

Independent Auditors' Report

To the Members of Parbati Koldam Transmission Company Limited

Report on the audit of Financial Statements

Opinion

1. We have audited the Financial Statements of **Parbati Koldam Transmission Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. (hereinafter referred to as "the financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its Profits, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

4. The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

5. In connection with our audit of the financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.
6. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

Management's Responsibility for the Financial Statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of the financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to

events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure B** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
12. 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 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure A**”;
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) 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, 2020 on its financial position in its financial statements- Refer Note 21 on contingent liabilities to the financial statements.
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.

For Pathak H. D. & Associates LLP
Chartered Accountants
Firm Registration No. 107783W/W100593

Vishal D. Shah
Partner
Membership No. 119303
UDIN :20119303AAAABF1472

Place : Mumbai
Date : May 1, 2020

Annexure – A to Auditor’s report

Annexure to the Independent Auditor’s Report referred to in paragraph “12(f)” under the heading “Report on other legal and regulatory requirements” of our report of even date on the financial statements of Parbati Koldam Transmission Company Limited for year ended March 31, 2020.

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls with reference to financial statements of Parbati Koldam Transmission Company Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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 with reference to financial statements 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 Act, 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal controls with reference to financial statements 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 LLP

Chartered Accountants

Firm's Registration No.107783W/W100593

Vishal D. Shah

Partner

Membership No.119303

UDIN:20119303AAAABF1472

Place: Mumbai

Date: May 1, 2020

Annexure B to Auditors' Report

Referred to in our Auditors' Report of even date to the members of Parbati Koldam Transmission Company Limited on the financial statements for the Year ended March 31, 2020

- (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 title deed of immovable property, as disclosed in note 3 to the financial statements is held in the name of the Company.
- (ii) As explained to us, there is no physical inventory in existence and hence, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) The Company has not granted any loan, secured or unsecured, to any company, firm Limited Liability Partnerships or other parties covered in the register maintained under section 189 of Act. Accordingly, provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable.
- (iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186(1) of the Act. Further, as the Company is engaged in the business of providing infrastructural facilities, the provisions of Section 186[except for sub-section (1)] are not applicable to it.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and rules framed there under.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under sub-section (1) of Section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, customs duty, 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, goods and service tax, customs duty, 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, customs duty, goods and service tax and cess as at March 31, 2020 which have not been deposited on account of a dispute.
- (viii) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank. The Company has not availed any loans from debenture holders.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and in our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were raised.

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- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and section 188 of the Act where applicable.

The details of related party transactions as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, have been disclosed in the 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 to its directors. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Pathak H. D. & Associates LLP
Chartered Accountants
Firm's Registration No.107783W/W100593

Vishal D. Shah
Partner
Membership No.119303
UDIN: 20119303AAAABF1472

Place: Mumbai
Date: May 1, 2020

Parbati Koldam Transmission Company Limited

Balance Sheet as at March 31, 2020

(All amounts in INR Lakh, unless otherwise stated)

| Particulars | Notes | As at March 31, 2020 | As at March 31, 2019 |
|---|--------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| a. Property, Plant and Equipment | 3 | 73,944.07 | 79,219.71 |
| b. Financial Assets | | | |
| (i) Loans | 4(a) | 8.82 | 9.82 |
| (ii) Other Financial Assets | 4(b) | 2,892.50 | 2,954.50 |
| Total Non-Current Assets (A) | | 76,845.39 | 82,184.03 |
| Current Assets | | | |
| a. Financial Assets | | | |
| (i) Trade Receivables | 5 (a) | 11,868.72 | 4,026.85 |
| (ii) Cash and Cash Equivalents | 5 (b) | 9,557.84 | 1,409.83 |
| (iii) Loans | 4(a) | 3.00 | 3.00 |
| (iv) Other Financial Assets | 4(b) | 491.23 | 6,565.11 |
| b. Other Current Assets | 6 | 1.18 | 0.93 |
| Total Current Assets (B) | | 21,921.97 | 12,005.72 |
| Regulatory deferral account debit balances and related deferred tax balances (C) | 7 | - | 119.78 |
| Total Assets and Regulatory Deferral Account debit balances (A+B+C) | | 98,767.36 | 94,309.53 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| a. Equity Share Capital | 8 (a) | 27,283.70 | 27,283.70 |
| b. Other Equity | 8 (b) | 16,731.26 | 13,100.44 |
| Total Equity (D) | | 44,014.96 | 40,384.14 |
| LIABILITIES | | | |
| Non-Current Liabilities | | | |
| a. Financial Liabilities | | | |
| - Borrowings | 9 | 39,838.62 | 44,684.10 |
| b. Provisions | 10 | 56.78 | 131.37 |
| c. Deferred Tax Liability (Net) | 11 (e) | 1,429.80 | 1,532.40 |
| Total Non-Current Liabilities (E) | | 41,325.20 | 46,347.87 |
| Current Liabilities | | | |
| a. Financial Liabilities | | | |
| (i) Trade Payables | 12 | | |
| - Total outstanding dues of micro enterprise and small enterprises | | - | - |
| - Total outstanding dues of creditors other than micro enterprise and small enterprise | | 20.67 | 39.28 |
| (ii) Other Financial Liabilities | 13 | 13,136.49 | 7,310.25 |
| b. Other Current Liabilities | 14 | 99.52 | 108.29 |
| c. Provisions | 10 | 5.65 | 6.11 |
| d. Current Tax Liabilities (Net) | 15 | 164.87 | 113.59 |
| Total Current Liabilities (F) | | 13,427.20 | 7,577.52 |
| Total Liabilities (G=E+F) | | 54,752.40 | 53,925.39 |
| Total Equity and Liabilities (D+G) | | 98,767.36 | 94,309.53 |

The above balance sheet should be read in conjunction with the accompanying notes (1 - 33).

As per our attached Report of even date

For and on behalf of the Board

For Pathak H.D.& Associates LLP

Chartered Accountants

Firm Registration No.107783W / W100593

Alok K. Roy
Managing Director
DIN: 01952393

Surya S. Banerji
Director
DIN: 08277103

Vishal D. Shah

Partner

Membership No. 119303

Place: Mumbai

Date : May 01, 2020

Rupin Rawat
Chief Financial Officer
Place: Gurugram
Date : May 01, 2020

Maanas Srivastava
Company Secretary

Parbati Koldam Transmission Company Limited
Statement of Profit and Loss for the year ended March 31, 2020

(All amounts in INR Lakh, unless otherwise stated)

| Particulars | Note | For the year ended on | |
|--|-------|-----------------------|----------------|
| | | March 31, 2020 | March 31, 2019 |
| (I) Revenue from Operations | 16 | 18,940.68 | 16,114.72 |
| (II) Other Income | 17 | 1,962.09 | 573.48 |
| (III) Total Income (I+II) | | 20,902.77 | 16,688.20 |
| (IV) Expenses | | | |
| Employee Benefits Expense | 18 | 342.48 | 422.45 |
| Finance Costs | 19 | 4,745.69 | 4,760.99 |
| Depreciation Expense | 3 | 5,276.76 | 5,274.70 |
| Other Expenses | 20 | 546.18 | 399.71 |
| Total Expenses (IV) | | 10,911.11 | 10,857.85 |
| (V) Profit before Regulatory Defferal Account Balances (III-IV) | | 9,991.66 | 5,830.35 |
| Add: Regulatory Income/(Loss) (Net of deferred taxes) | 7 | 591.65 | 763.51 |
| (VI) Profit before tax | | 10,583.31 | 6,593.86 |
| (VII) Income Tax Expense | 11(a) | | |
| 1. Current Tax | | 1,927.27 | 1,354.24 |
| 2. Deferred Tax (Asset) / Liability (Net) | | 489.05 | 310.51 |
| 3. Income tax for earlier years | | (55.82) | 5.17 |
| | | 2,360.50 | 1,669.92 |
| (VIII) Profit for the Year (VI-VII) | | 8,222.81 | 4,923.94 |
| (IX) Other Comprehensive Income | | | |
| <i>Items that will not be reclassified to profit or loss</i> | | | |
| Remeasurements of Net Defined Benefit Plans : (Gains) / Loss | | (15.61) | (8.15) |
| Income tax relating to above | | 2.73 | 1.76 |
| Total Other Comprehensive (Income)/Loss for the year (IX) | | (12.88) | (6.39) |
| Total Comprehensive Income for the year (VIII+IX) | | 8,235.69 | 4,930.33 |
| Earnings per Equity Share of Rs . 10/- each including movement in Regulatory Defferal Account Balances: | 28 | INR | INR |
| Basic | | 3.01 | 1.80 |
| Diluted | | 3.01 | 1.80 |
| Earnings per Equity Share of Rs . 10/- each excluding movement in Regulatory Defferal Account Balances: | | | |
| Basic | | 2.80 | 1.53 |
| Diluted | | 2.80 | 1.53 |

The above statement of profit and loss should be read in conjunction with the accompanying notes (1 - 33).

