

**Independent Auditors' Report**

**To the Members of Talcher II Transmission Company Limited**

**Report on the Ind AS Financial Statements**

1. We have audited the accompanying financial statements of Talcher II Transmission Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of 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), loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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, 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ("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.
10. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed 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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act;
  - 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 as at March 31, 2018 on its financial position in its Ind AS financial statements. - Refer Note 20 of the Ind AS financial statements;

# Pathak H.D. & Associates

Chartered Accountants

- 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, 2018;

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

**Vishal D. Shah**  
Partner  
Membership No. 119303

Place : Mumbai  
Date : April 16, 2018

**Annexure A to Auditors' Report**

**Referred to in our Auditors' Report of even date to the members of Talcher II Transmission Company Limited on the financial statements for the Year ended March 31, 2018**

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- (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) The Company does not have any immovable properties, hence the reporting requirements under clause (i)(c) of paragraph 3 of the Order is not applicable.
- (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) In our opinion and according to information given to us, no cost records have been prescribed by the Central Government of India under sub-section (1) of Section 148 of the Act.
- (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, 2018 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, during the year the Company has not availed loan from financial institution or bank or debenture holders. Accordingly paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (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, the Company has not paid/provided any managerial remuneration as on March 31, 2018 and accordingly, paragraph 3 (xi) of the Order is not applicable.
- (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 16, 2018

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

**Annexure to the Independent Auditor's Report referred to in paragraph "10(f)" under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the Ind AS financial statements of Talcher II Transmission Company Limited for year ended March 31, 2018.**

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

We have audited the internal financial controls over financial reporting of Talcher II Transmission Company Limited ("the Company") as of March 31, 2018 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.

**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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Vishal D. Shah  
Partner  
Membership No. 119303

Place : Mumbai  
Date : April 16, 2018

**Talcher II Transmission Company Limited**  
**Balance Sheet as at March 31, 2018**  
(All amounts in INR Thousand, unless otherwise stated)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
a. Property, Plant and Equipment	3	145.33	214.83
b. Capital Work-in-Progress	3	1,86,166.92	1,86,166.92
c. Financial Assets			
(i) Other Financial Assets	4	-	18.85
d. Other Non - Current Assets	7	-	120.43
<b>Total Non-Current Assets (A)</b>		<b>1,86,312.25</b>	<b>1,86,521.03</b>
<b>Current Assets</b>			
a. Financial Assets			
(i) Cash and Cash Equivalents	5	184.12	590.48
b. Current Tax Assets (Net)	6	0.04	0.96
c. Other Current Assets	7	120.43	4.67
<b>Total Current Assets (B)</b>		<b>304.59</b>	<b>596.11</b>
<b>Total Assets (A+B)</b>		<b>1,86,616.84</b>	<b>1,87,117.14</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a. Equity Share Capital	8(a)	7,365.00	7,365.00
b. Other Equity	8(b)	(9,971.70)	(10,225.40)
<b>Total Equity (C)</b>		<b>(2,606.70)</b>	<b>(2,860.40)</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
- Provisions	9	-	99.62
<b>Total Non-Current Liabilities (D)</b>		<b>-</b>	<b>99.62</b>
<b>Current Liabilities</b>			
a. Financial Liabilities			
(i) Trade Payables	10	248.43	725.07
(ii) Other Financial Liabilities	11	1,88,856.46	1,88,856.46
b. Other Current Liabilities	12	118.65	292.66
c. Provisions	9	-	3.73
<b>Total Current Liabilities (E)</b>		<b>1,89,223.54</b>	<b>1,89,877.92</b>
<b>Total Liabilities (F=D+E)</b>		<b>1,89,223.54</b>	<b>1,89,977.54</b>
<b>Total Equity and Liabilities (C+F)</b>		<b>1,86,616.84</b>	<b>1,87,117.14</b>

The above Balance Sheet should be read in conjunction with the accompanying notes (1-26).

As per our attached Report of even date

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

Vishal D. Shah  
Partner  
Membership No. 119303

Place: Mumbai  
Date : April 16, 2018

For and on behalf of the Board

Prakash Anandekar  
Director  
DIN: 01260382

Mohan Limaye  
Director  
DIN: 01837625

Place: Mumbai  
Date : April 16, 2018



**Talcher II Transmission Company Limited**  
**Statement of Profit and Loss for the year ended March 31, 2018**  
(All amounts in INR Thousand, unless otherwise stated)

Particulars	Note	Year ended March 31, 2018	Year ended March 31, 2017
(I) Other Income	13	0.05	0.11
<b>Total income (I)</b>		<b>0.05</b>	<b>0.11</b>
<b>(II) Expenses</b>			
(i) Employee Benefit Expense	14	139.91	-
(ii) Depreciation and amortisation expense	3	39.95	-
(iii) Other Expenses	15	2,566.49	99,833.96
<b>Total expenses (II)</b>		<b>2,746.35</b>	<b>99,833.96</b>
<b>(III) Profit / (Loss) before tax (I-II)</b>		<b>(2,746.30)</b>	<b>(99,833.85)</b>
<b>(IV) Income Tax Expense</b>	16		
- Current tax		-	0.04
- Income tax for earlier years		-	(0.14)
		-	(0.10)
<b>(V) Profit/(Loss) for the Year (III-IV)</b>		<b>(2,746.30)</b>	<b>(99,833.75)</b>
<b>(VI) Other Comprehensive Income</b>			
<b>Items that will not be classified to profit or loss</b>			
Remeasurement of Net Defined Benefit Plans: (Gains) / Loss		-	-
Income tax relating to above		-	-
<b>Total Other Comprehensive Income/(Loss) for the Year (VI)</b>		<b>-</b>	<b>-</b>
<b>(VII) Total Comprehensive Income/(Loss) for the Year (V + VI)</b>		<b>(2,746.30)</b>	<b>(99,833.75)</b>
<b>Earnings per equity share of Rs . 10/- each:</b>	22	INR	INR
Basic earnings per share		(3.73)	(135.55)
Diluted earnings per share		(3.73)	(135.55)

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes (1-26).

