmission Company Limited**

### **Notes forming part of Financial Statements**

When significant parts of the property, plant and equipments are required to be replaced, the Company derecognises the replaced parts and recognise the new part with its own associated useful life and it is depreciated accordingly. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

#### ***Depreciation methods, estimated useful lives and residual value***

Depreciation on the assets related to transmission business is provided on straight line method following the rates and methodology notified by the Central Electricity Regulatory Commission.

Depreciation on additions to/deductions from property, plant and equipment during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

Once the individual asset is depreciated to the extent of seventy (70) percent, remaining depreciable value as on 31st March of the year closing shall be spread over the balance useful life of the asset, as provided in the Regulation. The residual values are not more than 10% of the cost of the assets.

The assets' residual values, useful life and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### **(q) Capital Work in Progress (CWIP)**

On the date of transition to Ind AS, the Company has considered the carrying value of CWIP as per previous GAAP to be the deemed cost as per Ind AS 101.

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 CWIP. These expenses are net of recoveries and income (net of tax) from surplus funds arising out of project specific borrowings.

Unsettled liability for price variation/exchange rate variation in case of contracts is accounted for on estimated basis as per terms of the contracts.

#### **(r) Borrowing Costs**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised 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 effective interest method. 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 capitalised as a prepayment for liquidity services and amortised 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 statement of profit and loss.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised 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 capitalisation.

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

#### **(s) Provisions**

Provisions for legal claims and returns are recognised when the Company has a present legal or constructive obligation as a result of past events, 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 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 costs.

The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed by the restructuring and not associated with the ongoing activities of the group.

**Parbati Koldam Transmission Company Limited**  
**Notes forming part of Financial Statements**

**(t) 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 recognized 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 recognized 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 neither disclosed nor recognized in financial statements.

**(u) Employee Benefits**

**(i) Short-Term Obligations**

Liabilities for wages and salaries, 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**

The liabilities for earned leave and sick leave 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 profit or 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.

**(iii) Post-Employment Obligations**

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.

**Gratuity obligations**

The liability or asset recognised in the balance sheet 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 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 balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in statement of profit and loss as past service cost.

**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. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in 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 recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available. Superannuation plan, a defined contribution scheme is administered by Life Insurance Corporation of India. The Company makes annual contributions based on a specified percentage of each eligible employee's salary.

**(v) Self Insurance Reserve**

Self Insurance reserve is created @ 0.1% p.a. on Gross Block of Fixed Assets (except assets covered under any other insurance policy) as at the end of the year by appropriating current year profit towards future losses which may arise from un-Insured risks. The same is shown as "Self Insurance Reserve" under 'Reserves and Surplus'.

**Parbati Koldam Transmission Company Limited**  
**Notes forming part of Financial Statements**

**(w) 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.

**(x) Dividend**

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognised directly in equity.

**(y) Earnings per Share**

**(i) Basic Earnings per Share (BEPS)**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

**(ii) Diluted Earnings per Share (DEPS)**

For the purpose of calculating diluted earnings per share, 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 rate regulated activities Income in the Net Profit attributable to Equity Shareholders.

**(z) Rounding of Amounts**

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

**(aa) 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 judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement 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 judgements 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 judgements are:

- 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 CERC Regulations and Tariff Orders issued by CERC. In respect of such revenue gaps, appropriate adjustments, have been made for the respective years on a conservative basis in accordance with accounting policy and the requirement of Ind AS 114 "Regulatory Deferral Accounts" read with Guidance Note on Rate Regulated Activities issued by the Institute of Chartered Accountants of India.

Parbati Koldam Transmission Company Limited  
Notes forming part of Financial Statements  
(All amounts in INR Lakh, unless otherwise stated)

Note 3: Property, Plant and Equipment (At Cost)

Particulars	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Office Equipment	Computers	Electrical Installations	Total	Capital work in progress
<b>Net Carrying amount as on April 1, 2015</b>	-	705.91	87,340.35	8.82	20.83	18.13	-	88,094.04	7,380.99
Year Ended March 31, 2016									
Gross carrying amount	-	705.91	87,340.35	8.82	20.83	18.13	-	88,094.04	7,380.99
Deemed Cost as at April 1, 2015	312.54	48.25	9,562.21	63.14	2.78	1.44	37.67	10,028.03	2,129.20
Additions	-	-	(48.37)	(1.38)	(3.85)	(0.22)	-	(53.82)	-
Deletion / Other Adjustments Capitalised	-	-	-	-	-	-	-	-	(9,510.19)
Closing gross carrying amount as on March 31, 2016	312.54	754.16	96,854.19	70.58	19.76	19.35	37.67	98,088.25	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Depreciation charge during the year	-	24.99	5,102.53	3.10	1.81	4.40	1.41	5,138.24	-
Deletion / Other Adjustments	-	-	-	-	-	-	-	-	-
Closing accumulated depreciation as on March 31, 2016	-	24.99	5,102.53	3.10	1.81	4.40	1.41	5,138.24	-
<b>Net carrying amount as on March 31, 2016</b>	312.54	729.17	91,751.66	67.48	17.95	14.95	36.26	92,930.01	-
Year Ended March 31, 2017									
Gross carrying amount	312.54	754.16	96,854.19	70.58	19.76	19.35	37.67	98,068.25	-
Opening gross carrying amount	-	-	(96.42)	(0.44)	0.92	-	-	0.92	-
Additions	-	-	-	-	(1.69)	(0.48)	-	(99.03)	-
Deletion / Other Adjustments	312.54	754.16	96,757.77	70.14	18.99	18.87	37.67	97,970.14	-
Closing gross carrying amount as on March 31, 2017	312.54	703.53	88,535.14	62.48	15.77	8.70	33.88	89,672.04	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Opening accumulated depreciation	-	24.99	5,102.53	3.10	1.81	4.40	1.41	5,138.24	-
Depreciation charge during the year (Refer note (i))	-	25.84	3,123.93	4.61	1.53	5.83	2.38	3,163.92	-
Deletion / Other Adjustments	-	-	(3.83)	(0.05)	(0.12)	(0.06)	-	(4.06)	-
Closing accumulated depreciation as on March 31, 2017	-	50.83	8,222.63	7.66	3.22	10.17	3.79	8,298.10	-
<b>Net carrying amount as on March 31, 2017</b>	312.54	703.53	88,535.14	62.48	15.77	8.70	33.88	89,672.04	-

(i) As per final tariff orders issued during the year 2016-17, CERC has allowed the COD from the date of actual power flow instead of from the date of readiness of transmission line, as a result of which depreciation for the differential period Rs. 2116.96 lakh is reversed during the year

(ii) Property, plant and equipment pledged as security

Refer note 10 for information on property, plant and equipment to be pledged as security by the Company.

(iii) Contractual obligations

Refer to note 22 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iv) Borrowing Cost

Borrowing cost of Rs. NIL (March 31, 2016 - Rs. 1,731.09 Lakh / April 1, 2015 - Rs. NIL) is capitalised in Plant and Equipment.

Parbati Koldam Transmission Company Limited  
Notes forming part of Financial Statements  
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(v) Property, Plant and Equipment pledged as security (Refer Note 10):

Particulars	As at		As at	
	March 31, 2017	March 31, 2016	March 31, 2016	April 1, 2015
Freehold Land	312.54	312.54	705.91	-
Buildings	703.53	729.17	87,340.35	-
Plant and Equipment - Transmission System	88,536.14	91,751.66	8.82	-
Furniture and Fixtures	62.48	67.48	20.83	-
Office Equipment	15.77	17.95	18.13	-
Computers	8.70	14.95	7,380.99	-
Capital work in progress	-	-	-	-
Electrical Installations	33.88	36.26	-	-
<b>Total Property Plant and Equipments pledged as security</b>	<b>89,672.04</b>	<b>92,930.01</b>	<b>95,475.03</b>	<b>-</b>

(vi) Capital work-in-progress

Capital work-in-progress comprises expenditure incurred on plant and equipment in the course of construction:

Particulars	Year		Opening	Additions	Capitalization	Closing
	2015-16	2014-15				
CWIP Movement	-	-	7,380.99	2,129.20	9,510.19	-

Parbati Koldam Transmission Company Limited  
Notes forming part of Financial Statements  
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Note 4: Other Financial Assets

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Expenses Recoverable	5,577.19	-	34.22	-	8.07	-
Bank Deposits with Original Maturity of more than 12 months*	-	609.78	-	561.64	-	0.50
Interest Accrued on Bank Deposits	56.52	11.71	20.23	28.12	5.63	0.06
Security Deposits	-	3.52	7.82	3.52	-	60.86
<b>Total</b>	<b>5,633.71</b>	<b>625.01</b>	<b>62.27</b>	<b>593.28</b>	<b>13.70</b>	<b>61.42</b>

\*Represents Bank Deposit of Rs. 609.28 lakh (March 31, 2016 - Rs. 561.15 lakh, March 31, 2015 - NIL) earmarked for Self Insurance Reserve and Rs. 0.50 lakh (March 31, 2016 - Rs. 0.50 lakh, March 31, 2015 - Rs. 0.50 lakh) pledged with Sales Tax Department.