As per our attached Report of even date

For and on behalf of the Board

For Pathak H.D.& Associates LLP
Chartered Accountants
Firm Registration No.107783W / W100593

Alok K. Roy
Managing Director
DIN:01952393

Surya S. Banerji
Director
DIN: 08277103

Vishal D. Shah
Partner
Membership No. 119303
Place: Mumbai
Date : May 01, 2020

Rupin Rawat
Chief Financial Officer
Place: Gurugram
Date : May 01, 2020

Maanas Srivastava
Company Secretary

Parbati Koldam Transmission Company Limited
Statement of Cash Flows for the year ended March 31, 2020
(All amounts in INR Lakh, unless otherwise stated)

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|--|------------------------------|------------------------------|
| A. Cash Flow from Operating Activities | | |
| Profit before Tax | 10,583.31 | 6,593.86 |
| Adjustments for: | | |
| Depreciation | 5,276.76 | 5,274.70 |
| Interest Expenses | 4,745.69 | 4,760.99 |
| Provision for Leave Encashment and Gratuity | (59.44) | 35.94 |
| (Profit) / Loss on sale/discard of Fixed Assets (Net) | 0.20 | 0.90 |
| Regulatory Income (Net of deferred taxes) | (591.65) | (763.51) |
| Filing Fees | 0.38 | 0.69 |
| Interest Income | (440.19) | (356.74) |
| Cash Generated from Operations before Working Capital Changes | 19,515.06 | 15,546.83 |
| Working Capital Adjustments : | | |
| (Increase) / Decrease in Other Financial Assets | 6,111.67 | (602.80) |
| (Increase) / Decrease in Trade Receivables | (1,878.51) | (165.89) |
| (Increase) / Decrease in Other Assets | (0.25) | (0.46) |
| Increase / (Decrease) in Other Current Liabilities | (8.77) | 2.16 |
| Increase / (Decrease) in Trade Payables | (18.60) | 10.80 |
| Cash Generated from Operations | 23,720.60 | 14,790.64 |
| Income Taxes Paid (Net of Refund) | (1,822.90) | (1,344.99) |
| Net Cash Generated from Operating Activities | 21,897.70 | 13,445.65 |
| B. Cash Flows from Investing Activities | | |
| Payments for Acquisition of Property, Plant and Equipment (including Capital Advances and Capital Creditors) | (19.04) | (13.94) |
| Redemption / (Investment) in Bank Deposits (Net) | 62.00 | 306.05 |
| Interest Income | 403.40 | 373.30 |
| Net Cash Generated from / (used) in Investing Activities | 446.36 | 665.41 |
| C. Cash Flow From Financing Activities | | |
| Filing Fees | (0.38) | (0.69) |
| Repayment of Long Term Borrowings | (4,877.42) | (5,192.49) |
| Payment of Interest and Finance Charges | (4,713.38) | (5,045.58) |
| Dividends Paid to Shareholders Including Tax | (4,604.87) | (5,262.71) |
| Net Cash Used in Financing Activities | (14,196.05) | (15,501.47) |
| Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C) | 8,148.01 | (1,390.41) |
| Cash and Cash Equivalents at the Beginning of the Year | 1,409.83 | 2,800.24 |
| Cash and Cash Equivalents at End of the Year | 9,557.84 | 1,409.83 |
| Net Increase / (Decrease) as disclosed above | 8,148.01 | (1,390.41) |
| Components of Cash and Cash Equivalents (Refer Note 5 (b)) | 9,557.84 | 1,409.83 |

The above statement of cash flows should be read in conjunction with the accompanying notes (1 - 33).

As per our attached Report of even date

For and on behalf of the Board

For Pathak H.D.& Associates LLP
Chartered Accountants
Firm Registration No.107783W / W100593

Alok K. Roy
Managing Director
DIN:01952393

Surya S. Banerji
Director
DIN: 08277103

Vishal D. Shah
Partner
Membership No. 119303
Place: Mumbai
Date : May 01, 2020

Rupin Rawat
Chief Financial Officer
Place: Gurugram
Date : May 01, 2020

Maanas Srivastava
Company Secretary

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

EQUITY

A. Equity Share Capital (Refer Note: 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, 2019 | 27,283.70 | - | 27,283.70 |
| As at March 31, 2020 | 27,283.70 | - | 27,283.70 |

B. Other Equity (Refer Note: 8 (b))

| Particulars | Attributable to Owners of the Company | | |
|--|---------------------------------------|-------------------|------------------|
| | Reserves and Surplus | | |
| | Self Insurance Reserve | Retained Earnings | Total |
| Balance as at April 01, 2018 | 379.35 | 13,053.47 | 13,432.82 |
| Profit for the year | - | 4,923.94 | 4,923.94 |
| Other Comprehensive income for the year | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurement Loss on Defined Benefit Plan (Net of Tax) | - | 6.39 | 6.39 |
| Total Comprehensive Income for the year | - | 4,930.33 | 4,930.33 |
| Transfer to Self Insurance Reserve | - | (100.63) | (100.63) |
| Transfer from Retained Earnings | 100.63 | - | 100.63 |
| Transaction with owners, recorded directly in equity | | | |
| Dividend Paid | - | (4,365.40) | (4,365.40) |
| Tax on Dividend | - | (897.31) | (897.31) |
| Balance as at March 31, 2019 | 479.98 | 12,620.46 | 13,100.44 |
| Balance as at April 01, 2019 | 479.98 | 12,620.46 | 13,100.44 |
| Profit for the year | - | 8,222.81 | 8,222.81 |
| Other Comprehensive income for the year | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurement Loss on Defined Benefit Plan (Net of Tax) | - | 12.88 | 12.88 |
| Total Comprehensive Income for the year | - | 8,235.69 | 8,235.69 |
| Transfer to Self Insurance Reserve | - | (100.63) | (100.63) |
| Transfer from Retained Earnings | 100.63 | - | 100.63 |
| Transaction with owners, recorded directly in equity | | | |
| Dividend Paid | - | (3,819.74) | (3,819.74) |
| Tax on Dividend | - | (785.13) | (785.13) |
| Balance as at March 31, 2020 | 580.61 | 16,150.65 | 16,731.26 |

The above statement of changes in equity should be read in conjunction with the accompanying notes (1 - 33).

As per our attached Report of even date

For and on behalf of the Board

For Pathak H.D.& Associates LLP
Chartered Accountants
Firm Registration No.107783W / W100593

Alok K. Roy
Managing Director
DIN:01952393

Surya S. Banerji
Director
DIN: 08277103

Vishal D. Shah
Partner
Membership No. 119303
Place: Mumbai
Date : May 01, 2020

Rupin Rawat
Chief Financial Officer
Place: Gurugram
Date : May 01, 2020

Maanas Srivastava
Company Secretary

Parbati Koldam Transmission Company Limited

Notes forming part of Financial Statements

Note 1: Corporate Information

Parbati Koldam Transmission Company Limited (PKTCL) is a Company limited by shares, incorporated and domiciled in India. The registered office of the Company is located at 5th Floor, JMD Galleria, Sector-48, Sohna Road, Gurugram-122018.

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

These financial statements of the Company for the year ended March 31, 2020 were authorised for issue by the board of directors on May 01, 2020. 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 periods 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.

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

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

(ii) Basis of Measurement - Historical Cost Convention

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

(iii) 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.

(b) Current versus Non-Current classification

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

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

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

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

Parbati Koldam Transmission Company Limited

Notes forming part of Financial Statements

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

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions, and from translation of monetary assets and liabilities at the reporting date exchange rates are recognised in the Statement of Profit and Loss.

(d) Rate Regulated Activities

The Company determines revenue gaps (i.e. surplus / shortfall in actual revenue over revenue entitled) in respect of its operations, as given in the Guidance Note on Rate Regulated Activities and based on the principles laid down under the relevant Tariff Regulations / Tariff Orders notified by the Central Electricity Regulatory Commission (CERC) and the actual or expected actions of the regulator under the applicable regulatory framework. Appropriate adjustments in respect of such revenue gaps are made in the revenue of the respective year for the amounts which are reasonably determinable and no significant uncertainty exists in such determination. These adjustments/ accruals are as per the principle of Ind AS 114 "Regulatory Deferral Accounts", representing revenue gaps are carried forward as Regulatory Assets / Regulatory Liabilities and the Company presents separate line items in the balance sheet for:

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

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

(e) Revenue from Contracts with Customers and Other Income

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer. The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 and Ind AS 11.

There is no impact on application of standards on the financial statements.

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

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

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

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

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

Others:

Interest Income is recognized using Effective Interest Rate Method.

Dividend on Investment is recognized in the Statement of Profit and Loss when the right to receive payment is established.

Parbati Koldam Transmission Company Limited

Notes forming part of Financial Statements

(f) Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Company generates 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 balance sheet approach, 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 period comprises of current tax and deferred tax. Income tax is recognized in the Statement of Profit and Loss except to the extent that it relates to items recognized in 'Other comprehensive income' or directly in equity, in which case the tax is recognized in 'Other comprehensive income' or directly in equity, respectively.

(g) Leases

The Company has obtained certain office premises on lease which are of Short term nature and are also of low value leases. For these short term and low value leases, the Company recognizes the lease payments as an expense on straight line basis over the period of lease. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of profit and loss unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(h) Segment Information

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.

(i) Impairment of Non-Financial Assets

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Indefinite-life intangibles are subject to a review for impairment annually or more frequently if events or circumstances indicate that it is necessary. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Asset/cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognizing the impairment loss as an expense in the Statement of Profit and Loss. The impairment loss is allocated first to reduce the carrying amount of any goodwill (if any) allocated to the cash generating unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Recoverable amount is higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life.

Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased. An impairment loss recognized for goodwill is not reversed in subsequent periods.

(j) Cash and Cash Equivalents

Cash and Cash Equivalent in the balance sheet comprise cash at Bank and Short Term Deposits with original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Parbati Koldam Transmission Company Limited

Notes forming part of Financial Statements

(k) Cash Flow Statement

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

(l) Financial Instruments

The Company recognises financial assets and liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognised at fair values on initial recognition, except for trade receivables which are initially measured at transaction price.

(l) Financial Assets :

(i) Classification:

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in Statement of profit and loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

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

(ii) Measurement

Initial

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs of financial assets carried at fair value through profit or loss are expensed in Statement of Profit or Loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are 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 or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the Statement of Profit and Loss and presented net in the Statement of Profit and Loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The Company subsequently measures all equity investments at fair value.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in Statement of Profit and Loss.

Parbati Koldam Transmission Company Limited

Notes forming part of Financial Statements

(iii) Impairment of Financial Assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

(iv) De recognition of Financial Assets

A financial asset is derecognised only when:

- Right to receive cash flow from assets have expired or
- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the received cash flows in full without material delay to a 3rd party under a “pass through” arrangement.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(II) Financial Liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payable,

Subsequent measurement

Financial liabilities at amortized cost: After initial measurement, such financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

Trade and Other Payable

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period 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.

(m) 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.

Parbati Koldam Transmission Company Limited

Notes forming part of Financial Statements

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

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Management determines the policies and procedures for both recurring and non-recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

(n) 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.

(o) 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

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

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

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

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

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 period is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

Parbati Koldam Transmission Company Limited

Notes forming part of Financial Statements

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.

(p) 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.