As per our attached Report of even date

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

Vishal D. Shah  
Partner  
Membership No. 119303

Place: Mumbai  
Date : April 16, 2018

For and on behalf of the Board

Prakash Khedekar  
Director  
DIN: 01260382

Mohan Limaye  
Director  
DIN: 01837625

Place: Mumbai  
Date : April 16, 2018

**Talcher II Transmission Company Limited**  
**Statement of Cash Flows for the year ended March 31, 2018**  
(All amounts in INR Thousand, unless otherwise stated)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Cash Flow from Operating Activities</b>		
Profit / (Loss) before Income Tax	(2,746.30)	(99,833.85)
<b>Adjustments for:</b>		
Depreciation	39.95	-
Interest Income	(0.05)	(0.11)
Loss on Sale / Discard of Assets	29.56	-
Filing Fees	32.79	6.73
Write off of Capital Work in Progress	-	99,827.23
<b>Cash generated from operations before working capital changes</b>	<b>(2,644.05)</b>	<b>-</b>
<b>Adjustments for:</b>		
Increase in Other Financial Assets	18.85	-
(Increase) / Decrease in Other Assets	4.67	-
Increase / (Decrease) in Other Current Liabilities	(174.02)	-
(Increase) / Decrease in Provisions	(103.35)	-
Increase / (Decrease) in Trade Payables	(476.64)	-
<b>Cash generated from operations</b>	<b>(3,374.54)</b>	<b>-</b>
Income Tax paid (net of refund)	0.92	-
<b>Net cash used in Operating Activities (a)</b>	<b>(3,373.62)</b>	<b>-</b>
<b>Cash Flows from Investing Activities</b>		
Payments for acquisition of Property, Plant and Equipment (Including Capital Work in Progress)	-	(6,736.94)
Interest Income	0.05	0.11
Income Taxes Paid (Net of Refund)	-	2.14
<b>Net cash used in Investing Activities (b)</b>	<b>0.05</b>	<b>(6,734.69)</b>
<b>Cash Flow from Financing Activities</b>		
Proceeds from Sub Ordinate Debt (Equity Component of financial instruments)	3,000.00	7,200.00
Filing Fees	(32.79)	(6.73)
<b>Net cash generated from financing activities (c)</b>	<b>2,967.21</b>	<b>7,193.27</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents (a+b+c)</b>	<b>(406.36)</b>	<b>458.57</b>
Cash and Cash Equivalents at the beginning of the year	590.48	131.91
Cash and Cash Equivalents at end of the year	184.12	590.48
<b>Net Increase / (Decrease) as disclosed above</b>	<b>(406.36)</b>	<b>458.57</b>
<b>Components of Cash and Cash Equivalents (Refer Note 5)</b>	<b>184.12</b>	<b>590.48</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes (1-26).

As per our attached Report of even date

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

Vishal D. Shah  
Partner  
Membership No. 119303

Place: Mumbai  
Date : April 16, 2018

For and on behalf of the Board

Prakash Kneekar      Mohan Mafaye  
Director                      Director  
DIN: 01260382          DIN: 01837625

Place: Mumbai  
Date : April 16, 2018

Talcher II Transmission Company Limited  
Statement of Changes in Equity  
(All amounts in INR Thousand, unless otherwise stated)

EQUITY

A. Equity Share Capital (Refer Note 8(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 March 31, 2017	7,365.00	-	7,365.00
As at March 31, 2018	7,365.00	-	7,365.00

B. Other Equity (Refer note 8(b))

Particulars	Reserves and Surplus			Total
	Securities Premium Account	Equity Component of financial instruments (Subordinate Debts)	Retained Earnings	
Balance as at April 01, 2016	61,785.00	20,600.00	23.35	82,408.35
Profit / (Loss) for the year	-	-	(99,833.75)	(99,833.75)
<b>Other Comprehensive Income/(Loss) for the Year</b> Items that will not be reclassified to profit or loss				
Remeasurement Gain / (Loss) on Defined Benefit Plan (Net of Tax)	-	-	-	-
Total Comprehensive Income / (Loss) for the Year	-	-	(99,833.75)	(99,833.75)
<b>Transaction with Owners, recorded directly in Equity</b>				
Issue of Subordinate Debt (Equity Component of financial instruments (Subordinate Debts))	-	7,200.00	-	7,200.00
	-	7,200.00	-	7,200.00
Balance as at March 31, 2017	61,785.00	27,800.00	(99,810.40)	(10,225.40)
Balance as at April 01, 2017	61,785.00	27,800.00	(99,810.40)	(10,225.40)
Profit / (Loss) for the Year	-	-	(2,746.30)	(2,746.30)
<b>Other Comprehensive Income/(Loss) for the Year</b> Items that will not be reclassified to profit or loss				
Remeasurement Gain / (Loss) on Defined Benefit Plan (Net of Tax)	-	-	-	-
Total Comprehensive Income / (Loss) for the Year	-	-	(2,746.30)	(2,746.30)
<b>Transaction with Owners, recorded directly in Equity</b>				
Issue of Subordinate Debt (Equity Component of financial instruments (Subordinate Debts))	-	3,000.00	-	3,000.00
Total Income for the Year	-	3,000.00	-	3,000.00
Balance as at March 31, 2018	61,785.00	30,800.00	(1,02,556.70)	(9,971.70)

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes (1-26).