Note 5: Other Assets

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Capital Advances	-	45.40	-	308.14	-	88.28
Prepaid Expenses	0.48	-	6.67	-	3.85	-
Advance to Employees	2.10	-	0.47	-	1.06	-
Interest accrued on Advance to Vendors	0.01	-	1.42	-	0.68	-
Gratuity Fund (Refer Note: 25)	-	-	-	0.96	-	-
<b>Total</b>	<b>2.59</b>	<b>45.40</b>	<b>8.56</b>	<b>309.10</b>	<b>5.59</b>	<b>88.28</b>

Parbatii Koldam Transmission Company Limited  
Notes forming part of Financial Statements  
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Note 6 (a): Trade Receivables

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, Considered Good*	3,748.13	3,875.76	5,867.42
Total	3,748.13	3,875.76	5,867.42

\* These Trade Receivables are given as security to the Lenders - Refer note 10

Note 6 (b): Cash and Cash Equivalents

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with Banks in -			
Current Accounts	115.66	47.50	15.85
Bank Deposit with original maturity of less than 3 months	1,445.00	1,267.00	2,002.20
Total	1,560.66	1,314.50	2,018.05

Note 6(c): Bank Balances other than Cash and Cash Equivalents

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Bank Deposit with original maturity of more than 3 months but less than 12 months	2,838.23	1,384.50	-
Total	2,838.23	1,384.50	-

During the year, the Company is required to maintain restricted cash Rs. 2838.23 Lakh ( March 31, 2016 - Rs. Nil, April 1, 2015 - Rs. Nil) as reserve for servicing debt under facility agreement with the Lenders

Note 7(a): Current Tax Assets (Net)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Advance Income Tax Paid	-	-	677.75	-	372.31	-
Tax Deducted at source	-	-	59.08	-	65.24	-
Tax Collected at Source	-	-	-	-	3.01	-
Provision for Tax	-	-	(518.95)	-	(157.48)	-
Total	-	-	217.88	-	283.08	-

Note 7(b): Current Tax Liabilities (Net)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Advance Income Tax Paid	(2,228.10)	-	-	-	-	-
Tax Deducted at source	(93.99)	-	-	-	-	-
Tax Collected at Source	-	-	-	-	-	-
Provision for Tax	2,406.75	-	-	-	-	-
Total	84.66	-	-	-	-	-



**Note 8: Regulatory Deferral Account Balances**

In accordance with accounting policy (Refer note 2(d)) and in accordance with the Guidance Note on Rate Regulated Activities Issued by ICAI, the reconciliation of the Regulatory Assets / (Liabilities) of the Company as on March 31, 2017 is as under:

**Note 8(a): Regulatory deferral account debit balances and related deferred tax balances**

Particulars	As at March 31, 2017	As at March 31, 2016
Opening Balance	-	-
Add: Accrued during the year		
For Current Year	26.35	-
For Earlier Years	24.05	-
Total	50.40	-
Deferred Tax Liability on above	17.44	-
Less: Recoverable from beneficiaries	(17.44)	-
Total	50.40	-
Closing Balance	50.40	-

**Note 8(b): Regulatory deferral account credit balances and related deferred tax balances**

Particulars	As at March 31, 2017	As at March 31, 2016
Opening Balance	-	-
Add: Accrued during the current year	654.15	-
Total	654.15	-
Deferred Tax asset on above	226.39	-
Less: Payable to beneficiaries	(226.39)	-
Total	654.15	-
Closing Balance	654.15	-

**Regulatory deferral account credit / debit of the Company:**

(i) From April 1, 2014 till March 31, 2019 Tariff period, determination of Transmission service charges chargeable by the Company to its consumers is governed by CERC Tariff Regulation, 2014, whereby CERC determines the Transmission service charges wherein the Company earns assured return of 15.5% p.a. post tax on CERC approved equity in the business. The rate review on account of grossing up with the actual tax rate or "trueing up" process during the tariff period is being conducted as per the principle stated in CERC Regulations to adjust the tariff rates downgrade or upgrade to ensure recovery of actual tax paid and assured return on equity.

(ii) During the year, the Company has refinanced its existing loan which was at the rate of 13% p.a. to 9.50% p.a. As per the CERC regulation, in case the refinancing of loan resulted in net saving of the interest cost, then the refinancing cost shall be reimbursed by the beneficiaries and the net saving in interest shall be borne by the Company and the beneficiaries in the ratio of 1:2. Accordingly, the refinancing charges paid by the Company, is accounted as other income and the saving of 2/3rd to be passed on to the beneficiaries amounting to Rs. 654.15 Lakh is reduced from the approved TSC as per the CERC order and shown under Regulatory deferral account credit balances. In addition to above, Rs. 50.40 lakh is added to the approved TSC due to change in the effective tax rate resulting in change in the rate of return on equity and the same is shown under Regulatory deferral account debit balances.

(iii) During the trueing up process, revenue gaps (i.e. surplus/shortfall in actual returns over returns entitled) are determined by the regulator and are permitted to be carried forward as regulatory assets/ regulatory liabilities which would be recovered / refunded through future billing based on future tariff determination by the regulator. 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.

**Market Risk**

The Company is in the business of developing the Transmission Line for supplying the electricity to beneficiary, therefore no demand risk anticipated because the License issued by the CERC for 25 years. The Project is constructed under Cost Plus Contract.

**Regulatory Risk**

(i) The Company is Operating under Regulatory Environment governed by Central Electricity Regulatory Commission (CERC). Tariff is subject to Rate Regulated Activities.

(ii) The Company determine revenue gaps (i.e. surplus / shortfall in actual returns over returns entitled) in respect of their regulated operations as given in the Guidance Note on Rate Regulated Activities and based on the principles laid down under the relevant tariff regulations / tariff orders notified by the CERC and the actual or expected actions of the regulators under the applicable regulatory framework. Appropriate adjustments in respect of such revenue gaps are made in the respective years 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 account debit / credit balances which would be recovered / refunded through future billing based on future tariff determination by the regulators in accordance with the respective electricity regulations.

(iii) 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.

(iv) The Company's risk for Regulatory Assets are monitored by the Regulatory Team under policies approved by the Board of Directors. The Team identifies, evaluates and protect risks in close cooperation with the Company's operating units. The board provides principles for overall risk management, as well as policies covering specific areas.

(v) Regulatory Assets recognized in the Books of Accounts of the Company are subject to True up by CERC as per Regulation.

**Net tax recoverable from beneficiaries:**

In accordance with the CERC tariff regulation for determination of tariff, the income-tax paid is considered for tariff determination (trueing up). Accordingly, the Company has considered INR 6,297.92 Lakh (March 31, 2016 - INR 3,076.54 Lakh) of deferred tax liability as on March 31, 2017 as "Net tax recoverable from beneficiaries". Similarly, the deferred tax asset of INR 208.95 Lakh (March 31, 2016 - NIL) on account of timing difference on taxability of regulatory income accounted in the books is netted off against "Net tax recoverable from beneficiaries".