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

(q) Borrowing Costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statement of profit and loss.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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

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

(r) Provisions

Provisions for legal claims and returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance costs.

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

(s) Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is probable that an outflow of resources will not be required to settle the obligation. However, if the possibility of outflow of resources, arising out of present obligation, is remote, it is not even disclosed as contingent liability.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the notes to financial statements. A Contingent asset is neither disclosed nor recognized in financial statements.

Parbati Koldam Transmission Company Limited

Notes forming part of Financial Statements

(t) Employee Benefits

(i) Short-Term Obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other Long-Term Employee Benefit Obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-Employment Obligations

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity, leave encashment; and
- (b) defined contribution plans such as provident fund, superannuation fund etc.

Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in statement of profit and loss as past service cost.

Leave encashment

Long-term leave encashment is provided for on the basis of an actuarial valuation carried out at the end of the year on the projected unit credit method. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss.

Defined Contribution plans

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available. Superannuation plan, a defined contribution scheme is administered by Life Insurance Corporation of India. The Company makes annual contributions based on a specified percentage of each eligible employee's salary.

(u) Self Insurance Reserve

Self Insurance reserve is created @ 0.1% p.a. on Gross Block of Fixed Assets (except assets covered under any other insurance policy) as at the end of the year by appropriating current year profit towards future losses which may arise from un-insured risks and taking care of contingencies in future by procurement of towers and other transmission line materials including strengthening of towers.

(v) 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.

Parbati Koldam Transmission Company Limited

Notes forming part of Financial Statements

(w) Dividend

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable including tax deduction at source (TDS) on distribution of dividend is recognised directly in equity.

(x) Earnings per Share

(i) Basic Earnings per Share (BEPS)

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

(ii) Diluted Earnings per Share (DEPS)

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Both BEPS and DEPS have been calculated with and without considering rate regulated activities Income in the Net Profit attributable to Equity Shareholders.

(y) Rounding of Amounts

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

(z) Critical Estimates and Judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates and judgements are:

Estimation of Uncertainties relating to the Global Health Pandemic from COVID – 19 (“Covid – 19”)

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables and Property Plant and Equipment. The operations of the transmission lines are covered under essential services which are actively engaged in the transmission of power. Hence the Transmission industry is amongst the businesses that are least impacted due to outbreak of COVID 19 and is running its business and operations as usual without any major disruption. Thus, the Company believes that the probability of the occurrence of their forecasted transactions have no material impact due to COVID-19 pandemic as at the date of approval of these financial results and the Company expects to recover the full carrying amount of the assets & revenue recognized.

Regulatory Assets and Revenue:

The Company determines revenue gap for the period (i.e. shortfall in actual returns over assured returns) based on the principles laid down under the CERC Regulations and Tariff Orders issued by CERC. In respect of such revenue gaps, appropriate adjustments, have been made for the respective periods on a conservative basis in accordance with accounting policy and the requirement of Ind AS 114 "Regulatory Deferral Accounts" read with Guidance Note on Rate Regulated Activities issued by the Institute of Chartered Accountants of India.

Estimation of deferred tax assets recoverable:

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the same can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Company has Rs 7,176.35 Lakh (March 31, 2019: Rs 5,246.35 Lakh) of Minimum Alternate Tax (MAT) credit entitlement assets. According to management's estimate, these balances will expire and may not be used to offset taxable income. The Company neither has any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these MAT credit entitlement as deferred tax assets. On this basis, the Company has determined that it cannot recognise deferred tax assets on these balances.

Parbati Koldam Transmission Company Limited
Notes forming part of Financial Statements

Estimation of defined benefit obligation:

The cost of the defined benefit gratuity plan and other post-employment employee benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available Indian Assured Lives Mortality (2012-14) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

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

Note 3: Property, Plant and Equipment

| Particulars | Freehold Land | Buildings | Plant and Equipment | Furniture and Fixtures | Office Equipment | Computers | Electrical Installations | Total |
|--|---------------|-----------------|---------------------|------------------------|------------------|--------------|--------------------------|------------------|
| Year Ended March 31, 2019 | | | | | | | | |
| Gross carrying amount | | | | | | | | |
| Opening gross carrying amount | 312.54 | 1,217.57 | 96,307.50 | 84.67 | 23.11 | 16.92 | 49.81 | 98,012.12 |
| Additions | - | - | - | - | - | - | - | - |
| Deletion / Other Adjustments | - | - | - | (0.58) | (0.51) | (0.14) | - | (1.23) |
| Closing gross carrying amount as on March 31, 2019 | 312.54 | 1,217.57 | 96,307.50 | 84.09 | 22.60 | 16.78 | 49.81 | 98,010.89 |
| Accumulated depreciation | | | | | | | | |
| Opening accumulated depreciation | - | 77.53 | 13,404.31 | 12.30 | 4.78 | 11.71 | 6.18 | 13,516.81 |
| Depreciation charge during the year | - | 41.12 | 5,221.44 | 5.49 | 1.82 | 1.68 | 3.15 | 5,274.70 |
| Deletion / Other Adjustments | - | - | - | (0.18) | (0.15) | - | - | (0.33) |
| Closing accumulated depreciation as on March 31, 2019 | - | 118.65 | 18,625.75 | 17.61 | 6.45 | 13.39 | 9.33 | 18,791.18 |
| Net carrying amount as on March 31, 2019 | 312.54 | 1,098.92 | 77,681.75 | 66.48 | 16.15 | 3.39 | 40.48 | 79,219.71 |
| Year Ended March 31, 2020 | | | | | | | | |
| Gross carrying amount | | | | | | | | |
| Opening gross carrying amount | 312.54 | 1,217.57 | 96,307.50 | 84.09 | 22.60 | 16.78 | 49.81 | 98,010.89 |
| Additions | - | - | - | - | 0.29 | 1.04 | - | 1.33 |
| Deletion / Other Adjustments | - | - | - | (0.06) | (0.24) | (0.49) | - | (0.79) |
| Closing gross carrying amount as on March 31, 2020 | 312.54 | 1,217.57 | 96,307.50 | 84.03 | 22.65 | 17.33 | 49.81 | 98,011.43 |
| Accumulated depreciation | | | | | | | | |
| Opening accumulated depreciation | - | 118.65 | 18,625.75 | 17.61 | 6.45 | 13.39 | 9.33 | 18,791.18 |
| Depreciation charge during the year | - | 41.12 | 5,221.44 | 5.49 | 1.81 | 3.75 | 3.15 | 5,276.76 |
| Deletion / Other Adjustments | - | - | - | (0.02) | (0.07) | (0.49) | - | (0.58) |
| Closing accumulated depreciation as on March 31, 2020 | - | 159.77 | 23,847.19 | 23.08 | 8.19 | 16.65 | 12.48 | 24,067.36 |
| Net carrying amount as on March 31, 2020 | 312.54 | 1,057.80 | 72,460.31 | 60.95 | 14.46 | 0.68 | 37.33 | 73,944.07 |

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

(All amounts in INR Lakh, unless otherwise stated)

(i) Property, Plant and Equipment pledged as security (Refer Note 9):

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-----------------------------|-----------------------------|
| Freehold Land | 312.54 | 312.54 |
| Buildings | 1,057.80 | 1,098.92 |
| Plant and Equipment - Transmission System | 72,460.31 | 77,681.75 |
| Furniture and Fixtures | 60.95 | 66.48 |
| Office Equipment | 14.46 | 16.15 |
| Computers | 0.68 | 3.39 |
| Electrical Installations | 37.33 | 40.48 |
| Total Property Plant and Equipments pledged as security | 73,944.07 | 79,219.71 |

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

Note 4(a): Loans

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|-------------|----------------------|-------------|
| | Current | Non-Current | Current | Non-Current |
| Education Loan to Employees - Unsecured, considered good | 3.00 | 8.50 | 3.00 | 9.50 |
| Security Deposits | - | 0.32 | - | 0.32 |
| Total | 3.00 | 8.82 | 3.00 | 9.82 |

Note 4(b): Other Financial Assets

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|-----------------|----------------------|-----------------|
| | Current | Non-Current | Current | Non-Current |
| Tariff receivable from the beneficiaries (unbilled) | 257.47 | - | 6,383.05 | - |
| Bank Deposits with Original Maturity of more than 12 months* | - | 2,892.50 | - | 2,954.50 |
| Interest Accrued on Bank Deposits | 218.85 | - | 182.06 | - |
| Gratuity Fund (Refer note 25) | 14.91 | - | - | - |
| Total | 491.23 | 2,892.50 | 6,565.11 | 2,954.50 |

*Represents Bank Deposit of Rs. 550.00 lakh (March 31, 2019 - 550.00 lakh) earmarked for Self Insurance Reserve, Rs. 0.50 lakh (March 31, 2019 - Rs. 0.50 lakh) pledged with Sales Tax Department and Rs 2,342.00 Lakh (March 31, 2019 - Rs. 2,404.00 Lakh) reserved for servicing debt under facility agreement with the Lenders.

Note 5 (a): Trade Receivables

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-----------------------------------|----------------------|----------------------|
| Unsecured, Considered Good | 11,868.72 | 4,026.85 |
| Total | 11,868.72 | 4,026.85 |

1. Trade Receivables includes Rs. 7,344.68 Lakhs (March 31, 2019 - Rs NIL) billed on NTPC for the period from the readiness of the Transmission Lines to the date of actual Power Flow. The said billing is done based on the CERC tariff Orders dated July 24, 2019 and August 19, 2019. As per the orders issued by the CERC, tariff for this period was to be paid by NTPC. NTPC has filed an appeal with the Appellate Tribunal of Electricity against the orders of the CERC and also has filed an stay application against the bill raised by the Company. APTEL has admitted the stay application and asked no coercive action should be taken place till the hearing of the said application. The said Interim Application is listed for hearing on July 01, 2020. Pending the hearing by the APTEL, the Company has raised the invoice and considered the amount as revenue in the Statement of Profit and Loss. The Invoice also had an element of Interest which has not been recognised as revenue as the CERC Order also did not stated the recoverability of Interest on the said amount. The same will be accounted on receipt basis.