As per our attached Report of even date

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

Vishal D. Shah  
Partner  
Membership No. 119303

Place: Mumbai  
Date : April 16, 2018

For and on behalf of the Board

Prakash Khedekar Mohan Maye  
Director Director  
DIN: 01260382 DIN: 01837625

Place: Mumbai  
Date : April 16, 2018

## Talcher II Transmission Company Limited

### Notes annexed to and forming part of Financial Statements

#### Note 1: Corporate Information

Talcher - II Transmission Company Limited (TTCL) is a company limited by shares, incorporated and domiciled in India. The registered office of the company is located at 5th Floor, JMD Galleria, Sector-48, Sohna Road, Gurgaon – 122018, Haryana.

The Company has been incorporated as a special purpose vehicle (SPV) on May 1, 2007, for procurement of transmission services for transmission of electricity for augmentation of Talcher – II transmission system, Under Built, Own, Operate (BOO) basis pursuant to a letter of selection issued to the Company by Power grid Corporation of India on September 10, 2009. Pursuant to the Ministry of Power, Government of India approval vide letter dated February 15, 2010, the Company is transferred to the successful bidder M/s. Reliance Power Transmission Limited.

The Company has been granted Transmission License by Central Electricity Regulatory Commission for a period of 25 years from November 8, 2010.

These financial statements of the Company for the year ended March 31, 2018 were authorised for issue by the board of directors on April 18, 2018. 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, 2018 were prepared in accordance with the accounting standards notified under Section 133 of Companies Act, 2013 read together with the Companies (Accounts) Rules, 2014.

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

###### (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) 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.

###### (iv) Recent accounting pronouncements:

**Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:** On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018, Since the Company does not have any foreign currency transactions and advance consideration there is no impact of this on the financial statements.

**Ind AS 115- Revenue from Contract with Customers:** On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

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

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

The Company presents assets and liabilities in the balance sheet based on current/

## **Talcher II Transmission Company Limited**

### **Notes annexed to and forming part of Financial Statements**

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.
  - Held primarily for the purpose of trading.
- All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
  - It is due to be settled within twelve months after the reporting period, or
  - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
  - Held primarily for the purpose of trading.
- All other liabilities are classified as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their 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) Revenue Recognition Policy**

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. The Company bases its estimates on historical results, taking into consideration the type of transaction.

All the items of Income and Expense are recognized on accrual basis of accounting.

#### **(e) 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.

#### **(f) 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

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as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Statement of Profit and Loss / Capital work in Progress 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.

**(g) Segment Information**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). Chief operating decision maker's function is to allocate the resources of the entity and access the performance of the operating segment of the entity.

The Board assesses the financial performance and position of the Company and makes strategic decisions. It is identified as being the chief operating decision maker for the Company

**(h) 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.

**(i) 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.

**(j) 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.

**(k) 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.

**A. 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.

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**(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 and 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 two 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 profit or loss:**

Assets that do not meet the criteria for amortised cost 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.

**(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. 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) Derecognition 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.

**B. 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

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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.

#### **(l) Fair value measurement**

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

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

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

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

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

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

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing 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 19A(a)) and disclosures of fair value measurement hierarchy (Refer note 19A(b)).

#### **(m) 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.

#### **(n) Property, Plant and Equipment**

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.



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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.

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 and are included in statement of profit and loss.

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.

**(o) Capital Work in Progress (CWIP)**

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.

**(p) Borrowing Costs**

Borrowing cost includes interest, amortisation of ancillary cost incurred in connection with the arrangement of borrowings and the exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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

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

**(q) 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 cost.

**(r) 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.

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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.

**(s) 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 / Capital work in Progress.

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; 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 / Capital work in Progress. 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 / Capital work in Progress as past service cost.

*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.

**(t) 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.

**(u) 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 considering Income in the Net Profit attributable to Equity Shareholders.

