

INDEPENDENT AUDITOR'S REPORT

To the Members of Parbati Koldam Transmission Company Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Parbati Koldam Transmission Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".

- (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 on its financial position in its financial statements - Refer Note 2.22 to the financial statement.
 - 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.

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

Vishal D. Shah
Partner
Membership No.119303

Place: Mumbai
Date: May 10, 2016

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, 2016

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) As informed to us, the fixed assets 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) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the 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.

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- (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, 2016 which have not been deposited on account of a dispute.
- (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 dues to any financial institution. The Company has not availed any loans from banks or debenture holders.
- (ix) The Company has raised money through term loans from financial institutions 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) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (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 and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year

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- (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) 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: May 10, 2016

Annexure - B to Auditor's report

Annexure to the Independent Auditor's Report referred to in paragraph "f" under the heading "Report on other legal and regulatory requirements" of our report of even date on the financial statements of Parbati Koldam Transmission Company Limited

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

We have audited the internal financial controls over financial reporting of Parbati Koldam Transmission Company Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

Vishal D. Shah
Partner
Membership No. 119303

Place: Mumbai
Date: May 10, 2016

PARBATI KOLDAM TRANSMISSION COMPANY LIMITED

Financial Statements for the year ended on March 31, 2016

**Registered Office :
B-9, QUTAB INSTITUTIONAL AREA,
KATWARIA SARAI,
NEW DELHI- 110016.**

Parbati Koldam Transmission Company Limited
Balance Sheet as at March 31, 2016

(Amount in Rs.)

	Particulars	Note No.	As at March 31, 2016	As at March 31, 2015
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share Capital	2.1	27283,70,000	27283,70,000
	(b) Reserves and Surplus	2.2	1769,81,550	254,00,041
			29053,51,550	27537,70,041
2	Non-Current Liabilities			
	(a) Long-Term Borrowings	2.3	53908,17,387	57765,82,607
	(b) Deferred Tax Liability (Net)	2.4	-	-
	(c) Long-Term Provisions	2.5	52,40,797	48,87,499
			53960,58,184	57814,70,106
3	Current Liabilities			
	(a) Trade Payables	2.6	26,40,121	25,55,207
	(b) Other Current Liabilities	2.7	11334,78,871	11754,49,870
	(c) Short-Term Provisions	2.8	2,22,480	9,43,597
			11363,41,472	11789,48,674
	Total		94377,51,206	97141,88,821
II.	ASSETS			
1	Non-Current Assets			
	(a) Fixed Assets			
	i) Tangible Assets	2.9	86611,65,056	81423,35,771
	ii) Capital Work in Progress	2.10	-	7380,99,334
			86611,65,056	88804,35,105
	(b) Long-term Loans and Advances	2.11	530,50,174	432,21,933
	(c) Other Non Current Assets	2.12	589,76,802	56,065
2	Current Assets			
	(a) Trade Receivables	2.13	3875,76,197	5867,41,707
	(b) Cash and Bank Balances	2.14	2699,00,106	2018,05,225
	(c) Short Term Loans and Advances	2.15	14,95,540	4,91,373
	(d) Other Current Assets	2.16	55,87,331	14,37,413
			6645,59,174	7904,75,718
	Total		94377,51,206	97141,88,821

Significant Accounting Policies and Notes on Financial Statements

1 & 2

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

Anil Kumar
Whole Time Director
DIN: 07236966

Vishal D. Shah
Partner
Membership No. 119303

Madhukar Moolwaney
Chief Financial Officer

Maanas Srivastava
Company Secretary

Place: Mumbai
Date : May 10, 2016

Place: Gurgaon
Date : May 10, 2016

Parbati Koldam Transmission Company Limited
Statement of Profit and Loss for the year ended March 31, 2016

(Amount in Rs.)

Particulars		Note No.	Year Ended March 31, 2016	Year Ended March 31, 2015
I	Revenue from Operation	2.17	14952,66,458	7499,84,358
II	Other Income	2.18	386,40,036	79,34,933
III	Total Revenue		15339,06,494	7579,19,291
IV	Expenses:			
	(a) Employee Benefit Expense	2.19	331,50,655	196,92,425
	(b) Finance costs	2.20	7861,81,820	4008,85,462
	(c) Depreciation and Amortization Expense	2.9	4781,26,202	2554,93,766
	(d) Other Expenses	2.21	449,60,435	292,24,619
V	Total Expenses		13424,19,112	7052,96,272
VI	Profit / (Loss) before tax (III-V)		1914,87,382	526,23,019
VII	Tax Expenses			
	- Current Tax		408,76,150	110,18,810
	- Income Tax of previous year		(9,70,277)	-
	- Deferred Tax		667,80,878	176,49,861
	Less: Recoverable from Beneficiaries		(667,80,878)	(176,49,861)
VIII	Profit / (Loss) after tax (VI-VII)		1515,81,509	416,04,209
IX	Earnings per equity share(Face value of Rs. 10 per share)	2.29		
	(1) Basic		0.56	0.16
	(2) Diluted		0.56	0.16

Significant Accounting Policies and Notes on Financial Statements

1 & 2

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

Anil Kumar
Whole Time Director
DIN: 07236966

Vishal D. Shah
Partner
Membership No. 119303

Madhukar Moolwaney
Chief Financial Officer

Maanas Srivastava
Company Secretary

Place: Mumbai
Date : May 10, 2016

Place: Gurgaon
Date : May 10, 2016

Parbati Koldam Transmission Company Limited
Cash Flow Statement for the year ended March 31, 2016