2. These Trade Receivables are given as security to the Lenders - Refer note 9

Note 5 (b): Cash and Cash Equivalents

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| Balances with Banks in - | | |
| Current Accounts | 26.84 | 8.83 |
| Bank Deposit with original maturity of less than 3 months | 9,531.00 | 1,401.00 |
| Total | 9,557.84 | 1,409.83 |

Note 6: Other Assets

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|----------------------|----------------------|-------------|----------------------|-------------|
| | Current | Non-Current | Current | Non-Current |
| Advance to Employees | 1.18 | - | 0.93 | - |
| Total | 1.18 | - | 0.93 | - |

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

Note 7: Regulatory Deferral Account Balances

Regulatory Assets / (Liability)

In accordance with accounting policy (Refer note 2(d)) and in accordance with the Guidance Note on Rate Regulated Activities issued by ICAI, the reconciliation of the Regulatory Assets / (Liabilities) of the Company as on March 31, 2020 is as under:

| Particulars | | As at March 31, 2020 | As at March 31, 2019 |
|-------------|---|-------------------------|-------------------------|
| I | Regulatory Asset / (Liability) | | |
| A | Opening Balance | 119.78 | 77.51 |
| B | Add: Accrued during the year | | |
| 1 | For Current Year | | |
| | - Return on Equity | (119.78) | 42.27 |
| 2 | Regulatory Asset recoverable on account of Deferred Tax | 591.65 | 721.24 |
| | Total (1+2) | 471.87 | 763.51 |
| C | Less: Recoverable from beneficiaries | (591.65) | (721.24) |
| D | Closing Balance (A+B+C) | - | 119.78 |
| II | Deferred Tax Liability | | |
| | Opening Balance | 7,285.97 | 6,564.73 |
| | Add: Deferred Tax Liability during the year | 591.65 | 721.24 |
| | Total | 7,877.62 | 7,285.97 |
| | Less: Recoverable from beneficiaries | (7,877.62) | (7,285.97) |
| | Closing Balance | - | - |

Regulatory deferral account credit / debit of the Company:

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

(ii) During the year, the Company has billed the total regulatory asset balance lying as on March 31, 2019 Rs. 119.78 Lakh and the same is reduced from the total regulatory deferral account debit balances. Further, regulatory asset created during the year is NIL (March 31, 2019 - Rs. 42.27 Lakh) to the approved TSC including incentive due to change in the effective tax rate (increase in rate of surcharge on tax from 10% to 12% and change in education cess from 3% to 4%) resulting in change in the rate of return on equity and the same is shown under Regulatory deferral account debit balances.

(iii) During the truing up process, revenue gaps (i.e. surplus/shortfall in actual returns over returns entitled) are determined by the regulator and are permitted to be carried forward as regulatory assets/ regulatory liabilities which would be recovered / refunded through future billing based on future tariff determination by the regulator. At the end of each accounting period, Company also determines regulatory assets/regulatory liabilities in respect of each accounting period on self true up basis.

Market Risk

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

Regulatory Risk

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

(ii) The Company determine revenue gaps (i.e. surplus / shortfall in actual returns over returns entitled) in respect of their regulated operations as given in the Guidance Note on Rate Regulated Activities and based on the principles laid down under the relevant tariff regulations / tariff orders notified by the CERC and the actual or expected actions of the regulators under the applicable regulatory framework. Appropriate adjustments in respect of such revenue gaps are made in the respective years for the amounts which are reasonably determinable and no significant uncertainty exists in such determination. These adjustments / accruals representing revenue gaps are carried forward as regulatory deferral account debit / credit balances which would be recovered / refunded through future billing based on future tariff determination by the regulators in accordance with the respective electricity regulations.

(iii) The key risks and mitigating actions are also placed before the Audit Committee of the Company. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

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

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

Net tax recoverable from beneficiaries:

In accordance with the CERC tariff regulation for determination of tariff, the income-tax paid is considered for tariff determination (truing up). Accordingly, the Company has considered Rs. 7,877.62 Lakh (March 31, 2019 - Rs. 7,251.09 Lakh) of deferred tax liability as on March 31, 2020 as "Net tax recoverable from beneficiaries". Similarly, the deferred tax liability of Rs. NIL (March 31, 2019 - Rs. 34.88 Lakh) on account of timing difference on taxability of regulatory income accounted in the books is netted off against "Net tax recoverable from beneficiaries".

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

Note 8: Equity Share Capital and Other Equity

Note 8(a): Equity Share Capital

| Authorised Equity Share Capital | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| 33,10,00,000 (March 31, 2019: 33,10,00,000) Equity Shares of INR 10 each | 33,100.00 | 33,100.00 |
| Total Authorised Equity Share Capital | 33,100.00 | 33,100.00 |

| Issued, Subscribed and Paid up Equity Share Capital | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| 27,28,37,000 (March 31, 2019: 27,28,37,000) Equity Shares of INR 10 each | 27,283.70 | 27,283.70 |
| Total Issued, Subscribed and Paid up Equity Share Capital | 27,283.70 | 27,283.70 |

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

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|----------------------|--------------------|----------------------|--------------------|
| | No. of shares | Amount in INR Lakh | No. of shares | Amount in INR Lakh |
| Equity Shares - | | | | |
| At the beginning of the year | 27,28,37,000 | 27,283.70 | 27,28,37,000 | 27,283.70 |
| Add: Issued during the year | - | - | - | - |
| Outstanding at the end of the year | 27,28,37,000 | 27,283.70 | 27,28,37,000 | 27,283.70 |

(ii) Shares of the Company held by Holding Company

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Reliance Infrastructure Limited and its nominees | 20,189.94 | 20,189.94 |

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

| Name of the Shareholders | As at March 31, 2020 | | As at March 31, 2019 | |
|---|----------------------|--------|----------------------|--------|
| | No. of shares | % held | No. of shares | % held |
| Reliance Infrastructure Limited and its nominees | 20,18,99,380 | 74.00 | 20,18,99,380 | 74 |
| Powergrid Corporation of India Limited and its nominees | 7,09,37,620 | 26.00 | 7,09,37,620 | 26 |

(iv) Terms / Rights attached to Equity Shares

a. The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b. The Company declares and pays dividend in Indian Rupees. The Dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company has paid Interim Dividend of Rs. 4,604.87 Lakh (March 31, 2019 - Rs. 5,262.71 Lakh) including Dividend Distribution Tax.

c. The Board of Directors in their meeting dated May 1, 2020 has approved dividend of Rs. 2.90 per equity shares. Total dividend outflow will be Rs. 7.912.27 Lakhs.

(v) Shares Pledged as Security

Promoter's Equity (Reliance Infrastructure Limited) Interest representing 13,91,46,870 (March 31, 2019 - 13,91,46,870) number of shares, have been pledged with the lenders as a security for the term loan taken by the Company.

Note 8(b): Other Equity - Reserve and Surplus

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-----------------------------|----------------------|----------------------|
| Reserve and Surplus: | | |
| Self Insurance Reserve | 580.61 | 479.98 |
| Retained Earnings | 16,150.65 | 12,620.46 |
| Total | 16,731.26 | 13,100.44 |

(i) Self Insurance Reserve

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------------------|----------------------|----------------------|
| Opening balance | 479.98 | 379.35 |
| Add: Transfer from Retained Earnings | 100.63 | 100.63 |
| Closing balance | 580.61 | 479.98 |

(ii) Retained Earnings

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| Opening balance | 12,620.46 | 13,053.47 |
| Add: Net Profit for the year | 8,222.81 | 4,923.94 |
| <i>Items of other comprehensive income recognised directly in retained earnings</i> | | |
| - Remeasurements of post-employment benefit obligation, net of tax | 12.88 | 6.39 |
| Less: Dividend Paid | (3,819.74) | (4,365.40) |
| Less: Tax on Dividend | (785.13) | (897.31) |
| Less: Transfer to Self Insurance Reserve | (100.63) | (100.63) |
| Closing balance | 16,150.65 | 12,620.46 |

Self Insurance Reserve:

Self Insurance reserve is created @ 0.1% p.a. on Gross Block of Fixed Assets (except assets covered under any other insurance policy) as at the end of the year by appropriating current year profit towards future losses which may arise from un-insured risks and taking care of contingencies in future by procurement of towers and other transmission line materials including strengthening of towers.

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

Financial Liabilities

Note 9: Non Current Borrowings

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|-----------------|----------------------|-----------------|
| | Non Current | Current | Non Current | Current |
| Secured | | | | |
| Term Loans from Bank | 30,882.82 | 3,780.97 | 34,639.02 | 3,780.97 |
| Term Loans from Financial Institutions | 8,955.80 | 1,096.45 | 10,045.08 | 1,096.45 |
| Total Non-Current Borrowings | 39,838.62 | 4,877.42 | 44,684.10 | 4,877.42 |

Note: 1. Current Maturities of long term debt disclosed under Other Financial Liabilities (Refer Note No 13)

2. Non Current Borrowings are netted off of Loan Processing charges Rs. 334.66 Lakh (March 31, 2019 - Rs. 366.60 Lakh).

Term Loans from Financial Institutions Rs.10,127.49 Lakh / Banks Rs. 34,923.21 Lakh (principal undiscounted amount) are secured by:

- First pari-passu charge by way of mortgagage of all immovable properties acquired for the project, both present and future,
- First pari-passu charge by way of hypothecation of all movable assets, including moveable plant & machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other moveable assets, present and future,
- First pari-passu charge on all the cash flows, receivables, book debts, revenues of whatsoever nature and wherever arising, present and future,
- First pari-passu charge on all intangibles assets, present and future,
- First pari-passu charge on guarantees, letter of credit, performance bond, indemnities etc.
- Pledge of promoter's Equity (Reliance Infrastructure Limited) Interest representing atleast 51% of the project Equity Capital,
- First pari-passu charge on all Insurance Contracts and Insurance Proceeds.
- Principal and Interest is payable on the last working day of the month.
- Loan shall be drawn as per the requirement of the project.
- The loan shall be repaid in 168 monthly installment starting from October 30, 2016.
- Rate of interest is variable, presently interest rate is 10.50% p.a.