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**(v) Rounding of Amounts**

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

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

Particulars	Furniture and Fixtures	Office Equipment	Computers	Total	Capital work in progress
<b>Year ended March 31, 2017</b>					
<b>Gross carrying amount</b>					
Opening Gross Carrying Amount	124.41	34.78	271.14	430.33	2,78,483.22
Additions	-	-	-	-	7,510.93
Deletion / Other Adjustments	-	-	41.06	41.06	99,827.23
<b>Closing Gross carrying amount as on March 31, 2017</b>	<b>124.41</b>	<b>34.78</b>	<b>230.08</b>	<b>389.27</b>	<b>1,86,166.92</b>
<b>Accumulated Depreciation</b>					
Opening Accumulated Depreciation	10.56	1.56	98.84	110.96	-
Depreciation charge during the year	10.56	2.95	62.22	75.73	-
Deletion / Other Adjustments	-	-	12.25	12.25	-
<b>Closing Accumulated Depreciation as on March 31, 2017</b>	<b>21.12</b>	<b>4.51</b>	<b>148.81</b>	<b>174.44</b>	<b>-</b>
<b>Net Carrying amount as at March 31, 2017</b>	<b>103.29</b>	<b>30.27</b>	<b>81.27</b>	<b>214.83</b>	<b>1,86,166.92</b>
<b>Year ended March 31, 2018</b>					
<b>Gross Carrying Amount</b>					
Opening Gross Carrying Amount	124.41	34.78	230.08	389.27	1,86,166.92
Additions	-	-	-	-	-
Deletion / Other Adjustments	39.66	-	-	39.66	-
<b>Closing Gross Carrying amount as on March 31, 2018</b>	<b>84.75</b>	<b>34.78</b>	<b>230.08</b>	<b>349.61</b>	<b>1,86,166.92</b>
<b>Accumulated Depreciation</b>					
Opening Accumulated Depreciation	21.12	4.51	148.81	174.44	-
Depreciation charge during the Year	10.56	3.17	26.22	39.95	-
Deletion / Other Adjustments	10.11	-	-	10.11	-
<b>Closing Accumulated Depreciation as on March 31, 2018</b>	<b>21.57</b>	<b>7.68</b>	<b>175.03</b>	<b>204.28</b>	<b>-</b>
<b>Net Carrying amount as on March 31, 2018</b>	<b>63.18</b>	<b>27.10</b>	<b>55.05</b>	<b>145.33</b>	<b>1,86,166.92</b>

**Capital work-in-progress (CWIP)**

Capital work-in-progress as on March 31, 2018 comprises expenditure incurred on plant and equipment in the course of construction:

Particulars	Year	Opening	Additions	Deletion	Closing
CWIP Movement	2017-18	1,86,166.92	-	-	1,86,166.92
CWIP Movement	2016-17	2,78,483.22	7,510.93	99,827.23	1,86,166.92

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**Note 4: Other Financial Assets**

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	Non-Current	Current	Non-Current
(Unsecured, Considered good unless otherwise stated)				
Security Deposits	-	-	-	18.85
<b>Total</b>	-	-	-	18.85

**Note 5 : Cash and Cash Equivalents**

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with banks in - Current Accounts	184.12	590.48
<b>Total</b>	184.12	590.48

**Note 6: Current Tax Assets (Net)**

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current		Current	
Advance Income Tax Paid		0.04		1.00
Provision for Income Tax		-		(0.04)
<b>Total</b>		0.04		0.96

**Note 7: Other Assets**

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	Non-Current	Current	Non-Current
Advance to Employees	-	-	4.67	-
Gratuity Fund	120.43	-	-	120.43
<b>Total</b>	120.43	-	4.67	120.43

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**Note 8: Equity Share Capital and Other Equity**

**Note 8(a): Equity Share Capital**

Authorised Equity Share Capital	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Rs. in thousand	No. of shares	Rs. in thousand
10,00,000 (March 31, 2017: 10,00,000) Equity Shares of Rs 10 each		10,000.00		10,000.00
<b>Total authorised equity share capital</b>		<b>10,000.00</b>		<b>10,000.00</b>

Issued, Subscribed & Paid-up equity share capital	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Rs. in thousand	No. of shares	Rs. in thousand
7,36,500 (March 31, 2017: 7,36,500) Equity Shares of Rs 10 each		7,365.00		7,365.00
<b>Total Issued, Subscribed &amp; Paid-up equity share capital</b>		<b>7,365.00</b>		<b>7,365.00</b>

**(i) Reconciliation of the Equity Share outstanding at the beginning and at the end of the year**

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Rs. in thousand	No. of shares	Rs. in thousand
<b>Equity Shares -</b>				
At the beginning of the Year	7,36,500	7,365.00	7,36,500	7,365.00
Outstanding at the end of the Year	7,36,500	7,365.00	7,36,500	7,365.00

**(ii) Shares of the Company held by Holding Company**

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Rs. in thousand	No. of shares	Rs. in thousand
Reliance Power Transmission Limited and its nominees		7,365.00		7,365.00

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

Name of the Shareholders	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	% held	No. of Shares	% held
Reliance Power Transmission Limited and its nominees	7,36,500	100	7,36,500	100

**(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.

**Talcher II Transmission Company Limited**  
**Notes annexed to and forming part of the Financial Statements**  
 (All amounts in INR Thousand, unless otherwise stated)

**Note 8(b): Other Equity**

Particulars	As at March 31, 2018	As at March 31, 2017
Securities Premium Account	61,785.00	61,785.00
Equity Component of financial instruments (Subordinate Debts)	30,800.00	27,800.00
Retained Earning	(1,02,556.70)	(99,810.40)
<b>Closing balance</b>	<b>(9,971.70)</b>	<b>(10,225.40)</b>

**(i) Securities Premium Account**

Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	61,785.00	61,785.00
<b>Closing balance</b>	<b>61,785.00</b>	<b>61,785.00</b>

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

**(ii) Equity Component of financial instruments (Subordinate Debts)**

Particulars	As at March 31, 2018	As at March 31, 2017
At the Beginning of the Year (Refer Note Below)	27,800.00	20,600.00
Add : Received During the Year	3,000.00	7,200.00
<b>Closing balance</b>	<b>30,800.00</b>	<b>27,800.00</b>

Note : - (The 0% sub ordinate debt is taken from the Holding Company M/s Reliance Power Transmission Limited. This sub ordinate debt to be repaid by mutual consent of the parties only after primary lenders are paid in full and in installments as may be mutually agreed between the issuer and investor.)