(Amount in Rs.)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
A Cash Flow from Operating Activities:		
Profit before Taxation	1914,87,382	526,23,019
Adjustments for:		
Filing Fees	45,354	6,33,932
Depreciation	4781,26,202	2554,93,766
Finance Cost	7861,81,820	4008,85,462
Dividend Income on Mutual Fund	-	(53,615)
Interest on Income Tax Refund	(11,08,420)	-
Interest on Fixed Deposits	(363,15,349)	(74,71,218)
Operating profit before Working Capital Changes	14184,16,989	7021,11,346
Adjustments for:		
Trade and Other Payables	(56,43,868)	1798,79,036
Trade and Other Receivables	1976,32,500	(5788,20,676)
Operating profit after Working Capital Changes	16104,05,621	3031,69,706
Less: Income Tax Paid (Net of Refund)	(288,01,010)	(297,75,000)
Net Cash flow generated from Operating Activities	15816,04,611	2733,94,706
B Cash Flow from Investing Activities:		
Dividend Income on Mutual Fund	-	53,615
Investments in Fixed Deposits(Net)	(1945,65,000)	-
Interest on Fixed Deposits	320,49,830	116,56,707
Interest on Advances	-	31,84,281
Proceed from sale of Fixed Assets	75,000	-
Purchase of Fixed Assets (including Capital Work in Progress)(Net)	(4645,52,722)	(8954,32,311)
Net Cash Flow used in Investing Activities	(6269,92,892)	(8805,37,708)
C Cash Flow from Financing Activities:		
Proceeds from Issue of Shares (including Share Application Money)	-	4160,90,800
Proceeds from Long Term Borrowings	1788,00,000	7921,00,000
Repayment of Long Term Borrowings	(4146,78,265)	-
Interest & Finance Charges	(7889,86,631)	(7347,24,048)
Filing Fees and Stamp Duty Charges	(45,354)	(6,33,932)
Net Cash Flow generated from/(used in) Financing Activities	(10249,10,250)	4728,32,820
Net Decrease in cash and cash equivalents (A+B+C)	(702,98,531)	(1343,10,182)
Opening Balance of Cash and Cash equivalents	2017,48,637	3360,58,819
Closing Balance of Cash and Cash equivalents (Refer Note 2.14)	1314,50,106	2017,48,637
Net Decrease in Cash and Cash Equivalent as disclosed above	(702,98,531)	(1343,10,182)

Previous year figures have been regrouped, rearranged and reclassified wherever necessary to confirm to the current year.

As per our attached F

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

Alok K. Roy
Director
DIN:01952393

Anil Kumar
Whole Time Director
DIN: 07236966

Vishal D. Shah
Partner
Membership No. 119303

Madhukar Moolwaney
Chief Financial Officer

Maanas Srivastava
Company Secretary

Place: Mumbai
Date : May 10, 2016

Place: Gurgaon
Date : May 10, 2016

Background about the Company

Pursuant to shareholders agreement dated November 23, 2007, between Power Grid Corporation of India Limited (PGCIL) and Reliance Infrastructure Limited (R Infra), 74% shareholding 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.

Significant accounting policies and Notes on Financial Statements

1. Significant Accounting Policies:

(a) *Basis of preparation of financial statements:*

The financial statements are prepared on an accrual basis of accounting and in accordance with the generally accepted accounting principles in India (Indian GAAP), and in accordance with the Accounting Standards notified by the Central Government under Section 133 of the Companies Act, 2013 (The Act), read with the Rule 7 of the Companies (Accounts) Rule, 2014. Assets and Liabilities created under applicable electricity laws continue to be depicted under appropriate heads.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

(b) *Presentation and disclosure of financial statements:*

The preparation and presentation of financial statements is made in accordance with the requirements of the Schedule III notified under the Act. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

(c) *Use of Estimate:*

The preparation and presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosures of contingent liabilities as on date of the financial statements and reported amount of revenue and expenses during the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in future periods. Difference between the actual results and estimates is recognized in the period in which the results are known / materialized.

(d) *Reserves and Surplus:*

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'.

(e) Revenue Recognition Policy:

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. 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.

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.

Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

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

(f) Foreign Currency Transactions:

i. Transactions denominated in foreign currencies are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction..

ii. Foreign currency monetary items (assets and liabilities) are restated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in foreign currency, are reported using the exchange rate at the date of the transaction. Gains and losses, if any, at the year-end in respect of monetary assets and monetary liabilities are recognized in the Statement of Profit and Loss / Capital work in progress except in case of gains or losses arising on long term foreign currency monetary items, the accounting treatment for which is as under:

In accordance with Government of India, Ministry of Corporate affairs notification (GSR No.914(E) dated December 29, 2011) in respect of accounting year commencing on or after April 1, 2011, the Company has exercised the option and foreign exchange gain / losses on long term foreign currency monetary items relating to the acquisition of depreciable assets are added to or deducted from the cost of such assets and in other cases, such gains or losses are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" to be amortized over the remaining life of the concerned monetary item.

(g) Fixed Assets:

Tangible Assets

(i) Cost comprises cost of acquisition or construction including borrowing costs attributable to bringing the assets to their intended use.

(ii) Transmission system assets are considered when they are 'Ready for intended use', for the purpose of capitalization, after test charging/successful commissioning of the systems/assets and on completion of stabilization period wherever technically required.

(iii) Mandatory spares in the nature of capital spares i.e. stand-by/service/rotational equipment and unit assemblies, are capitalized and depreciated over the residual useful life of the related plant & machinery.

(iv) All project related expenditure viz. civil works, machinery under erection, construction and erection materials, pre-operative expenditure, incidental / attributable to the construction of project, borrowing cost incurred prior to the date of commercial operations and trial run expenditure are shown under Capital Work-In-Progress (CWIP). These expenses are net of recoveries and income (Net of Tax) from surplus funds arising out of Project Specific Borrowings. Finance cost, administrative and other general overhead expenses attributable to the construction of fixed assets are allocated on systematic basis to the cost of the related asset.

(h) Depreciation / Amortization:

Fixed assets are depreciated under the straight line method as per the rates and in the manner prescribed by the Electricity Regulator.

(i) Retirement Benefits:

Contributions to defined contribution schemes such as provident fund, superannuation fund etc. is charged to Statement of Profit and Loss / Capital Work-in-Progress, as applicable. The Company also provides for retirement benefits in the form of gratuity and leave encashment. Such defined benefits are charged to Statement of Profit and Loss / Capital Work-in-Progress, as applicable, based on actuarial valuations, as at the balance sheet date, made by independent actuaries. Actuarial Gain and losses is recognized in the Statement of Profit and Loss.

(j) Borrowing Costs:

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

(k) Accounting for Taxes on Income:

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future. However, in respect of unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future.

(l) Provisions:

Provisions are recognised when the Company has a present obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

(m) Impairment of Assets:

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

(n) Cash and Cash Equivalentents:

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

(o) Contingent Liability and Contingent Assets:

A contingent liability is a possible obligation that arise from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is probable that an outflow of resources will not be required to settle the obligation. However, if the possibility of outflow of resources, arising out of present obligation, is remote, it is not even disclosed as contingent liability. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the notes to financial statements. Contingent assets are neither recognized nor disclosed in the financial statements.