Maturity Profile of Term Loan (principal undiscounted):

| Year | Rate of Interest | Amount in Rs. Lakh | |
|---------|------------------|--------------------|-----------------------|
| | | Bank | Financial Institution |
| 2020-21 | 10.50% | 3,780.96 | 1,096.46 |
| 2021-22 | | 3,780.97 | 1,096.45 |
| 2022-23 | | 3,780.97 | 1,096.46 |
| 2023-24 | | 3,780.97 | 1,096.45 |
| 2024-25 | | 3,737.46 | 1,083.84 |
| 2025-26 | | 3,911.51 | 1,134.31 |
| 2026-27 | | 3,224.95 | 935.21 |
| 2027-28 | | 2,635.07 | 764.15 |
| 2028-29 | | 2,545.63 | 738.92 |
| 2029-30 | | 2,502.60 | 726.30 |
| 2030-31 | | 1,242.12 | 358.94 |
| | | | 34,923.21 |

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

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|--|---------------------------|---------------------------|
| Long Term Borrowings | | |
| Opening Balance | | |
| - Non Current | 49,561.52 | 54,722.17 |
| Availed during the year | - | - |
| Changes in Fair Value (Impact of Effective Rate of Interest) | 31.94 | 31.85 |
| Repaid during the year | (4,877.42) | (5,192.50) |
| Closing Balance | 44,716.04 | 49,561.52 |
| Interest on Term Loan | | |
| Opening Payable | 12.58 | 329.02 |
| Incurred during the year | 4,745.69 | 4,760.99 |
| Changes in Fair Value (Impact of Effective Rate of Interest) | (31.94) | (31.85) |
| Paid during the year | (4,713.38) | (5,045.58) |
| Closing Payable | 12.95 | 12.58 |

Note 10: Provisions

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|--------------|----------------------|---------------|
| | Current | Non Current | Current | Non-current |
| Provision for Employee Benefit: | | | | |
| Leave Encashment | 5.65 | 56.78 | 6.11 | 94.87 |
| Gratuity (Refer note 25) | - | - | - | 36.50 |
| Total | 5.65 | 56.78 | 6.11 | 131.37 |

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

Note 11: Income and Deferred Taxes

Note 11(a): Income Tax Expense

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|---|------------------------------|------------------------------|
| Current tax | | |
| Current tax on profits for the year | 1,930.00 | 1,356.00 |
| Adjustments for current tax of prior years | (55.82) | 5.17 |
| Total current tax expense (A) | 1,874.18 | 1,361.17 |
| Deferred tax | | |
| Decrease/(increase) in deferred tax assets | 166.28 | 1,551.08 |
| (Decrease)/increase in deferred tax liabilities | 322.77 | (1,240.57) |
| Total Deferred Tax Expense/(Benefit) | 489.05 | 310.51 |
| Less: Recoverable from beneficiaries | - | - |
| Net Deferred Tax Expense/(Benefit) (B) | 489.05 | 310.51 |
| Income Tax Expense (A+B) | 2,363.23 | 1,671.68 |

Note 11(b): Reconciliation of tax expenses and the accounting profit multiplied by India's tax rate:

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Profit as per IndAS before income tax expense | 10,583.31 | 6,593.86 |
| Tax at the Indian tax rate of 29.12% | 3,081.85 | 1,920.13 |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Expenses not allowable for tax purpose | 97.56 | 0.20 |
| Corporate Social Responsibility Expenditure not allowable for tax purpose | 61.75 | 20.84 |
| Unrecognised MAT credit | 1,930.00 | 1,356.00 |
| Deduction u/s 80 IA & Relisation of Unabsorbed loss | (2,752.11) | (1,630.66) |
| Adjustments for current tax of prior years | (55.82) | 5.17 |
| Income Tax Expense | 2,363.23 | 1,671.68 |

Note 11(c): Amounts recognised in respect of current tax / deferred tax directly in Equity

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Amounts recognised in respect of current tax / deferred tax directly in Equity | - | - |

Note 11(d): Tax Losses and Tax Credits

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Unused tax credit - MAT credit entitlement | 7,176.35 | 5,246.35 |

Note 11(e): Deferred Tax Balances

The balance comprises temporary differences attributable to:

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Deferred tax liability on account of: | | |
| Property, Plant and Equipment | | |
| Carrying amounts of Property, Plant and Equipment | 9,225.71 | 8,756.16 |
| Fair valuation of Property Plant and Equipment | 1,429.80 | 1,532.40 |
| Impact of effective interest rate on borrowings | 97.45 | 106.75 |
| Regulatory deferral account balances | - | 34.88 |
| | 10,752.96 | 10,430.19 |
| Deferred tax asset on account of: | | |
| Unabsorbed losses (including unabsorbed depreciation) | 1,427.36 | 1,571.79 |
| Disallowance u/s 40(a) / 43B of the Income Tax Act, 1961 | 18.18 | 40.03 |
| | 1,445.54 | 1,611.82 |
| Deferred Tax Liability (Net) | 9,307.42 | 8,818.37 |
| Less: Recoverable from beneficiaries | (7,877.62) | (7,285.97) |
| Net Deferred Tax Liability | 1,429.80 | 1,532.40 |

Note: In line with the requirements of Ind AS 114, Regulatory Deferral Accounts, the entity presents the resulting deferred tax asset / (liability) and the related movement in that deferred tax asset / (liability) with the related regulatory deferral account balances and movements in those balances, instead of within that presented above in accordance with Ind AS 12 "Income Taxes". Refer note 7 for disclosures as per Ind AS 114.

Note 11(f): Movement in Deferred Tax Balances:

| Particulars | Amount |
|---------------------------------|-----------------|
| As at April 01, 2018 | 1,943.13 |
| (Charged)/credited: | |
| - to profit or loss | (410.73) |
| - to other comprehensive income | - |
| As at March 31, 2019 | 1,532.40 |
| (Charged)/credited: | |
| - to profit or loss | (102.60) |
| - to other comprehensive income | - |
| As at March 31, 2020 | 1,429.80 |

The tariff norms for the block period 2019-2024 notified by the CERC provide the recovery of Income Tax from the beneficiaries is to be based on the effective tax rate for a financial year which shall be based on the actual tax paid during the year. Accordingly deferred tax liability provided for the period is shown as recoverable from beneficiaries as the same will be recovered in the form of current tax in future period in terms of the said tariff norms of the CERC.

Parbati Koldam Transmission Company Limited
Notes forming part of Financial Statements
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Note 12: Trade Payables

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Total outstanding dues to Micro Enterprise and Small Enterprises | - | - |
| Total outstanding dues to creditors other than Micro Enterprise and Small Enterprise | 20.67 | 39.28 |
| Total | 20.67 | 39.28 |

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, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| 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 | - | - |
| Total | - | - |

Note 13: Other Financial Liabilities

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|-------------|----------------------|-------------|
| | Current | Non Current | Current | Non Current |
| Current maturities of Long-Term Debt | 4,877.42 | - | 4,877.42 | - |
| Tariff payable to the Beneficiaries (unbilled) | 7,819.56 | - | 1,975.98 | - |
| Interest accrued but not due | 12.95 | - | 12.58 | - |
| Creditors for Capital Expenditure | 426.56 | - | 444.27 | - |
| Total | 13,136.49 | - | 7,310.25 | - |

Note 14: Other Current Liabilities

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|------------------------|----------------------|----------------------|
| Employee Payables | 69.53 | 76.52 |
| Statutory Dues Payable | 11.33 | 12.08 |
| Other Payables | 18.66 | 19.69 |
| Total | 99.52 | 108.29 |

Note 15: Current Tax Liabilities (Net)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-------------------------|----------------------|----------------------|
| Provision for Tax | 4,706.00 | 5,182.75 |
| Advance Income Tax Paid | (4,416.00) | (4,892.10) |
| Tax Deducted at Source | (125.13) | (177.06) |
| Total | 164.87 | 113.59 |

Parbati Koldam Transmission Company Limited
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Note 16: Revenue From Operations

| Particulars | For the Year ended | For the Year ended |
|--|--------------------|--------------------|
| | March 31, 2020 | March 31, 2019 |
| Sale of Services | | |
| Income From Transmission Service Charges | 18,685.97 | 15,913.13 |
| Other Operating Income | | |
| Transmission System Availability Incentive | 254.71 | 201.59 |
| Total Revenue From Operations | 18,940.68 | 16,114.72 |

Note:

(i) The Company has recognized the Transmission Service Charges (TSC) based on the final tariff order approved by the CERC and applicable as on March 31, 2019 for the period starting from April 01, 2019 till March 31, 2020, since the tariff petition for the tariff period 2019 -2024 is yet to be filed by the Company. Difference in the Revenue recognised and the tariff approved for tariff period 2019-24 shall be recognised once the tariff petition is filed by the Company and the same is approved by the CERC for the tariff period 2019-2024. The revenue recognized during the year for Transmission Systems is as following:

| Name of the Transmission System | Date of Commercial Operation (COD) as per CERC Tariff Order | Tariff Allowed (INR Lakh) |
|---|---|---------------------------|
| LILO of Parbati-III to Banala Pooling Point Transmission Line | 01.08.2013 | 246.89 |
| 400 kV D/C Koldam - Ludhiana Transmission Line | Ckt-I : 07.08.2014 Ckt-II: 14.08.2014 | 8,481.31 |
| 2 x 400 kV S/C Parbati Koldam Transmission Line starting from LILO point of Parbati Pooling Station to Koldam HEP Transmission Line | Ckt-I : 10.10.2014 Ckt-II: 04.10.2014 | 6,924.53 |
| Sainj Transmission Line | 03.11.2015 | 1,651.48 |

(ii) During the year ended March 31, 2020, the Company has received the Tariff Orders for the Review Petition filed against the Final tariff orders for Koldam Ludhiana Transmission Line and Parbati Koldam Transmission Line starting from LILO point of Parbati Pooling Station to Koldam HEP. The CERC, vide its Review tariff orders dated July 24, 2019 and August 19, 2019, has shifted the COD of Koldam Ludhiana Transmission line from March 31, 2015 to August 07, 2014 & August 14, 2014 and Parbati Koldam Transmission Line Circuit-II from March 21, 2015 to October 04, 2014. The CERC has also passed the order to recover the Transmission Service Charge (TSC) for the differential period from August 2014 to March 2015 & from October 2014 to March 2015 from National Thermal Power Corporation Limited (NTPC) amounting to Rs. 7,344.68 Lakh. Earlier in the Final order, CERC has allowed to recover only Incidental Charges during Construction (IEDC) and Interest during Construction (IDC) amounting to Rs. 3,949.35 Lakh from the NTPC. Difference in the recognition of revenue between review order and the final tariff orders, for the period from the date of readiness of line and upto March 31, 2015 amounting to Rs. 3,303.29 Lakh is recognized as TSC during the year ended March 31, 2020. Due to shifting of CoD, the tariff allowed from the date of power flow till March 31, 2019 also underwent change resulting in net reduction of TSC amounting to Rs. 616.17 Lakh. The same is accounted in current year and reduced from the total TSC.