**(iii) Retained Earnings**

Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	(99,810.40)	23.35
Add: Net Profit / (Loss) for the Year	(2,746.30)	(99,833.75)
<b>Closing balance</b>	<b>(1,02,556.70)</b>	<b>(99,810.40)</b>

**Talcher II Transmission Company Limited**  
**Notes annexed to and forming part of the Financial Statements**  
 (All amounts in INR Thousand, unless otherwise stated)

**Note 9: Provisions**

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	Non Current	Current	Non-Current
<b>Provision for Employee Benefit:</b>				
Leave Encashment	-	-	3.73	99.62
<b>Total</b>	-	-	3.73	99.62

**Note 10: Trade Payables**

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	Non Current	Current	Non-Current
Total outstanding dues to Micro and Small Enterprises		-		-
Total outstanding dues to others		248.43		725.07
<b>Total</b>		248.43		725.07

This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors.

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	Non Current	Current	Non-Current
Principal amount due to suppliers under MSMED Act, 2006	-	-	-	-
Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	-	-	-	-
Payment made to suppliers (other than interest) beyond the appointed day/due date during the year	-	-	-	-
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-	-	-
Interest paid to suppliers under MSMED Act (Section 16)	-	-	-	-
Interest due and payable towards suppliers under MSMED Act for payments already made	-	-	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-	-	-
Amount of further interest remaining due and payable in succeeding years	-	-	-	-
<b>Total</b>	-	-	-	-

**Note 11: Other Financial Liabilities**

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	Non Current	Current	Non-Current
Payable to Holding Company	1,88,856.46	-	1,88,856.46	-
<b>Total</b>	1,88,856.46	-	1,88,856.46	-

**Note 12: Other Liabilities**

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	Non Current	Current	Non-Current
Employee Payables	-	-	112.07	-
Statutory Dues Payable	118.65	-	180.59	-
<b>Total</b>	118.65	-	292.66	-



**Talcher II Transmission Company Limited**  
**Notes annexed to and forming part of the Financial Statements**  
(All amounts in INR Thousand, unless otherwise stated)

**Note 13: Other Income**

Particulars	For the Year ended March 31, 2018	For the year ended March 31, 2017
Interest on income tax refund	0.05	0.11
<b>Total</b>	<b>0.05</b>	<b>0.11</b>

**Talcher II Transmission Company Limited**  
**Notes annexed to and forming part of the Financial Statements**  
 (All amounts in INR Thousand, unless otherwise stated)

**Note 14: Employee Benefit Expense**

Particulars	For the Year ended March 31, 2018	For the year ended March 31, 2017
Salaries and Wages	117.36	-
Contribution to Provident and Other Funds(Refer note 18)	15.22	-
Gratuity Expense (Refer note 18)	-	-
Leave Encashment Expenses	7.33	-
<b>Total</b>	<b>139.91</b>	<b>-</b>

**Note 15: Other Expenses**

Particulars	For the Year ended March 31, 2018	For the year ended March 31, 2017
Capital Work in Progress Written off	-	99,827.23
Rent	20.84	-
Legal and Professional Fees	1,876.56	-
Licence and Application Fees	575.00	-
Auditors Remuneration	25.00	-
Communication Expenses	6.74	-
Loss on sale/discard of Assets	29.56	-
Filing Fees	32.79	6.73
<b>Total</b>	<b>2,566.49</b>	<b>99,833.96</b>

**Talcher - II Transmission Company Limited**  
**Notes annexed to and forming part of the Financial Statements**  
 (All amounts in INR Thousand, unless otherwise stated)

**Note 16: Income and Deferred Taxes**

**Note 16(a): Income Tax Expense**

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
<b>Current tax</b>		
Current tax on profits for the Year	-	0.04
Adjustments for current tax of prior Years	-	(0.14)
<b>Total current tax expense (A)</b>	-	(0.10)
<b>Deferred tax</b>		
Decrease/(increase) in deferred tax assets	-	-
(Decrease)/increase in deferred tax liabilities	-	-
<b>Total Deferred Tax Expense/(Benefit)</b>	-	-
Less: Recoverable from beneficiaries	-	-
<b>Net Deferred Tax Expense/(Benefit) (B)</b>	-	-
<b>Income Tax Expense (A+B)</b>	-	(0.10)

**Note 16(b): Reconciliation of tax expenses and the accounting profit multiplied by India's tax rate:**

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Loss as per IndAS before income tax expense	(2,746.30)	(99,833.85)
Tax at the Indian tax rate of 25.75% / (34.608%)	(707.17)	(34,550.50)
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</b>		
Expenses not allowable for tax purpose	707.17	34,550.54
Adjustments for current tax of prior Years	-	(0.14)
<b>Income Tax Expense</b>	-	(0.10)

Note: The Company has not recognised deferred tax asset on the unabsorbed losses as it does not claim the unabsorbed losses in the income tax returns filed by the Company.