Notes annexed to and forming part of the Financial Statements

2. Notes on Financial Statements

Note 2.1 : Share Capital

	As at March 31, 2016 (Amount in Rs.)	As at March 31, 2015 (Amount in Rs.)
Authorised 331,000,000 Equity Shares of Rs. 10 each	33100,00,000	33100,00,000
Issued, Subscribed and Paid up 27,28,37,000 (27,28,37,000) equity shares of Rs. 10 each fully paid up	27283,70,000	27283,70,000
Total Issued, subscribed and paid up share capital	27283,70,000	27283,70,000

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

	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	(Amount in Rs.)	No. of Shares	(Amount in Rs.)
As at the beginning of the year	2728,37,000	27283,70,000	2162,74,000	21627,40,000
Add: Issued during the year	-	-	565,63,000	5656,30,000
Outstanding as at the end of the year	2728,37,000	27283,70,000	2728,37,000	27283,70,000

Shares are issued at Par value of Rs. 10

(b) Terms/Rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity 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.

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.

(c) Shares held by holding/ultimate holding Company and/or their subsidiaries/associates

Out of equity shares issued by the Company, shares held by its Holding Company, Ultimate Holding Company and their subsidiaries/associates are as below:

	As at March 31, 2016 (Amount in Rs.)	As at March 31, 2015 (Amount in Rs.)
Reliance Infrastructure Limited, the holding Company (74%) 20,18,99,380 (20,18,99,380) equity shares of Rs. 10 each fully paid	20189,93,800	20189,93,800

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

	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	% holding	No. of Shares	% holding
Equity Shares of Rs. 10 each fully paid				
Reliance Infrastructure Limited and its nominees	2018,99,380	74%	2018,99,380	74%
Power Grid Corporation of India Limited and its nominees	709,37,620	26%	709,37,620	26%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Note 2.2: Reserves and Surplus

	As at March 31, 2016 (Amount in Rs.)	As at March 31, 2015 (Amount in Rs.)
-Self Insurance Reserves		
Balance as at the beginning of the year	84,07,443	-
Additions during the year	94,03,556	84,07,443
Balance as at the end of the year	178,10,999	84,07,443
-Surplus/(deficit) as per Statement of Profit and Loss		
Balance as at the beginning of the year	169,92,598	(162,04,168)
Add: Net Profit (Loss) for the year	1515,81,509	416,04,209
Less: Appropriation		
-Self Insurance Reserve	94,03,556	84,07,443
Balance as at the end of the year	1591,70,551	169,92,598
Total Reserves and Surplus	1769,81,550	254,00,041

Parbati Koldam Transmission Company Limited

Notes annexed to and forming part of the Financial Statements

Note 2.3 : Long Term Borrowings

	As at March 31, 2016 (Amount in Rs.)		As at March 31, 2015 (Amount in Rs.)	
	Non Current	Current*	Non Current	Current*
Secured Term Loans from Financial Institutions				
Power Finance Corporation Limited (PFC)	31456,89,125	3226,34,784	34683,23,912	2419,76,088
Rural Electrification Corporation Limited (REC)	22451,28,262	2302,69,564	23082,58,695	1610,41,305
Total	53908,17,387	5529,04,348	57765,82,607	4030,17,393

*Current maturity of Long Term Debt disclosed under other current liabilities (Refer note 2.7)

Secured term loans from Financial Institutions are secured by :

- First pari-passu charge of all immovable properties acquired for the project, both present and future,
- First pari-passu charge by way of hypothecation of all movable assets, including moveable equipments, machinery spares, tools and accessories pertaining to the Project, both present and future,
- First pari-passu Charge on all the Receivables, Trust and Retention Account and Authorised Investments,
- 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 Interest representing atleast 51% of the project Equity Capital, and
- First pari-passu charge on all Insurance Contracts and Insurance Proceeds
- Interest to PFC is payable of 15th of the month following the end of the Quarter. Interest to REC is payable on Last day of the end of the quarter.
- Loan shall be drawn as per the requirement of the project.
- The loan shall be repaid in 46 installment starting after 3 month from Revised Commercial Operation Date (RCoD).
- Present rate of interest on term loan is between 12.75% p.a. to 13.00% p.a. The rate of interest varies as per the date of disbursement.

Maturity profile of Secured Term Loans is as under:

(Amount in Rs.)

Particulars	Maturity Profile				
	2016-17	2017-18	2018-19	2019-20	2020-21
Secured Term Loans					
Power Finance Corporation Limited (PFC)	3226,34,783	3226,34,783	3226,34,783	3226,34,783	3226,34,783
Rural Electrification Corporation Limited (REC)	2302,69,565	2302,69,565	2302,69,565	2302,69,565	2302,69,565
Total	5529,04,348	5529,04,348	5529,04,348	5529,04,348	5529,04,348

Particulars	Maturity Profile					
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Secured Term Loans						
Power Finance Corporation Limited (PFC)	3226,34,783	3226,34,783	3226,34,783	3226,34,783	3226,34,783	2419,76,081
Rural Electrification Corporation Limited (REC)	2302,69,565	2302,69,565	2302,69,565	2302,69,565	2302,69,565	1727,02,174
Total	5529,04,348	5529,04,348	5529,04,348	5529,04,348	5529,04,348	4146,78,255

Notes annexed to and forming part of the Financial Statements

2. Notes on Financial Statements

Note 2.4: Deferred Tax Liabilities (Net)

	As at March 31, 2016 (Amount in Rs.)	As at March 31, 2015 (Amount in Rs.)
a) Deferred Tax Liability on account of: Depreciation Difference	5229,16,237	2525,67,548
b) Deferred Tax Asset on account of: Unabsorbed Losses	4365,94,767	2329,35,861
Leave Encashment	18,90,731	19,81,826
Deferred Tax Liability (Net) (a-b)	844,30,739	176,49,861
Less: Recoverable from Beneficiaries (Refer Note 2.33)	844,30,739	176,49,861
Net Deferred Tax Liability	-	-