Note 9: Equity Share Capital and Other Equity  
Note 9(a): Equity Share Capital

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
<b>Authorised Equity Share Capital</b>						
33,10,00,000 (March 31, 2016: 33,10,00,000; April 1, 2015: 33,10,00,000) Equity Shares of INR10 each		33,100.00		33,100.00		33,100.00
<b>Total Authorised Equity Share Capital</b>		33,100.00		33,100.00		33,100.00
<b>Issued, Subscribed and Paid up Equity Share Capital</b>						
27,28,37,000 (March 31, 2016: 27,28,37,000; April 1, 2015: 27,28,37,000) Equity Shares of INR10 each		27,283.70		27,283.70		27,283.70
<b>Total Issued, Subscribed and Paid up Equity Share Capital</b>		27,283.70		27,283.70		27,283.70

(i) Reconciliation of the Shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	Amount in INR Lakh	No. of shares	Amount in INR Lakh	No. of shares	Amount in INR Lakh
<b>Equity Shares -</b>						
At the beginning of the year	27,28,37,000	27,283.70	27,28,37,000	27,283.70	21,62,74,000	21,627.40
Add: Issued during the year	-	-	-	-	5,65,63,000	5,656.30
<b>Outstanding at the end of the year</b>	<b>27,28,37,000</b>	<b>27,283.70</b>	<b>27,28,37,000</b>	<b>27,283.70</b>	<b>27,28,37,000</b>	<b>27,283.70</b>

(ii) Shares of the Company held by Holding Company

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Reliance Infrastructure Limited and its nominees	20,189.94	20,189.94	20,189.94

(iii) Details of shareholders holding more than 5% of the total Equity Shares of the Company

Name of the Shareholders	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	% held	No. of shares	% held	No. of shares	% held
Reliance Infrastructure Limited and its nominees	20,18,99,380	74	20,18,99,380	74	20,18,99,380	74
Powergrid Corporation of India Limited and its nominees	7,09,37,620	26	7,09,37,620	26	7,09,37,620	26

(iv) Terms / Rights attached to Equity Shares

a. The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive 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. The Company declares and pays dividend in Indian Rupees. The Dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year Company has paid Interim Dividend of Rs. 820.95 Lakh including Dividend Distribution Tax.

(v) Shares Pledged as Security

Promoter's Equity (Reliance Infrastructure Limited) Interest representing 13,91,46,870 (March 31, 2016 - 13,91,46,870 Shares, April 1, 2015 - 13,91,46,870 Shares) number of shares, have been pledged with the lenders as a security for the term loan taken by the Company.

Parbati Koldam Transmission Company Limited  
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Note 9(b): Other Equity - Reserve and Surplus

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Reserve and Surplus:			
Self Insurance Reserve	278.71	178.11	84.07
Retained Earnings	14,059.87	8,161.24	7,115.21
Total	14,338.58	8,339.35	7,199.28

(i) Self Insurance Reserve

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Opening balance	178.11	84.07	84.07
Add: Transfer from Retained Earnings	100.60	94.04	-
Closing balance	278.71	178.11	84.07

(ii) Retained Earnings

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Opening balance	8,161.24	7,115.21	7,115.21
Add: Net Profit for the year	6,827.59	1,135.49	1,135.49
Add: Amortisation of Borrowing Cost	-	-	-
Items of other comprehensive income recognised directly in retained earnings			
- Remeasurements of post-employment benefit obligation, net of tax	(7.41)	4.58	4.58
Less: Dividend Paid	(682.09)	-	-
Less: Tax on dividend	(138.86)	-	-
Less: Transfer to Self Insurance Reserve	(100.60)	(94.04)	(94.04)
Closing balance	14,059.87	8,161.24	8,161.24

Self Insurance Reserve:

Self Insurance reserve is created @ 0.1% p.a. on Gross Block of Fixed Assets (except assets covered under any other insurance policy) as at the end of the year by appropriating current year profit towards future losses which may arise from un-insured risks.

Financial Liabilities

Note 10: Non Current Borrowings

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
<b>Secured</b>						
Term Loans from Bank		45,932.55				
Term Loans from Financial Institutions		13,320.11		59,186.01		61,521.38
<b>Total Non-Current Borrowings</b>		<b>59,252.66</b>		<b>59,186.01</b>		<b>61,521.38</b>
Less: Current maturities of Long Term Debt (Refer Note 11)		5,043.90		5,529.04		4,030.17
<b>Total Non-Current Borrowings</b>		<b>54,208.76</b>		<b>53,656.97</b>		<b>57,491.21</b>

Term Loans from Financial Institutions Rs.13,416.85 Lakh / Banks Rs. 46,266.12 Lakh are to be secured by :

- First pari-passu charge by way of mortgage of all immovable properties acquired for the project, both present and future,
- First pari-passu charge by way of hypothecation of all moveable assets, including moveable plant & machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other moveable assets, present and future,
- First pari-passu charge on all the cash flows, receivables, book debts, revenues of whatsoever nature and wherever arising, present and future,
- First pari-passu charge on all intangibles assets, present and future,
- First pari-passu charge on guarantees, letter of credit, performance bond, indemnities etc.
- Pledge of promoter's Equity (Reliance Infrastructure Limited) Interest representing atleast 51% of the project Equity Capital,
- First pari-passu charge on all Insurance Contracts and Insurance Proceeds.
- Principal and interest is payable on the last working day of the month,
- Loan shall be drawn as per the requirement of the project
- The loan shall be repaid in 168 monthly instalment starting from October 30, 2016.
- Rate of interest is variable, presently interest rate is 9.50% p.a.
- Till October 13, 2016, Security was in the favor of Power Finance Corporation Limited and Rural Electrification Corporation Limited. Thereafter, on October 14, 2016, the Company has refinanced its borrowings and pursuant to which, the security created with erstwhile lenders was changed and an application of transferring the security with the new lenders (IDFC Bank Limited and IDFC Infrastructure Finance Limited) was placed before CERC. As on March 31, 2017 the petition for transfer of security in the name of new lenders is still pending before CERC, hence no security charge is created on the above assets. The Management will comply with the security covenants of the borrowings once the application is approved by the CERC

Maturity Profile:

Year	Rate of Interest	Amount in Rs. Lakh	
		Bank	Financial Institution
2017-18		3,910.00	1,133.90
2018-19		3,780.97	1,096.46
2019-20		3,780.97	1,096.45
2020-21		3,780.97	1,096.46
2021-22		3,780.97	1,096.45
2022-23		3,780.97	1,096.46
2023-24		3,780.97	1,096.45
2024-25	9.50%	3,737.46	1,083.84
2025-26		3,911.51	1,134.31
2026-27		3,224.95	935.21
2027-28		2,635.07	764.15
2028-29		2,545.63	738.92
2029-30		2,502.60	726.30
2030-31		1,113.08	321.49
		<b>46,266.12</b>	<b>13,416.85</b>



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Note 15: Income and Deferred Taxes

Note 15(a): Income Tax Expense

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
<b>Current tax</b>		
Current tax on profits for the year	2,000.00	407.52
Adjustments for current tax of prior periods	(7.10)	(9.70)
<b>Total current tax expense (A)</b>	<b>1,992.90</b>	<b>397.82</b>
<b>Deferred tax</b>		
Decrease/(increase) in deferred tax assets	460.06	(2,042.54)
(Decrease)/increase in deferred tax liabilities	2,761.32	2,715.22
<b>Total Deferred Tax Expense/(Benefit)</b>	<b>3,221.38</b>	<b>672.68</b>
Less: Recoverable from beneficiaries	(3,221.38)	(672.68)
<b>Net Deferred Tax Expense/(Benefit) (B)</b>	<b>-</b>	<b>-</b>
<b>Income Tax Expense (A+B)</b>	<b>1,992.90</b>	<b>397.82</b>

Note 15(b): Reconciliation of tax expenses and the accounting profit multiplied by India's tax rate:

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Profit as per IndAS before income tax expense	8,820.49	1,533.31
Tax at the Indian tax rate of 34.608%	3,052.59	530.65
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</b>		
Expenses not allowable for tax purpose	0.07	0.16
Corporate Social Responsibility Expenditure not allowable for tax purpose	6.02	1.26
Unrecognised MAT credit	1,060.70	141.11
Adjustments for current tax of prior periods	(7.10)	(9.70)
<b>Income Tax Expense</b>	<b>1,992.90</b>	<b>397.82</b>

Note 15(c): Amounts recognised in respect of current tax / deferred tax directly in Equity

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Amounts recognised in respect of current tax / deferred tax directly in Equity	-	-	-

Note 15(d): Tax Losses and Tax Credits

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unused tax losses for which no deferred tax asset has been recognised	-	-	-
Unused tax credit - MAT credit entitlement	2473.27	513.84	105.18