(iii) During the year the Company has billed on NTPC the TSC allowed by the CERC including incentive thereon, amounting to Rs. 7,344.68 Lakh. The Company has also billed on NTPC the interest Rs 4,308.16 Lakh from the date the TSC allowed till the date of the order issued by the CERC. The Company has duly accounted for the TSC and Incentive in the books of accounts but has not accounted the interest billed on NTPC. The same shall be accounted on receipt basis i.e., as and when it is received the same will be accounted in the books. Total amount of billed on NTPC is Rs. 11,652.84 Lakh. NTPC has filed appeal with the Appellate Tribunal of Electricity (APTEL) against the order of the CERC. NTPC has also filed an stay application against the bill raised by the Company. APTEL has admitted the stay application and asked no coercive action should be taken place till the hearing of the said application. The said Interim Application is listed for hearing on July 01, 2020.

(iv) During the year, Company has passed the 2/3rd benefit of refinancing of Loan to the beneficiaries as per Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014. The benefit passed amounting to Rs. 985.66 Lakh (March 31, 2019 Rs. 1,454.35 Lakh) has been adjusted against TSC. Also the Company has reduced Rs. 235.32 Lakh (March 31, 2019 - added Rs. 42.27 Lakh) to the approved TSC due to change in the effective tax rate (Reduction in MAT rate from 18.5% to 15%, increase in rate of surcharge on tax from 10% to 12%, change in education cess from 3% to 4%) resulting in change in the rate of return on equity.

(v) Cash discount of Rs. 84.38 Lakh (March 31, 2019 Rs. 118.14 Lakh) has been adjusted against the Transmission Service Charges.

Note 17: Other Income

| Particulars | For the Year ended | For the Year ended |
|-------------------------------------|--------------------|--------------------|
| | March 31, 2020 | March 31, 2019 |
| Interest | | |
| Bank Deposits | 440.19 | 352.54 |
| Other Interest | - | 4.20 |
| Other | | |
| Interest on Differential Tariff | 1,293.38 | - |
| Delayed Payment Charges | 173.29 | 171.58 |
| Miscellaneous Income | 4.49 | - |
| Reimbursement of Other Expenditures | 50.74 | 45.16 |
| Total | 1,962.09 | 573.48 |

Note:

(i) During the year, pursuant to the issue of review order by the CERC, the Company has recognised the interest from the date of final order to the date of review order amounting to Rs. 1,293.38 Lakh as per the regulation and is shown as Interest on differential tariff under Other Income. The same is also billed on the Beneficiaries.

Parbati Koldam Transmission Company Limited
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Note 18: Employee Benefit Expense

| Particulars | For the Year ended | For the Year ended |
|---|--------------------|--------------------|
| | March 31, 2020 | March 31, 2019 |
| Salaries, Wages and Bonus | 313.89 | 365.67 |
| Contribution to Provident and Other Funds | 17.27 | 17.76 |
| Gratuity Expense (Refer note 25) | 11.32 | 14.67 |
| Leave Encashment Expenses | - | 24.35 |
| Total | 342.48 | 422.45 |

Note 19: Finance Costs

| Particulars | For the Year ended | For the Year ended |
|---|--------------------|--------------------|
| | March 31, 2020 | March 31, 2019 |
| Interest and Financing Charges on Financial Liabilities | | |
| -Term Loans from Financial Institutions | 1,041.44 | 1,060.03 |
| -Term Loans from Banks | 3,664.17 | 3,656.38 |
| Other Borrowing Cost | 40.08 | 44.58 |
| Total | 4,745.69 | 4,760.99 |

Note 20: Other Expenses

| Particulars | For the Year ended | For the Year ended |
|---|--------------------|--------------------|
| | March 31, 2020 | March 31, 2019 |
| Contract Wages Charges | 89.27 | 85.86 |
| Licence Fees | 45.39 | 45.39 |
| Legal and Professional Charges | 46.51 | 26.57 |
| Repair & Maintenance - Other Assets | 23.53 | 26.41 |
| Travelling and Conveyance | 39.47 | 47.14 |
| Corporate Social Responsibility Expenditure (Refer note 31) | 212.04 | 71.55 |
| Rent, Rates and Taxes | 1.62 | 1.60 |
| Repair & Maintenance -Plant and Machinery | 23.07 | 33.59 |
| Communication Expenses | 10.60 | 13.94 |
| Rating Surveillance Fees | - | 2.95 |
| Electricity and Water | 5.48 | 6.06 |
| Miscellaneous Expenses | 11.85 | 14.16 |
| Entertainment and Hospitality | 11.93 | 10.01 |
| Director's Sitting Fees | 2.36 | 2.01 |
| Regional Load Despatch Centre Fees | 17.14 | 3.01 |
| Loss on Sale/Discard of Fixed Assets | 0.20 | 0.90 |
| Printing and Stationery | 1.92 | 2.76 |
| Auditors Remuneration | 1.89 | 1.60 |
| Staff Welfare and Training | 1.16 | 3.06 |
| Postage and Courier | 0.37 | 0.45 |
| Filing Fees | 0.38 | 0.69 |
| Total | 546.18 | 399.71 |

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Note 21: Contingent Liabilities

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Claims against the Company not acknowledged as debt | | |
| These include: | | |
| a) Claims from farmers for additional Right of Way compensation | 1,870.69 | 3,171.62 |
| b) Claims from PGCIL | 36.74 | 36.74 |
| c) Income Tax Claims (Refer Note below) | - | - |

Note: During the year, the Company received the Income Tax assessment order for FY 2017-2018, where the department has not given the credit for the Dividend Distribution Tax (DDT) paid by the Company and levied interest for non payment and raised the demand for the same amounting to Rs. 49.99 Lakh. The Company has not recognised this demand as a contingent liability as it has already discharged the liability for payment of DDT and the relevant document supporting the payment was also submitted to the department. The matter is lying before the assessing officer.

Note 22: Capital Commitments

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Estimated amount of contracts remaining unexecuted on capital account and not provided for | - | 703.94 |

Note 23: Entry Tax

There is a levy of Entry tax in the state of Punjab, wherein any goods entering into the state would attract entry tax. The entry tax is first paid by the vendor and then gets the amount reimbursed from the Company. The Company so far has not paid the same amounting to Rs.422.67 Lakh (Rs. 422.67 Lakh) to the vendors on account of the entry tax. The Company has filed an application for refund of entry tax paid with the Assessing Officer, Punjab VAT Department. The assessing officer has rejected the refund application and the appeal against the order of assessing officer was filed with the Deputy Excise & Taxation Commissioner (DETC) Appeals. DETC (Appeals) has passed the order rejecting the application for refund. Presently appeal against the order of DETC (Appeals) is filed with the Appellate Tribunal. However, adequate provision has been made in the books of account. Last hearing was scheduled for April 16, 2020 which got postponed due to Covid 19 outbreak and the next date of hearing is awaited.

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

| Particulars | 2019-20 | 2018-19 |
|--------------------------------|-------------|-------------|
| (a) As Auditors : Audit Fee | 1.60 | 1.60 |
| Total | 1.60 | 1.60 |

Parbati Koldam Transmission Company Limited
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Note 25: Disclosure under Indian Accounting Standard No. 19 (IndAS 19) "Employee Benefits".

The Company has classified various employee benefits as under:

(A) Defined Contribution Plans

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

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

The Company has recognized the following amounts as expenses in the Statement of Profit and Loss, for the year:

| SI. No. | Particulars | March 31, 2020 | March 31, 2019 |
|---------|--|----------------|----------------|
| (i) | Contribution to Provident Fund | 12.67 | 13.25 |
| (ii) | Contribution to Employee's Superannuation Fund | 1.69 | 2.05 |
| (iii) | Contribution to Employee's Pension Scheme 1995 | 3.69 | 3.56 |

(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.

| SI. No. | Particulars | Gratuity Funded | |
|---------|--|-----------------|----------------|
| | | March 31, 2020 | March 31, 2019 |
| (i) | Changes in Defined Benefit Obligation | | |
| | Opening Balance of Present Value of Obligation | 98.69 | 87.55 |
| | Net Employee Benefit expense recognized in the Employee Cost | | |
| | Current Service Cost | 8.58 | 12.75 |
| | Past Service Cost | (2.78) | - |
| | Interest Cost on Defined Obligations | 7.40 | 6.66 |
| | Net Benefit expense | 13.20 | 19.41 |
| | Amount Recorded in Other Comprehensive Income (OCI) | | |
| | Opening amount recognized in OCI outside Statement of Profit and Loss | - | - |
| | Remeasurements during the year due to: | | |
| | Changes in Financial assumptions | (12.94) | (22.25) |
| | Changes in demographic assumptions | - | 0.06 |
| | Experience adjustments | (3.08) | 13.92 |
| | Closing amount recognized in OCI outside Statement of Profit and Loss | (16.02) | (8.27) |
| | Benefits Paid | (14.37) | - |
| | Closing Balance of Present Value of Obligation | 81.50 | 98.69 |
| (ii) | Changes in Fair Value of plan assets | | |
| | Opening Balance of Present Value of Plan Assets | 62.19 | 57.58 |
| | Net Employee Benefit expense recognized in the Employee Cost | | |
| | Current Service Cost | - | - |
| | Interest cost/(income) on plan assets | 4.66 | 4.73 |
| | Net benefit expense | 4.66 | 4.73 |
| | Amount Recorded in Other Comprehensive Income (OCI) | | |
| | Remeasurements during the year due to: | | |
| | Actual return on plan assets less interest/(income) on plan assets | (0.41) | (0.12) |
| | Adjustment to recognize the effect of asset ceiling | - | - |
| | Amount recognized in OCI | (0.41) | (0.12) |
| | Contributions | 36.00 | - |
| | Benefits Paid | (6.04) | - |
| | Closing Balance of Fair Value of Plan Assets | 96.40 | 62.19 |