Note 2.5: Long Term Provisions

	As at March 31, 2016 (Amount in Rs.)	As at March 31, 2015 (Amount in Rs.)
Provision for Employee Benefits		
Provision for Gratuity (Refer Note 2.27)	-	482
Provision for Leave Encashment (Refer Note 2.27)	52,40,797	48,87,017
Total	52,40,797	48,87,499

Note 2.6: Trade Payables

	As at March 31, 2016 (Amount in Rs.)	As at March 31, 2015 (Amount in Rs.)
- Trade Payable (Refer Note 2.30)	26,40,121	25,55,207
Total	26,40,121	25,55,207

Note 2.7: Other Current Liabilities

	As at March 31, 2016 (Amount in Rs.)	As at March 31, 2015 (Amount in Rs.)
a) Current Maturities of Long Term Debts (Refer Note 2.4)	5529,04,348	4030,17,393
b) Interest accrued but not due on Borrowings	953,64,810	981,69,621
c) Payable against Capital Contracts (Including Retention)	4723,24,093	6559,59,685
d) Other Liabilities:		
Statutory Dues Payable	27,17,854	55,91,881
Employees Payable	65,93,133	83,71,570
Book Overdraft	-	56,588
Other Payables	35,74,633	42,83,132
	<u>128,85,620</u>	<u>183,03,171</u>
Total	11334,78,871	11754,49,870

Note 2.8: Short Term Provisions

	As at March 31, 2016 (Amount in Rs.)	As at March 31, 2015 (Amount in Rs.)
Provision for Leave Encashment (Refer Note 2.27)	2,22,480	9,43,597
Total	2,22,480	9,43,597

Particulars	As at April 01, 2015	Gross Block (At Cost)			As at March 31, 2016	Upto March 31, 2015	Depreciation			Net Block	
		Additions during the Year	Adjustments / Deductions during the Year	Upto March 31, 2015			For the Year	Adjustments / Deductions during the Year	Upto March 31, 2016	As at March 31, 2016	As at March 31, 2015
Tangible Assets	-	312,53,763	-	-	312,53,763	-	-	-	-	312,53,763	-
Freehold Land	-	-	-	-	-	-	-	-	-	-	-
Building	725,14,349	48,25,335	-	13,54,313	25,17,534	-	38,71,847	734,67,837	711,60,036	734,67,837	711,60,036
Plant and Equipments - Transmission Systems #	83258,36,343	9562,21,252	53,02,431	2594,38,757	4750,01,386	4,55,849	7339,74,294	85427,80,870	80663,97,586	85427,80,870	80663,97,586
Furniture and Fixtures	12,99,192	63,13,607	1,91,182	4,16,817	3,10,400	52,850	6,74,367	67,47,250	8,82,375	67,47,250	8,82,375
Office Equipments	29,07,543	2,78,060	5,14,629	8,24,351	1,91,097	1,29,655	8,75,793	17,95,181	20,83,192	17,95,181	20,83,192
Data Processing Machines	48,86,072	1,44,375	6,82,150	30,73,490	4,40,269	6,60,299	28,53,460	14,94,837	18,12,582	28,53,460	18,12,582
Electrical Installations	-	37,66,683	-	-	1,41,365	-	1,41,365	36,25,318	-	36,25,318	-
Total	84074,43,499	10028,03,075	66,90,392	94035,56,182	2651,07,728	13,08,653	7423,91,126	86611,65,056	81423,35,771	86611,65,056	81423,35,771
Previous Year	1563,04,821	82491,43,678	5,000	84074,43,499	90,74,275	2660,34,053	2651,07,728	81423,35,771	-	81423,35,771	-

Includes borrowing cost of Rs. 17,31,08,857 (March 31, 2015 - Rs.126,70,46,613) is capitalised in Plant and Equipment.

(Amount in Rs.)

Parbati Koldam Transmission Company Limited

Notes annexed to and forming part of the Financial Statements

Note 2.10: Capital Work-in-Progress

(Amount in Rs.)

	As at March 31, 2015	Incurred during the year ended March 31, 2016	Capitalisation/ Adjustment	As at March 31, 2016
A) Asset under Construction:				
Construction Stores Issued to Contractors	1787,87,088	726,86,583	(2514,73,671)	-
Asset under work in progress	2711,84,694	784,26,639	(3496,11,333)	-
Total (A)	4499,71,782	1511,13,222	(6010,85,004)	-
B) Expenditure Pending Allocation:				
1. Finance Costs:				
Interest on Term Loan	1500,93,540	162,65,435	(1663,58,975)	-
Other Finance charges	67,04,546	45,336	(67,49,882)	-
	1567,98,086	163,10,771	(1731,08,857)	-
2. Right of Way Charges:				
Crop/Tree Compensation	159,52,963	367,31,983	(526,84,946)	-
Forest Charges	605,24,554	-	(605,24,554)	-
	764,77,517	367,31,983	(1132,09,500)	-
3. Other Expenditure Pending Allocation:				
Development Expenses	152,58,561	-	(152,58,561)	-
Legal and Professional Charges	11,47,022	4,67,734	(16,14,756)	-
Rent, Rates and Taxes	61,97,743	2,89,198	(64,86,941)	-
Travelling and Conveyance	50,61,021	4,97,852	(55,58,873)	-
Contract Wages Charges	39,17,147	7,19,056	(46,36,203)	-
Depreciation	7,21,890	-	(7,21,890)	-
Salary, Wages and Bonus	240,14,514	53,72,626	(293,87,140)	-
Provident fund (Refer Note 2.27)	7,72,495	2,24,207	(9,96,702)	-
Leave Encashment (Refer Note 2.27)	6,93,454	12,488	(7,05,942)	-
Gratuity (Refer Note 2.27)	3,70,446	7,478	(3,77,924)	-
Insurance	35,980	-	(35,980)	-
Staff Welfare and Training	3,29,722	14,600	(3,44,322)	-
Electricity and Water	2,53,321	14,620	(2,67,941)	-
Postage and Courier	38,547	968	(39,515)	-
Loss on Sale of Fixed Asset	37,845	-	(37,845)	-
Miscellaneous Expenses	5,73,912	13,828	(5,87,740)	-
Gifts, Entertainment and Hospitality	3,72,965	8,492	(3,81,457)	-
Corporate Social Welfare Expenses	26,015	-	(26,015)	-
Bank Charges	6,05,229	38	(6,05,267)	-
Fringe Benefit Tax	27,464	-	(27,464)	-
Communication Expenses	8,34,656	13,146	(8,47,802)	-
Auditors Remuneration	79,435	-	(79,435)	-
Licence Fees	1,90,832	1,43,200	(3,34,032)	-
Repair Maintenance expenses	8,01,468	4,855	(8,06,323)	-
Printing and Stationery	3,74,354	4,625	(3,78,979)	-
Advertisement Expenses	1,12,022	7,62,250	(8,74,272)	-
	628,48,060	85,71,261	(714,19,321)	-
Less: Interest on Advance to Vendors	59,35,441		(59,35,441)	-
Less: Interest on Fixed Deposits (Net of Tax)	20,31,017		(20,31,017)	-
Less; Dividend Income on Current Investment	35	-	(35)	-
Less: Depreciation Adjustment	29,618	-	(29,618)	-
Total (B)	2881,27,552	616,14,015	(3497,41,567)	-
Total (A+B)	7380,99,334	2129,19,775	(9510,19,109)	-