Note 15(e): Deferred Tax Balances

The balance comprises temporary differences attributable to:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Deferred tax liability on account of:</b>			
<b>Property, Plant and Equipment</b>			
Carrying amounts other than on account of fair valuation	8,018.94	5,197.66	2,447.45
Fair valuation of Property Plant and Equipment	2,064.72	2,186.66	2,308.59
Impact of effective interest rate on borrowings	148.92	86.94	-
<b>Deferred tax asset on account of:</b>			
Unabsorbed losses (including unabsorbed depreciation)	3,912.37	4,375.81	2,332.36
Disallowance u/s 40(a) / 43B of the Income Tax Act, 1961	22.29	18.91	19.82
<b>Deferred Tax Liability</b>	<b>6,297.92</b>	<b>3,076.54</b>	<b>2,403.86</b>
Less: Recoverable from beneficiaries	(6,297.92)	(3,076.54)	(2,403.86)
<b>Net Deferred Tax Liability</b>	<b>-</b>	<b>-</b>	<b>-</b>

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 8 for disclosures as per Ind AS 114

Note 15(f): Movement in Deferred Tax Balances:

Particulars	Amount
As at April 01, 2015	2,403.86
(Charged)/credited:	
- to profit or loss	672.68
- to other comprehensive income	-
<b>As at March 31, 2016</b>	<b>3,076.54</b>
(Charged)/credited:	
- to profit or loss	3,221.38
- to other comprehensive income	-
<b>As at March 31, 2017</b>	<b>6,297.92</b>

The tariff norms for the block period 2014-2019 notified by the CERC provide the recovery of Income Tax from the beneficiaries is to be based on the effective tax rate for a financial year which shall be based on the actual tax paid during the year. Accordingly deferred tax liability provided for the period is shown as recoverable from beneficiaries as the same will be recovered in the form of current tax in future period in terms of the said tariff norms of the CERC.

**Note 16: Revenue From Operations**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Sale of Services -</b>		
Income From Transmission Service Charges	15,864.37	14,467.02
<b>Other Operating Income -</b>		
Transmission System Availability Incentive	163.42	236.65
<b>Total Revenue From Operations</b>	<b>16,027.79</b>	<b>14,703.67</b>

Note:  
(i) The Company during the year has recognized the Transmission Service Charges (TSC) based on the final tariff order issued by the CERC. The revenue recognized during the year for Transmission Systems is as following:

Name of the Transmission System	Date of Commercial Operation (COD) as per CERC Final Tariff Order	Cost of Line (INR Lakh)	Tariff Allowed (INR Lakh.)
LILO of Parbati-III to Banala Pooling Point Transmission Line	01.08.2013	1,425.21	266.63
400 kV D/C Koldam - Ludhiana Transmission Line	Ckt-I : 31.03.2015 Ckt-II: 31.03.2015	46,853.10	9,261.08
2 x 400 kV S/C Parbati Koldam Transmission Line starting from LILO point of Parbati Pooling Station to Koldam HEP Transmission Line	Ckt-I : 10.10.2014 Ckt-II: 21.03.2015	38,264.76	7,233.67
Sainj Transmission Line	03.11.2015	9,175.90	1,701.84

(ii) Revenue for the year is recognized proportionate to the tariff allowed for 2016-2017. Difference in the recognition of revenue between final tariff orders and the provisional tariff orders, for the period from the date of actual power flow and upto March 31, 2016 amounting to Rs. 3,346.39 Lakh is recognized as TSC during the year. Interest from the date of actual power flow till the date of issuance of Final tariff order by the CERC is charged as per the regulation ( 13.50%) and is shown as Interest on differential tariff under Other Income.

(iii) Due to shifting of COD from the date of readiness of Transmission Line to the date of Actual Power Flow, TSC for the differential period is reversed amounting to Rs. 5,883.04 Lakh.

(iv) Cash discount of Rs. 62.20 Lakh ( March 31, 2016 - Rs. 90.43 Lakh) has been adjusted against the Transmission Service Charges.

**Note 17: Other Income**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Interest</b>		
Bank Deposits	291.46	363.15
Income Tax Refund	14.69	11.08
<b>Other</b>		
Recovery of Expenditure Incurred (Refer Note (i))	4,206.82	-
Reimbursement of Refinancing Charges (Refer Note (ii))	2,211.82	-
Interest on Differential Tariff	692.64	57.64
Delayed Payment Charges	86.98	58.41
Miscellaneous Income	72.30	12.16
Reimbursement of Other Expenditures	43.91	42.51
<b>Total</b>	<b>7,620.62</b>	<b>544.95</b>

Note:  
(i) The CERC vide its final tariff order dated 19.12.2016, 29.12.2016 and 16.01.2017 has shifted the COD of Koldam Ludhiana Transmission line from August 07, 2014 & August 14, 2014 to March 31, 2015, Parbati Koldam Transmission Line Circuit-II from October 04, 2014 to March 21, 2015 and Sainj Transmission Line from June 30, 2015 to November 03, 2015 respectively. The CERC has also passed the order to recover the Incidental Expenditure During Construction (IEDC) and Interest During Construction (IDC) for the differential period from August 2014 to March 2015 & from October 2014 to March 2015 from National Thermal Power Corporation Limited (NTPC) amounting to Rs. 3,221.42 Lakh and Rs. 727.93 Lakh respectively and the period from June 30, 2015 to November 02, 2015 to be recovered from National Hydro Power Corporation Limited (NHPC) amounting to Rs.257.47 Lakh. Company has filed a review petition with the CERC against its order to allow IDEC and IDC to be recovered from the period of idle charging till the date of actual power flow. Company has prayed the CERC to allow to recover the tariff claimed in the petition for the differential period. The hearing for the said petition is fixed for April 24, 2017. The same is shown under expenses recoverable in note no. 17.

(ii) During the year, the Company has refinanced its existing loan which was at the rate of 13% p.a. to 9.50% p.a. The Company has paid prepayment charges of Rs. 1,766.77 Lakh to the existing lenders and Rs. 445.05 Lakh to the new lenders as upfront fees. As per the CERC regulation, in case the refinancing of loan resulted in net saving of the interest cost, then the refinancing cost shall be reimbursed by the beneficiaries and the net saving in interest shall be borne by the Company.

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**Note 18: Employee Benefit Expense**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, Wages and Bonus	321.88	305.67
Contribution to Provident and Other Funds	19.07	16.14
Gratuity Expense (Refer Note 25)	17.85	3.63
Leave Encashment Expenses	20.18	6.07
<b>Total</b>	<b>378.98</b>	<b>331.51</b>

**Note 19: Finance Costs**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest and Financing Charges on Financial Liabilities		
<i>Term Loans from Financial Institutions</i>	4,614.76	7,839.11
<i>Term Loans from Banks</i>	2,035.98	-
Other Borrowing Cost	3,662.94	46.12
<b>Total</b>	<b>10,313.68</b>	<b>7,885.23</b>

**Note 20: Other Expenses**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Contract Wages Charges	73.30	62.48
Licence Fees	60.12	33.23
Legal and Professional Charges	52.51	9.24
Repair & Maintenance - Other Assets	47.55	29.50
Travelling and Conveyance	47.50	49.54
Corporate Social Responsibility Expenditure (Refer Note: 31)	17.41	3.65
Rent, Rates and Taxes	10.94	78.02
Repair & Maintenance - Plant and Machinery	11.43	18.69
Communication Expenses	13.00	24.90
Rating Surveillance Fees	5.73	-
Advertisement Expenses	7.89	0.05
Electricity and Water	7.26	7.13
Miscellaneous Expenses	5.78	8.81
Entertainment and Hospitality	4.87	9.83
Director's Sitting Fees	4.43	4.00
Regional Load Despatch Centre Fees	3.85	3.64
Bank Charges	4.36	0.01
Loss on Sale/Discard of Fixed Assets	2.39	4.70
Printing and Stationery	2.26	4.19
Auditors Remuneration	1.68	2.25
Staff Welfare and Training	1.22	4.02
Insurance	0.36	-
Postage and Courier	0.17	0.84
Filing Fees	0.20	0.45
<b>Total</b>	<b>386.21</b>	<b>359.17</b>



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Note 21: Contingent Liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<i>Claims against the Company not acknowledged as debt</i> These include:			
Claims from farmers for additional Right of Way compensation	2,361.04	1,452.04	976.38

Note 22: Capital Commitments

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Estimated amount of contracts remaining unexecuted on capital account and not provided for (net off of Advances)	1,170.43	87.02	3,759.35

Note 23: Entry Tax

There is a levy of Entry tax in the state of Punjab, wherein any goods entering into the state would attract entry tax. The entry tax is first paid by the vendor and then gets the amount reimbursed from the Company. The Company so far has not paid the same amounting to Rs.422.67 Lakh (Rs. 422.67 Lakh) to the vendors on account of the entry tax. The Company has filed an application for refund of entry tax paid with the Assessing Officer, Punjab VAT Department. The assessing officer has rejected the refund application and the appeal against the order of assessing officer was filed with the Deputy Excise & Taxation Commissioner (DETC) Appeals. DETC (Appeals) has passed the order rejecting the application for refund. Presently appeal against the order of DETC (Appeals) is filed with the Appellate Tribunal. However, adequate provision has been made in the books of account. During the year various hearings were held and the next hearing is scheduled on April 28, 2017.