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| Sl. No. | Particulars | Gratuity Funded | |
|----------|---|--|--|
| | | March 31, 2020 | March 31, 2019 |
| (iii) | The net (Liability)/asset disclosed above relates to funded / unfunded plan is as follows: | | |
| | Present value of Funded Obligation | 81.50 | 98.69 |
| | Fair Value of Plan Assets | 96.40 | 62.19 |
| | Net Liability is bifurcated as follows: | | |
| | Current | - | - |
| | Non Current | (14.90) | 36.50 |
| | Total | (14.90) | 36.50 |
| (iv) | Expenses Recognised in the Statement of Profit and Loss | | |
| | Current Service Cost | 8.58 | 12.75 |
| | Net Interest Cost | 2.74 | 1.92 |
| | Expenses Recognised | 11.32 | 14.67 |
| (v) | Expenses Recognised in Other Comprehensive Income (OCI) | | |
| | Actuarial Losses on Obligation for the year | (16.02) | (8.27) |
| | Return on Plan Assets Excluding Interest Income | 0.41 | 0.12 |
| | Net Expenses for the year recognised in OCI | (15.61) | (8.15) |
| (vi) | Actuarial Assumptions: | | |
| 1 | Discount Rate (Per annum) | 6.80% | 7.50% |
| 2 | Salary Escalation Rate (Per annum) | 6.00% | 8.00% |
| 3 | Expected Avg. remaining working lives of employees in no. of Years | 19.27 | 18.96 |
| 4 | Mortality Post retirement Rate During the Employment | Indian Assured Lives Mortality (2012-2014) | Indian Assured Lives Mortality (2012-2014) |
| 5 | Mortality Post retirement Rate after the Employment | NA | NA |
| (vii) | Sensitivity Analysis: | | |
| A | Sensitivity Level- Discount Rate | | |
| | Impact on Defined Benefit Obligation in 50 bps increase | -5.30% | -6.20% |
| | Impact on Defined Benefit Obligation in 50 bps decrease | 5.76% | 6.76% |
| B | Sensitivity Level- Salary Escalation Rate | | |
| | Impact on Defined Benefit Obligation in 50 bps increase | 5.78% | 6.70% |
| | Impact on Defined Benefit Obligation in 50 bps decrease | -5.37% | -6.20% |
| (viii) | The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date: | | |
| 1 | Expected benefit for 1 year | 3.68 | 2.85 |
| 2 | Expected benefit for 2 year | 3.30 | 3.07 |
| 3 | Expected benefit for 3 year | 3.18 | 3.21 |
| 4 | Expected benefit for 4 year | 3.07 | 3.35 |
| 5 | Expected benefit for 5 year | 2.97 | 4.27 |
| 6 | Expected benefit for 6 year | 2.86 | 4.52 |
| 7 | Expected benefit for 7 year and above | 62.44 | 290.05 |
| 8 | The weighted average duration to the payment of these cash flows (Years) | 12.66 | 12.94 |
| (ix) | Plan Asset Composition | | |
| | Non Quoted | 96.40 | 62.19 |
| | Insurer Managed Funds | 96.40 | 62.19 |
| (x) | A reconciliation of the asset ceiling during the inter valuation period is given below:- | | |
| | Opening Value of Asset Ceiling | - | - |
| | Add: Interest on opening balance on asset ceiling | - | - |
| | Remeasurement due to: | | |
| | Changes in surplus/deficit | - | - |
| | Closing Value of Asset Ceiling | - | - |

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Note 26: Related Party Transactions

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

(A) Parties where control exists : Reliance Infrastructure Limited (Rinfra) - Holding Company (74%)

(B) Other related parties where transaction have taken place during the year :

(i) Investing parties : Powergrid Corporation of India Limited (PGCIL) (26%)

(ii) Parties where the holding company has significant influence / control :
- Utility Powertech Limited

(C) Transaction with PGCIL in the Capacity of Central Transmission Utility (CTU)

(D) Key Management Personnel

Sh. K. Sreekant - Chairman (From 13.08.2019)
Sh. Ravi Prakash Singh - Chairman (From 22.01.2019 to 05.08.2019)
Sh. Indu Shekhar Jha - Chairman (Upto 21.01.2019)
Sh. Dinesh Kumar Jain - Independent Director (Upto 31.03.2020)
Sh. Alok Kumar Roy - Managing Director (From 26.10.2018)
Sh. Maanas Srivastava - Company Secretary
Sh. Rupin Rawat - Chief Financial Officer (From 12.02.2020)
Sh. Vikas Gupta - Chief Financial Officer (Upto 31.05.2019)
Sh. Lokendra Singh Ranawat - Manager (From 18.01.2018 to 26.10.2018)

(E) Details of transactions during the year and closing balances as at the year end with related party

| Particulars | 2019-20 | 2018-19 |
|---|----------|----------|
| Statement of Profit and Loss heads | | |
| Transcation during the year | | |
| Expenses: | | |
| Receiving of services: | | |
| - Utility Powertech Limited | 55.77 | 53.57 |
| - Powergrid Corporation of India Limited | - | 0.18 |
| Reimbursement of Expenses: | | |
| - Reliance Infrastructure Limited | - | 6.92 |
| Inter Corporate Deposit given | | |
| - Reliance Infrastructure Limited | - | 1,000.00 |
| Inter Corporate Deposit returned by | | |
| - Reliance Infrastructure Limited | - | 1,000.00 |
| Interest Received on Inter Corporate Deposit given | | |
| - Reliance Infrastructure Limited | - | 2.30 |
| Dividend paid: | | |
| - Reliance Infrastructure Limited | 2,826.61 | 3,230.40 |
| - Powergrid Corporation of India Limited | 993.13 | 1,135.00 |

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Closing Balances

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Balance sheet heads (Closing balances): | | |
| Trade payables | | |
| - Utility Powertech Limited | 4.31 | 7.77 |
| Investment in Equity | | |
| - Reliance Infrastructure Limited | 20,189.94 | 20,189.94 |
| - Powergrid Corporation of India Limited | 7,093.76 | 7,093.76 |

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

(F) Transaction with PGCIL in the Capacity of Central Transmission Utility (CTU)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-------------------------------------|----------------------|----------------------|
| Transaction during the year: | | |
| Sale of Service | 18,940.68 | 16,114.72 |
| Other Income | 1,517.41 | 216.74 |
| Closing Balance: | | |
| Trade Receivable* | 4,524.04 | 4,026.85 |

* Closing balance of trade receivable does not include the amount of bill raised by the Company on NTPC Rs. 7344.68 Lakh through PGCIL, as the same will be paid by NTPC directly to the Company. The same is communicated to NTPC by PGCIL in the bill raised on December 26, 2019.

(G) Key Management Personnel

| Particulars | 2019-20 | 2018-19 |
|--|---------|---------|
| Payment of Salaries, commission and perquisites | | |
| Sh. Alok Kumar Roy | 40.00 | 26.67 |
| Sh. Lokendra Singh Ranawat | - | 19.80 |
| Sh. Maanas Srivastava | 16.13 | 16.13 |
| Sh. Rupin Rawat | 15.09 | - |
| Sh. Vikas Gupta | 4.48 | 26.90 |
| Payment of Sitting Fees | | |
| Sh. Dinesh Kumar Jain | 2.00 | 1.70 |

Key Management Personnel Compensation

| Particulars | 2019-20 | 2018-19 |
|--------------------------------|--------------|--------------|
| Short - term Employee Benefits | 74.52 | 77.68 |
| Post - Employment Benefits | 1.18 | 6.97 |
| Long - term Employee Benefits | - | 4.85 |
| Total compensation | 75.70 | 89.50 |

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

Note 27: Fair Value Measurements and Financial Risk Management

A. Fair Value Measurements

(a) Financial Instruments by Category

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

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| | Amortised cost | Amortised cost |
| Financial Assets | | |
| Trade Receivables | 11,868.72 | 4,026.85 |
| Tariff receivable from the beneficiaries (unbilled) | 257.47 | 6,383.05 |
| Loans | 11.82 | 12.82 |
| Cash and Cash Equivalents | 9,557.84 | 1,409.83 |
| Interest Accrued on Bank Deposits | 218.85 | 182.06 |
| Bank Deposits with more than 12 months maturity | 2,892.50 | 2,954.50 |
| Total Financial Assets | 24,807.20 | 14,969.11 |
| Financial Liabilities | | |
| Borrowings | 44,716.04 | 49,561.52 |
| Tariff payable to the Beneficiaries (unbilled) | 7,819.56 | 1,975.98 |
| Interest accrued but not due | 12.95 | 12.58 |
| Trade Payables | 20.67 | 39.28 |
| Creditors for Capital Expenditure | 426.56 | 444.27 |
| Total Financial Liabilities | 52,995.78 | 52,033.63 |

(b) Fair value hierarchy

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

| Assets and Liabilities for which fair values are disclosed as at March 31, 2020 | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|-----------|-----------|
| Financial Liabilities | | | | |
| Borrowings (including Interest thereon) | - | - | 44,728.99 | 44,728.99 |

| Assets and Liabilities for which fair values are disclosed as at March 31, 2019 | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|-----------|-----------|
| Financial Liabilities | | | | |
| Borrowings (including Interest thereon) | - | - | 49,574.10 | 49,574.10 |

There were no transfers between any levels during the year.

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

Level 2: The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities which are included in level 3.

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

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

B. Financial Risk Management

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

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk in the financial statements.