Parbati Koldam Transmission Company Limited

Notes annexed to and forming part of the Financial Statements

Note 2.11: Long Term Loans and Advances

	As at March 31, 2016 (Amount in Rs.)	As at March 31, 2015 (Amount in Rs.)
Advance recoverable in cash or in kind, or for Value to be received (Unsecured, considered good)		
Advances against Capital Contracts	271,74,554	51,88,577
Advances to Related Party-Power Grid Corporation of India Ltd.	36,39,900	36,39,900
Security Deposits:		
Government	16,500	16,500
Others	3,35,000	60,69,107
Advance Income Tax (Net of Provision for Tax)	217,88,356	283,07,849
Advance Gratuity Fund (Refer Note 2.27)	95,864	-
Total	530,50,174	432,21,933

Note 2.12: Other Non Current Assets

	As at March 31, 2016 (Amount in Rs.)	As at March 31, 2015 (Amount in Rs.)
Fixed Deposits (Maturity more than 1 year)*	561,65,000	50,000
Interest Accrued on Fixed Deposits	28,11,802	6,065
	589,76,802	56,065

*Represents FDR of Rs. 5,61,15,000 earmarked for Insurance Reserve and FDR of Rs. 50,000 pledged with Sales Tax Department.

Note 2.13: Trade Receivables

	As at March 31, 2016 (Amount in Rs.)	As at March 31, 2015 (Amount in Rs.)
(Unsecured, considered good)		
-Receivables outstanding for a period exceeding six months from the due date of payment	797,92,031	1042,04,072
-Others	3077,84,166	4825,37,635
Total	3875,76,197	5867,41,707

Note 2.14: Cash and Bank Balances

	As at March 31, 2016 (Amount in Rs.)	As at March 31, 2015 (Amount in Rs.)
Cash and Cash Equivalent		
- Balances with Bank in current account	47,50,106	15,85,225
- Fixed Deposits (maturity less than 3 months)	1267,00,000	2002,20,000
	1314,50,106	2018,05,225
Other Bank Balance		
- Fixed Deposits with original maturity of more than 3 months but less than 12 months	1384,50,000	-
Total	2699,00,106	2018,05,225

*

Note 2.15: Short Term Loans and Advances

	As at March 31, 2016 (Amount in Rs.)	As at March 31, 2015 (Amount in Rs.)
(Unsecured considered good, unless otherwise stated)		
Advance recoverable in cash or in kind, or for value to be received		
Loans and Advances to Staff	46,613	1,06,087
Security Deposits - Others	7,81,738	-
Prepaid Expenses	6,67,189	3,85,286
Total	14,95,540	4,91,373

Note 2.16: Other Current Assets

	As at March 31, 2016 (Amount in Rs.)	As at March 31, 2015 (Amount in Rs.)
Interest Accrued on Vendor Advances	1,41,914	67,801
Interest Accrued on Fixed Deposits	20,22,787	5,63,005
Expenses Recoverable	34,22,630	8,06,607
Total	55,87,331	14,37,413

Note 2.17: Revenue from Operations

	For the year ended March 31, 2016 (Amount in Rs.)	For the year ended March 31, 2015 (Amount in Rs.)
Revenue from Transmission of Electrical Energy		
a) Transmission Service Charges (Refer Note 2.32)	14557,45,297	7470,10,523
b) Other Operating Income		
-- Incentive	236,65,119	1,49,405
-- Delayed Payment Charges	58,41,295	68,637
-- Interest on differential between Provisional & Final Tariff	57,63,840	-
-- Other Income	42,50,907	27,55,793
Total	14952,66,458	7499,84,358

Note 2.18: Other Income

	For the year ended March 31, 2016 (Amount in Rs.)	For the year ended March 31, 2015 (Amount in Rs.)
Dividend received from Current Investments	-	53,615
Interest on Income Tax Refund	11,08,420	-
Interest on Fixed Deposits	363,15,349	74,71,218
Other Income	12,16,267	4,10,100
Total	386,40,036	79,34,933

Note 2.19: Employee Benefit Expense

	For the year ended March 31, 2016 (Amount in Rs.)	For the year ended March 31, 2015 (Amount in Rs.)
Salary, Wages and Bonus	306,99,684	161,49,648
Provident fund (Refer Note 2.27)	14,81,270	11,28,908
Leave Encashment (Refer Note 2.27)	6,06,521	14,97,298
Gratuity (Refer Note 2.27)	3,63,180	9,16,571
Total	331,50,655	196,92,425

Note 2.20: Finance Cost

	For the year ended March 31, 2016 (Amount in Rs.)	For the year ended March 31, 2015 (Amount in Rs.)
Interest on Term Loan from Financial Institutions	7839,11,393	3979,68,912
Other Finance charges	22,70,427	29,16,550
Total	7861,81,820	4008,85,462