Note 24: Payment to Auditors: (excluding service tax)

Particulars	2016-17	2015-16
(a) As Auditors :		
Audit Fee	1.68	1.52
(b) For Other Services		
Certification Charges	1.01	0.65
<b>Total</b>	<b>2.69</b>	<b>2.17</b>

**Note 25: Disclosure under Indian Accounting Standard No. 19 (IndAS 19) "Employee Benefits".**

The Company has classified various employee benefits as under:

**(A) Defined Contribution Plans**

- a. Provident fund
- b. Superannuation fund
- c. State defined contribution plans  
- Employers' Contribution to Employees' Pension Scheme 1995

The provident fund and the state defined contribution plan are operated by the Regional Provident Fund Commissioner and the superannuation fund is administered by the Trustees of the Life Insurance Corporation of India Officer's Superannuation Scheme. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.

The Company has recognized the following amounts as expenses in the Capital Work-in Progress/Statement of Profit and Loss, for the year:

Sl. No.	Particulars	March 31, 2017	March 31, 2016
(i)	Contribution to Provident Fund	12.37	11.30
(ii)	Contribution to Employee's Superannuation Fund	2.62	1.33
(iii)	Contribution to Employee's Pension Scheme 1995	4.08	4.42

**(B) Defined Benefit Plans**

**Gratuity**

The Company operates a gratuity plan administered by various insurance companies. Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972 or Company scheme whichever is beneficial. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.

Sl. No.	Particulars	Gratuity	
		Funded	
		March 31, 2017	March 31, 2016
(i)	Changes in Defined Benefit Obligation		
	Opening Balance of Present Value of Obligation	48.21	47.02
	<b>Net Employee Benefit expense recognized in the Employee Cost / Capital Work in Progress</b>		
	Current Service Cost	8.89	9.92
	Interest Cost on Defined Obligations	3.68	3.50
	Net Benefit expense	12.57	13.42
	<b>Amount Recorded in Other Comprehensive Income (OCI)</b>		
	Opening amount recognized in OCI outside Statement of Profit and Loss	-	-
	Remeasurements during the period due to:		
	Changes in Financial assumptions	5.86	0.32
	Experience adjustments	3.34	(7.99)
	Closing amount recognized in OCI outside Statement of Profit and Loss	9.20	(7.67)
	Benefits Paid	(10.62)	(4.56)
	Closing Balance of Present Value of Obligation	59.36	48.21

Sl. No.	Particulars	Gratuity Funded	
		March 31, 2017	March 31, 2016
(ii)	Changes in Fair Value of plan assets		
	Opening Balance of Present Value of Plan Assets	49.17	47.02
	Net Employee Benefit expense recognized in the Employee Cost / Capital work in Progress		
	Current Service Cost	-	-
	Interest cost/(income) on plan assets	4.16	3.89
	Net benefit expense	4.16	3.89
	Amount Recorded in Other Comprehensive Income (OCI)		
	Remeasurements during the period due to:		
	Actual return on plan assets less interest/(income) on plan assets	(0.22)	(1.85)
	Adjustment to recognize the effect of asset ceiling	-	-
	Amount recognized in OCI	(0.22)	(1.85)
	Contributions	10.62	4.67
	Benefits Paid	(10.62)	(4.56)
	Closing Balance of Fair Value of Plan Assets	53.10	49.17
(iii)	The net (Liability)/asset disclosed above relates to funded / unfunded plan is as follows:		
	Present value of Funded Obligation	59.36	48.21
	Fair Value of Plan Assets	53.10	49.17
	Net Liability is bifurcated as follows:		
	Current	-	-
	Non Current	6.26	(0.96)
	Total	6.26	(0.96)
(iv)	Actuarial Assumptions:		
1	Discount Rate (Per annum)	7.05%	7.80%
2	Salary Escalation Rate (Per annum)	7.50%	7.50%
3	Expected Avg. remaining working lives of employees in no. of Years	36.08	22.73
4	Mortality Post retirement Rate During the Employment	Indian Assured Lives Mortality (2006-2008)	Indian Assured Lives Mortality (2006-2008)
5	Mortality Post retirement Rate after the Employment	NA	NA
(v)	Sensitivity Analysis:		
A	Sensitivity Level- Discount Rate		
	Impact on Defined Benefit Obligation in 50 bps increase	-6.74%	-6.45%
	Impact on Defined Benefit Obligation in 50 bps decrease	7.41%	7.07%
B	Sensitivity Level- Salary Escalation Rate		
	Impact on Defined Benefit Obligation in 50 bps increase	7.34%	7.05%
	Impact on Defined Benefit Obligation in 50 bps decrease	-6.74%	-6.50%
(vi)	The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date:		
1	Expected benefit for 1 year	1.70	1.77
2	Expected benefit for 2 year	1.82	1.63
3	Expected benefit for 3 year	1.89	1.74
4	Expected benefit for 4 year	2.02	1.80
5	Expected benefit for 5 year	2.10	1.92
6	Expected benefit for 6 year	2.26	2.00
7	Expected benefit for 7 year	2.83	2.14
8	Expected benefit for 8 year	2.94	2.79
9	Expected benefit for 9 year	3.38	2.89
10	Expected benefit for 10 year and above	171.16	152.80
11	The weighted average duration to the payment of these cash flows (Years)	14.12	13.50
(vii)	Plan Asset Composition		
	Non Quoted	53.10	49.17
	Insurer Managed Funds	53.10	49.17
(viii)	A reconciliation of the asset ceiling during the inter valuation period is given below:-		
	Opening Value of Asset Ceiling	-	-
	Add: Interest on opening balance on asset ceiling	-	-
	Remeasurement due to:		
	Changes in surplus/deficit	-	-
	Closing Value of Asset Ceiling	-	-

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**Note 26: Related Party Transactions**

As per Ind AS – 24 "Related Party Disclosure" as prescribed under Section 133 of the Act, the Company's related parties and transactions with them in the ordinary course of business are disclosed below :

List of Related parties with whom transactions have taken place:

**Key Management Personnel**

Sh. Indu Shekhar Jha - Chairman (From 26.11.2015)  
 Sh. Rabindra Nath Nayak - Chairman (Upto 30.09.2015)  
 Sh. Anil Kumar - Whole-time Director (From 26.11.2015 to 03.02.2017)  
 Sh. Amarjit - Whole-time Director (Upto 30.09.2015)  
 Sh. Dinesh Kumar Jain - Independent Director  
 Sh. Sankaran Srinivasan - Independent Director  
 Sh. Alok Kumar Roy - Director  
 Smt. Sapna Purohit - Director  
 Sh. Arvind Kumar Sharma - Director  
 Sh. Ram Tirath Aggarwal - Director (Upto 30.09.2015)  
 Sh. Prem Narayan Dixit - Director (From 26.11.2015)  
 Sh. Ranjan Kumar Srivastava - Director (From 26.11.2015)  
 Sh. Subhash Chandra - Nominee Director (From 14.01.2016 to 11.01.2017)  
 Sh. Anil Kumar Gupta - Nominee Director (Upto 05.01.2016)  
 Sh. Maanas Srivastava - Company Secretary  
 Sh. Vikas Gupta - Chief Financial Officer (From 02.03.2017)

**Promoters of the Company**

Reliance Infrastructure Limited (Rinfra) (74%)  
 Powergrid Corporation of India Limited (PGCIL) (26%)

**Joint Venture of Rinfra**

Utility Powertech Limited

Following transactions were carried out with the related parties in the ordinary course of business:

**(a) Key Management Personnel**

Particulars	2016-17	2015-16
<b>Payment of Salaries, commission and perquisites</b>		
Sh. Anil Kumar	42.94	62.36
Sh. Amarjit	-	22.47
Sh. Maanas Srivastava	14.49	12.21
Sh. Vikas Gupta	22.17	-
<b>Payment of Sitting Fees</b>		
Sh. Dinesh Kumar Jain	1.85	1.35
Sh. Sankaran Srinivasan	2.00	2.15

**Key Management Personnel Compensation**

Particulars	2016-17	2015-16
Short - term Employee Benefits	72.21	89.47
Post - Employment Benefits	6.98	5.87
Long - term Employee Benefits	0.41	1.70
<b>Total compensation</b>	<b>79.60</b>	<b>97.04</b>

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(b) Transactions with other Related Parties

The following transactions occurred with other related parties:

Particulars	2016-17	2015-16
<b>Statement of Profit and Loss heads</b>		
<b>Expenses:</b>		
<b>Receiving of services:</b>		
- Utility Powertech Limited	42.79	53.90
<b>Reimbursement of Expenses:</b>		
- Reliance Infrastructure Limited	13.08	13.83
- Powergrid Corporation of India Limited	-	7.25
<b>Dividend paid:</b>		
- Reliance Infrastructure Limited	504.75	-
- Powergrid Corporation of India Limited	177.34	-

(c) Outstanding balances arising from receiving of services

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Balance sheet heads (Closing balances):</b>			
<b>Trade payables</b>			
- Utility Powertech Limited	3.90	4.50	4.00
<b>Reimbursement of Expenditure</b>			
- Reliance Infrastructure Limited	-	2.91	2.91
- Powergrid Corporation of India Limited	0.91	0.91	0.91
<b>Investment in Equity</b>			
- Reliance Infrastructure Limited	20,189.94	20,189.94	20,189.94
- Powergrid Corporation of India Limited	7,093.76	7,093.76	7,093.76
<b>Advances given for receiving of services</b>			
- Powergrid Corporation of India Limited	36.40	36.40	36.40

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

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Note 27: Fair Value Measurements and Financial Risk Management

A. Fair Value Measurements

(a) Financial Instruments by Category

Set out below is the detail of the carrying amounts and fair values by class of Financial instruments.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Amortised cost	Amortised cost	Amortised cost
<b>Financial Assets</b>			
Trade Receivables	3,748.13	3,875.76	5,867.42
Expenses Recoverable	5,577.19	34.22	8.07
Security Deposits	3.52	11.33	60.86
Cash and Cash Equivalents	1,560.66	1,314.50	2,018.05
Bank Deposit with original maturity of more than 3 months but less than 12 months	2,838.23	1,384.50	-
Interest Accrued on Bank Deposits	68.22	48.35	5.69
Bank Deposits with more than 12 months maturity	609.78	561.64	0.50
<b>Total Financial Assets</b>	<b>14,405.73</b>	<b>7,230.30</b>	<b>7,960.59</b>
<b>Financial Liabilities</b>			
Borrowings	59,682.97	59,437.22	61,796.00
Interest accrued but not due on Borrowings	15.18	953.65	981.70
Trade Payables	23.81	26.40	25.55
Retention Payable	172.89	970.89	2,512.52
Creditors for Capital Expenditure	2,183.86	3,752.37	4,047.10
<b>Total Financial Liabilities</b>	<b>62,078.71</b>	<b>65,140.53</b>	<b>69,362.87</b>

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(b) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Assets and Liabilities for which fair values are disclosed as at March 31, 2017	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Security Deposits	-	-	3.52	3.52
<b>Financial Liabilities</b>				
Borrowings	-	-	59,682.97	59,682.97
Retention Payable	-	-	172.89	172.89
Creditors for Capital Expenditure	-	-	2,183.86	2,183.86

Assets and Liabilities for which fair values are disclosed as at March 31, 2016	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Security Deposits	-	-	11.33	11.33
<b>Financial Liabilities</b>				
Borrowings	-	-	59,437.22	59,437.22
Retention Payable	-	-	970.89	970.89
Creditors for Capital Expenditure	-	-	3,752.37	3,752.37

Assets and Liabilities for which fair values are disclosed as at April 1, 2015	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Security Deposits	-	-	60.86	60.86
<b>Financial Liabilities</b>				
Borrowings	-	-	61,796.00	61,796.00
Retention Payable	-	-	2,512.52	2,512.52
Creditors for Capital Expenditure	-	-	4,047.10	4,047.10
<b>Property Plant and Equipment</b>				
Buildings	-	-	705.91	705.91
Plant and Equipment - Transmission System	-	-	87,340.35	87,340.35
Furniture and Fixtures	-	-	8.82	8.82
Office Equipment	-	-	20.83	20.83
Computers	-	-	18.13	18.13

There were no transfers between any levels during the year.

Level 1 : Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have a quoted price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise 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. This is the case for unlisted equity securities which are included in level 3.

The carrying amounts of trade receivables, trade payables, expenses recoverable, short term security deposits, bank deposits with more than 12 months maturity and cash and cash equivalents are considered to be the same as their fair values. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk. The fair values of non-current borrowings are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

## B. Financial Risk Management

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risk and credit risk.

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, financial assets measured at amortised cost.	Aging analysis Credit rating	Diversification of bank deposits
Market risk – interest rate risk	Long-term borrowings at variable rates	Sensitivity analysis	Actively Manage
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

### (a) Credit risk

The Company is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures to trade/non-trade customers including outstanding receivables.

### (i) Credit risk management

Credit risk is managed as per the policy surrounding credit risk management. For banks and financial institutions, only high rated banks/institutions are accepted. Generally all policies surrounding credit risk have been managed at Company level. For other financial assets, the Company assesses and manages credit risk based on internal credit rating system. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

- Rating 1: High-quality assets, negligible credit risk
- Rating 2: Quality assets, low credit risk
- Rating 3: Low quality assets, very high credit risk
- Rating 4: Doubtful assets, credit-impaired

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations
- actual or expected significant changes in the operating results of the customer
- significant increase in credit risk on other obligations of the same customer
- significant changes in the value of the collateral supporting the obligation
- Significant changes in the expected performance and behaviour of the customer, including changes in the operating results of the customer.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 60 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company.



**Trade Receivables**

Transmission Service Charges are approved by the Regulator and the same is receivable from the Long Term Transmission Customers (LTTs) that are highly rated companies or Government parties. Counterparty credit risk with respect to this receivable is very low. Other Expenses Recoverable under Financial assets are recoverable from Government Companies as per the direction given by the CERC in the tariff order, hence there is no credit risk on the expenses recoverable of the Company.

**Significant estimates and Judgements**

**Impairment of financial assets**

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.

**(b) Market risk - interest rate risk**

**(i) Interest rate risk exposure**

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

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Variable rate borrowings	59,682.97	59,437.22	61,796.00

An analysis by maturities is provided in note 27 (C) below.

The Company is not exposed to significant interest rate risk during the respective reporting years.

**(ii) Sensitivity Analysis**

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	
	For the year ended	For the year ended
	March 31, 2017	March 31, 2016
Interest rates – increase by 100 basis points (100 bps)*	(469.46)	(467.52)
Interest rates – decrease by 20 basis points (20 bps)*	93.89	93.50

\*Holding all other variables constant

**Parbati Koldam Transmission Company Limited**  
**Notes forming part of Financial Statements**  
 (All amounts in INR Lakh, unless otherwise stated)

**(c) Liquidity Risk**

Liquidity Risk is the risk that the Company may not be able to meet its present and future cash and collateral obligation without incurring unacceptable losses. The Company objective is to at all times maintain optimum levels of liquidity to meet its cash and collateral requirement. The Company closely monitor its liquidity position and deploys a robust Cash Management system. The liquidity risk is managed on the basis of expected maturity date of the financial liability.