**Note 16(c): Amounts recognised in respect of current tax / deferred tax directly in Equity**

Particulars	As at March 31, 2018	As at March 31, 2017
Amounts recognised in respect of current tax directly in Equity	-	-

**Talcher - II Transmission Company Limited**  
**Notes annexed to and forming part of the Financial Statements**  
(All amounts in INR Thousand, unless otherwise stated)

**Note 17: 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:**

**Holding Company**

- Reliance Power Transmission Limited (RPTL)

**Enterprises over which the ultimate Holding Company has Significant Influence**

- Utility Powertech Limited

**Ultimate Holding Company**

- Reliance Infrastructure Limited

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

**(a) Transactions with Related Parties**

Particulars	2017-18	2016-17
<b>Statement of Profit and Loss heads</b>		
<b>Expenses:</b>		
<b>Receiving of Services</b>		
- Utility Powertech Limited	104.13	416.71
<b>Equity Component of financial instruments -Subordinate Debts</b>		
- Reliance Power Transmission Limited	3,000.00	7,200.00
<b>Recoverable Expenditure incurred on our behalf</b>		
- Reliance Infrastructure Limited	32.28	26.88

**(b) Outstanding balances arising from receiving of services**

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Balance sheet heads (Closing balances):</b>		
<b>Trade payables and other liabilities for receiving of services on revenue and capital account</b>		
- Reliance Power Transmission Limited	1,88,856.46	1,88,856.46
- Utility Powertech Limited	-	37.14
<b>Equity Share Capital including share premium</b>		
- Reliance Power Transmission Limited	69,150.00	69,150.00
<b>Equity Component of financial instruments - Subordinate Debts</b>		
- Reliance Power Transmission Limited	30,800.00	27,800.00

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

**Note 18: Disclosure under Indian Accounting Standard 19 "Employee Benefits"**

The Company has classified various employee benefits as under:

**(A) Defined Contribution Plans**

a. Provident fund

b. 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. 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 in the Statement of Profit and Loss, for the year:

Sl. No.	Particulars	2017-2018	2016-2017
(i)	Contribution to Provident Fund	5.24	20.98
(ii)	Contribution to Employee's Pension Scheme 1995	3.75	15.00

**(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, 2018	March 31, 2017
(i)	Changes in Defined Benefit Obligation		
	Opening Balance of Present Value of Obligation	149.13	95.20
	Net Employee Benefit expense recognized in the Statement of Profit and Loss / Capital work in Progress		
	Current Service Cost		20.52
	Past Service Cost		
	Interest Cost on Defined Obligations		7.31
	(Gain) / Loss on settlement		
	Net Benefit expense	-	27.84
	Amount Recorded in Other Comprehensive Income (OCI)		
	Opening amount recognized in OCI outside Statement of Profit and Loss / Capital work in Progress	-	-
	Remeasurements during the period due to:		
	Changes in Financial assumptions		17.87
	Changes in demographic assumptions	-	
	Experience adjustments		8.24
	Actual return on plan assets less interest on plan assets	-	-
	Adjustment to recognize the effect of asset ceiling	-	-
	Closing amount recognized in OCI outside Statement of Profit and Loss / Capital work in Progress	-	26.10
	Benefits Paid / adjusted		
	Closing Balance of Present Value of Obligation	149.13	149.13

**Talcher - II Transmission Company Limited**  
**Notes annexed to and forming part of the Financial Statements**  
(All amounts in INR Thousand, unless otherwise stated)

Sl. No.	Particulars	Gratuity Funded	
		March 31, 2018	March 31, 2017
(ii)	<b>Changes in Fair Value of plan assets</b>		
	Opening Balance of Present Value of Plan Assets	315.54	292.17
	<b>Net Employee Benefit expense recognized in the Capital work in Progress</b>		
	Current Service Cost	-	-
	Interest cost/(income) on plan assets	-	22.88
	Actuarial Gain / (Loss) on settlement	-	-
	Net benefit expense	-	22.88
	<b>Amount Recorded in Other Comprehensive Income (OCI)</b>		
	Remeasurements during the period due to:		
	Changes in Financial assumptions	-	-
	Changes in demographic assumptions	-	-
	Experience adjustments	-	-
	Actual return on plan assets less interest/(income) on plan assets	-	0.70
	Adjustment to recognize the effect of asset ceiling	-	-
	Amount recognized in OCI	-	0.70
	Contributions	-	-
	Benefits Paid / adjusted	-	-
	Assets acquired / settled	-	-
	Closing Balance of Fair Value of Plan Assets net of pending transfer	315.54	315.54
(iii)	<b>The net Liability/(asset) disclosed above relates to funded / unfunded plan is as follows:</b>		
	Present value of Funded Obligation	149.13	149.13
	Fair Value of Plan Assets	315.54	315.54
	Amount not recognized as asset (asset ceiling)	45.98	45.98
	Present value of Unfunded Obligation	-	-
	<b>Net Liability / (asset) is bifurcated as follows:</b>		
	Current	-	-
	Non Current	(120.43)	(120.43)
	Total	(120.43)	(120.43)
(iv)	<b>Expenses Recognised in the Statement of Profit and Loss / Capital Work in Progress</b>		
	Current Service Cost	-	20.53
	Net Interest Cost	-	(15.36)
	Expenses Recognised	-	5.17
(v)	<b>Expenses Recognised in Other Comprehensive Income (OCI)</b>		
	Actuarial Losses on Obligation for the year	-	26.10
	Return on Plan Assets Excluding Interest Income	-	(0.70)
	Net Expenses for the year recognised in OCI	-	25.40
(vi)	<b>Actuarial Assumptions:</b>		
1	Discount Rate (Per annum)	-	7.05%
2	Salary Escalation Rate (Per annum)	-	7.50%
3	Expected Avg. remaining working lives of employees in no. of Years	-	30
4	Mortality Post retirement Rate During the Employment	-	Indian Assured Lives Mortality (2006-2008)
5	Mortality Post retirement Rate after the Employment	-	NA
(vii)	<b>Sensitivity Analysis:</b>		
A	<b>Sensitivity Level- Discount Rate</b>		
	Impact on Defined Benefit Obligation in 50 bps increase	-	-8.21%
	Impact on Defined Benefit Obligation in 50 bps decrease	-	9.19%
B	<b>Sensitivity Level- Salary Escalation Rate</b>		
	Impact on Defined Benefit Obligation in 50 bps increase	-	9.10%
	Impact on Defined Benefit Obligation in 50 bps decrease	-	-8.21%
(viii)	<b>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:</b>		
1	Expected benefit for 1 year	-	3.88
2	Expected benefit for 2 year	-	4.01
3	Expected benefit for 3 year	-	4.14
4	Expected benefit for 4 year	-	4.91
5	Expected benefit for 5 year	-	5.07
6	Expected benefit for 6 year	-	5.23
7	Expected benefit for 7 year	-	5.41
8	Expected benefit for 8 year	-	5.59
9	Expected benefit for 9 year	-	8.80
10	Expected benefit for 10 year and above	-	581.55
11	The weighted average duration to the payment of these cash flows (Years)	-	17.35