Note 2.21: Other Expenses

	For the year ended March 31, 2016 (Amount in Rs.)	For the year ended March 31, 2015 (Amount in Rs.)
Legal and Professional Charges	9,23,533	11,35,565
Rent, Rates and Taxes	78,01,673	80,76,593
Regional Load Despatch Centre Fees	3,64,271	2,42,365
Rebate & Discounts	90,43,007	31,84,941
Travelling and Conveyance	49,53,634	32,32,697
Contract Wages Charges	62,49,508	43,70,639
Staff Welfare and training	4,01,800	4,28,077
Electricity and Water	7,12,776	4,18,958
Postage and Courier	84,039	80,581
Loss on Sale/Discard of Fixed Asset	4,70,157	1,287
Miscellaneous Expenses	8,81,337	3,59,365
Entertainment and Hospitality	9,82,942	14,40,011
Corporate Social Responsibility Expenditure (Refer Note 2.34)	3,64,628	-
Director's Sitting Fees	4,00,063	-
Bank Charges	547	11,88,978
Communication Expenses	24,89,662	9,95,203
Auditors Remuneration	2,25,080	1,21,348
Licence Fees	33,22,850	19,07,460
Repair Maintenance Others	29,50,284	3,71,443
Repair & Maintenance - Transmission Line	18,69,261	-
Printing and Stationery	4,19,432	4,45,765
Advertisement Expenses	4,597	5,89,411
Filing Fees and Stamp Duty	45,354	6,33,932
Total	449,60,435	292,24,619

2.22 Contingent Liabilities:

Claims against the company not acknowledged as debt and under litigation aggregate to Rs. 14,52,03,925 (Rs. 9,76,38,048). The litigation is on account of enhanced compensation demanded by the Land owners and if materialized the same will be recovered through tariff .

2.23 Capital and other Commitment:

Estimated amount of contracts remaining unexecuted on capital account and not provided for Rs.87,01,686 (Rs.37,59,35,091)

2.24 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.4,22,66,610 (Rs.3,50,21,550) 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.

2.25 Payment to Auditors: (excluding service tax)

		(Amount in Rs.)	
		2015-16	2014-15
(a)	As Auditors : Audit Fee	1,52,250	1,32,000
(b)	For Other Services Certification Charges	65,000	3,43,500
Total		2,17,250	4,75,500

2.26 Related Party Disclosure

As per Accounting Standard -18 as prescribed under the Section 133 of the Companies Act, 2013, the Company's related parties and transactions are disclosed below:

(a) Parties where control exists:

Reliance Infrastructure Limited -The Holding Company

(b) Other related parties with whom transactions have taken place during the year:

- (i) Investing Party: Power Grid Corporation of India Limited
- (ii) Key Management Personnel:
 - a. Sh. S.K. Deb (Managing Director) (Upto 31.08.2014)
 - b. Sh. Amar Jit (Whole-time Director) (Upto 30.09.2015)
 - c. Sh. Anil Kumar (Whole-time Director) (w.e.f. 26.11.2015)
 - d. Sh. Madhukar Moolwaney (Chief Financial Officer) (w.e.f. 26.11.2015)
 - e. Sh. Maanas Srivastava (Company Secretary)
- (iii) Joint Venture: Utility Powertech Limited

Parbati Koldam Transmission Company Limited

Notes annexed to and forming part of the Financial Statements (continued)

(c) Details of transactions during the year and closing balances as at the year end:
(Figures in bracket represent the amount of previous year)

Amount in Rs.

Particulars		Holding Company (Reliance Infrastructure Limited)	Investing Party (Power Grid Corporation of India Limited)	Key Managerial Personnel	Joint Venture (Utility Powertech Limited)
Transactions during the year:					
(I)	Capital Work-in Progress / Statement of Profit and Loss heads:				
(i)	Managerial Remuneration	-- --	-- --	97,03,823 (74,18,207)	-- --
(ii)	Expenses incurred by Related parties on our behalf:-				
(a)	Recoverable Expenses incurred by related parties on our behalf	13,82,608 (27,53,058)	-- --	-- --	53,90,452 (62,64,263)
(b)	Recoveries from salary of Director Project, payable to PGCIL	-- --	7,25,327 (7,48,022)	-- --	-- --
(iii)	Share Application Money Received during the year	-- (26,90,27,000)	-- (14,70,63,800)	-- --	-- --
(iv)	Balance as on March 31, 2016				
	Balance payable	2,90,731 (2,90,731)	91,350 (91,350)	-- --	4,49,817 (4,00,319)
	Advances given	-- --	36,39,900 (36,39,900)	-- --	-- --

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

(d) Details of Material Transactions with Key Managerial Personnel
Transactions during the Year (Capital Work in Progress / Statement of Profit and Loss Heads)

Managerial Remuneration paid/provided to Sh. Amar Jit Rs. 22,47,199 (Rs. 42,25,534), Sh. S.K.Deb Rs. NIL (Rs. 20,83,059), Sh. Anil Kumar Rs. 62,36,031 (Rs. 56,69,122), Sh. Maanas Srivastava Rs. 12,20,593 (Rs.11,09,614)

2.27 Disclosure under Accounting Standard 15 (revised 2005) "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. These funds are recognized by the Income tax authorities.

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

Sl. No.	Particulars	Amount in Rs.	
		2015-16	2014-15
(i)	Contribution to Provident Fund	11,29,820	16,11,445
(ii)	Contribution to Employee's Superannuation Fund	1,33,329	2,41,661
(iii)	Contribution to Employee's Pension Scheme 1995	4,41,928	4,37,980

(B) Defined Benefit Plans

- a. Gratuity
- b. Leave Encashment

Leave encashment is payable to eligible employees who have earned leaves, during the employment and/or on separation as per the Company's policy.

Valuations in respect of Gratuity and Leave Encashment have been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

		Gratuity		Leave Encashment	
		2015-16	2014-15	2015-16	2014-15
(i)	Discount Rate (Per annum)	7.80%	7.85%	7.80%	7.85%
(ii)	Rate of increase in Compensation levels	7.50%	7.50%	7.50%	7.50%
(iii)	Rate of Return on Plan Assets	8.25%	8.25%	0%	0%
(iv)	Expected Avg. remaining working lives of employees in no. of Years	22.73	5.03	-	-