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

(a) Credit risk

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

(i) Credit risk management

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

Rating 1: High-quality assets, negligible credit risk

Rating 2: Quality assets, low credit risk

Rating 3: Low quality assets, very high credit risk

Rating 4: Doubtful assets, credit-impaired

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

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

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

Trade Receivables

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

| Ageing of Trade Receivables | Upto 1 year | More Than 1 year |
|-----------------------------|------------------|------------------|
| As at March 31, 2020 | 11,868.72 | - |
| As at March 31, 2019 | 4,026.85 | - |

Significant estimates and judgements

Impairment of financial assets

The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(b) Market risk - interest rate risk

(i) Interest rate risk exposure

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

| | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------|----------------------|----------------------|
| Variable rate borrowings | 44,716.04 | 49,561.52 |

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

(ii) Sensitivity Analysis

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

| | Impact on profit before tax | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
| Interest rates – increase by 100 basis points (100 bps)* | (447.16) | (495.62) |
| Interest rates – decrease by 20 basis points (20 bps)* | 89.43 | 99.12 |

*Holding all other variables constant

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

(All amounts in INR Lakh, unless otherwise stated)

(c) Liquidity Risk

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

Maturities of Financial Liabilities

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

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

| Contractual maturities of Financial Liabilities As at March 31, 2020 | Upto 1 year | Between 1 and 5 years | Above 5 years | Total |
|---|--------------------|----------------------------------|----------------------|------------------|
| Borrowings | 4,877.42 | 14,632.27 | 25,541.01 | 45,050.70 |
| Interest on Borrowings* | 4,474.26 | 10,350.00 | 7,898.45 | 22,722.71 |
| Trade Payables | 20.67 | - | - | 20.67 |
| Tariff payable to the Beneficiaries (unbilled) | 7,819.56 | - | - | 7,819.56 |
| Creditors for Capital Expenditure | 426.56 | - | - | 426.56 |
| Total Liabilities | 17,618.47 | 24,982.27 | 33,439.46 | 76,040.20 |

| Contractual maturities of Financial Liabilities As at March 31, 2019 | Upto 1 year | Between 1 and 5 years | Above 5 years | Total |
|---|--------------------|----------------------------------|----------------------|------------------|
| Borrowings | 4,877.42 | 19,509.70 | 25,541.00 | 49,928.12 |
| Interest on Borrowings* | 4,416.52 | 13,130.04 | 6,995.76 | 24,542.32 |
| Trade payables | 39.28 | - | - | 39.28 |
| Tariff payable to the Beneficiaries (unbilled) | 1,975.98 | - | - | 1,975.98 |
| Creditors for capital expenditure | 444.27 | - | - | 444.27 |
| Total Liabilities | 11,753.47 | 32,639.74 | 32,536.76 | 76,929.97 |

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

Capital Management

a) The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimize returns to shareholders. For the purpose of capital management, capital includes equity share capital and other equity reserves attributable to equity holders of the Company and Fixed Cost bearing securities includes long term borrowings. The Company manages capital using a gearing ratio which is net debt divided by total capital plus net debt. The Company policy is to keep optimum gearing ratio. The Company aims to ensure that its meets financial covenants attached to the interest bearing borrowings that define capital structure requirement. The Gearing ratio and debt equity ratio are as follows:

(i) Gearing Ratio

| Particulars | March 31, 2020 | March 31, 2019 |
|--------------------------------|-----------------------|-----------------------|
| Borrowings (a) | 45,050.70 | 49,928.12 |
| Equity (b) | 44,014.96 | 40,384.14 |
| Borrowings plus Equity (c=a+b) | 89,065.66 | 90,312.26 |
| Gearing Ratio (a / c) | 50.58% | 55.28% |

(ii) Debt Equity Ratio

| Particulars | March 31, 2020 | March 31, 2019 |
|------------------------------|-----------------------|-----------------------|
| Borrowings (a) | 45,050.70 | 49,928.12 |
| Equity (b) | 44,014.96 | 40,384.14 |
| Borrowings to Equity (a / b) | 1.02 | 1.24 |

(b) Dividends

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Equity Shares | | |
| Dividend Paid to the equity shareholders (including Dividend Distribution Tax) | 4,604.87 | 5,262.71 |

Dividends not recognised as at the end of the reporting period

In addition to the above dividend, the Board of Directors have recommended the payment of Interim dividend at Rs. 2.90 per fully paid equity shares.

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

(All amounts in INR Lakh, unless otherwise stated)

Note 28: Earnings per Share

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Basic & Diluted earnings per Equity Share: | | |
| Weighted average number of equity shares used as the denominator in calculating basic & diluted earnings per equity share (A) | 27,28,37,000 | 27,28,37,000 |
| Nominal value of equity shares (Rs.) | 10 | 10 |
| Earnings per Equity Share of Rs . 10/- each before Rate Regulated Activities: | | |
| Profit before Rate Regulated Activities (Rs. in lakh) (B) | 7,644.04 | 4,166.82 |
| Earning per equity share (Basic & Diluted) (Rs.) (B / A) | 2.80 | 1.53 |
| Earnings per Equity Share of Rs . 10/- each: | | |
| Profit attributable to the equity holders of the Company (Rs. in lakh) (C) | 8,222.81 | 4,923.94 |
| Earning per share (Basic & Diluted) (Rs.) (C / A) | 3.01 | 1.80 |

Note 29: Lease

The Company has taken Project Office Premises on Cancellable Operating Lease where the Lease agreements are renewed on expiry. The leases are for a short term and are of low value. The Lease rentals recognised in the Statement of Profit and Loss is amounting to Rs. 0.78 Lakh (March 31, 2019 Rs. 0.76 Lakh).

Note 30: Segment Reporting

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.

Information on Major Customers

Revenue from PGCIL as a Central Transmission Unit Rs 20,458.18 Lakh (March 31, 2019 - Rs 16,331.46 Lakh)

Note 31: Corporate Social Responsibility

The Company has constituted a Corporate Social Responsibility Committee (CSR) in compliance with the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Corporate Social Responsibility Committee consists of Shri Alok Kumar Roy as Chairman Shri. Dinesh Kumar Jain and Shri. Surya S Banerji as member. The Corporate Social Responsibility Committee has formulated a Corporate Social Responsibility Policy (CSR policy) indicating the activities to be undertaken by the Company. Expenditure during the year related to Corporate Social Responsibility as per Section 135 of the Act, read with Schedule VII thereof is Rs. 146.17 Lakh (March 31, 2019 - Rs. 117.43 lakh) . The detail of which is as under:-

- Gross amount required to be spent by the Company during the year is Rs. 146.17 Lakh (March 31, 2019 - Rs. 117.43 lakh).
- Amount spent during the year on:

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|---|------------------------------|------------------------------|
| Paid in Cash during the year | | |
| (i) Construction/acquisition of any asset | - | - |
| (ii) On purpose other than (i) above* | 123.06 | 71.55 |
| Yet to be paid in Cash | | |
| (i) Construction/acquisition of any asset | - | - |
| (ii) On purpose other than (i) above | 23.11 | 45.88 |
| Total | 146.17 | 117.43 |

* Rs 4.98 Lakh was incurred during the F.Y. 2018-19 but paid in F.Y. 2019-20

Note 32

The Ministry of Home Affairs vide order no. 40-3/2020 dated March 24, 2020 notified Power Transmission business under essential services which continued to operate during the lockdown period during the outbreak of COVID 19 which has been declared as pandemic by the World Health Organisation. The operations of the transmission lines are covered under essential services which are actively engaged in the transmission of power. Hence the Transmission industry is amongst the businesses that are least impacted due to outbreak of COVID 19 and is running its business and operations as usual without any major disruption. Thus, the Company believes that the probability of the occurrence of their forecasted transactions have no material impact due to COVID-19 pandemic as at the date of approval of these financial results and the Company expects to recover the full carrying amount of the assets & revenue recognized.

Note 33

Figures for the previous year have been regrouped / 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 LLP****Chartered Accountants****Firm Registration No.107783W / W100593****Vishal D. Shah****Partner****Membership No. 119303****Place: Mumbai****Date : May 01, 2020****For and on behalf of the Board**

Alok K. Roy
Managing Director
DIN:01952393

Surya S. Banerji
Director
DIN: 08277103

Rupin Rawat
Chief Financial Officer
Place: Gurugram
Date : May 01, 2020

Maanas Srivastava
Company Secretary

PARBATI KOLDAM TRANSMISSION COMPANY LIMITED

(All amounts in INR Lakh, unless otherwise stated)

Balance Sheet Abstract and Company's General Business Profile:**I. Registration Details:**

| | | | |
|--------------------|-----------------------|-------|------|
| Registration No. | U40108HR2002PLC071677 | | |
| State Code | 05 | | |
| Balance Sheet Date | 31 | 03 | 2020 |
| | DATE | MONTH | YEAR |

II. Capital Raised during the year:

| | | | |
|--------------|-----|-------------------|-----|
| Public Issue | NIL | Rights Issue | NIL |
| Bonus Issue | NIL | Private Placement | NIL |

III. Position of Mobilization and Deployment of funds:

| | | | |
|----------------------------------|-----------|--------------------|-----------|
| Total Liabilities | 98,767.36 | Total Assets | 98,767.36 |
| Sources of Funds | | | |
| Paid-up Capital | 27,283.70 | Reserves & Surplus | 16,731.26 |
| Secured Loans | 44,716.04 | Other Liabilities | 10,036.36 |
| Application of Funds | | | |
| Other Long Term Assets | 2,892.50 | Current Assets | 21,930.79 |
| Regulatory Account Debit Balance | - | Fixed Assets | 73,944.07 |

IV. Performance of Company:

| | | | |
|--------------------------|-----------|-----------------------|-----------|
| Turnover | 20,902.77 | Total Expenditure | 10,911.11 |
| Profit / Loss before Tax | 10,583.31 | Profit/Loss after Tax | 8,235.69 |
| Earning per Share in Rs. | 3.01 | Dividend Rate % | 39% |

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

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

For and on behalf of the Board**Alok K. Roy**
Managing Director
DIN:01952393**Surya S. Banerji**
Director
DIN: 08277103**Rupin Rawat**
Chief Financial Officer
Place: Gurugram
Date : May 01, 2020**Maanas Srivastava**
Company Secretary