Talcher - II Transmission Company Limited  
Notes annexed to and forming part of the Financial Statements  
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Sl. No.	Particulars	Gratuity	
		Funded	
		March 31, 2018	March 31, 2017
(ix)	<b>Plan Asset Composition</b>		
	Non Quoted	-	315.54
	Insurer Managed Funds	-	315.54
(x)	<b>A reconciliation of the asset ceiling during the inter valuation period is given below:-</b>		
	Opening Value of asset ceiling	45.98	66.95
	Add: Interest on opening balance on asset ceiling	-	5.22
	Remeasurement due to:		
	Changes in surplus/deficit	(45.98)	(26.19)
	Closing Value of asset ceiling	-	45.98

Note: As at March 31, 2018, the Company does not have any employees, hence no provision for gratuity and leave encashment has been made on the financial statements. The excess provision if any lying at the balance sheet date has been written off in the books of account.

**Talcher - II Transmission Company Limited**  
**Notes annexed to and forming part of the Financial Statements**  
(All amounts in INR Thousand, unless otherwise stated)

**Note 19: 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.

	As at March 31, 2018	As at March 31, 2017
	Amortised cost	Amortised cost
<b>Financial Assets</b>		
Security Deposits	-	18.85
Cash and Cash Equivalents	184.12	590.48
<b>Total</b>	<b>184.12</b>	<b>609.33</b>
<b>Financial Liabilities</b>		
Trade Payables	248.43	725.07
<b>Total</b>	<b>248.43</b>	<b>725.07</b>

**(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 at March 31, 2018	Level 1	Level 2	Level 3	Total
<b>Financial Liabilities</b>				
Trade Payables	-	-	248.43	248.43

Assets and liabilities for which fair values are disclosed at March 31, 2017	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Security Deposits	-	-	18.85	18.85
<b>Financial Liabilities</b>				
Trade Payables	-	-	725.07	725.07

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 advances receivable in cash, bank deposits 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.

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



**Note 19: Fair Value Measurements and Financial Risk Management**  
**(B) Financial Risk Management**

**(a) Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company is engaged in Transmission of Electricity.

The Company does not have any significant exposure to credit risk.

**Credit Risk Management**

The Company provides provision for expected credit loss (ECL) based on the risk of default from the counter party. The provision for ECL would be disclosed in the Statement of Profit and Loss of the reporting period and the same would be deducted from the financial asset. In the current financial year the Company has not provided for ECL as the company considers the credit risk on entire financial assets as negligible.

**(i) Cash and cash equivalents**

The Company held cash and cash equivalents with credit worthy banks aggregating Rs. 184.12 thousand and Rs. 590.48 thousand as at March 31, 2018 and March 31, 2017 respectively. The credit worthiness of such banks is evaluated by the management on an ongoing basis and is considered to be good.

**(ii) Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The Company is not exposed to any significant currency risk and equity price risk.