		(Amount in Rs.)			
		Gratuity Funded		Leave Encashment Unfunded	
		2015-16	2014-15	2015-16	2014-15
(i)	Changes in present value of obligation				
	Opening Balance of Present Value of Obligation	47,02,181	32,50,277	58,30,614	41,40,214
	Interest Cost	4,21,763	3,08,946	5,27,487	4,14,247
	Current Service Cost	9,19,929	6,50,830	13,60,768	12,54,026
	Benefits Paid	(4,56,409)	(8,96,829)	(9,86,346)	(13,20,442)
	Actuarial (Gain) / Loss	(7,66,809)	13,88,957	(12,69,246)	13,42,569
	Closing Balance of Present Value of Obligation	48,20,655	47,02,181	54,63,277	58,30,614
(ii)	Changes in Fair Value of plan assets				
	Opening Balance of Present Value of Plan Assets	47,01,699	31,56,025	-	-
	Expected return on Plan assets	3,87,890	2,60,372	-	-
	Contributions	4,67,004	18,34,829	9,86,346	13,20,442
	Benefits Paid	(4,56,409)	(8,96,829)	(9,86,346)	(13,20,442)
	Actuarial Gain / (Loss) on Plan assets	(183,665)	3,47,302		
	Closing Balance of Fair Value of Plan Assets	49,16,519	47,01,699	-	-
	Closing Balance of Fair Value of Plan Assets net of pending transfer	49,16,519	47,01,699	-	-
(iii)	Percentage of each category of Plan assets to total fair value of Plan assets as at March 31 2016				
	Administered by Reliance Life Insurance Company Limited	100%	100%	-	-
(iv)	Reconciliation of Present Value of Defined Present Obligations and the Fair Value of Assets				
	Closing Balance of Present Value of Obligation	48,20,655	47,02,181	54,63,277	58,30,614
	Closing Balance of Fair Value of Plan Assets net of pending transfers	49,16,519	47,01,699	-	-
	Funded (Asset) / Liability recognised in the Balance Sheet	(95,864)	482	-	-
	Unfunded Liability recognised in the Balance Sheet	-	-	54,63,277	58,30,614

Parbati Koldam Transmission Company Limited

Notes annexed to and forming part of the Financial Statements (continued)

(Amount in Rs.)

	Gratuity Funded		Leave Encashment Unfunded	
	2015-16	2014-15	2015-16	2014-15
(v) Amounts recognised in the Balance Sheet				
Closing Balance of Present Value of Obligation	48,20,655	47,02,181	54,63,277	58,30,614
Closing Balance of Fair Value of Plan Assets net of pending transfers	(49,16,519)	(47,01,699)	-	-
Funded (Asset) / Liability recognised in the Balance Sheet	(95,864)	482	-	-
Unfunded Liability recognized in the Balance Sheet	-	-	54,63,277	58,30,614
(vi) Expenses recognised in Capital Work-in Progress /Statement of Profit and Loss				
Current Service Cost	9,19,929	6,50,830	13,60,768	12,54,026
Interest Cost	4,21,763	3,08,946	5,27,487	4,14,247
Expected Return on Plan Assets	(3,87,890)	(2,60,372)	-	-
Net Actuarial (Gain) / Loss	(5,83,144)	10,41,655	(12,69,246)	13,42,569
Expenses recognised in the capital work in progress / Statement of Profit and Loss	3,70,658	17,41,059	6,19,009	30,10,842
(vii) (a) Experience adjustments				
On Plan Liabilities	(7,99,189)	8,06,719	(13,04,078)	7,15,034
On Plan Assets	(1,83,665)	3,47,302	-	-
Total Experience Adjustments	(9,82,854)	11,54,021	(13,04,078)	7,15,034
(b) Adjustments due to change in assumptions				
(viii) Expected Employer's Contribution for the next year	10,00,000	10,00,000	2,22,480	9,43,597

Disclosure as required under para 120(n):

(Amount in Rs.)

Sr. No.	Particulars	Gratuity				
		2015-16	2014-15	2013-14	2012-13	2011-12
(i)	Present value of Defined Benefit Obligation	48,20,655	47,02,181	32,50,277	21,27,622	10,93,120
(ii)	Fair Value of Plan Assets	49,16,519	47,01,699	31,56,025	20,51,845	11,33,793
(iii)	Surplus / (Deficit) in the plan	95,864	(482)	(94,252)	(75,777)	40,673
(iv)	Experience Adjustments on plan Liabilities (Gain) / Loss	(7,99,189)	8,06,719	7,11,480	4,79,597	4,37,821
(v)	Experience Adjustments on plan Assets (Gain) / Loss	(1,83,665)	3,47,302	(65,097)	30,329	(53,017)

Sr. No.	Particulars	Leave Encashment				
		2015-16	2014-15	2013-14	2012-13	2011-12
(i)	Present value of Defined Benefit Obligation	54,63,277	58,30,614	41,40,214	25,51,870	12,42,054
(ii)	Fair Value of Plan Assets	-	-	-	-	-
(iii)	Surplus / (Deficit) in the plan	(54,63,277)	(58,30,614)	(41,40,214)	(25,51,870)	(12,42,054)
(iv)	Experience Adjustments on plan Liabilities (Gain) / Loss	(13,04,078)	7,15,034	7,52,182	7,25,080	(13,54,642)
(v)	Experience Adjustments on plan Assets (Gain) / Loss	-	-	-	-	-

2. 28 Segment wise Revenue, Results and Capital Employed:

The Company operates in only one Business Segment i.e., Transmission of Electrical Energy. There are no other reportable Business segments in accordance with the requirement of Accounting Standard-17 Segment Reporting, as prescribed under Section 133 of the Companies Act, 2013.

2.29 Earnings per Equity Share:

	Description	2015-16	2014-15
(i)	Profit / (Loss) after tax available for Equity Share holders (Rs.)	15,15,81,509	4,16,04,209
(ii)	Weighted Average Number of Equity Shares (Nos.)	27,28,37,000	25,26,57,272
(iii)	Nominal Value per Share (Rs.)	10	10
(iv)	Earnings per Equity Share- Basic (Rs.)	0.56	0.16
(v)	Earnings per Equity Share- Diluted (Rs.)	0.56	0.16

2.30 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006:

There are no Micro and Small Scale Business Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2016. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

2.31 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 Capital Work in Progress / Statement of Profit and Loss is amounting to Rs. 80,90,871 (Rs 1,40,20,502).