**Maturities of Financial Liabilities**

The tables below analyse the Company's financial liabilities based on their contractual maturities for:

- all non-derivative financial liabilities and the amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of Financial Liabilities As at March 31, 2017	Upto 1 year	Between 1 and 5 years	Above 5 years	Total
Borrowings	5,043.90	19,509.70	35,129.37	59,682.97
Interest on Borrowings*	5,453.38	17,119.26	12,925.71	35,498.35
Trade Payables	23.81	-	-	23.81
Retention Payable	172.89	-	-	172.89
Creditors for Capital Expenditure	2,183.86	-	-	2,183.86
<b>Total Liabilities</b>	<b>12,877.84</b>	<b>36,628.96</b>	<b>48,055.08</b>	<b>97,561.88</b>

Contractual maturities of Financial Liabilities As at March 31, 2016	Upto 1 year	Between 1 and 5 years	Above 5 years	Total
Borrowings	5,529.04	22,116.17	31,792.00	59,437.21
Interest on Borrowings*	8,248.33	22,061.95	11,831.61	42,141.89
Trade payables	26.40	-	-	26.40
Retention payable	970.89	-	-	970.89
Creditors for capital expenditure	3,752.37	-	-	3,752.37
<b>Total Liabilities</b>	<b>18,527.03</b>	<b>44,178.12</b>	<b>43,623.61</b>	<b>1,06,328.76</b>

Contractual maturities of Financial Liabilities As at April 1, 2015	Upto 1 year	Between 1 and 5 years	Above 5 years	Total
Borrowings	4,030.17	21,494.26	36,271.57	61,796.00
Interest on Borrowings*	8,732.15	24,383.46	15,936.34	49,051.95
Trade payables	25.55	-	-	25.55
Retention payable	2,512.52	-	-	2,512.52
Creditors for capital expenditure	4,047.10	-	-	4,047.10
<b>Total Liabilities</b>	<b>19,347.49</b>	<b>45,877.72</b>	<b>52,207.91</b>	<b>1,17,433.12</b>

\*Represents contractual interest payments based on the interest rate prevailing at the reporting date.

**Parbati Koldam Transmission Company Limited**  
**Notes forming part of Financial Statements**  
 (All amounts in INR Lakh, unless otherwise stated)

**Capital Management**

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimize returns to shareholders. For the purpose of capital management, capital includes equity share capital and other equity reserves attributable to equity holders of the Company and Fixed Cost bearing securities includes long term borrowings.

The Company manages capital using a gearing ratio which is net debt divided by total capital plus net debt. The Company policy is to keep optimum gearing ratio.

The Company aims to ensure that its meets financial covenants attached to the interest bearing borrowings that define capital structure requirement. The Gearing ratio and debt equity ratio are as follow :

	March 31, 2017	March 31, 2016	April 1, 2015
<b>(i) Gearing Ratio</b>			
Particulars			
Borrowings (a)	59,252.66	59,186.01	61,521.38
Equity (b)	41,622.28	35,623.05	34,482.98
Borrowings plus Equity (c=a+b)	1,00,874.94	94,809.06	96,004.36
Gearing Ratio (a / c)	58.74%	62.43%	64.08%
<b>(ii) Debt Equity Ratio</b>			
Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Borrowings (a)	59,252.66	59,186.01	61,521.38
Equity (b)	41,622.28	35,623.05	34,482.98
Borrowings to Equity (a / b)	1.42	1.66	1.78

**Note 28: First time adoption of Ind AS**

**Transition to Ind AS**

These are the Company's first financial statements prepared in accordance with Ind AS

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet at April 1, 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP or IGAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes

**A. Exemptions and exceptions availed**

In preparing these Ind AS financial statements, the Company has availed certain exemptions and exceptions in accordance with Ind AS 101 " First-time Adoption of Indian Accounting Standards", as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). This note explains the adjustments made by the Company in restating its previous GAAP financial statements, including the Balance Sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

**A.1 Ind AS optional exemptions**

**A1.1. Deemed cost**

The Company has elected to measure items of Property Plant and Equipment at fair value at the date of transition to IndAS. Hence at the date of transition to Ind AS, an increase of INR 6,670.67 lakh was recognised in property, plant and equipment. This amount has been recognised under retained earning as General Reserve

**A.2 Ind AS mandatory exceptions**

**A2.1 Estimates**

The Company's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP.

**A2.2 Classification and measurement of financial assets**

Ind AS 101 requires the Company to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS

B. Reconciliations between Previous GAAP and Ind AS  
Ind AS 101 requires the Company to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from Previous GAAP to Ind AS

Reconciliation of equity as at date of transition (April 1, 2015)

	Notes to first-time adoption	Previous GAAP	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
a. Property, Plant and Equipment	4	81,423.38	6,670.67	88,094.03
b. Capital work-in-progress		7,380.99	-	7,380.99
c. Financial Assets				
- Other Financial Assets		61.42	-	61.42
d. Other Non - Current Assets		88.29	-	88.29
<b>Total Non-Current Assets (A)</b>		<b>88,954.06</b>	<b>6,670.67</b>	<b>95,624.73</b>
<b>Current Assets</b>				
a. Financial Assets				
(i) Trade Receivables		5,867.42	-	5,867.42
(ii) Cash and Cash Equivalents		2,018.05	-	2,018.05
(iii) Other Financial Assets		13.70	-	13.70
b. Income Tax Assets (Net)		283.08	-	283.08
c. Other Current Assets		5.59	-	5.59
<b>Total Current Assets (B)</b>		<b>8,187.84</b>	<b>-</b>	<b>8,187.84</b>
<b>Total Assets (A+B)</b>		<b>97,141.90</b>	<b>6,670.67</b>	<b>1,03,812.57</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
a. Equity Share Capital		27,283.70		27,283.70
b. Other Equity	2 & 4	253.99	6,945.29	7,199.28
<b>Total Equity (C)</b>		<b>27,537.69</b>	<b>6,945.29</b>	<b>34,482.98</b>
<b>LIABILITIES</b>				
<b>Non-Current Liabilities</b>				
a. Financial Liabilities				
- Borrowings	2	57,765.83	(274.62)	57,491.21
b. Provisions		48.87	-	48.87
c. Deferred Tax Liabilities (net)		-	-	-
d. Other Non - Current Liabilities		-	-	-
<b>Total Non-Current Liabilities (D)</b>		<b>57,814.70</b>	<b>(274.62)</b>	<b>57,540.08</b>
<b>Current Liabilities</b>				
a. Financial Liabilities				
(i) Trade Payables		25.55	-	25.55
(ii) Other Financial Liabilities		11,571.49	-	11,571.49
b. Other Current Liabilities		183.03	-	183.03
c. Provisions		9.44	-	9.44
<b>Total Current Liabilities (E)</b>		<b>11,789.51</b>	<b>-</b>	<b>11,789.51</b>
<b>Total Liabilities (F=D+E)</b>		<b>69,604.21</b>	<b>(274.62)</b>	<b>69,329.59</b>
<b>Total Equity and Liabilities (C+F)</b>		<b>97,141.90</b>	<b>6,670.67</b>	<b>1,03,812.57</b>

Parbati Koldam Transmission Company Limited  
Notes forming part of Financial Statements  
(All amounts in INR Lakh, unless otherwise stated)

Reconciliation of equity as at March 31, 2016

	Notes to first-time adoption	Previous GAAP	Adjustments	Ind AS
<b>ASSETS</b>				
Non-Current Assets	4	86,611.68	6,318.35	92,930.01
a. Property, Plant and Equipment				
b. Financial Assets		593.28	-	593.28
- Other Financial Assets		309.10	-	309.10
c. Other Non - Current Assets				
<b>Total Non-Current Assets (A)</b>		<b>87,514.04</b>	<b>6,318.35</b>	<b>93,832.39</b>
Current Assets				
a. Financial Assets				
(i) Trade Receivables		3,875.76	-	3,875.76
(ii) Cash and Cash Equivalents		1,314.50	-	1,314.50
(iii) Bank balances other than (iii) above		1,384.50	-	1,384.50
(iv) Other Financial Assets		62.27	-	62.27
b. Income Tax Assets (Net)		217.88	-	217.88
c. Other Current Assets		8.56	-	8.56
<b>Total Current Assets (B)</b>		<b>6,863.47</b>	<b>-</b>	<b>6,863.47</b>
<b>Total Assets (A+B)</b>		<b>94,377.51</b>	<b>6,318.35</b>	<b>1,00,695.86</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
a. Equity Share Capital		27,283.70		27,283.70
b. Other Equity	2 & 4	1,769.80	6,569.55	8,339.35
<b>Total Equity (C)</b>		<b>29,053.50</b>	<b>6,569.55</b>	<b>35,623.05</b>
<b>LIABILITIES</b>				
Non-Current Liabilities				
a. Financial Liabilities				
- Borrowings				
b. Provisions	2	53,908.17	(251.20)	53,656.97
c. Deferred Tax Liabilities (net)		52.41	-	52.41
<b>Total Non-Current Liabilities (D)</b>		<b>53,960.58</b>	<b>(251.20)</b>	<b>53,709.38</b>
Current Liabilities				
a. Financial Liabilities				
(i) Trade Payables		26.40	-	26.40
(ii) Other Financial Liabilities		11,205.95	-	11,205.95
b. Other Current Liabilities		128.86	-	128.86
c. Provisions		2.22	-	2.22
<b>Total Current Liabilities (E)</b>		<b>11,363.43</b>	<b>-</b>	<b>11,363.43</b>
<b>Total Liabilities (F=D+E)</b>		<b>65,324.01</b>	<b>(251.20)</b>	<b>65,072.81</b>
<b>Total Equity and Liabilities (C+F)</b>		<b>94,377.51</b>	<b>6,318.35</b>	<b>1,00,695.86</b>