**(a) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to any interest rate risk

**(b) Liquidity Risk**

The table below analyses the Company's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual Maturities of Financial Liabilities as at March 31, 2018	Upto 1 year	Between 1 and 5 years	Above 5 years	Total
<b>Non-derivatives</b>				
Trade Payables	248.43	-	-	248.43
Other Financial Liabilities	1,88,856.46	-	-	1,88,856.46
<b>Total Liabilities</b>	<b>1,89,104.89</b>	-	-	<b>1,89,104.89</b>

Contractual Maturities of Financial Liabilities as at March 31, 2017	upto 1 year	Between 1 and 5 years	Above 5 years	Total
<b>Non-derivatives</b>				
Trade Payables	725.07	-	-	725.07
Other Financial Liabilities	1,88,856.46	-	-	1,88,856.46
<b>Total Liabilities</b>	<b>1,89,581.52</b>	-	-	<b>1,89,581.52</b>

**Talcher II Transmission Company Limited**  
**Notes annexed to and forming part of the Financial Statements**  
(All amounts in INR Thousand, unless otherwise stated)

**Note 20: Project Status**

**A. Force Majeure:**

The Company had approached Central Electricity Regulatory Commission (CERC) for allowing tariff revision and Force Majeure due to delay in grant of clearance u/s 164 of Electricity Act (EA). CERC notified an unfavorable order which was later challenged by TTCL in Appellate Tribunal for Electricity (ATE). ATE allowed the appeal filed by company and set aside the unfavorable CERC order.

Pursuant to the ATE Order, written requests were sent to the beneficiaries seeking following main reliefs to mitigate effect of Force Majeure in line with the prayers allowed in appeal:

a) Re-fixation of implementation time of the Project as was originally envisaged considering zero date as issuance of section 68 approval from MoP.

b) Tariff Increase to the tune of 90%.

Concerned utilities in Tamilnadu, Gujarat and Maharashtra have appealed against the order of ATE in the Supreme Court of India. First hearing was held on March 07, 2014 in case of Gujarat and April 21, 2014 in case of Maharashtra. The Tamilnadu petition has been merged with the petition of Gujarat. All the petitions filed by beneficiaries have been clubbed together by Supreme Court. The petition has been admitted and next hearing is awaited.

**B. Revocation of Licence:**

Meanwhile on March 04, 2014, CERC reopened Power Grid Corporation of India Limited's (PGCIL) petition nos. 19 and 20 seeking revocation of license of the Company and transferring the project to PGCIL on cost plus model at the risk and cost of Reliance Power Transmission Limited (the Holding Company). CERC vide its Order dated September 02, 2015, stated that the Company shall comply with certain conditions stated in the Order within a stipulated time frame or else its license would be revoked. Based on the Order of CERC, the Company filed an Appeal No. 201 of 2015 & IA-338 of 2015 in ATE challenging the CERC order. ATE rejected the IA meant for stay but allowed the appeal. The Company filed a Civil Appeal number 13370 of 2015, in Supreme Court against ATE's rejection of IA meant for stay. Based on the appeal filed by the Company, the Supreme Court has given a stay order directing no coercive action to be taken by CERC. Supreme Court on 12th August 2016 has disposed of the appeal and directed ATE to decide on the appeal. Hearings in ATE are ongoing. Next hearing in ATE is scheduled on April 23, 2018.

The matter for non grant of stay order by ATE is pending before Supreme Court and the appeal against the CERCs Order for revocation of license is pending before the ATE.

C. As the approval by Ministry of Power (MoP) u/s 68 of Electricity Act 2003 to the project have already expired, the Company has filed a letter on January 14, 2014 requesting extension of the same, but MoP's response is still awaited. Pending the said approval, the Transmission Service Agreement (TSA) would not become operative and implementation of the Project could not be commenced.

Considering the above matters, which are pending with concerned authorities, the management is confident of recovering the cost incurred on acquiring the project amounting to Rs.1,86,166.92 thousand which is shown under Capital work in Progress in the books of account and cost incurred during the year has been taken to the Statement of Profit and Loss by the Company.

**Talcher - II Transmission Company Limited**  
**Notes forming part of Financial Statements**  
(All amounts in INR Thousand, unless otherwise stated)

**Note 21: Payment to Auditors: (excluding service tax / goods and service tax)**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) As Auditors :		
Audit Fee	25.00	26.25
(b) For Other Services		
Certification Charges	-	7.50
<b>Total</b>	<b>25.00</b>	<b>33.75</b>

**Note 22: Earnings per share**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Basic &amp; Diluted earnings per share</b>		
Loss attributable to the equity holders of the Company (Rs in Thousand) (A)	(2,746.30)	(99,833.75)
Weighted average number of equity shares used as the denominator in calculating basic & diluted earnings per share (B)	7,36,500	7,36,500
Loss per share (Basic & diluted) (Rs.) (A / B)	(3.73)	(135.55)
Nominal value of equity shares (Rs.)	10	10

**Note 23: 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.

**Note 24: 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, for the year is amounting to Rs. 31.26 thousand (March 31, 2017 Rs 123.54 thousand)

**Note 25: Disclosure pursuant to para 44 A to 44 E of Ind AS 7 - Statement of Cash Flows**

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
<b>Sub Ordinate Debt (Equity Component of financial instruments)</b>		
Opening Balance	27,800.00	20,600.00
Received during the year	3,000.00	7,200.00
Changes in Fair Value (Impact of Effective Rate of Interest)	-	-
Repaid During the year	-	-
<b>Closing Balance</b>	<b>30,800.00</b>	<b>27,800.00</b>

**Note 26:**

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

**For and on behalf of the Board**

**Vishal D. Shah**  
**Partner**  
**Membership No. 119303**

**Prakash Khedekar**  
**Director**  
**DIN: 01260382**

**Mohammad Limaye**  
**Director**  
**DIN: 01837625**

**Place: Mumbai**  
**Date : April 16, 2018**

**Place: Mumbai**  
**Date : April 16, 2018**