2.32

(i) The Company during the year has received the Final tariff order for 400 kV (Quad) S/C Parbati II to Koldam Transmission Line (CKT-II) starting from LILO Point of Parbati-III HEP to LILO Point of Parbati Pooling Station from the Central Electricity Regulatory Commission (CERC) on January 15, 2016. As per the order the Company is allowed Rs.1,75,61,000 for 8 months for FY 2013-2014 as Transmission Service Charges (TSC) based on the proportionate cost incurred in this portion of line and as per tariff block 2009-2014.

Parbati Koldam Transmission Company Limited

Notes annexed to and forming part of the Financial Statements (continued)

Based on the final order issued by the CERC, revenue for the above line for the year 2015-16 amounting to Rs. 2,63,77,600 has been recognized in the books of accounts, which is proportionate to the tariff allowed by the CERC for FY 2013-2014. Differential TSC between the Final order and the Provisional order for the period from August 01, 2013 to March 31, 2015 amounting to Rs.2,43,27,693 is recognized in FY 2015-16 along with total interest of Rs.57,63,840 in the Statement of Profit and Loss.

(ii) Revenue recognized during the year for other commissioned Transmission Systems is as following:

(Amount in Rs.)

Name of the Transmission System	Date of Commercial Operation (CoD)	Total Cost of Line*	2015-2016		Revenue recognized for the year
			Tariff Claimed	Tariff Allowed	
400 kV D/C Koldam - Ludhiana Transmission Line	Ckt-I : 07.08.2014 Ckt-II: 14.08.2014	468,53,10,105	93,47,93,800	74,78,35,000	74,78,35,000
2 x 400 kV S/C Parbati Koldam Transmission Line along with D/C Portion starting from LILO point of Parbati Pooling Station to Koldam HEP Transmission Line	Ckt-I : 10.10.2014 Ckt-II: 04.10.2014	382,64,75,665	75,50,90,000	60,40,72,000	60,40,72,000

*Based on the estimates at the time of CoD.

For the above mentioned systems, date of commercial operation of the assets has been provisionally accepted under Regulation 4(3)(ii) of the Tariff Regulations for the purpose of granting tariff under proviso (i) of Regulation 7(7) of the 2014 Tariff Regulations.

In exercise of power under section 178 of Electricity Act, 2003, CERC has notified "Central Electricity Regulatory Commission (Terms and conditions of Tariff) Regulation 2014" vide notification no. L-1/144/2013/CERC dated February 21, 2014 for the determination of transmission tariff for the block period 2014-2019.

Pursuant to the above tariff regulation, the Company has received tariff orders dated 22.12.2014, 23.12.2014 and 30.12.2015, wherein CERC has provisionally allowed tariff @ 80% of the tariff claimed by the Company in the petition from the provisionally accepted date of commercial operation of the assets.

(iii) The Company has also completed the balance portion of the project on June 30, 2015. Accordingly, the Company has filed the tariff petition with the CERC with CoD as July 01, 2015 and claimed tariff of Rs. 12,17,62,000 for the period from July 01, 2015 to March 31, 2016. Based on the tariff petition filed by the Company, CERC gave a provisional tariff order wherein, CERC has allowed provisional tariff of Rs. 5,31,33,000 from the date of charging and power flowing from the transmission system i.e., November 03, 2015. In the order, CERC also mentioned that decision on the CoD of the transmission system and sharing of transmission service charge from the CoD till November 02, 2015 shall be taken at the time of final tariff order.

Accordingly, revenue for the year is recognized based on the provisional tariff order passed by the CERC for 2015-2016.

The Company has capitalized the Transmission Asset w.e.f. the COD date i.e., July 01, 2015 and all the related expenditure and depreciation is charged to the Statement of Profit and Loss from the COD date.

Difference in the recognition of revenue will be adjusted based on issuance of final notification of tariff order by the CERC.

2.33 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 year 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.

2.34 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.3,64,628. The detail of which is as under:-

- a) Gross amount required to be spent by the Company during the year is Rs. 3,54,892.
b) Amount spent during the year on:

(Amount in Rs.)				
Sl. No.	Particulars	In Cash	Yet to be paid in Cash	Total
(i)	Construction/acquisition of any asset	--	--	--
(ii)	On purpose other than (i) above	3,64,628	--	3,64,628

2.35 Information to the extent not disclosed, with regards to Matters specified in paragraph 5 of the Schedule III of the Companies Act, 2013 is either Nil or not applicable to the Company for the year ended March 31, 2016.

2.36 Figures for the previous year have been regrouped/reclassified/rearranged wherever necessary to make them comparable to those for the current year.

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

Anil Kumar
Director
DIN:07236966

Vishal D Shah
Partner
Membership No. 119303

Madhukar Moolwaney
Chief Financial Officer

Maanas Srivastava
Company Secretary

Place: Mumbai
Date: May 10, 2016

Place: Gurgaon
Date: May 10, 2016

PARBATI KOLDAM TRANSMISSION COMPANY LIMITED

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. U40108DL2002PLC116786

State Code : 055

Balance Sheet Date

31
DATE

03
MONTH

2016
period

II. Capital Raised during the period (Amount in Rs. Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilization and Deployment of funds
(Amount in Rs. Thousands)

Total Liabilities	94,37,751	Total Assets	94,37,751
Sources of Funds			
Paid-up Capital	27,28,370	Reserves & Surplus	1,76,982
Share Application Money	-	Other Liabilities	5,88,678
Secured Loans	59,43,722	Unsecured Loans	NIL
Application of Funds			
Construction Stores Issued to Contractors	-	Long Term Advances	53,050
Other Capital Work in progress	-	Misc. Expenditure	
Interest on Term Loan	-	Current Assets	6,64,559
Right of Way	-	Fixed Assets	86,61,165

IV. Performance of Company
(Amount in Rs. Thousands)

Turnover(Other Income-Intt. From Bank)	15,33,906	Total Expenditure	13,42,419
Profit/Loss before Tax	1,91,487	Profit/Loss after Tax	1,51,582
Earning per Share in Rs.	0.56	Dividend Rate %	NIL

V. Generic Name of three principal Product/Services of Company
(As per monetary terms)

Item Code No.	NOT APPLICABLE
(ITC) Code	
Product Description	N.A.

For and on behalf of the Board

Alok K. Roy
Director
DIN:01952393

Anil Kumar
Whole Time Director
DIN: 07236966

Madhukar Moolwane
Chief Financial Officer

Maanas Srivastava
Company Secretary

Place: Gurgaon
Date : May 10, 2016