Parbati Koldam Transmission Company Limited  
Notes forming part of Financial Statements  
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Reconciliation of total comprehensive income for the year ended 31st March, 2016

	Notes to first-time adoption	Previous GAAP	Adjustments	Ind AS
(i) Revenue from Operations	5	14,613.24	90.43	14,703.67
(ii) Other Income		544.95	-	544.95
(iii) Total Income (i+ii)		15,158.19	90.43	15,248.62
(iv) Expenses				
Employee Benefits Expense	3	331.51	5.82	337.33
Finance Costs	2	7,861.82	23.41	7,885.23
Depreciation expense	4	4,781.26	352.32	5,133.58
Other expenses	5	449.60	(90.43)	359.17
Total Expenses (iv)		13,424.19	291.12	13,715.31
(v) Profit from operations before tax (iii-iv)		1,734.00	(200.69)	1,533.31
(vi) Income Tax Expense				
1. Current Tax		408.76	-	408.76
2. Deferred Tax (Net)		-	-	-
3. Income tax for earlier years		(9.70)	-	(9.70)
(vii) Profit/(Loss) for the year (v-vi)		1,334.94	(200.69)	1,134.25
(viii) Other comprehensive Income		-	5.82	5.82
(ix) Total comprehensive Income (vii+viii)		1,334.94	(194.87)	1,140.07

Reconciliation of other equity between previous GAAP and IndAS as at March 31, 2016 and April 1, 2015

	Notes to first time adoption	March 31, 2016	April 1, 2015
Other equity as per previous GAAP		1,769.80	253.99
Adjustments:			
Reworking of borrowing cost as effective interest rate	2	251.20	274.62
Fair Valuation of Property, Plant and Equipment on transition date and considered as deemed cost (Net)	4	6,318.35	6,670.67
Total adjustments		6,569.55	6,945.29
Other equity as per Ind AS		8,339.35	7,199.28

Reconciliation of profit as per IndAS with profit reported under previous GAAP is as under:

	Notes to first time adoption	For the Year ended March 31, 2016
Profit after tax as per previous GAAP		1,515.80
Adjustments:		
Recalculation of borrowing cost as per effective interest rate methodology	2	23.41
Depreciation on fair valuation of Property, Plant and Equipment	4	352.32
Other adjustments	3	4.58
Total adjustments		380.31
Net Profit after tax as per Ind AS		1,135.49
Other comprehensive income (net of tax)	3	4.58
Total comprehensive income reported under Ind AS		1,140.07

Impact of Ind AS adoption on the statements of cash flows for the year ended March 31, 2016

	Notes	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities		15,816.05	-	15,816.05
Net cash flow from investing activities		(6,269.93)	-	(6,269.93)
Net cash flow from financing activities		(10,249.10)	-	(10,249.10)
Net increase/(decrease) in cash and cash equivalents		(702.98)	-	(702.98)
Cash and cash equivalents as at April 1, 2015		2,017.48	-	2,017.48
Cash and cash equivalents as at March 31, 2016		1,314.50	-	1,314.50



Parbati Koldam Transmission Company Limited  
Notes forming part of Financial Statements  
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**C: Notes to first-time adoption:**

**Note 1: Deferred tax**

Under Ind AS, deferred tax have been recognised on the adjustments made on transition to Ind AS by these entities

**Note 2: Borrowings:**

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised as interest as part of the effective interest rate method over the period of the borrowing. Accordingly, borrowings as at March 31, 2016 have been reduced by INR 251.20 Lakh (April 1, 2015 - INR 274.62 Lakh) with a corresponding adjustment to Retained Earnings. The total equity increased by an equivalent amount. The profit for the year ended March 31, 2016 was reduced by INR 23.41 lakh as a result of the additional interest expense.

**Note 3: Remeasurements of post-employment benefit obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 increased by INR 5.82 Lakh. There is no impact on the total equity as at March 31, 2016

**Note 4: Property, plant and equipment**

The Company has elected to measure certain items of property, plant and equipment at fair value at the date of transition to Ind AS. Hence at the date of transition to Ind AS, an increase of INR 6,670.67 lakh was recognised in property, plant and equipment with corresponding increase in the retained earnings

**Note 5: Cash Discount**

Under Indian GAAP, cash discount was recognised as part of other expenses which has been adjusted against the transmission service charges under IndAS which is Rs. 90.45 Lakh for March 31, 2016 (April 1, 2015 - Rs. 31.85 Lakh)

**Note 29: Earnings per Share**

Particulars	March 31, 2017	March 31, 2016
<b>Basic &amp; Diluted earnings per Equity Share</b>	INR	INR
Weighted average number of equity shares (in Lakh) used as the denominator in calculating basic & diluted earnings per equity share (A)	27,28,37,000	27,28,37,000
Nominal value of equity shares (Rs.)	10	10
<b>Earnings per Equity Share of Rs. 10/- each before Rate Regulated Activities:</b>		
Profit before Rate Regulated Activities (Rs. in lakh) (B)	7,431.34	1,135.49
Earning per equity share (Basic & diluted) (Rs.) (B / A)	2.72	0.42
<b>Earnings per Equity Share of Rs. 10/- each:</b>		
Profit attributable to the equity holders of the Company (Rs. in lakh) (C)	6,827.59	1,135.49
Earning per share (Basic & diluted) (Rs.) (C / A)	2.50	0.42

**Note 30: Operating Lease**

The Company has taken Project Office Premises on Cancellable Operating Lease where the Lease agreements are renewed on expiry. The Lease rentals recognised in the Statement of Profit and Loss / Capital Work in Progress is amounting to Rs. 10.79 Lakh (March 31, 2016 Rs. 80.91 Lakh).

**Note 31: Corporate Social Responsibility**

The Company has constituted a Corporate Social Responsibility Committee (CSR) in compliance with the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Corporate Social Responsibility Committee consists of Shri Alok Kumar Roy as Chairman, Shri. A.K.Sharma and Shri. S. Sankaran as members. The Corporate Social Responsibility Committee has formulated a Corporate Social Responsibility Policy (CSR policy) indicating the activities to be undertaken by the Company. Expenditure during the year related to Corporate Social Responsibility as per Section 135 of the Act, read with Schedule VII thereof is Rs. 16.71 Lakh. The detail of which is as under:-

- Gross amount required to be spent by the Company during the year is Rs. 16.71 Lakh.
- Amount spent during the year on.

Particulars	In Cash	Yet to be paid in Cash	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purpose other than (i) above	17.41	-	17.41

**Note 32: Specified Bank Notes**

The Company did not have any holding or dealing in specified bank note during the period from November 8, 2016 to December 30, 2016. Hence, disclosure envisaged in notification G.S.R. 308 (E) dated March 30, 2017 is not applicable to the Company.

As per our attached Report of even date

For and on behalf of the Board

For Pathak H.D.& Associates  
Chartered Accountants  
Firm Registration No.107783W

Alok K. Roy  
Director  
DIN:01952393

Arvind K. Sharma  
Director  
DIN: 06514783

Vishal D. Shah  
Partner  
Membership No. 119303

Vikas Gupta  
Chief Financial Officer

Maanas Srivastava  
Company Secretary

Place: Mumbai  
Date : April 13, 2017

Place: Gurugram  
Date : April 13, 2017